



# 2024

Director's report  
on the operations of  
the KRUK Group and KRUK S.A.

Wrocław, March 27, 2025

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## Letter from the President of the Management Board

Dear Shareholders,

It is my pleasure to present to you the Directors' Report on the operations of the KRUK Group and KRUK S.A. in 2024.

I am pleased with the KRUK Group's performance in 2024, as we closed the accounts with net profit in excess of PLN 1 billion. Coupled with record-high cash EBITDA of PLN 2.4 billion, this success marks a fitting conclusion to our 2019–2024 strategic plan. The Group's overall performance would have been even stronger were it not for negative EBITDA in Spain, reflecting the necessary revaluation of projected recoveries from certain portfolios. Upon thorough analysis, we identified two key factors behind this revision: one was due to delays in court proceedings affecting case resolution timelines, while the other had to do with different performance of bank-originated cases purchased in 2022 and 2023 compared with baseline cases used for the portfolio valuation. In response, we are strengthening our Spanish legal team and implementing process adjustments to ensure we can better anticipate and navigate both current and future challenges. All the other geographies made a positive contribution to the Group's financial results. 2024 was also a record-breaking year for the Italian business, which delivered EBITDA of PLN 262 million.

We remain a leader in the purchase of unsecured retail debt portfolios across Poland, Romania, Italy, and Spain. Also, as at the end of 2024, KRUK boasted the highest market capitalisation among publicly listed debt collection companies worldwide, in excess of PLN 8 billion. In 2024, we also expanded our foothold into the French market, where we acquired our first 13 portfolios in partnership with a local debt servicer.

In our core business line of purchased debt portfolios, cash recoveries exceeded PLN 3.5 billion, while revenue climbed to PLN 2.6 billion. The expansion of our core operations also translated into PLN 2.8 billion of new investments, for which we purchased portfolios worth nominally more than PLN 14.6 billion. Over the 2019–2024 strategy period, we made total portfolio investments of over PLN 11 billion, generating more than PLN 15 billion in recoveries over the six years. Additionally, we launched our digital transformation, a critical pillar of our future growth strategy, as we continue to expand our business in the years ahead,

In 2024, we maintained very good access to financing, in the form of both bonds in issue and bank credit facilities. The net debt to cash EBITDA ratio was 2.7 at the end of 2024, comfortably below the covenant levels. This is in line with KRUK's aim to repay any new debt incurred with its own assets rather than seeking refinancing options.

A motivated and close-knit team is, to me, the foundation of a well-functioning organisation and the key to success. I take pride in being part of such team and am deeply impressed by how effectively and enthusiastically our people set ambitious goals – and achieve them. We entered 2025 with strong momentum, kicking off the year by announcing our new five-year strategy, where we reaffirmed our commitment to KRUK's continued growth. As part of our new strategy for 2025–2029, we have outlined a clear roadmap for growth, focusing on business scale-up, enhancing process efficiency and digital transformation. It will be an intensive period and the expected outcomes – both within the strategy's timeframe and beyond – will propel KRUK into a new era. We anticipate that by 2030,

*despite nearly doubling our investments and handling over 50% more cases, the total headcount of the Group's employees will not rise above 4 thousand.*

*Our efforts are also appreciated by investors, with whom we have consistently shared our earnings through dividends. Since our IPO on the Warsaw Stock Exchange in 2011, KRUK's total shareholder return has exceeded 900% as at year-end 2024. In 2024, we paid PLN 18 per share in dividends, bringing the total dividend distributions throughout the closed strategy period to PLN 1.2 billion. When making our dividend recommendation for 2024, the Management Board will carefully balance our investment plans with the need to maintain a safe debt level. Our ultimate priority remains KRUK's long-term, sustained growth.*

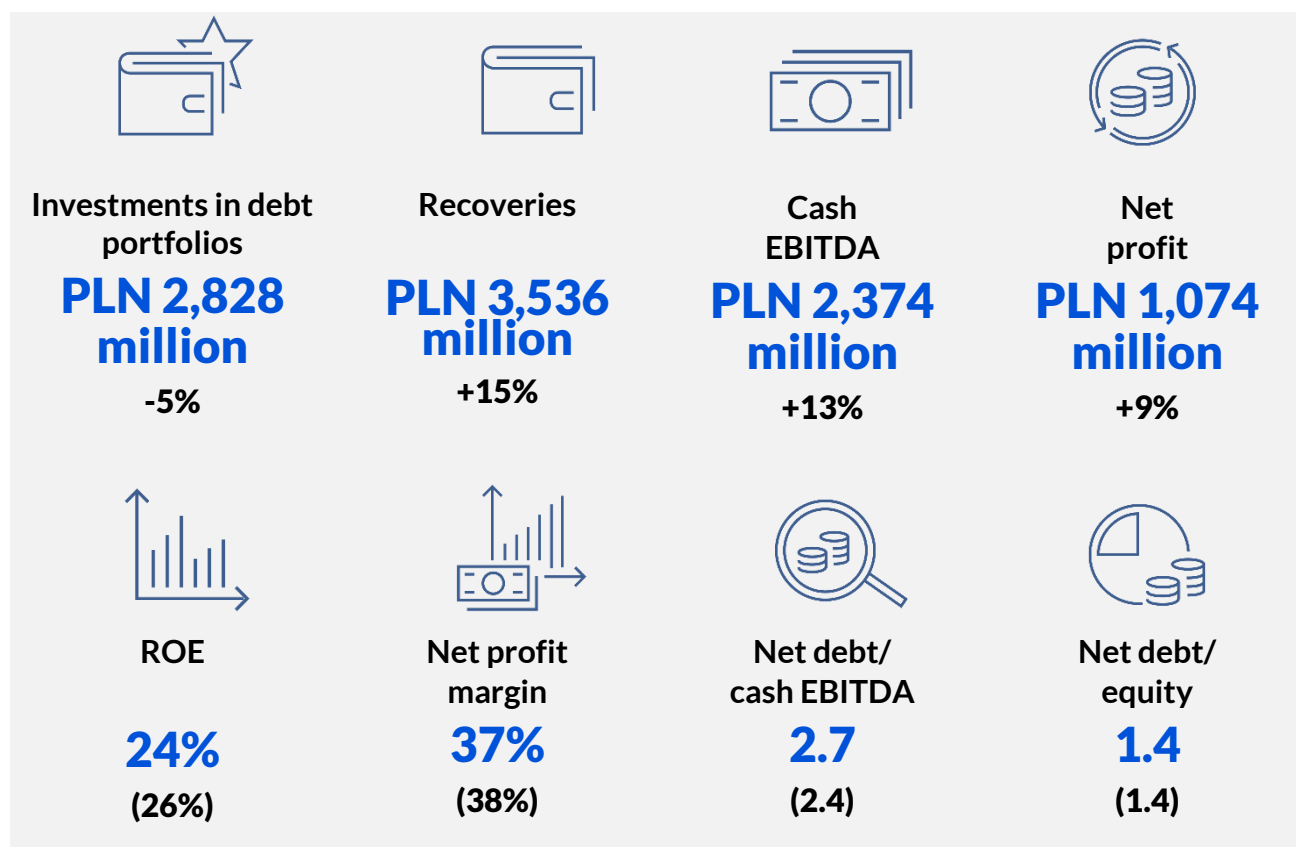
*I encourage you to read our Directors' Report on the operations of the KRUK Group and KRUK S.A. in 2024.*

Respectfully yours,

Piotr Krupa



## KEY ACHIEVEMENTS IN 2024



	31 Dec 2024 (PLN million)	31 Dec 2023 (PLN million)	change	31 Dec 2024 (EUR million)	31 Dec 2023 (EUR million)
Expenditure on debt portfolios	2,828	2,972	-5%	657	656
Gross recoveries	3,536	3,062	15%	822	676
Carrying amount of purchased portfolios	10,500	8,674	21%	2,457	1,995
Estimated remaining collections (ERC)	23,147	18,397	26%	5,417	4,231
Total revenue <sup>1</sup>	2,908	2,593	12%	676	573
Revenue from purchased portfolios	2,638	2,344	13%	613	518
EBIT	1,412	1,327	6%	328	293
EBITDA <sup>2</sup>	1,475	1,385	6%	343	306
Cash EBITDA <sup>3</sup>	2,374	2,104	13%	551	465
Net profit	1,074	984	9%	250	217
Basic EPS (PLN   EUR)	55.54	50.93	9%	12.90	11.25
Diluted EPS (PLN   EUR)	52.43	48.37	8%	12.18	10.68
ROE <sup>4</sup>	24%	26%	-	-	-
Net profit margin <sup>5</sup>	37%	38%			
Interest-bearing net debt to equity ratio	1.4	1.4	-	-	-
Interest-bearing net debt to cash EBITDA ratio	2.7	2.4	-	-	-

<sup>1</sup> Operating income including gain or loss on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios including other income.

<sup>2</sup> EBITDA = EBIT + depreciation and amortisation.

<sup>3</sup> Cash EBITDA = EBITDA - revenue from purchased portfolios + purchased portfolio collections.

<sup>4</sup> ROE = (net profit)/(equity) for the last twelve months.

<sup>5</sup> Net profit margin = (net profit)/(total revenue). Source: Company.





### Record-breaking performance in Italy

PLN 262 million EBITDA (+46% year on year)



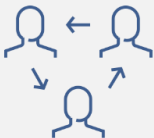
### International expansion

62% of investments and 59% of recoveries in markets outside Poland



### Record-breaking performance by Wonga

PLN 93 million EBITDA (+22% year on year)



### Investor Relations Leader

according to *Parkiet* magazine, Capital Market Hero according to Polish Association of Retail Investors, and 2nd main award for Best Annual Report 2023 from Institute of Accounting and Taxes



### PLN 8.1 billion

KRUK ranks as the world's largest debt collection company in terms of market capitalisation<sup>6</sup>



### PLN 18 per share

dividend for 2023, paid in May 2024



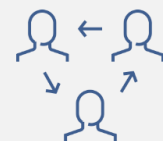
### Technological advances

we have set out on a digital transformation journey



### Employee turnover at 12%

in 2024 – one of the lowest rates in the financial sector



### Women hold 58%

of senior managerial positions

<sup>6</sup>\* Source: stooq.pl as at 31 December 2024

## 1 KRUK GROUP

The KRUK Group is one of Europe's largest debt management companies. The founder and CEO of KRUK established it 27 years ago in Wrocław, Poland. Currently, the Group comprises 22 equity-related companies and 2 entities related through personal links, offering a comprehensive range of modern, integrated services. Today KRUK has operations in Poland, Romania, Italy, Spain, the Czech Republic and Slovakia, while holding assets in Germany and – since January 2024 – also in France. KRUK manages total assets of PLN 10.5 billion and has netted PLN 1,074 million in profit for 2024. KRUK's operations have been profitable each year.

Its principal business line is the management of debt portfolios purchased for the Group's own account.

KRUK's business focus is on the market of unsecured retail debt, predominantly sourced from banks, as well as the market of secured retail and corporate/SME debt.

The Group actively offers its credit management services to third parties in Poland, Spain and Italy.

KRUK's geographical segments, identified based on revenue, are Poland, Romania, Italy, Spain, and other markets (Czech Republic, Slovakia, Germany, and France).

The Group's business in Poland and Romania includes consumer lending.

Since 2011, KRUK S.A. shares have been listed on the Warsaw Stock Exchange, while bonds issued by the Company are traded on the Catalyst bond market in Poland (since 2011) and Nasdaq in Sweden (since 2023). In November 2022, KRUK shares were included in the WIG20 index. Between the IPO and the end of 2024, the KRUK share price rose by 914%.

For the past 10 years, KRUK has made regular profits distributions to shareholders, having paid out a total of PLN 1.3 billion as dividends. In January 2025, a Dividend Policy was adopted providing for payment of at least 30% of profits to shareholders.

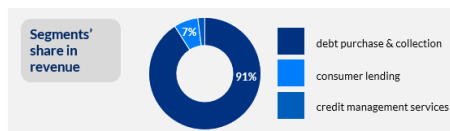
The KRUK Group employs more than 3.5 thousand staff (FTE employment<sup>7</sup>) and collaborates with some of Europe's largest financial institutions.

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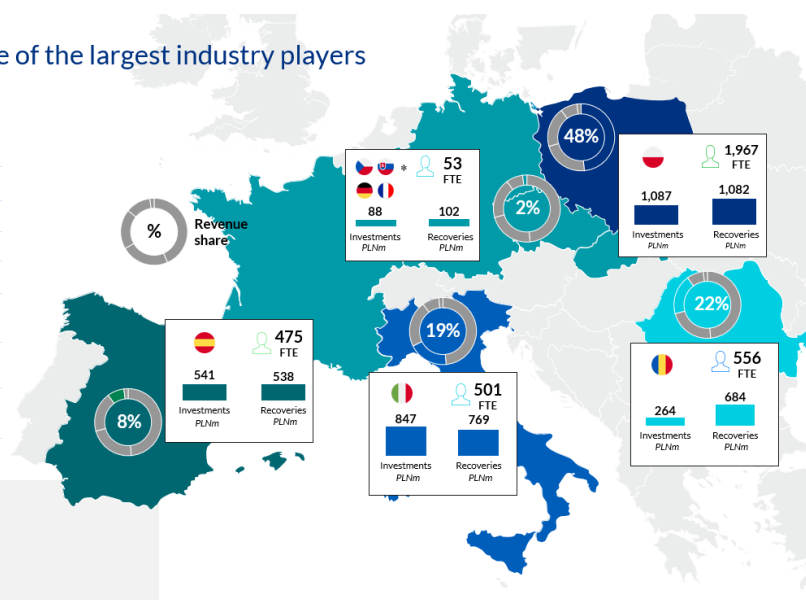
<sup>7</sup> FTE employment – the number reflected in the cost of salaries, calculated based on full-time job equivalents rather than the actual number of employees. Includes: employment contracts, cooperation agreements, and civil-law contracts. Inactive employees (i.e. persons on long-term leave, e.g. maternity leave) not included.

## From a start-up founded in 1998 to one of the largest industry players in the World

- ✓ **No. 1** in Poland, Romania, Italy and Spain in retail unsecured debts market
- ✓ Since **2011** KRUK shares have been listed at **WSE**
- ✓ Credit rating **Ba1** by Moody's and **BB-** by S&P
- ✓ **We pay dividend** 30% or more of profits
- ✓ **High profitability** 24% ROE LTM 2024
- ✓ **Low debt** 2.7x net debt to cash EBITDA 1.4x net debt to Equity
- ✓ **2,089** purchased debt portfolios with **PLN 133bn** of total nominal value
- ✓ **Stable Management Board** led by the founder, with a shareholding of near 10%
- ✓ **58%** of senior managerial positions are held **by women**



Data for 2024 or as at December 31st, 2024. \* Servicing of German and French assets is outsourced.



## 1.1 KRUK's milestones

1998	KRUK is established
2000	Debt collection business is launched
2003	KRUK emerges as a leader of the debt collection market KRUK purchases its first debt portfolio in Poland
2007	KRUK purchases its first debt portfolio in Romania
2011	KRUK shares are floated on the Warsaw Stock Exchange
2015	KRUK purchases its first debt portfolio in Italy
2016	KRUK purchases its first debt portfolio in Spain
2019	Wonga, an online consumer loan market operator, is acquired
2020	Online tools are developed, process efficiency of remote work during the pandemic is maintained
2021	Cash recoveries from purchased portfolios exceed PLN 2 billion
2023	Portfolio investments reach PLN 3 billion and recoveries come in at PLN 3 billion
2024	KRUK purchases its first debt portfolio in France

## 1.2 The Group's core business model

The KRUK Group's principal business is the management of debt acquired for its own account, across three segments:

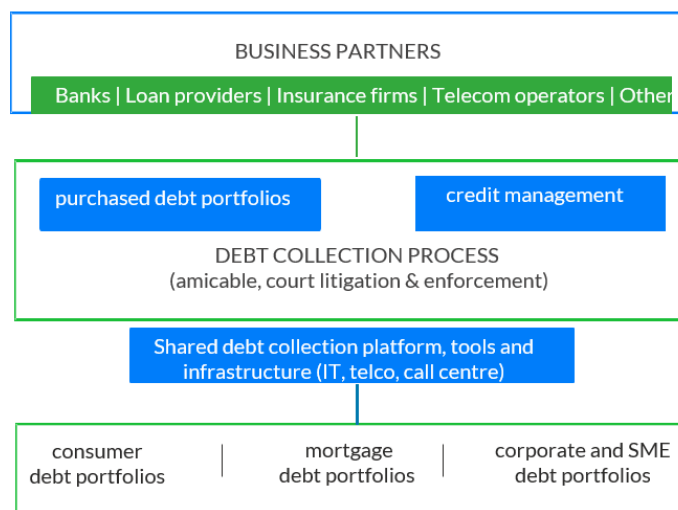
- Consumer debts (retail, unsecured),
- Mortgage debts (retail, secured),
- Corporate debts (mortgage-backed and non-mortgage-backed).

It is the KRUK Group's principal business line, which in 2024 generated 91% of its total revenue.

In addition, the KRUK Group manages receivables of banks, loan brokers, insurers, leasing companies, landline and mobile telecommunications operators, cable TV operators, digital TV operators, and companies from the FMCG sector. KRUK's business focus is on the bank market and unsecured retail debt, based on long-term relationships with key partners.

In 2024, revenue from this business line on the Polish, Italian and Spanish markets accounted for 2% of the Group's total revenue.

#### KRUK business model



The KRUK Group is also engaged in the provision of consumer loan services. Loan products are offered through Wonga, a company operating on the open consumer loan market in Poland, and under the NOVUM brand, primarily targeting clients who make regular repayments or have paid off their debts to the Group in Poland and Romania. Revenue derived from this business line in 2024 accounted for 7% of the KRUK Group's total revenue.

### 1.3 KRUK's relations with clients (indebted persons)

#### Guide to financial balance

KRUK is committed to building a healthy financial ecosystem where financial literacy and responsibility play a central role. The Group supports clients in regaining and maintaining financial stability, setting high ethical and service standards, and providing modern solutions designed to simplify debt repayment.

At KRUK, debt repayment is viewed as a standard financial operation, much like instalment payments on a loan. By understanding and respecting its clients, KRUK will continue to reshape the perception of debt repayment as a structured and manageable financial routine.

#### Client communication

KRUK's interactions with clients (indebted persons) are built on the principles of respect, ethics and professionalism, in line with its mission: 'We guide our clients toward a path out of debt. We operate ethically and effectively, while educating the public about responsible finances.'

To make the repayment process as seamless as possible, KRUK provides clear and accurate information and offers a wide range of communication channels, both online and offline.

While ultimate responsibility for repayment lies with clients, KRUK ensures they are well-informed about available solutions and the consequences of non-payment. If necessary, legal proceedings are initiated as advised beforehand.

Respect & understanding: Every client is treated with dignity. KRUK's ethical standards and individualised approach allow it to tailor communications to each unique financial situation. Employees are extensively trained to provide empathetic and expert support.

Transparent communication: Clients receive comprehensive information on their rights, obligations, and successive steps, empowering them to make informed financial decisions. KRUK maintains an open and accessible dialogue through various communication channels.

## Client communication channels

KRUK employs a multi-channel approach to reach clients, comprising the telephone, written correspondence (including email), online interactions (such as live chat with an adviser and AI-driven chatbot assistance, and personal contact (through field advisers). Clients have the flexibility to customise their repayment plans (adjusting the number and size of instalments), sign settlement agreements online, or make repayments via the e-kruk platform or e-payment functionality. KRUK's interactions with clients are compliant with all applicable ethical and legal standards and principles. The Group monitors the quality of its services and client service standards. The process is refined on the basis of client satisfaction surveys, research into public attitudes and opinions, and market needs.

## Psychology of debt

KRUK applies the methodologies of behavioural economics, leveraging scientific insights into the psychological drivers behind clients' financial decisions and actions. By understanding the underlying mechanisms of financial behaviour, KRUK can tailor its solutions with precision, rather than relying on intuition. At the same time, KRUK actively promotes healthy financial habits and works to eliminate harmful patterns that perpetuate debt problems. By doing so, the Group empowers clients to make more informed and beneficial financial choices, ultimately providing them with a genuine pathway to long-term financial stability.

## Automation and self-service

The KRUK Group is consistently enhancing its processes and client interactions to provide greater flexibility in debt management while enabling employees to focus on high-value tasks. In 2024, the level of client self-service increased by 67% year on year. By the end of 2024, 17% of KRUK's clients were already managing their debts independently, but the strategic target is to increase this share to 30% by 2029. KRUK is also advancing automation and robotics, particularly to streamline document workflows. In 2024, approximately 3.5 million documents were processed entirely through automated systems.

## Process efficiency

The debt collection process is assessed for efficacy at every stage, with the optimum model selected. If amicable collection attempts prove ineffective, court and enforcement proceedings are initiated. After the court proceedings are launched, a settlement agreement may still be reached through what we call a 'hybrid process'.

## 1.4 KRUK brand recognition

KRUK is dedicated to building strong, trust-based relationships and providing support to indebted persons. The brand is primarily associated with attributes such as facilitating debt resolution, raising awareness of the consequences of non-payment, and demonstrating professionalism and understanding of client needs.

By actively engaging in financial education, KRUK offers clear and straightforward solutions to help clients regain financial stability. One of the brand's defining strengths is its commitment to using simple and understandable language, making KRUK the most recognisable debt management company known for client-friendly and accessible communication.

Among debt collection companies operating in Poland and Romania, KRUK is the undisputed leader in terms of brand recognition. According to tracking studies carried out by Ariadna Nationwide Research Panel and the research consultancy Maison&Partners\*, KRUK's brand awareness – measured by name recognition – reached 83% in the fourth quarter of 2024.

#### KRUK aided brand awareness vs peers

POLAND	
COMPANY	
KRUK	83%
Competitor 1	40%
Competitor 2	34%
Competitor 3	23%
Competitor 4	20%
Competitor 5	19%

Source: CAWI brand survey by Ariadna Nationwide Research Panel in Poland

#### KRUK's logo awareness vs debt management sector competitors

POLAND	
COMPANY	
KRUK	79%
Competitor 1	35%
Competitor 2	32%
Competitor 3	18%
Competitor 4	17%
Competitor 5	15%

Source: CAWI brand survey by Ariadna Nationwide Research Panel in Poland

## 1.5. KRUK on the debt market

### 1.5.1. Purchased debt portfolios

Between 2002 and the end of 2024, the KRUK Group purchased 2,089 debt portfolios with an aggregate nominal value close to PLN 133 billion in eight countries. As a result of these purchases, KRUK became the owner of more than 13 million debt cases.

#### Debt portfolio purchase and management

##### 1. Debt sale auction

Banks regularly sell debt portfolios to improve their liquidity or to ensure compliance with regulatory requirements and the tax law.

## 2. Debt portfolio valuation by KRUK

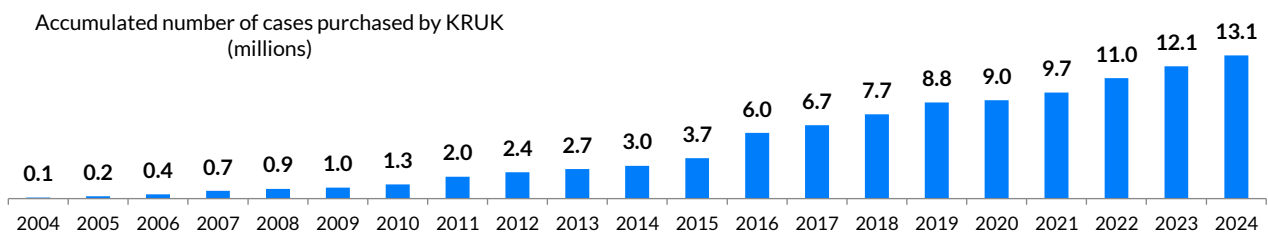
Valuation based on 22 years of debt purchase experience – more than 2,089 portfolios purchased since the start of the business and an average of several hundred valuations performed each year

## 3. Auction win and portfolio purchase

Debt is purchased at a high discount, typically for 5–25% of its nominal value.

## 4. 4.a. Commencement of amicable settlement process 4.b. Court and enforcement proceedings/hybrid process

Increased debtor reach and average recovery at above 2x the purchase price.



Unsecured retail debt portfolios are valued by KRUK based on information on indebted persons, information on products involved, and data on indebted persons' behaviour. The process relies on the use of advanced statistical tools and behaviour statistics collected since 2003.

In principle, with respect to collecting unsecured retail debt, our preferred approach is to reach an out-of-court amicable settlement with the indebted person based on mutually agreed optimum repayment terms. The debt collection process may, however, involve taking a case to court and enforcement or be conducted in the form of a hybrid process. For more information on the array of debt collection tools applied, see section 1.5.3 'Operating tools'.

### 1.5.2. Credit management services

As part of its credit management services, in 2024 KRUK accepted over 1.4 million cases outsourced for collection. Many of the portfolios managed under servicing agreements are later put up for sale. Debt management companies with a strong presence in that segment have the advantage of greater expertise in portfolio purchases. KRUK manages all types of receivables (consumer, mortgage and corporate) at any stage of the debt collection process (amicable settlement, court proceedings). Active participation in the credit management market not only enhances KRUK's pricing accuracy when acquiring portfolios for its own account but also optimises collection strategies. In 2024, we offered credit management services in Poland, Spain and Italy.

#### Credit management (outsourced debt collection)

- Non-performing debt portfolio
- Tender for credit management services – selection of debt collection company
- Referral and submission of cases for collection using KRUK tools
- Debt collection by KRUK

- Transfer of outstanding cases back to the business partner
- Business partner's decision whether to hold a new tender for credit management services or a sale auction with respect to remaining outstanding debt

### 1.5.3. Operating tools

Our know-how combined with understanding of the industry, advanced analytics, and collection activities and tools selected on a case-by-case basis facilitate effective debt portfolio management and accurate planning of the collection process by KRUK.

Below are described the main tools used to support the debt recovery process.

#### Amicable (out-of-court) collection process

The purpose of amicable (out-of-court) debt collection is to recover debt as quickly as possible in cooperation with the client, using the most effective tools for particular debt categories.

The first step in the amicable approach is to reach the client, establish contact and agree on the optimal debt repayment option, taking into account scoring models. The next step in the amicable process is usually the execution of a debt instalment agreement. The amicable process includes, but is not limited to, the use of:

- telephone calls, chats, including chatbots and voicebots,
- letters, including email,
- online tools, including e-kruk, e-payments,
- visits by field advisers – who contact clients when other communication methods fail.

#### Court and enforcement proceedings

The KRUK Group handles all aspects of litigation and debt enforcement procedures, from claim filing to enforcement by a competent debt enforcement officer. It also takes active part in bankruptcy proceedings. The initiation of judicial proceedings does not exclude the possibility of amicable repayment (hybrid process). The KRUK Group's activities as part of court and enforcement proceedings include:

- handling of court proceedings aimed at obtaining an enforcement order;
- enforcement of debt claims in the course of insolvency and arrangement proceedings;
- handling the probate process, including in particular identification of the indebted person's heirs and initiating proceedings to secure an enforcement order against an heir;
- enforcement of secured debt and debt in the SME sector;
- active monitoring of court proceedings;
- active cooperation with authorities conducting enforcement proceedings – conducting enforcement monitoring.

#### Hybrid process

The initiation by KRUK of court proceedings does not exclude the possibility of repaying the debt. Efforts may still be made to amicably resolve the problem of the client's debt. Telephone calls, written communication (including via e-KRUK) and face-to-face contacts can be used at this stage.

#### Specialised services

KRUK carries out advanced and non-standard processes for various types of cases.

In our credit management services, we also use monitoring of amounts due, which involves debt collection at very early stages, with a strong focus on the client's rehabilitation. Monitoring of amounts due from indebted persons



enables a prompt, early and effective response to any payment irregularities and delays (even by a couple of days). At this stage, the probability of reaching the client and talking to them is very high.

A separate bespoke process is used by KRUK with respect to mortgage-backed debts. It is dedicated to providing bespoke services and solutions that suit the type of case handled and the large size of debts secured by mortgage. The process is based on non-standard solutions and is aimed at effecting voluntary sale of the property. Our dedicated staff advise and support clients at each stage of the process. In managing mortgage-backed debts, KRUK works with its partners offering property and financial agency services.

Each case is meticulously analysed in terms of the client's financial condition, as well as the state and quality of the collateral. Then, steps are taken to restore regular repayments or arrange credit restructuring (applicable to debts managed for third parties), sell the property in the free market or, as a last resort, organise an auction and sell the property as part of enforcement proceedings, or foreclose the property. The optimal mortgage-backed debt management system ensures efficient debt collection.

#### 1.5.4. Consumer lending

The KRUK Group provides cash loans in Poland (under the Wonga and Novum brands) and Romania (under the Novum brand). NOVUM products are offered primarily to clients who have a history of regular repayments or have repaid their debts to the Group, while Wonga products are offered on the open market, mainly through the online channel.

### 1.6. Number and value of cases under the KRUK Group's management

As at 31 December 2024, the KRUK Group managed a total of 9.7 million debt cases (in purchased portfolios and as part of credit management services), compared with 9.1 million as at 31 December 2023, with the increase attributable to higher debt purchases. As at the end of 2024, the nominal value of managed debt was PLN 143.2 billion, having increased from PLN 122 billion a year earlier in both the purchased debt and credit management portfolios.

Table 1. Number and value of managed cases as at the end of 2024 and 2023

	31 Dec 2024	31 Dec 2023
Number of managed cases (millions)	9.7	9.1
of which purchased debt cases	9.1	8.6
of which credit management cases	0.6	0.5
Nominal value of managed cases (PLN billion)	143.2	122
of which purchased debt cases	115	103.6
of which credit management cases	28.2	18.4

Source: Company

## 2. GENERAL INFORMATION ON KRUK S.A. AND THE KRUK GROUP

This section presents key information on the KRUK Group, its structure, share capital, and human resources.

### 2.1. General information on the Parent

#### Form of incorporation

The Parent of the KRUK Group is KRUK Spółka Akcyjna of Wrocław (the “Company”).

The Company was established in 1998 as KRUK Spółka z ograniczoną odpowiedzialnością. Pursuant to a resolution of the Extraordinary General Meeting of 28 June 2005, KRUK Sp. z o.o. (limited liability company) was transformed into KRUK S.A. (joint-stock company) and on 7 September 2005 the transformed company was entered in the National Court Register – Business Register by the District Court for Wrocław Fabryczna of Wrocław, 6th Commercial Division of the National Court Register, under No. KRS 0000240829.

On 5 May 2011, the Company shares and allotment certificates for ordinary bearer shares were introduced to trading on the main market of the Warsaw Stock Exchange, by way of the ordinary procedure, pursuant to the WSE Management Board’s Resolutions No. 586/2011 and No. 587/2011.

#### Parent contact details

Name: **KRUK SPÓŁKA AKCYJNA**

Registered address: **Wołowska 8, 51-116 Wrocław, Poland**

Telephone: **71 79 02 800**

Fax: **71 79 02 867**

Corporate website: <http://pl.KRUK.eu/>

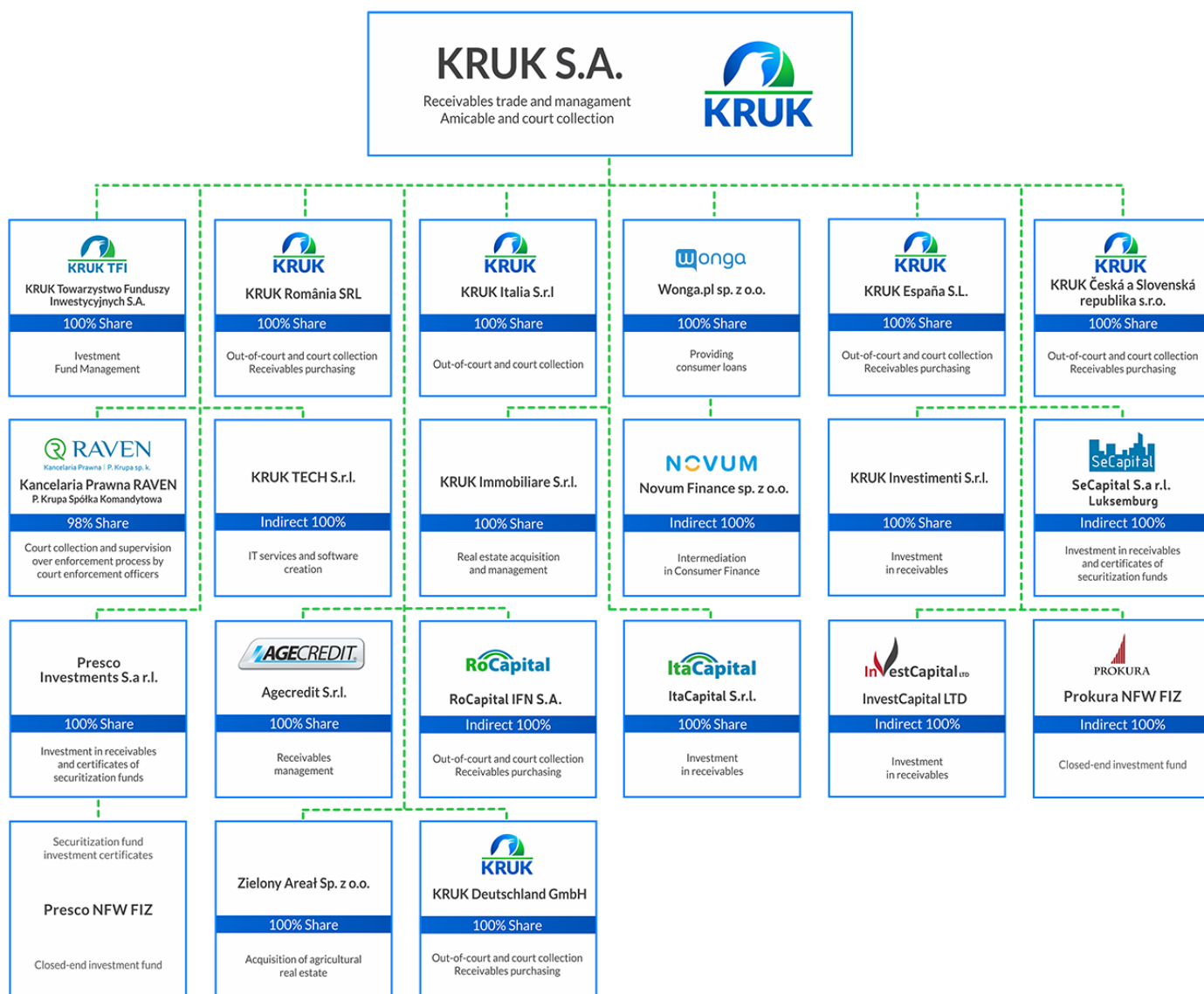
For the organisational chart of the KRUK Group, see section 2.2.1. ‘Description of the Group’s structure’.

## 2.2. Structure

### 2.2.1. Description of the Group’s structure

The structure of the KRUK Group as at 31 December 2024 and KRUK S.A.’s ownership interests in the subsidiaries are presented below.

Figure 1. Structure of the KRUK Group as at 31 December 2024



Source: Company

As at 31 December 2024, the Group comprised KRUK S.A. (the Parent), 21 subsidiaries, and 2 entities controlled through personal links. The subsidiaries are presented in the table below.

Table 2. KRUK S.A. subsidiaries as at 31 December 2024 and the issue date of this Report

SUBSIDIARY	REGISTERED OFFICE	PRINCIPAL BUSINESS ACTIVITY
<b>DEBT MANAGEMENT</b>		
Agecredit S.r.l.	Cesena	Credit management services
KRUK Česká a Slovenská republika s.r.o.	Hradec Kralove	Court and out-of-court collection; purchases of debt portfolios
KRUK Deutschland GmbH	Berlin	Court and out-of-court collection; purchases of debt portfolios
KRUK España S.L.U.	Madrid	Court and out-of-court collection; purchases of debt portfolios

KRUK Italia S.r.l.	Milan	Credit management services and collection of debt purchased by the KRUK Group
KRUK Romania S.r.l.	Bucharest	Court and out-of-court collection; purchases of debt portfolios
RoCapital IFN S.A.	Bucharest	Court and out-of-court collection; purchases of debt portfolios
<b>INVESTMENT IN DEBT PORTFOLIOS</b>		
ItaCapital S.r.l.	Milan	Investment in debt portfolios
KRUK INVESTIMENTI S.R.L.	Milan	Investment in debt portfolios
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Wrocław	Management of investment funds
Presco NFW FIZ (closed-end investment fund)	Wrocław	Non-standardised Debt Closed-End Investment Fund
Prokura NFW FIZ	Wrocław	Non-standardised Debt Closed-End Investment Fund
InvestCapital Ltd.	San Gwann	Investment in debt portfolios
Secapital S.a r.l.	Luxembourg	Investment in debt portfolios and non-standardised fund certificates
Presco Investments S.a r.l.	Luxembourg	Investment in debt portfolios and non-standardised fund certificates
<b>CONSUMER LENDING</b>		
NOVUM FINANCE sp. z o.o.	Wrocław	Intermediation in consumer lending
Wonga.pl sp. z o.o.	Warsaw	Granting consumer loans
<b>DEBT MANAGEMENT SUPPORT ACTIVITIES</b>		
Kancelaria Prawna Raven P. Krupa sp.k.	Wrocław	Debt recovery litigation, overseeing court-enforced collection corporate debt collection
KRUK TECH S.R.L.	Bucharest	IT services and software development
Zielony Areal sp. z o.o.	Wrocław	Purchase of farmland
Kruk Immobiliare S.r.l.	Milan	Acquisition and management of real property
<b>ENTITY CONTROLLED THROUGH PERSONAL LINKS</b>		
Biroul de Detectivi Particulari Corbul S.r.l.	Bucharest	Detective activities
Gantoi, Furculita Si Asociatii S.p.a.r.l.	Bucharest	Law firm

Source: KRUK Group

### 2.2.2. Changes in the Group's structure in 2024

On 6 June 2024, the Extraordinary General Meetings of Prokura Niestandaryzowany Fundusz Inwestycyjny Zamknięty (as the Acquirer) and Bison Niestandaryzowany Fundusz Inwestycyjny Zamknięty (as the Acquiree) passed resolutions to merge the two funds. The merger was effected on 30 July 2024.

### 2.2.3. Changes in the Group's significant management policies

In 2024, there were no changes to any significant management policies of the Parent and its subsidiaries.

### 2.2.4. Consolidated entities

All Group entities are fully consolidated.

### 2.2.5. Company branches

The Company has no branches.

## 2.3. Share capital

### 2.3.1. Share capital structure

As at 31 December 2024 the Company's share capital totalled PLN 19,381,668 and was divided into 19,381,668 shares with a par value of PLN 1 per share.

Table 3. The Company's share capital as at 31 December 2024

SERIES	NUMBER OF BEARER SHARES
Series A	2,421,220
Series AA	11,366,600
Series B	1,250,000
Series C	491,520
Series D	1,100,000
Series E	843,876
Series F	845,574
Series G	1,000,000
Series H	62,878
<b>TOTAL</b>	<b>19,381,668</b>

Source: Company

Due to the change in the share capital after the balance sheet date, which was described in point 2.3.2., as at the date of this report, the share capital of the Company amounts to PLN 19,396,218.00 and is divided into 19,396,218 shares with a nominal value of PLN 1 each.

Table 4. The Company's share capital as at publishing of the Report

SERIES	NUMBER OF BEARER SHARES
Series A	2,421,220
Series AA	11,366,600
Series B	1,250,000
Series C	491,520
Series D	1,100,000
Series E	843,876
Series F	845,574
Series G	1,000,000
Series H	77,428
<b>TOTAL</b>	<b>19,396,218</b>

### 2.3.2. Changes in the share capital and conditional share capital

In the reporting period, the following changes were made in the share capital:

On 23 September 2024, the share capital was increased by PLN 62,878 (registration of shares in the securities accounts of eligible persons, in accordance with the procedure provided for in Art. 452.1 of the Commercial Companies Code) in connection with the issue of 62,878 Series H shares as part of a conditional share capital increase, which were admitted to exchange trading on 10 October 2024. Following the increase, the Company's share capital amounts to PLN 19,381,668.00.

After the balance sheet date, on 5 March 2025, the share capital was increased by PLN 14,550 (registration of shares in the securities accounts of persons authorized under Art. 452 § 1 of the Commercial Companies Code) in connection with the issue, within the conditional capital, of 14,550 series H shares, which will be admitted to stock exchange trading on 28 March 2025. As a result of the increase, the share capital of the Company amounts to PLN 19,396,218.00.

Table 5. Changes in the Company's share capital for the January – December 2024 and after the balance sheet date

DATE OF SHARE CAPITAL INCREASE (ART. 452.1 OF THE COMMERCIAL COMPANIES CODE)	DATE OF INTRODUCTION OF SHARES TO EXCHANGE TRADING OR THEIR DEREGISTRATION FROM CSDP	NUMBER OF NEW SHARES/CANCELLED SHARES	SERIES	BASIS FOR INCREASE	SHARE CAPITAL AFTER CHANGE (PLN)	DETAILS
23 Sep 2024	10 Oct 2024	62,878	H	Resolution No. 22/2021 of the Annual General Meeting dated 16 June 2021	19,381,668.00	Issue as part of conditional share capital increase
5 March 2025	28 March 2025	14,550	H	Resolution No. 22/2021 of the Annual General Meeting dated 16 June 2021	19,396,218.00	Issue as part of conditional share capital increase

## 2.4. Dividend policy and income distributions to shareholders in other forms

Net profit earned by the Company in 2024 will be distributed in accordance with the KRUK S.A. Dividend Policy, adopted by the Management Board on 2 December 2021.

On 16 January 2025, the Management Board passed a resolution to adopt the KRUK S.A. Dividend Policy for the period from the financial year beginning on 1 January 2025 to the financial year ending on 31 December 2029.

According to the Policy, KRUK S.A.'s goal is to ensure sustainable growth and long-term value creation, leading to profitability improvements and regular dividend payouts, while maintaining appropriate liquidity and observing the principles of sustainable development (ESG). The Dividend Policy ("Policy") establishes clear and consistent criteria for the distribution of the Company's earnings.

The Management Board expects that it will submit to each Annual General Meeting a recommendation to pay out dividend amounting to 30% or more of the KRUK Group's consolidated net profit for the previous financial year, attributable to owners of the Parent. This is subject to the condition that, after accounting for the proposed dividend payment, the net debt-to-cash EBITDA ratio remains at or below 3.0.

The Dividend Policy is available on the Company's website at: <https://en.kruk.eu/investor-relations/dividend-policy>

As of the date of preparation and adoption of this report, the Company's Management Board has not adopted a resolution regarding the proposed distribution of profit for 2024.

### 2.4.1. Historical data on dividends and income distributions to shareholders in other forms

Over the past 10 years, KRUK distributed to its shareholders a total of PLN 1.475 billion in dividends or through share buybacks. The table below presents information on the value of dividends and income distributions to shareholders through share buybacks for the last 10 financial years.

Table 6. Historical information on dividend/income distribution through buyback of shares by KRUK S.A.

	IN 2014*	IN 2015	IN 2016	IN 2017	IN 2018	IN 2019**	IN 2020	IN 2021	IN 2022	IN 2023
<b>Value of dividend paid/share buyback</b>	PLN 25.9 million	PLN 35.5 million	PLN 37.5 million	PLN 94.0 million	PLN 94.7 million	PLN 95.0 million	PLN 206.1 million	PLN 248.7 million	PLN 289.8 million	PLN 347.7 million
<b>Buyback price per share</b>	N/A	N/A	N/A	N/A	N/A	PLN 350	N/A	N/A	N/A	N/A
<b>Value of dividend paid per share</b>	PLN 1.5	PLN 2.0	PLN 2.0	PLN 5.0	PLN 5.0	N/A	PLN 11.0	PLN 13.0	PLN 15.0	PLN 18.0
<b>Dividend record day</b>	1 Jul 2015	8 Jul 2016	29 Jun 2017	25 Apr 2018	2 Jul 2019	N/A	24 Jun 2021	21 Apr 2022	7 Sep 2023	15 May 2024
<b>Dividend payment day</b>	24 Jul 2015	29 Jul 2016	5 Jul 2017	27 Apr 2018	10 Jul 2019	18 Nov 2020	2 Jul 2021	28 Apr 2022	28 Sep 2023	20 May 2024

\* Before 2014, the Company had not distributed dividends

\*\* KRUK S.A. share buyback as a form of income distribution to shareholders in respect of 2019

Source: Company

On 27 March 2024, the Management Board passed a resolution on a proposal for the Supervisory Board regarding the allocation of the 2023 net profit and a recommendation for the Annual General Meeting to approve a dividend payment of PLN 18.00 per share. The remaining balance of the Company's net profit for 2023 was recommended to be transferred to statutory reserve funds.

The dividend recommendation was consistent with the Dividend Policy adopted by the Management Board on 2 December 2021.

On 27 March 2024, the Supervisory Board passed a resolution to endorse the Management Board’s proposal regarding allocation of the Company’s net profit for 2023 and recommendation that the Annual General Meeting allocate the Company’s net profit for 2023 as described above.

On 10 May 2024, by Resolution No. 6/2024, the General Meeting resolved to allocate the Company’s net profit as recommended by the Management Board. In addition, it was decided that the dividend record date for determining the list of shareholders entitled to receive dividend for the financial year ended 31 December 2023 would be 15 May 2024.

The dividend was paid on 20 May 2024 on 19,318,790 KRUK S.A. shares.

## 2.5. Performance of Company shares on the Warsaw Stock Exchange

### 2.5.1. Share price

As at the end of 2024, the KRUK share price on the stock exchange dropped by 12.83%, to PLN 415.8 per share. The share performance lagged behind the WIG and WIG20 indices, which achieved rates of returns of 1.42% and -6.44%, respectively. On the last trading day in 2024, the Company’s market capitalisation was PLN 8.1 billion (compared with PLN 8.9 billion at the end of 2023). On 31 December 2024, KRUK ranked 23rd in terms of market capitalisation on the WSE.

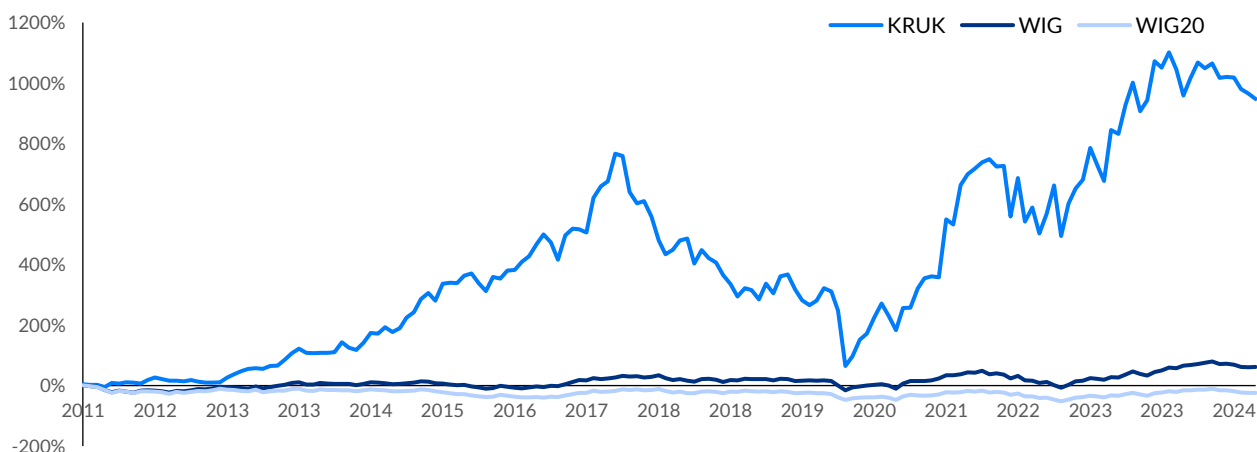
Table 7. Rates of return on KRUK S.A. stock vs WIG and WIG20 for 2024 – at close

DATE	KRUK	WIG	WIG20
Rate of return	-12.83	1.42	-6.44

Source: GPW.pl

From the IPO on the Warsaw Stock Exchange in May 2011 to the end of 2024, the rate of return on KRUK shares reached 914%. Over the same period, the all-cap WIG index rose 61%, while the blue-chip WIG20 index dropped -24%.

#### PERFORMANCE OF KRUK STOCK AGAINST WIG AND WIG20 FROM THE COMPANY’S IPO ON THE WSE IN MAY 2011 TO THE END OF 2024



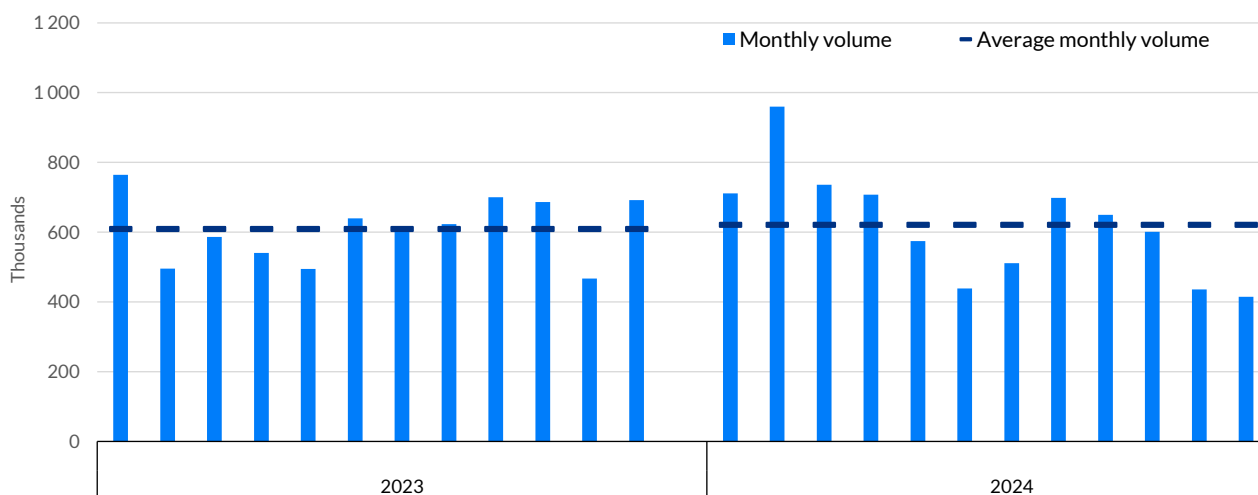
Source: in-house analysis, based on stooq.pl



## 2.5.2. Stock liquidity

The total volume of KRUK S.A. shares traded in 2024 was 4.3 million, and the total value of trading reached PLN 1.9 billion. The total volume of KRUK S.A. shares traded in the same period of the previous year was 7.3 million, and the total trading value was PLN 2.9 billion. The average daily trading volume of KRUK shares in 2023 was 26 thousand shares, and the average daily trading value stood at PLN 11.5 million. KRUK was the 22nd most liquid stock on the WSE (in terms of the total annual trading value of trades).

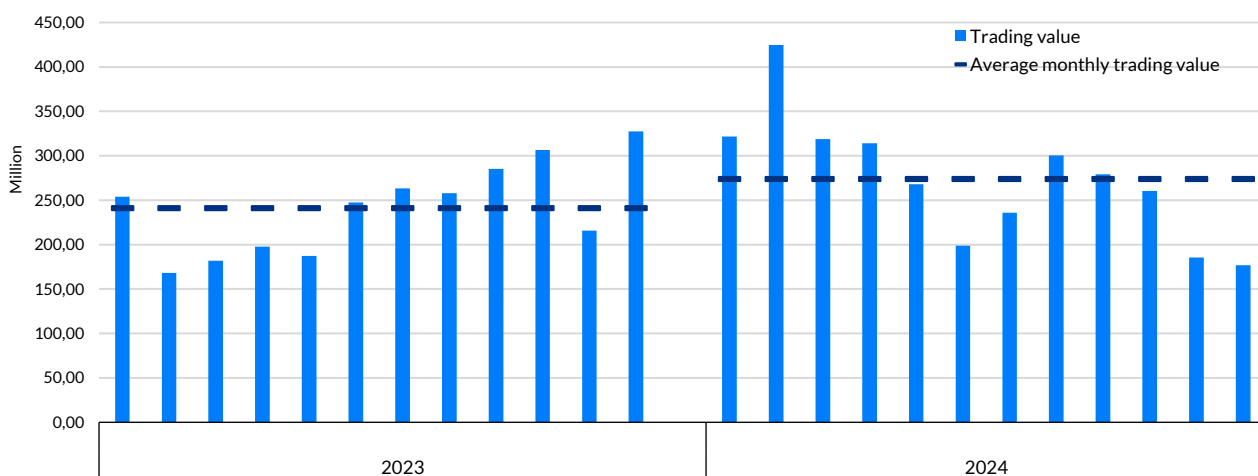
### MONTHLY VOLUME IN INDIVIDUAL MONTHS AND THE YEAR'S AVERAGE MONTHLY VOLUME OF TRADE IN KRUK SHARES IN 2023-2024



Source: in-house analysis based on [www.gpw.pl](http://www.gpw.pl)

### MONTHLY VALUE IN INDIVIDUAL MONTHS AND THE YEAR'S AVERAGE MONTHLY VALUE OF TRADE IN KRUK SHARES IN 2023-2024

#### AVERAGE DAILY TRADING VALUE IN 2024: PLN 11.5 MILLION



Source: in-house analysis based on [www.gpw.pl](http://www.gpw.pl)

## 2.6. Human capital

One of the key pillars of the KRUK Group's strategy, and the driving force behind its international success, is its human capital. The Group is founded on the core values of respect, cooperation, accountability, development and simplicity, which are reflected in the everyday conduct, attitudes, and organisational culture fostered by employees and other workers across the Group.

The 2019-2024 strategy was centred around competency development, leadership, and organisational culture. With the 2025-2029 strategy announced in January 2025, KRUK has placed human capital at the heart of its pursuit of investment excellence, operational efficiency, and digital transformation. KRUK's strategy focuses on attracting and retaining top talent, enhancing employee skills, fostering engagement, and cultivating an organisational culture that promotes innovation and collaboration.

In 2024, the KRUK\_up competency model was finally implemented, designed to apply universally across the entire workforce, regardless of their business area or position. Among the core employee competencies, the model emphasises goal orientation, curiosity, courage, problem solving, openness to change, and resilience. Additionally, goal management, engagement building, and team development are promoted as the three key managerial competencies. These competencies are holistic and enhance an individual's potential for success and fulfilment, both professionally and personally. Closely linked to KRUK's core values, the model enables employees to pursue flexible career development paths. Recognising the importance of both technical and soft skills, KRUK actively invests in the continuous growth of all employees.

It implements modern, well-designed initiatives to create a work environment that not only supports professional development but also actively fosters employee well-being, workplace safety, and education.

Hybrid work is not just a flexible time management tool but also a crucial element of employee well-being. With the possibility of flexibly adapting workplaces to individual needs, KRUK supports a healthy work-life balance. Additionally, health-focused initiatives and extensive benefits support employees' physical and mental well-being, ultimately driving their engagement, satisfaction, and productivity.

KRUK is committed to creating a workplace where well-being is not only supported through health initiatives, but also embedded in a carefully fostered culture of inclusion and diversity. Equal opportunities are an integral part of the Group's organisational framework. For 27 years, KRUK has championed gender neutrality and inclusivity, embracing diverse perspectives, experiences, and talents that enrich its workforce and strengthen its collaborative culture.

### 2.6.1. Qualified personnel

The KRUK Group boasts a team of highly qualified and experienced management personnel and specialists across diverse fields, including analysts, IT professionals, statisticians, and legal experts. The moderate employment growth at the Group reflects a low employee turnover (12% as at year-end 2024), as well as continuous improvements in operational efficiency and workforce management.

As at 31 December 2024, the KRUK Group employed 3,537 people and 261 non-employee personnel, including agency staff. The Group's average annual head count in 2024 stood at 3,492. Female employees play a significant role within the organisation, making up 63% of the total workforce as at year-end 2024 and holding 58% of senior managerial jobs, as well as 42% of positions on the Company's governing bodies (the Management Board and Supervisory Board). The KRUK Group's geographically diverse structure spans multiple countries, with teams operating in Poland, Romania, Spain, Italy, the Czech Republic, Slovakia, and Malta. In 2024, its employees represented 30 different nationalities. In addition, 2.2% of the Group's workforce were employees with disabilities as at year-end 2024.

Table 8. KRUK Group's FTE employment\* in 2024-2023

	2024	2023
FTE employment*	3,567	3,414

\* FTE employment - the number reflected in the cost of salaries, calculated based on full-time job equivalents rather than the actual number of employees. Includes: employment contracts, cooperation agreements, and civil-law contracts. Inactive employees (i.e. persons on long-term leave, e.g. maternity leave) not included. Source: Company

As part of its workforce-focused initiatives, the KRUK Group not only prioritises competency growth and well-being, but also actively fosters an inclusive workplace. The DEI (Diversity, Equity, and Inclusion) Programme is a core component of this commitment, encompassing training, communication, and resources designed to promote gender equality, workplace accessibility for neurodivergent individuals and those with special needs, equal treatment of LGBTQ+ employees, celebration of multiculturalism, and intergenerational collaboration. KRUK is dedicated to creating an environment where diversity and inclusion serve as pillars of success – a workplace where every individual feels their contribution to the development of services, tools, and the organisation itself has a meaningful impact.

In 2024, KRUK introduced a new operating model – KRUK’s Way of Working (K-WoW), integrating the Lean and Agile approaches. This model strengthens flexibility, innovation, and ability to swiftly adapt to the evolving business and technological landscape. The design of K-WoW considers both local market needs and strategic, Group-wide initiatives. At the heart of this model are cross-functional teams, which bring together diverse expertise to drive innovation and problem-solving by providing a more comprehensive outlook on complex challenges. By facilitating direct knowledge exchange across different specialist fields, KRUK effectively eliminates communication barriers, reduces information silos, and broadens team perspectives. Bringing together diverse competencies in a collaborative setting unlocks potential, strengthens interdepartmental cooperation, and fosters a sense of ownership and responsibility for the outcomes of joint work.

The KRUK Group’s remuneration policy is a fundamental component of its human capital management strategy, ensuring fair and equitable treatment for all employees, regardless of gender, age, disability, race, religion, nationality, political beliefs, union membership, ethnic background, creed, sexual orientation, or employment type (fixed-term or permanent, full-time or part-time).

KRUK’s compensation package comprises fixed salaries, variable pay components, and additional benefits, all aligned with local market practices in the countries where the Group operates. Fixed salary levels are determined independently of variable pay and benchmarked against market reference indicators, ensuring competitive and fair remuneration across different jurisdictions.

Compensation at KRUK is directly linked to the specific role and level of responsibility within the Group, the employee’s expertise, competencies, engagement and performance.

To maintain alignment with market conditions and the evolving needs of the organisation, the remuneration structures, including base salary, variable incentives and benefits, are regularly reviewed and adjusted. These periodic reviews enable the Group to offer competitive remuneration, fostering the attraction, retention, and motivation of key talent essential for achieving KRUK’s strategic goals and objectives.

KRUK applies a consistent remuneration framework for all employees. Salary reviews are conducted systematically across the Group in accordance with the adopted schedule (at least once a year) and transparent rules, ensuring that pay levels always reflect employee performance, demonstrated competencies, and market dynamics. On reaching predefined strategic targets for each market, and upon the Management Board’s approval, special bonuses are awarded universally across the respective market, to all employees regardless of hierarchical position. Employees on maternity, paternity, or parental leave receive their bonuses in full, with no deductions for absence.

For many positions, the KRUK Group has implemented transparent career progression pathways, outlining clear salary benchmarks for different levels. The Group is committed to pay equity, ensuring that employees performing comparable roles receive comparable pay, irrespective of gender. KRUK keeps monitoring the gender pay gap, tracking both unadjusted and adjusted pay disparities. In 2024, the adjusted gender pay gap, which accounts for comparable roles and experience levels, stood at 0.6%

Members of the Management Board and other executive and leadership teams across the KRUK Group consist of highly skilled professionals with expertise spanning debt management, finance, high-volume process management, portfolio valuation, legal services, business partnerships, human resources, IT, and analytics. The Group benefits from strong leadership continuity, reflected in low executive turnover and deep institutional expertise cultivated over the years of industry experience, which is a source of major competitive advantage. More than 9% of the Company shares are held by Management Board Members.

## ROLES AND REMITS OF MEMBERS OF THE MANAGEMENT BOARD OF KRUK S.A.

<b>Piotr Krupa</b> President of the Management Board, Chief Executive Officer	Internal Audit, Corporate Governance, Strategy and Transformation, Chief Executive Officer Area for Poland
<b>Adam Łodygowski</b> Member of the Management Board, Chief Data & Technology Officer	IT & IT Infrastructure, Cybersecurity, Debt Portfolio Valuation, Statistical Methods Development, IT International Procurement, Core System
<b>Piotr Kowalewski</b> Member of the Management Board, Chief Operating Officer	Analytical Strategy, Customer Service Processes, Customer Service Platform Tribe, Insights and Behavioural Strategy, Digital Transformation, Brand Marketing & Communications, Data & Workflow, Legal & Automation Tools
<b>Urszula Okarma</b> Member of the Management Board, Chief Investment Officer	NPL Investment Strategy, Legal, Data Protection, Operational Risk and ESG, Compliance, HR
<b>Michał Zasepa</b> Member of the Management Board, Chief Financial Officer	Controlling and Liquidity, Investor Relations and Development, Accounting and Taxation

**Gender representation on the governing body: 20% women and 80% men**

For more information on the experience and remits of Management Board members, see section 8.3.1 'Membership, changes in membership, appointment criteria, and members' responsibilities'.

The Company has not issued any employee shares.

For more information on human capital, especially in the context of social and workplace responsibility, see section 10 'Consolidated sustainability statement of the KRUK Group,' in section S1 related to own workforce.

### 2.6.2. Incentive Scheme

#### Incentive scheme for 2021–2024

On 16 June 2021, the Annual General Meeting of KRUK S.A. passed Resolution No. 22/2021 on setting the rules of an incentive scheme for 2021–2024, conditional increase in the Company's share capital and issue of subscription warrants with the Company existing shareholders' pre-emptive rights disapplied in whole with respect to the shares to be issued as part of the conditional share capital increase and subscription warrants, and amendments to the Articles of Association (2021–2024 Incentive Scheme).

Eligible persons are the President and other Members of the Company's Management Board and Company employees as well as members of the management boards and employees of other KRUK Group companies.

For the purposes of the 2021–2024 Incentive Scheme, the General Meeting approved a conditional increase in the Company's share capital by up to PLN 950,550.00, through an issue of up to 950,550 Series H ordinary bearer shares.

The warrants will be issued in two pools: the basic pool (760,440 subscription warrants) and additional pool (190,110 subscription warrants). Subscription warrants of the basic pool will be issued in four tranches, one for each year of the reference period, i.e. for the financial years 2021–2024. Subscription warrants of the additional pool will be issued as a single tranche – Tranche 5, and will be offered in 2025 for 2021–2024.

Subscription warrants of the basic pool for a given financial year will be granted to eligible persons on condition that EPS (calculated on the basis of the Group's consolidated financial statements) increases by no less than 15.00%. For details on EPS calculations for the purposes of the 2021–2024 Incentive Scheme, see the resolution of the KRUK S.A. General Meeting of 16 June 2021.

Subscription warrants of the additional pool will be granted on condition that the rate of return on the shares (taking into account profit distributions to shareholders in the form of dividends) increases, at the end of the 2021–2024 Incentive Scheme, by a predetermined amount relative to the issue price.

Holders of subscription warrants will be entitled to exercise their rights to subscribe for Series H shares at the issue price equal to the turnover-weighted average closing price of Company shares on the Warsaw Stock Exchange from 15 May 2021 to 15 June 2021. Holders of subscription warrants will be entitled to exercise their rights to subscribe for Series H shares attached to the subscription warrants not earlier than 24 months after the date on which they acquired the subscription warrants (lock-up for subscription of Series H shares by holders of subscription warrants) and not later than on 31 December 2028.

The subscription warrants under the 2021–2024 Incentive Scheme are issued free of charge, may be inherited, but may not be encumbered and are not transferable, subject to Resolution No. 5/2025 of 30 January 2025 to amend Resolution 2021, whereby the Extraordinary General Meeting of KRUK S.A. passed the following amendment: “Subscription Warrants shall be non-transferable, except where a donation agreement for the Subscription Warrants is executed with the prior consent of the Company, granted through a resolution of the Management Board. No further donation of the Subscription Warrants shall be permitted”. In accordance with the terms of the Incentive Scheme, the number of warrants to be allotted and offered to Members of the Management Board throughout the term of the Scheme is 40% of all warrants.

In accordance with the terms of the 2021–2024 Incentive Scheme, the number of warrants to be allotted and offered to Members of the Management Board throughout the term of the Stock Option Plan is 40% of all warrants.

#### CONDITIONS FOR OFFERING SUBSCRIPTION WARRANTS UNDER THE 2021–2024 INCENTIVE SCHEME, BY TRANCHE






**Target** 15.00% or higher average annual increase in EPS in the fiscal year immediately preceding the year in which the warrants are offered.

EPS growth is calculated according to the following formula:

$$real\ EPS_{2019+n} = \sqrt[n]{\frac{EPS_{2019+n}}{EPS_{2019}}} - 1 \text{ for } n = 2,3,4,5,6$$

Table 9. Time horizon for calculating the average annual EPS growth under the 2021–2024 Incentive Scheme

TIME HORIZON FOR THE 2021–2024 INCENTIVE SCHEME										
Tranche	Period included in the calculation of the average annual EPS growth in the fiscal year immediately preceding the year in which the warrants are offered									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Tranche 1 for 2021										
Tranche 2 for 2022										
Tranche 3 for 2023										
Tranche 4 for 2024										

	Reference year
	EPS growth measurement period
	Satisfaction of the grant conditions is assessed, and warrants are allotted
	Lock-up
	Exercise period

Source: Company

In connection with the achievement of an increase in the EPS ratio of 58.34% in 2021, on May 13, 2022, the Supervisory Board of KRUK S.A. adopted a resolution on determining the fulfilment of the condition specified in the 2021-2024 Program in order to issue and offer subscription warrants in Tranche I for the implementation in 2021 of the provisions of the 2021-2024 Program.

In view of the above, the Management Board of the Company, by the resolution of July 5, 2022 on the establishment of a list of persons who are not members of the Management Board, entitled to take up subscription warrants in Tranche I for the implementation in 2021 of the provisions of the 2021-2024 Program, granted a total of 96,094 subscription warrants to the entitled persons.

On July 5, 2022, the Supervisory Board adopted a resolution on establishing a list of persons entitled to receive subscription warrants under Tranche I for the implementation of the provisions of the 2021-2024 Program in 2021. According to its content, a total of 76,044 subscription warrants were granted to members of the Management Board under Tranche I for 2021.

In 2022, 172,138 subscription warrants were awarded to eligible persons under Tranche 1.

In 2022, EPS grew by 42.27%, and on 17 July 2023, the Supervisory Board of KRUK S.A. passed a resolution to acknowledge that the condition set out in the 2021–2024 Incentive Scheme had been met for the purpose of issuing and offering Tranche 2 subscription warrants in view of fulfilment in 2022 of the conditions of the 2021–2024 Incentive Scheme.

Accordingly, on 22 August 2023 the Management Board of the Company resolved to determine the list of persons other than Management Board Members, who were eligible to acquire Tranche 2 subscription warrants for the fulfilment in 2022 of the conditions of the 2021–2024 Incentive Scheme, whereby a total of 109,292 subscription warrants were awarded to the eligible persons.

On 14 September 2023, the Supervisory Board resolved to determine the list of Management Board Members eligible to acquire Tranche 2 subscription warrants for the fulfilment in 2022 of the conditions of the 2021–2024 Incentive Scheme, whereby a total of 76,044 Tranche 2 subscription warrants were awarded to the eligible Management Board Members for 2022.

In 2023, a total of 185,336 Tranche 2 subscription warrants were awarded to the eligible persons.

In 2023, EPS grew by 36.64%, and on 10 June 2024, the Supervisory Board of KRUK S.A. passed a resolution to acknowledge that the condition set out in the 2021–2024 Incentive Scheme had been met for the purpose of issuing and offering Tranche 3 subscription warrants in view of fulfilment in 2023 of the conditions of the 2021–2024 Incentive Scheme.

Accordingly, on 1 July 2024 the Management Board resolved to determine the list of persons other than Management Board Members, who were eligible to acquire Tranche 3 subscription warrants for the fulfilment in 2023 of the conditions of the 2021–2024 Incentive Scheme, whereby a total of 113,765 subscription warrants were awarded to the eligible persons.

On 1 July 2024, the Supervisory Board passed a resolution determining the list of Management Board Members eligible to acquire Tranche 3 subscription warrants for the fulfilment in 2023 of the conditions of the 2021–2024 Incentive Scheme, whereby a total of 76,044 Tranche 3 subscription warrants were awarded to the eligible Management Board Members for 2023.

In 2024, a total of 189,809 subscription warrants were granted to eligible persons under Tranche 3.

**Table 10. Execution of the 2021–2024 Incentive Scheme as at the issue date of this Report**

2021–2024 INCENTIVE SCHEME					
Tranche	TARGET: EPS growth	EPS growth rate	Number of warrants awarded to and acquired by Management Board Members	Number of warrants awarded to and acquired by other eligible persons	Total number of warrants awarded and acquired
1	✓	58.34%	76,044	96,094	172,138
2	✓	42.27%	76,044	109,292	185,336
3	✓	36.64%	76,044	113,765	189,809

Due to the expiry of the lock-up period for the right to acquire series H shares for subscription warrants granted to eligible persons under Tranche 1, as of the date of publication of this report, 77,428 subscription warrants were converted into series H shares of the Company. 469,855 warrants remain in the possession of eligible persons.

The table below shows the number of Tranche 1, 2 and 3 warrants awarded to and acquired by each Management Board Member.

**Table 11. Number of Tranche 1, 2 and 3 warrants awarded to and acquired by Management Board Members under the 2021–2024 Incentive Scheme, held as at the reporting date and the issue date of this periodic Report**

NAME AND SURNAME	NUMBER OF TRANCHE 1 WARRANTS AWARDED AND ACQUIRED	NUMBER OF TRANCHE 2 WARRANTS AWARDED AND ACQUIRED	NUMBER OF TRANCHE 3 WARRANTS AWARDED AND ACQUIRED
Piotr Krupa	22,812	22,812	22,812
Piotr Kowalewski	13,308	13,308	13,308
Adam Łodygowski	13,308	13,308	13,308
Urszula Okarma	13,308	13,308	13,308
Michał Zasępa	13,308	13,308	13,308

Source: Company

In the reporting period and as at the issue date of this Report, Members of the Management Board of the Company held no rights to KRUK S.A. shares other than the rights under the subscription warrants issued under the 2021–2024 Incentive Scheme, as shown in Table 9.

Members of the Supervisory Board do not hold any subscription warrants issued under the 2021–2024 Incentive Scheme.

### Incentive scheme for 2025–2028

On 30 January 2025, the Extraordinary General Meeting of KRUK S.A. passed Resolution No. 6/2025 on setting the rules of an incentive scheme for 2025–2028, conditional increase in the Company’s share capital and issue of subscription warrants with the Company existing shareholders’ pre-emptive rights waived in whole with respect to the shares to be issued as part of the conditional share capital increase and subscription warrants, and amendments to the Articles of Association (the “2025–2028 Incentive Scheme”).

Eligible persons are the President and other Members of the Company’s Management Board and Company employees as well as members of the management boards and employees of other KRUK Group companies.

For the purposes of the 2025–2028 Incentive Scheme, the General Meeting approved a conditional increase of the Company’s share capital by up to PLN 775,264.00, through an issue of up to 775,264 Series I ordinary bearer shares.

The warrants will be issued in two pools: the basic pool (620,212 subscription warrants) and additional pool (155,052 subscription warrants). Subscription warrants of the basic pool will be issued in four tranches, one for each year of the reference period, i.e. for the financial years 2025–2028. Subscription warrants of the additional pool will be issued as a single tranche – Tranche 5, to be offered in 2029 for 2025–2028.

Subscription warrants of the basic pool for a given financial year will be granted to eligible persons on condition that PBTPS (calculated on the basis of the Group’s consolidated financial statements) increases by no less than 12.00%. For details on PBTPS calculations for the purposes of the 2025–2028 Incentive Scheme, see the resolution of the KRUK S.A. Extraordinary General Meeting of 30 January 2025.

Subscription warrants of the additional pool will be granted on condition that the rate of return on the shares (taking into account profit distributions to shareholders in the form of dividends) increases, at the end of the period covered by the 2025–2028 Incentive Scheme, by a predetermined amount relative to the issue price.

Holders of subscription warrants will be entitled to exercise their rights thereunder to subscribe for Series I shares at the issue price equal to the average price of one Company share calculated as the quotient of the total trading value of the shares (in PLN) and the trading volume of the shares (in units) on the Warsaw Stock Exchange for the period of one month preceding the date of the General Meeting adopting the Stock Option Plan, that is for the period from 29 December 2024 to 29 January 2025. Holders of subscription warrants will be entitled to exercise their rights attached to the warrants not earlier than 36 months after the end date of the financial year for which they were offered warrants of a given Tranche (lock-up on the right to subscribe for Series I shares by holders of subscription warrants) and not later than on 31 December 2033.

The subscription warrants under the 2025–2028 Incentive Scheme are issued free of charge, may be inherited, but may not be encumbered and are not transferable, except where a donation agreement for the subscription warrants is executed with the prior consent of the Company, granted through a resolution of the Management Board. No further donation of the subscription warrants is permitted.

In accordance with the terms of the Incentive Scheme, the number of warrants to be allotted and offered to Members of the Management Board throughout the term of the Scheme is capped at 40% of all warrants.

#### CONDITIONS FOR OFFERING SUBSCRIPTION WARRANTS UNDER THE 2025–2028 INCENTIVE SCHEME, BY TRANCHE

**Target** 12.00% or higher average annual increase in PBTPS in the fiscal year immediately preceding the year in which the warrants are offered.

EPS growth is calculated according to the following formula:

$$\text{increase in } PBTPS_{2024+n} = \sqrt[n]{\frac{PBTPS_{2024+n}}{PBTPS_{2024}}} - 1$$

for n = 1,2,3,4

**Table 12. Time horizon for calculating the average annual PBTPS growth under the 2025–2028 Incentive Scheme**

TIME HORIZON FOR THE 2025–2028 INCENTIVE SCHEME										
Tranche	Period included in the calculation of the average annual PBTPS growth in the fiscal year immediately preceding the year in which the warrants are offered									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Tranche 1 for 2025		x								
Tranche 2 for 2026		x	x							
Tranche 3 for 2027		x	x	x						
Tranche 4 for 2028		x	x	x	x					

	reference year
x	PBTPS average annual growth period
	lock-up
	possibility of redemption

Source: Company



### 3. OVERVIEW OF THE KRUK GROUP'S AND KRUK S.A.'S BUSINESS IN 2024

In line with the equity method applied, the Company's profit or loss and equity are identical to those of the KRUK Group.

#### 3.1. Consolidated financial highlights of the KRUK Group

Table 13. Consolidated financial results for 2024–2023

	YEAR ENDED 31 DEC		
	2024	2023	CHANGE
Total revenue	2,907,553	2,592,580	12%
EBITDA	1,474,913	1,385,455	6%
Operating profit (EBIT)	1,412,434	1,327,158	6%
Net profit for period (attributable to owners of the Parent)	1,073,954	983,934	9%
Cash flows from operating activities, including	-499,135	-785,251	-36%
Debt purchases	-2,827,896	-2,972,231	-5%
Cash recoveries	3,536,311	3,062,473	15%
Cash flows from investing activities	-36,409	-23,328	56%
Cash flows from financing activities	361,873	994,880	-64%
Total net cash flows	-173,671	186,301	-193%
Total assets	11,648,879	9,928,505	17%
Equity	4,528,986	3,791,393	19%
Return on equity (ROE)	24%	26%	-
Earnings per share (PLN)			
Basic	55.54	50.93	9%
Diluted	52.43	48.37	8%

Source: Consolidated financial statements

#### Net profit and return on equity (ROE)

Net profit earned in 2024 was PLN 1,074 million, up by PLN 90 million (or +9%) year on year. This increase was largely driven by a PLN 315 million rise in revenue (up by 12% year on year), with operating expenses up by PLN 226 million.

Cash EBITDA as at the end of 2024 came in at PLN 2,374 million, up by PLN 269 million (or +13%) year on year, largely on the back of higher recoveries.

As at 31 December 2024, return on equity for the twelve months ended on that date was 24%, compared with 26% the year before.

## Revenue

In 2024, the Group's total revenue reached PLN 2,908 million, having increased by PLN 315 million, or +12%, from PLN 2,593 million in 2023. Revenue from purchased debt portfolios, representing 91% of total revenue, amounted in 2024 to PLN 2,638 million, up by 13% (PLN 294 million) year on year. In 2024, the largest year-on-year increase by far was recorded in revenue from purchased debt portfolios on the Polish market (up by PLN 168 million, or +16%), with a significant increase achieved also in Italy (up by PLN 148 million, or +37%) and Romania (up by PLN 39 million, or +7%). On the Spanish market, revenue fell year on year (down by PLN 68 million, or -24%) due to impairment of the portfolios in the three months ended 31 December 2024. The negative revaluation of projected recoveries was mainly attributable to delays in the processing of court cases, resulting in a downward revision of recovery projections for the purchased portfolios.

In the full year 2024, the Group booked a PLN 390 million revaluation of projected recoveries, down by PLN 49 million on the same period the year before. The deviation between actual and projected recoveries was PLN 351 million, compared with PLN 427 million the year before. Interest income on debt portfolios rose year on year, from PLN 1,490 million to PLN 1,884 million.

## Costs of operations

Costs of operations incurred in 2024 (excluding depreciation and amortisation) amounted to PLN 1,433 million, having increased by PLN 226 million (+19%) year on year, due mainly to an increase in court fees (up by PLN 98 million, or +28%), and a rise in salaries and employee benefits expense (up by PLN 51 million, or +10%). Higher court fees lifted the ratio of operating expenses to recoveries to 30%, from 29% in the previous year.

## Finance costs

In 2024, net finance costs amounted to PLN 402 million, up by PLN 112 million year on year. The increase was driven mainly by a higher debt amount (up by PLN 1,107 million), as well as elevated 1M/3M EURIBOR rates (with the average of quotations for the last day of each month in 2024 at, respectively, 3.53%/3.52% compared with 3.32%/3.49% in 2023), partly offset by lower 1M/3M WIBOR rates (with the average of quotations for the last day of each month in 2024 at, respectively, 5.84%/5.86% relative to 6.52%/6.50% in 2023).

The effect of interest rate increases on the Group's finance costs was partly offset by a positive effect of interest rate hedges, which amounted to PLN +88 million in 2024. IRS and CIRS contracts used for hedging purposes and fixed-rate bonds (a total of PLN 3,986 million) represented 61% of the Group's total debt as at 31 December 2024. WIBOR-sensitive debt accounted for 15% (PLN 997 million) and EURIBOR-sensitive debt - for 24% (PLN 1,604 million) of the Group's total debt as at 31 December 2024.

## Purchased debt portfolios

### Recoveries from purchased portfolios

Amounts recovered in 2024 from portfolios purchased by the KRUK Group reached PLN 3,536 million, up by 15% year on year. More than half of that amount (59%) was collected in foreign markets. The year-on-year increase of PLN 474 million in 2024 was attributable mainly to PLN 200 million growth in recoveries on the Italian market (up by 35% year on year), PLN 147 million growth in recoveries on the Spanish market (up by 38% year on year), and PLN 92 million growth in recoveries on the Polish market (up by 7% year on year). Cash recoveries in Poland, Romania and Italy were strong, but on the Spanish market they were below operational and accounting projections due to prolonged litigation times. In 2024, KRUK recorded its first recoveries from the French market, which will be presented together with recoveries from the Czech Republic, Slovakia and Germany in the 'Other markets' segment.

Table 14. Recoveries from purchased portfolios in 2024, by market

	RECOVERIES IN 2024 PLN MILLION	SHARE OF TOTAL RECOVERIES	RECOVERIES IN 2023 PLN MILLION	SHARE OF TOTAL RECOVERIES	CHANGE Y/Y
Poland	1,444	41%	1,351	44%	7%
Romania	684	19%	635	21%	8%
Italy	769	22%	569	19%	35%
Spain	538	15%	390	13%	38%
Other markets	102	3%	117	4%	-14%
<b>KRUK Group</b>	<b>3,536</b>	<b>100%</b>	<b>3,062</b>	<b>100%</b>	<b>15%</b>

The actual recoveries exceeded the budgeted figures both cumulatively for the full year and in each quarter of 2024 (the positive deviation in the three months to 31 December 2024 was <sup>8</sup>PLN 53 million, or 6%).

Table 15. Actual vs projected recoveries from purchased debt portfolios

PLN million	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
<b>A. Actual recoveries</b>	724	776	785	777	854	883	864	935
<b>B. Deviation between actual and projected recoveries and related items<sup>2</sup></b>	111	143	91	83	105	103	91	53
<b>C. Percentage deviation (B/(A-B))<sup>2</sup></b>	18%	23%	13%	12%	14%	13%	12%	6%

The tables below present, respectively, the amounts of 2023 and 2024 recoveries from purchased debt portfolios and percentage contributions of purchased debt portfolios to the 2023 and 2024 total recoveries broken down by the portfolio acquisition period.

Table 16. Amounts of 2023 and 2024 recoveries from purchased debt portfolios

PLN million	ACQUISITION PERIOD											
	2004–2010	2011–2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	TOTAL
Recoveries in 2023	125	448	300	217	285	202	137	449	536	363	n/a	3,062
Recoveries in 2024	120	409	272	170	237	196	116	383	539	773	323	3,536

<sup>8</sup> The item 'deviation between actual and projected recoveries' includes the deviation of actual recoveries from budgeted figures, decreases on early collections in collateralised cases, and payments from the original creditor. The percentage deviation is determined as the ratio of 'deviation between actual and projected recoveries' to the difference between 'actual recoveries' and 'deviation between actual and projected recoveries'.

**Table 17. Percentage contributions of purchased debt portfolios to the 2023 and 2024 total recoveries by portfolio acquisition period**

PLN million	ACQUISITION PERIOD										
	2004-2010	2011-2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Recoveries in 2023	4%	15%	10%	7%	9%	7%	4%	15%	18%	12%	n/a
Recoveries in 2024	3%	12%	8%	5%	7%	6%	3%	11%	15%	22%	9%

The portfolios purchased over the last six years accounted for the largest (more than 60%) share of the KRUK Group's total recoveries in 2024 and the year before, with the portfolios purchased in 2011–2015 accounting for 12% of total recoveries in 2024. At the same time, the Group continued to recover debts from portfolios that had already been under its management for more than 15 years (portfolios purchased by 2010). At PLN 120 million, total recoveries from those portfolios in 2024 were down by PLN 5 million year on year. The contribution of the portfolios purchased in 2024 to total recoveries was 9%, in keeping with the figures recorded in previous years. The share of debt portfolios purchased in a financial year in total recoveries posted for that year is largely determined by the purchase date (the earlier in a year an asset is purchased, the longer it will contribute to recoveries in that year).

### Investments in new portfolios

In 2024, the KRUK Group invested PLN 2,828 million in debt portfolios with a nominal value of PLN 14,607 million, compared with PLN 2,972 million of debt investments with a nominal value of PLN 14,523 million the year before. The majority of these investments (93%) were allocated to unsecured retail debt portfolios. Poland and Italy accounted for the largest shares of total purchases in 2024, representing 38% and 30% respectively.

In addition to the debt purchases made by the KRUK Group in 2024, the Group also signed long-term forward flow contracts, under which it may continue to purchase debt portfolios from original creditors in 2025.

In 2024, KRUK made its first investments in debt portfolios on the French market, included in the 'Other markets' segment.

Poland, Italy and Spain accounted for the largest shares of total purchases in 2024, representing 38%, 30% and 19% respectively. The Group purchased debt portfolios in each of its operating markets, with 62% of these investments made outside Poland.

**Table 18. Expenditure on debt portfolios in 2024, by market**

	EXPENDITURE IN 2024 PLN MILLION	SHARE OF TOTAL EXPENDITURE	EXPENDITURE IN 2023 PLN MILLION	SHARE OF TOTAL EXPENDITURE	CHANGE Y/Y
Poland	1,087	38%	776	26%	40%
Romania	264	9%	336	11%	-21%
Italy	847	30%	977	33%	-13%
Spain	541	19%	812	27%	-33%
Other markets	88	3%	70	2%	26%
<b>KRUK Group</b>	<b>2,828</b>	<b>100%</b>	<b>2,972</b>	<b>100%</b>	<b>-5%</b>

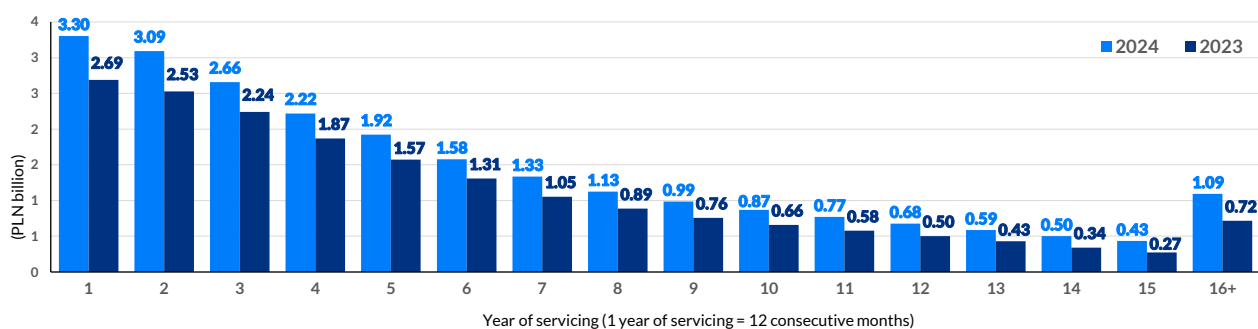
Gross return rate, calculated as the internal rate of return on projected recoveries and the current portfolio carrying amount for all portfolios, estimated as at the time of the investments made in the full year 2024, was 22%,

compared with 21% in the full year 2023. Gross IRR calculated separately for each portfolio as at the acquisition date as the internal rate of return on recoveries and expenditure, and then weighted by the share of total expenditure expressed in the Polish zloty (PLN), was 22.7% in 2024, relative to 22.7% in 2023. As at 31 December 2024, the recovery amount for portfolios acquired in the full year 2024 relative to expenditure incurred to acquire the portfolios was 2.5x, compared with 2.3x calculated as at 31 December 2023 for portfolios acquired in the full year 2023 (the recovery amount represents the sum of historical recoveries and projected future recoveries). Estimated remaining collections from all portfolios purchased by 31 December 2024 reflected in the accounting estimate are PLN 23,147 million. Depending on the market and type of the portfolio, estimated remaining collections may be spread over a period of 15 years or more.

### Estimated remaining collections

Estimated remaining collections (ERC) as at 31 December 2024 were PLN 23,147 million, up by PLN 4,750 million, or +26%, on 31 December 2023. The increase was driven primarily by investments of PLN 2,828 million made in 2024 (including PLN 1,185 million in the three months to 31 December 2024) in debt portfolios with a nominal value of PLN 14,607 million (including PLN 5,424 million in the three months to 31 December 2024). 81% of the total revaluation of projected recoveries from unsecured retail portfolios in the three months to 31 December 2024 was attributable to revaluation of projected recoveries until December 2029 (over the next 60 months). The breakdown of ERC according to the collection period is presented in the charts below.

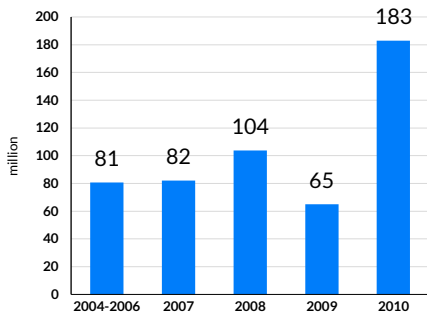
#### ESTIMATED REMAINING COLLECTIONS BY YEARS OF SERVICING AS AT THE END OF PERIOD



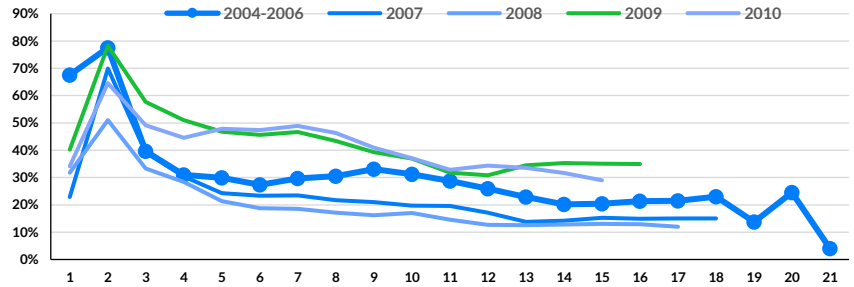
Below is an overview of portfolios in four time perspectives as at 31 December 2024: portfolios purchased in 2004–2010, portfolios purchased in 2011–2015, portfolios purchased in 2016–2020 and the newest portfolios purchased in 2021–2024. The servicing period in the first year from the purchase may be shorter than twelve months.

\* For 2004–2006 – data is the average weighted by expenditure incurred in the years which contributed to recoveries in the given period.

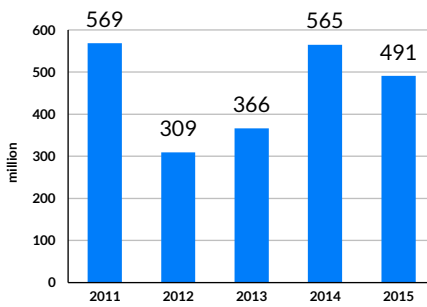
### EXPENDITURE IN 2004–2010



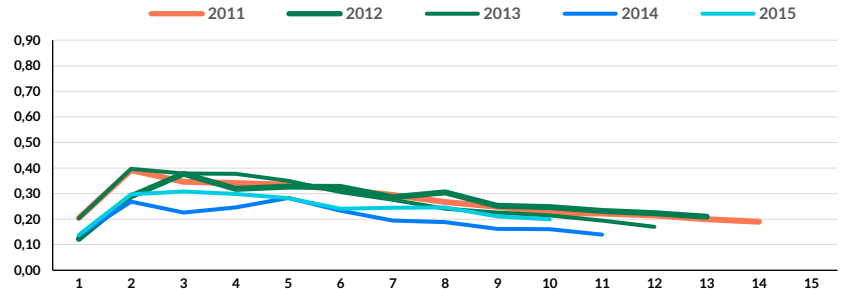
### RECOVERIES IN THE SUCCESSIVE YEARS OF SERVICING TO EXPENDITURE IN 2004–2010



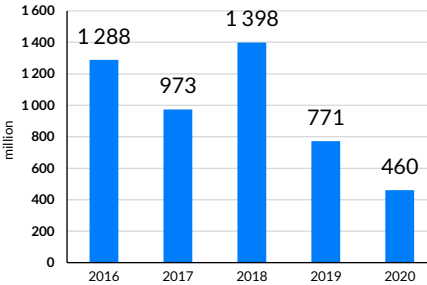
### EXPENDITURE IN 2011–2015



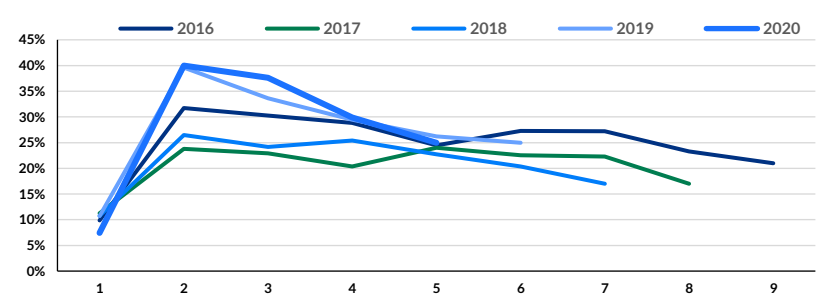
### RECOVERIES IN THE SUCCESSIVE YEARS OF SERVICING TO EXPENDITURE IN 2011–2015



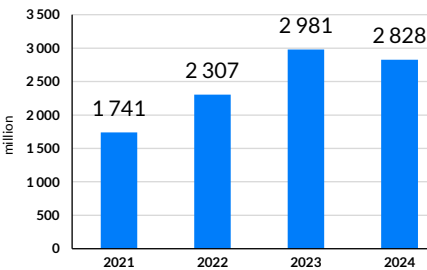
### EXPENDITURE IN 2016–2020



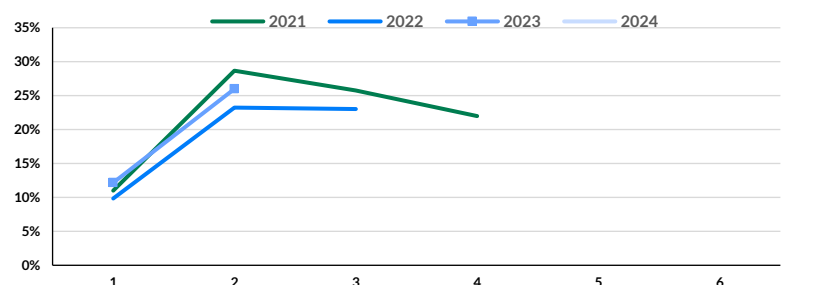
### RECOVERIES IN THE SUCCESSIVE YEARS OF SERVICING TO EXPENDITURE IN 2016–2020



### EXPENDITURE IN 2021–2024



### RECOVERIES IN THE SUCCESSIVE YEARS OF SERVICING TO EXPENDITURE IN 2021–2024



The table below presents recoveries in successive calendar years as a percentage of expenditure on portfolios purchased in 2004–2024, with the proviso that the first period from the acquisition date may be less than twelve months (portfolios are purchased from 1 January to 31 December).

Portfolio acquisition date	Period																					TOTAL
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
2004-2006*	68%	78%	40%	31%	30%	27%	30%	31%	33%	31%	29%	26%	23%	20%	20%	21%	22%	23%	24%	14%	27%	646%
2007	23%	70%	39%	30%	24%	23%	24%	22%	21%	20%	20%	17%	14%	14%	15%	15%	15%	15%			421%	
2008	32%	51%	33%	28%	21%	19%	19%	17%	16%	17%	15%	13%	13%	13%	13%	13%	12%			345%		
2009	40%	78%	58%	51%	47%	46%	47%	43%	39%	37%	32%	31%	34%	35%	35%	35%			688%			
2010	34%	65%	49%	45%	48%	47%	49%	46%	41%	37%	33%	34%	34%	32%	29%			622%				
2011	20%	39%	35%	34%	34%	32%	30%	27%	25%	22%	22%	21%	20%	19%			380%					
2012	12%	29%	38%	32%	33%	33%	29%	30%	25%	25%	23%	22%	21%			351%						
2013	20%	40%	38%	38%	35%	31%	28%	24%	23%	21%	20%	17%			334%							
2014	14%	27%	23%	25%	28%	23%	19%	19%	16%	16%	14%			224%								
2015	14%	30%	31%	30%	28%	24%	24%	25%	21%	20%			247%									
2016	10%	32%	30%	29%	24%	27%	27%	23%	21%			224%										
2017	11%	24%	23%	20%	24%	23%	22%	17%			165%											
2018	11%	26%	24%	25%	23%	20%	17%			147%												
2019	11%	40%	34%	29%	26%	25%			165%													
2020	7%	40%	38%	30%	25%			140%														
2021	11%	29%	26%	22%			88%															
2022	10%	23%	23%			56%																
2023	12%	26%			38%																	
2024	11%			11%																		

The relation of historical recoveries in successive calendar years to expenditure on portfolios purchased in 2004-2024 may differ from year to year depending on a range of factors, including:

- debt management process carried out by the KRUK Group
- type and nature of debt portfolios purchased in a given year
- shares of various geographies in total debt portfolio acquisitions in a given year
- external environment, including legal and business environments.

\* The servicing period in the first year from the purchase may be shorter than twelve months. As at 31 December 2024.

The relation of historical recoveries in successive calendar years to expenditure on portfolios purchased in 2004–2024 may differ from year to year depending on a range of factors, including:

- Debt management process carried out by the KRUK Group
- Type and nature of debt portfolios purchased in a given year
- Shares of various geographies in total debt portfolio acquisitions in a given year
- External environment, including legal and business environments.

## Credit management services

Revenue from fee-based credit management services in the full year 2024 totalled PLN 58 million, a level comparable to that recorded in 2023 (an increase of PLN +0.2 million/+0.3% year on year). Revenue rose both in Italy and Spain (+19% and +16%, respectively) with a 16% decline posted in Poland. In 2024, banks remained the Group’s main business partners in the credit management segment. The Group’s presence in both market segments, i.e. purchased debt portfolios and credit management, is an important competitive advantage as it offers operational synergies and helps mitigate the risk related to debt portfolio purchases thanks to additional statistical information obtained from the credit management business. The Group currently offers its credit management services in Poland, Spain and Italy.

## Consumer loans (Novum and Wonga)

In 2024, the KRUK Group advanced 243 thousand cash loans (a year-on-year increase of 10%), with a principal amount of PLN 679 million (PLN 559 million in 2023).

As part of the Wonga business line, consumer loans of up to PLN 20,000 per loan are granted, with repayment periods of up to 48 months. In 2024, Wonga.pl disbursed 221 thousand cash loans, with a net amount of PLN 541 million.

In Poland and Romania, 22 thousand cash loans (18 thousand in Poland), with a principal amount of PLN 138 million (PLN 112 million in Poland) were advanced under the Novum brand in 2024. As part of the NOVUM business line in Poland, consumer loans of up to PLN 16,000 per loan were granted for periods from 3 to 30 months. In Romania, NOVUM granted consumer loans of up to RON 60,000 per loan, with repayment periods of up to 60 months.

Novum's total revenue was PLN 32.9 million, up by 15% year on year, whereas Wonga's revenue reached PLN 168 million at year-end 2024, up by 21% year on year.

Novum's revenue in Poland totalled PLN 25 million, up by 11% year on year.

Novum's EBITDA totalled PLN 15.7 million, up by 52% year on year, of which Poland accounted for PLN 13.5 million, representing an increase of 40% year on year. Wonga's EBITDA as at 31 December 2024 was close to PLN 93 million, up by 22% year on year.

## 3.2. KRUK Group's performance by business segment

The performance of each reportable segment is discussed below.

Table 19. KRUK Group's performance highlights by reportable segment

(PLN '000)	TOTAL	TOTAL
	2024	2023
Total revenue*	2,907,553	2,592,580
Purchased debt portfolios	2,637,598	2,343,758
including revaluation of projected recoveries	390,102	438,985
Credit management services	58,007	57,836
Other products	201,995	169,372
Other income	9,953	21,614
Direct and indirect costs	-1,051,082	-880,118
Purchased debt portfolios	-922,033	-749,289
Credit management services	-43,194	-53,456
Other products	-78,252	-67,253
Unallocated expenses	-7,603	-10,120
Gross profit <sup>1</sup>	1,856,471	1,712,462
Purchased debt portfolios	1,715,565	1,594,469
Credit management services	14,813	4,380
Other products	123,743	102,119
Unallocated income / expenses	2,350	11,494
Administrative expenses	-381,558	-327,007
EBITDA <sup>2</sup>	1,474,913	1,385,455

\*Operating income including gain or loss on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios including other income

<sup>1</sup> Gross profit = operating income - operating expenses.

<sup>2</sup> EBITDA = operating profit - depreciation and amortisation.

In 2024, the Group's gross profit was PLN 1,856 million, having increased by PLN 144 million (+8%) on the previous year. The increase was mainly attributable to PLN 315 million (+12%) year-on-year growth in revenue. Direct and indirect costs rose by PLN 171 million (+19%).

The purchased debt segment's gross profit was PLN 1,716 million, up by PLN 121 million (+8%) year on year. The increase in the segment's gross profit was largely attributable to PLN 294 million (+13%) growth in revenue, driven by higher interest income on purchased debt portfolios (up by PLN 394 million, or 26%), and a positive deviation between actual and projected recoveries, offset by a decline on revaluation of projected recoveries by PLN 59 million (-11% year on year). Differences between actual and planned recoveries, disclosed jointly with a



decrease in revenue on early collections in collateralised cases and payments from the original creditor, totalled PLN 351 million in 2024, that is PLN 76 million (18%) less than the year before. The purchased debt segment's direct and indirect costs increased by PLN 173 million (+23%) year on year, primarily as a result of higher costs of court and enforcement proceedings (up by PLN 93 million, or +21%), mainly in Spain, Italy, and Poland.

The credit management segment's gross profit was PLN 15 million, up by PLN 10 million (+238%) year on year. In this case, the increase was largely attributable to a PLN 10 million (19%) decrease in direct and indirect costs, mainly debt collection costs in Spain (down by PLN 8 million).

The other activities segment's gross profit came in at PLN 124 million, having increased by PLN 22 million (+21%) on 2023, thanks chiefly to a PLN 33 million (19%) increase in revenue (including a PLN 29 million (21%) increase in Wonga's revenue). The other activities segment's direct and indirect costs were PLN 78 million, having increased by PLN 11 million (+16%) year on year.

Gross profit in the unallocated income / expenses category was down by PLN 9 million, or -80% (in 2023, two Group companies were sold: ERIF BIG S.A. and EBS Sp. z o.o. (the total transaction proceeds in 2023 amounted to PLN 15 million).

### 3.3. KRUK Group's performance by geographical segment

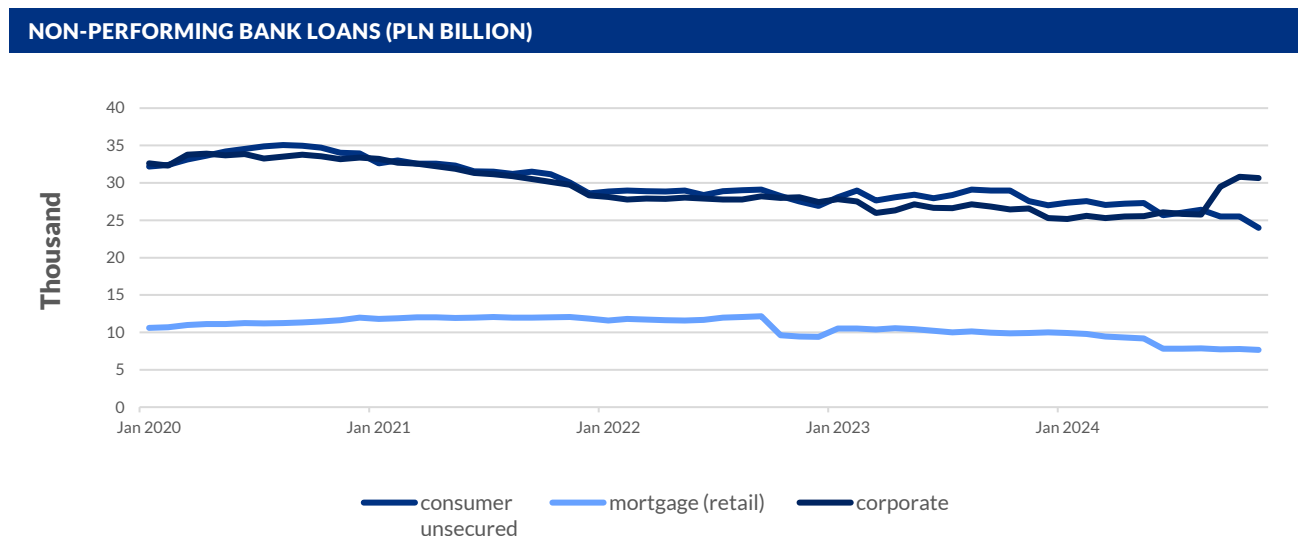
Discussed below are the Group's results by geography (presentation).

(PLN million)	Poland		Romania		Italy		Spain		Other markets		Unallocated		Head Office		KRUK Group	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Expenditure on debt portfolios	1,087	776	264	336	847	977	541	812	88	70	N/A	N/A	2,828	2,972		
Recoveries	1,444	1,351	684	635	769	569	538	390	102	117	N/A	N/A	3,536	3,062		
Carrying amount of purchased debt portfolios (PLN billion)	4.1	3.2	1.6	1.4	2.7	2.1	1.9	1.7	0.2	0.2	N/A	N/A	10.5	8.7		
Percentage of total portfolio carrying amount	39%	37%	15%	17%	26%	25%	18%	20%	2%	2%	N/A	N/A	100%	100%		
Revenue	1,409	1,215	628	587	562	413	240	306	59	51	10	22	N/A	2,908	2,593	
Purchased debt portfolios	1,189	1,021	620	581	549	401	222	290	59	51	N/A	N/A	2,638	2,344		
Credit management services	25	30	1	0	13	11	18	16			N/A	N/A	58	58		
Wonga	169	139									N/A	N/A	169	139		
Other activities	26	24	7	6							N/A	N/A	33	30		
Gross profit	1,011	868	504	462	309	215	-5	132	35	24	2	11	N/A	1,856	1,712	
EBITDA	904	779	470	430	262	179	-33	106	20	10	2	11	-151	-129	1,475	1,385
Cash EBITDA	1,159	1,108	535	484	482	346	284	207	63	76	2	11	-151	-129	2,374	2,104

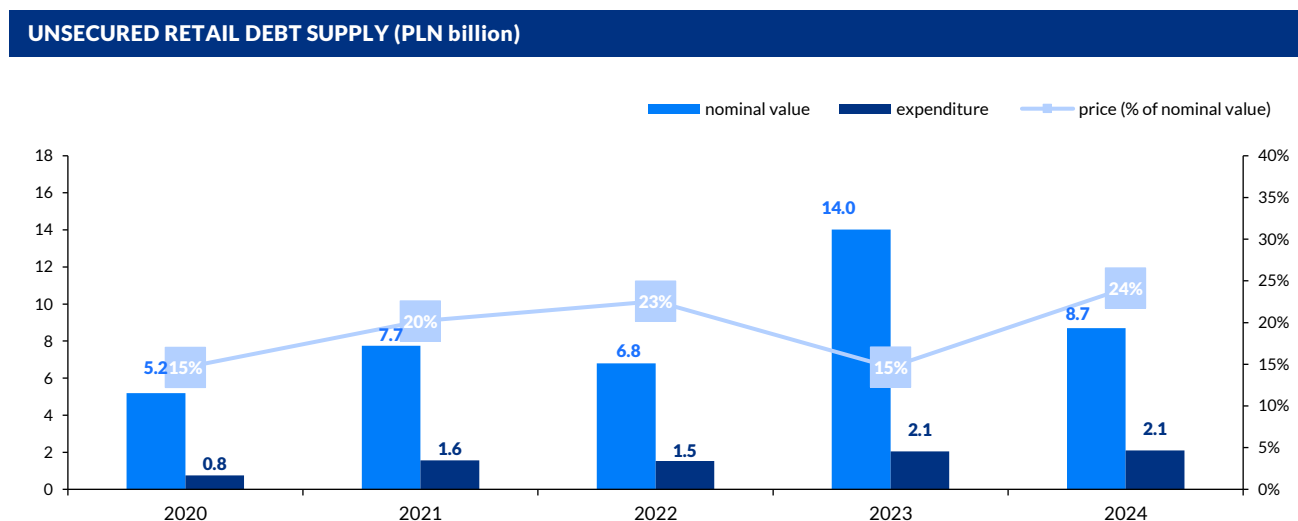
Discussed below are the Group's results by geography (presentation).

### 3.3.1. Poland – overview of the market and the KRUK Group’s business

As at the end of 2024, non-performing debt assets held by Polish banks amounted to PLN 62 billion, a level broadly unchanged from December 2023. Non-performing unsecured consumer debt decreased from PLN 27 billion to PLN 24 billion.



In 2024, debt sale auctions held by debt originators (mainly banks and financial institutions) covered all types of debt (unsecured retail, mortgage and corporate portfolios).



As in the year before, KRUK’s main competitors in Poland were foreign entities. The estimated total debt supply in nominal terms was PLN 14.2 billion, of which unsecured retail debt accounted for PLN 8.7 billion, corporate and SME debt portfolios – for PLN 4.7 billion, and mortgage debt portfolios – for PLN 0.9 billion. KRUK’s expenditure on debt cases in Poland amounted to PLN 2.8 billion, of which 75% related to unsecured retail debt, and the remaining 25% – to corporate, SME and mortgage debt portfolios. The price rate increase to 24% was due to a lower number of transactions executed in the secondary market compared with 2023. KRUK’s share in total debt purchases on the Polish market is estimated at 40%, while its share in expenditure on unsecured retail debt – at 45%.

In 2024, KRUK’s investments in Poland amounted to PLN 1,087 million, representing 38% and the largest proportion of the Group’s total expenditure in the period. The nominal value of the purchased portfolios was PLN 5,552 million. In Poland, KRUK invested primarily in unsecured retail debt.

Amounts collected in Poland represented 41% of the Group's total recoveries in 2024, amounting to PLN 1,444 million, up by 7% year on year.

Compared with 2023, the Group's revenue from the Polish market in 2024 went up by 16%, to PLN 1,409 million. Revaluation of projected recoveries amounted to PLN 302 million, relative to PLN 212 million in 2023. The majority of revenue (84%) was derived from the core business line of purchased debt portfolios. The year-on-year increase in the revaluation coupled with higher interest income drove the Group's revenue from purchased debt portfolios up by 16% year on year. In Poland, KRUK also recorded an excess of actual cash recovered over projected recoveries.

Thanks primarily to the higher recoveries, gross profit on the Polish market for 2024 came in at PLN 1,011 million, relative to PLN 868 million in the comparative period, up by 16% year on year. In the three months ended 31 December 2024, gross profit came in at PLN 203 million, compared with PLN 214 million in the same period of 2023, reflecting mainly the year-on-year increase in operating expenses.

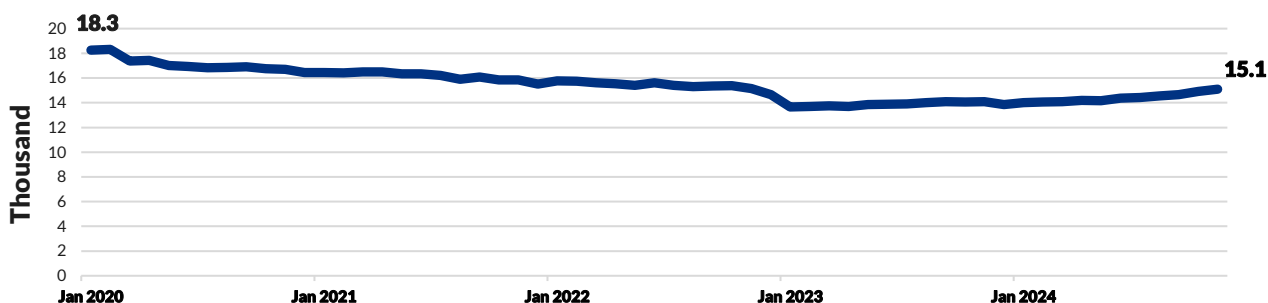
EBITDA on the Polish market for 2024 was booked at PLN 904 million, up by 16% year on year. Cash EBITDA stood at PLN 1,159 million, up by 5% compared with 2023, mainly on the higher year-on-year recoveries.

The carrying amount of purchased debt portfolios as at 31 December 2024 was PLN 4.1 billion, up by 26% year on year. Polish portfolios accounted in aggregate for 39% of the carrying amount of all debt portfolios held by the KRUK Group.

### 3.3.2. Romania – overview of the market and the KRUK Group's business

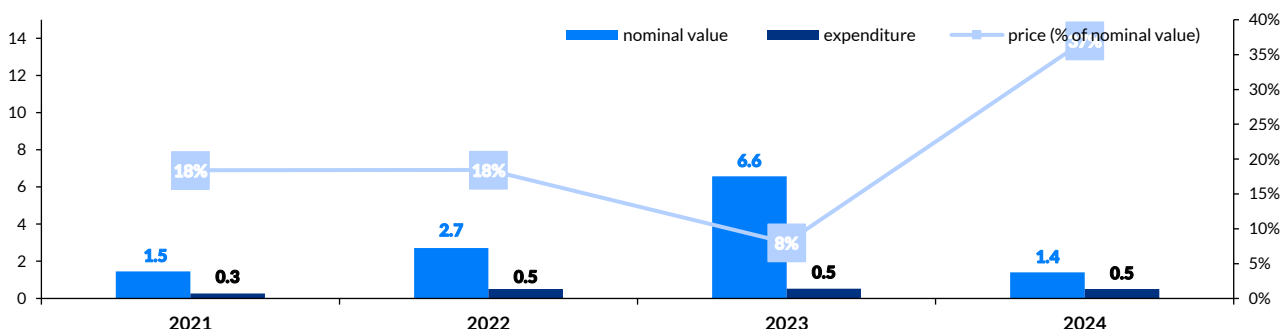
Non-performing debt assets held by Romanian banks amounted to PLN 15.1 billion (up by 9% year on year).

#### IMPAIRED BANK LOANS (PLN BILLION)



Unsecured retail and corporate debt portfolios sold on the Romanian market in 2024 were worth PLN 1.4 billion in nominal terms.

#### UNSECURED RETAIL DEBT SUPPLY (PLN billion)



KRUK's market share in expenditure on unsecured retail debt in Romania (totalling PLN 518 million) is estimated at 51%, relative to 63% in 2023. The average price of debt portfolios went up reflecting better asset quality, increased competition and absence of secondary-market transactions.

Purchases made in Romania accounted for 9% of the Group's total investments, as it spent PLN 264 million in debt with a nominal value of PLN 702 million. KRUK invested primarily in unsecured retail debt portfolios.

For the full year 2024, recoveries in Romania amounted to PLN 684 million, up by 8% year on year, representing 19% of total recoveries in the period.

Total revenue from the Romanian market generated in 2024 amounted to PLN 628 million, up by 8% on the year before. The increase reflected a higher upward revaluation of projected recoveries in 2024 than in the corresponding period of the previous year (PLN 202 million vs PLN 197 million), as well as higher interest income. In Romania, KRUK also recorded an excess of actual recoveries over estimated amounts.

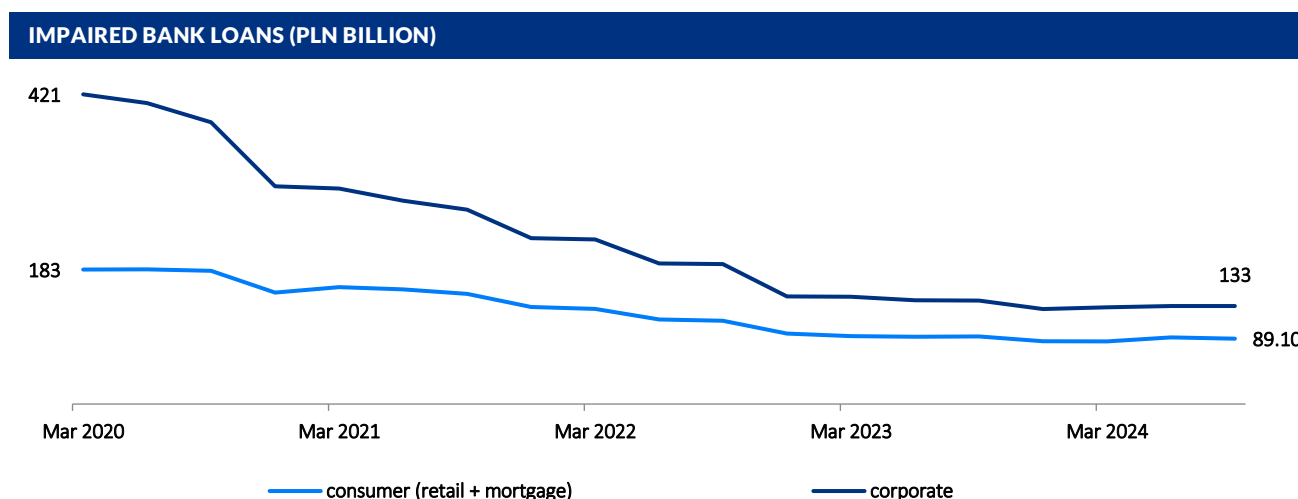
Gross profit came in at PLN 504 million, having increased from PLN 462 million a year earlier (up by 9% year on year), largely as a result of higher revenue.

EBITDA in Romania totalled PLN 470 million, up by 9% on 2023, Cash EBITDA stood at PLN 535 million, up by 10% on 2023,

As at 31 December 2024, the carrying amount of purchased debt portfolios was PLN 1.6 billion, up by 12% on the end of 2023. The Romanian portfolios accounted in total for 15% of the carrying amount of all debt portfolios held by the KRUK Group.

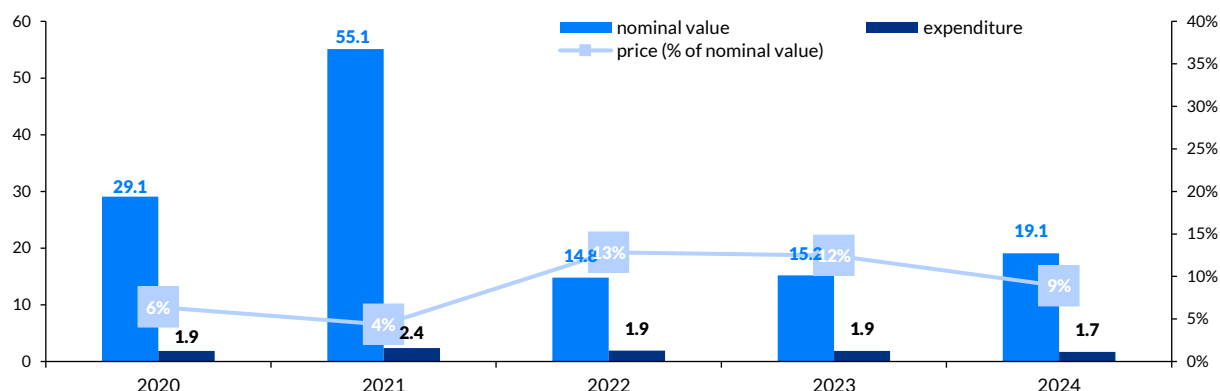
### 3.3.3. Italy – overview of the market and the KRUK Group's business

Non-performing debt assets held by Italian banks decreased significantly in 2020–2024, but still remain at a high level.



According to the KRUK Group's estimates, the supply of unsecured retail, SME and corporate debt in 2024 was PLN 34 billion (nominal amount), relative to PLN 43 billion in the previous year.

## UNSECURED RETAIL DEBT SUPPLY (PLN billion)



The supply of unsecured retail debt alone at nominal value was PLN 19.1 billion, of which PLN 10.1 billion was sold on the secondary market. KRUK's share in the Italian market overall is estimated at 21%, while its share in expenditure on unsecured retail debt on both the primary and secondary markets – at 46%. The average price paid for unsecured retail debt portfolios, calculated as expenditure incurred to the nominal value of the debt, was close to 9%. The year-on-year price decrease was a consequence of both asset quality and market competition.

The amount invested by KRUK on the Italian market in 2024 was PLN 847 million, accounting for 30% of the Group's total investments. The primary investment focus was on unsecured retail debt. The nominal value of the portfolios purchased in Italy was PLN 5,046 million.

Amounts collected in Italy represented 22% of the Group's total recoveries in 2024, amounting to PLN 769 million, up by 35% year on year.

The amount posted in revenue from the Italian market in 2024 was PLN 562 million (+36% year on year). Revenue from the purchased debt portfolio business contributed 98% of total revenue, rising to PLN 549 million from PLN 401 million the year before.

The higher revenue from purchased portfolios was attributable to a year-on-year increase in revaluation (PLN +35 million) combined with higher interest income. In the full year 2024, the Group recognised a PLN 60 million revaluation of projected recoveries from the Italian portfolios, compared with a PLN 25 million revaluation booked a year earlier. In Italy, KRUK also recorded an excess of actual recoveries over estimates.

Revenue from the credit management business in 2024 was PLN 13 million, compared with PLN 11 million in 2023.

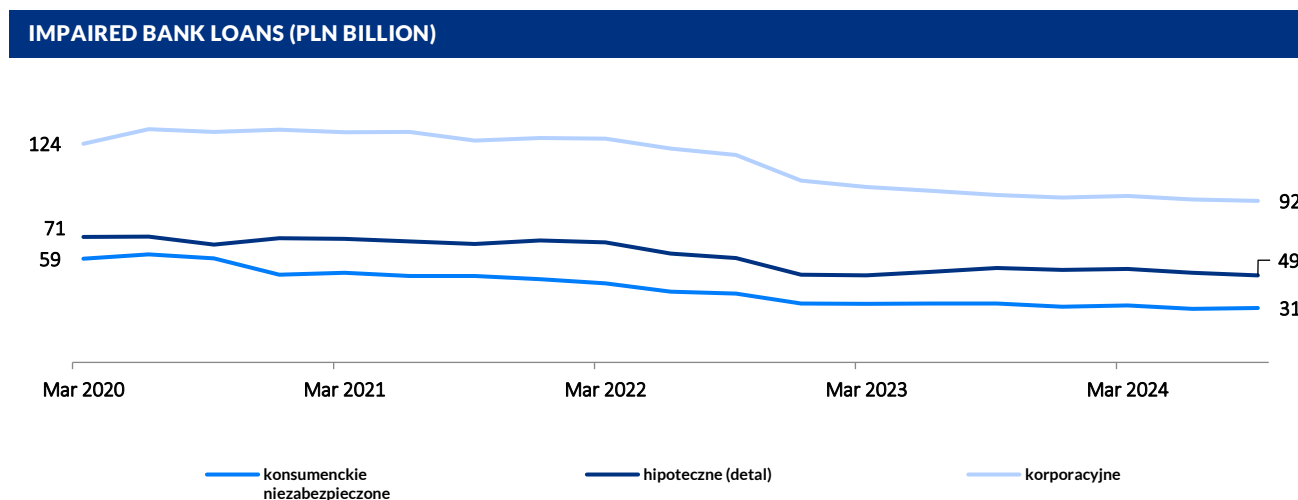
The year-on-year revenue growth led to a gross profit of PLN 309 million, up by 43% from PLN 215 million recorded a year earlier.

On the Italian market, EBITDA for 2024 came in at PLN 262 million, up from PLN 179 million the year before, which represents a 46% increase. On account of the higher recoveries, cash EBITDA amounted to PLN 482 million, up by 39% on 2023.

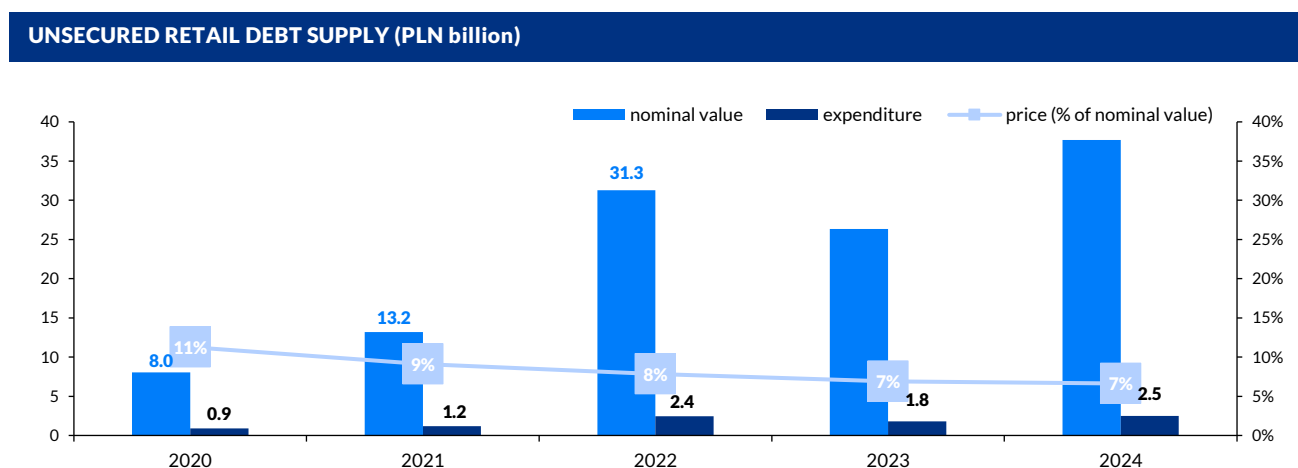
As at 31 December 2024, the carrying amount of purchased debt portfolios was PLN 2.7 billion, up by 27% on the end of 2023. The Italian portfolios accounted for 26% of the total carrying amount of all debt portfolios held by the KRUK Group.

### 3.3.4. Spain – overview of the market and the KRUK Group’s business

On the Spanish market, the level of impaired bank receivables under unsecured consumer loans in 2024 remained similar year on year, at PLN 31 billion.



Based on KRUK’s estimates, bank and non-bank debt portfolios sold in Spain in 2024 had an aggregate value of PLN 85 billion (nominal amount, with mortgage debt excluded).



The total amount invested in debt purchases on the Spanish market was PLN 2.9 billion, with KRUK’s share at 19%. KRUK’s share in expenditure on unsecured retail debt on both the primary and secondary markets is estimated at 21%.

2024 saw the KRUK Group invest PLN 541 million in Spain, primarily in unsecured retail debt, which represented 19% of the Group’s total expenditure on portfolio purchases in the period. The nominal value of the purchased portfolios was PLN 2,936 million.

In the full year 2024, recoveries in Spain amounted to PLN 538 million, up by 38% year on year, representing 15% of total recoveries in the period. In the three months to 31 December 2024, recoveries from portfolios in Spain amounted to PLN 147 million, up by 12% year on year. Despite the year-on-year increase in amounts recovered, recoveries in the fourth quarter of 2024 were below operational and accounting projections due to prolonged litigation times.

Revenue generated on the Spanish market in 2024 amounted to PLN 240 million, down by 21% on the 2023 result. 92% of revenue on the Spanish market was derived from the purchased portfolio business: PLN 222 million, compared with PLN 290 million a year earlier. In the full year 2024, the KRUK Group recognised PLN 173 million

in negative revaluation of projected recoveries on the Spanish market, compared with PLN 3 million positive revaluation recorded a year earlier. The PLN 145 million negative revaluation in the three months to 31 December 2024 was mainly attributable to delays in the processing of court cases. Additionally, the downward revision of projected recoveries from purchased portfolios was due to different performance of bank-originated cases purchased in 2022 and 2023 compared with baseline cases used for the portfolio valuation. The judicial system in Spain is facing a capacity crunch, which has become particularly apparent after the strike in 2023. The inflow of new court cases went up by 35% in 2023 compared with 2020 (3 million vs 2.2 million in 2020), while the number of pending cases increased by 31% (2.3 million vs 1.7 million in 2020).

Revenue from the credit management business in Spain came to PLN 18 million, up by 16% year on year.

Given the amount booked in negative revaluation of recovery projections and higher litigation costs, gross profit on the Spanish market fell by 103% year on year, to PLN -5 million, from PLN 132 million the year before. In the three months to 31 December 2024, gross profit amounted to PLN -99 million, relative to PLN 26 million in the comparative period.

EBITDA delivered by the Spanish market for 2024 stood at PLN -33 million, compared with PLN 106 million for 2023 (-131% year on year). In the three months to 31 December 2024, EBITDA came in at PLN -108 million, relative to PLN 18 million in the comparative period. The reason for the decline lies in the downward revaluation level and higher court costs.

Cash EBITDA came in at PLN 284 million, up by 37% on the year before, reflecting mainly the higher year-on-year recoveries. In the three months ended 31 December 2024, cash EBITDA was PLN 83 million, compared with PLN 70 million a year earlier.

As at 31 December 2024, the carrying amount of debt portfolios held in Spain was PLN 1.9 billion (up by 11% year on year), representing 18% of the total carrying amount of the Group's debt portfolios.

### **3.3.5. Other markets – overview of the markets and the KRUK Group's business**

In the reporting period, the Group invested in debt portfolios on the French market. Starting from the first quarter of 2024, its performance in France is reported as part of the 'Other markets' segment. In 2024, investments in the segment amounted to PLN 88 million, representing 3% of the Group's total investments. Most of the expenditure was incurred in France. The nominal value of purchased receivables was PLN 372 million, represented fully by unsecured retail debt. In the reporting period, the KRUK Group's investments in the Czech Republic and Slovakia amounted to PLN 70m, representing 2% of the Group's total expenditure of portfolio purchases. The nominal value of the purchased portfolios was PLN 319m. The investments were allocated to acquire unsecured retail portfolios,

As part of the review of strategic options for the Czech and Slovak markets, in early 2024 KRUK decided to suspend further investments in debt portfolios in these markets due to their relative small scale within the Group's operations. However, operations in these markets are continued, allowing for potential collaboration with local business partners and selective asset sales.

Recoveries in the segment totalled PLN 102 million, down by 14% year on year, representing 3% of total recoveries posted for the period.

Revenue in the segment, generated entirely from purchased portfolios, totalled PLN 59 million in 2024, marking a 15% year-on-year increase, due largely to an excess of actual cash recovered over projected recoveries.

In the full year 2024, the KRUK Group recognised a PLN 0.5 million positive revaluation of projected recoveries from the other markets segment, compared with PLN 2 million a year earlier.

Gross profit in 2024 was PLN 35 million, up by 44% year on year.

EBITDA came in at PLN 20 million, having doubled on 2023, primarily on higher revenue generated in France. Cash EBITDA stood at PLN 63 million, down by 17% year on year.



As at 31 December 2024, the carrying amount of debt portfolios in the other markets segment was close to PLN 0.2 billion (+26% year on year), representing 2% of the total carrying amount of the Group's debt portfolios.

### 3.4. Carrying amount of purchased debt portfolios

As at the end of 2024, the carrying amount of purchased debt portfolios was PLN 10,500 million, up by 21% year on year. The increase was mainly driven by a high level of investments and recoveries.

Table 20. Movements in purchased debt portfolios in 2024

PLN '000	UNSECURED PORTFOLIOS	SECURED PORTFOLIOS	TOTAL
Carrying amount of investments in debt portfolios at 1 January 2023	6,008,230	759,857	6,768,087
Purchase of debt portfolios	2,717,933	254,298	2,972,231
Cash recoveries	-2,730,606	-331,867	-3,062,473
Receivables from debt sold	-	-	-
Increase/(decrease) in liabilities to indebted persons due to overpayments	5,917	-	5,917
Valuation of loyalty scheme*	6,153	-	6,153
Revenue from purchased debt portfolios	2,167,039	176,719	2,343,758
Carrying amount of property foreclosed	-	-3,321	-3,321
Carrying amount of property sold	-	4,623	4,623
Translation differences on debt portfolios**	-352,370	-8,840	-361,210
<b>Carrying amount of investments in debt portfolios at 31 December 2023</b>	<b>7,822,296</b>	<b>851,469</b>	<b>8,673,765</b>

PLN '000	UNSECURED PORTFOLIOS	SECURED PORTFOLIOS	TOTAL
Carrying amount of investments in debt portfolios at 1 January 2024	7,822,296	851,469	8,673,765
Purchase of debt portfolios	2,718,827	109,069	2,827,896
Cash recoveries	-3,221,036	-315,275	-3,536,311
Increase/(decrease) in liabilities to indebted persons due to overpayments	4,294	-	4,294
Valuation of loyalty scheme*	-1,380	-	-1,380
Payments from original creditor	-1,949	-	-1,949
Revenue from purchased debt portfolios	2,449,656	187,942	2,637,598
Carrying amount of property foreclosed	-	-3,606	-3,606
Translation differences on debt portfolios**	-96,145	-3,884	-100,029
<b>Carrying amount of investments in debt portfolios at 31 December 2024</b>	<b>9,674,563</b>	<b>825,715</b>	<b>10,500,278</b>

\* The value of investments in debt portfolios is adjusted to account for the measurement of the loyalty scheme in connection with the recognition of costs related to the bonus plan under 'Other income/expenses from purchased debt portfolios'.

\*\* Including purchased debt portfolios in currencies other than PLN.

Source: Consolidated financial statements

## 3.5. Investments

### 3.5.1. Investments in debt portfolios

In 2024, the KRUK Group purchased 255 debt portfolios with a total nominal value of PLN 14.6 billion. KRUK invested in bank and non-bank portfolios including mainly unsecured retail debt, as well as secured and corporate debt. To compare, in 2023 KRUK purchased 297 debt portfolios with a total nominal value of PLN 14.5 billion.

Table 21. Summary of debt portfolios purchased in 2024 and 2023

	2024	2023
Number of purchased debt portfolios	255	297
Nominal value of purchased debt portfolios (PLN million)	14,607	14,523
Expenditure on debt portfolios (PLN million)	2,828	2,972

Source: Company

KRUK's largest investments were made in Poland (38% of total expenditure), but it also invested in Italy, Spain, Romania, the Czech Republic and France. In 2024, 62% of KRUK's total investments were made outside Poland. In absolute terms, the amount was PLN 1,740 million, compared with PLN 2,196 million a year earlier, which represented 74% of the Group's total expenditure in 2023.

Table 22. Expenditure in 2024 and 2023, by country (PLN million)

COUNTRY	2024	2023
Poland	1,087	776
Romania	264	336
Italy	847	977
Spain	541	812
Czech Republic and Slovakia, France	88	70
<b>Total</b>	<b>2,828</b>	<b>2,972</b>

Source: Company

### 3.5.2. Loans

In 2024, the KRUK Group advanced 243 thousand cash loans (a year-on-year increase of 10%), with a principal amount of PLN 679 million (compared with the loan principal of PLN 559 million in 2023).

### 3.5.3. Other capital expenditure

In 2024, the main items of the Group's other capital expenditure were PLN 15 million spent on plant and equipment. The Company also made material investments of PLN 29 million in licences and software (of which PLN 1.5 million under leases), including PLN 3.2 million invested in proprietary software.

### 3.5.4. Equity investments within the Group

In 2024, KRUK increased or reduced the capital of its subsidiaries:

Table 23. Movements in share capital at the Group companies

COMPANY	ACTION	AMOUNT
InvestCapital Ltd.	Share capital increase	PLN 190 million

\* Translated at the mid-exchange rate quoted by the NBP as at the date of share capital increase/reduction, contributions/return of contributions to equity  
Source: Company

### 3.5.5. Sources of investment financing

The KRUK Group's investments are financed with cash generated in the ordinary course of business, bank borrowings, and proceeds from bond issues.

### 3.5.6. Assessment of the feasibility of investment plans

In the opinion of the Management Board, the Group's investment plans are not exposed to any material risks as at the date of authorisation of this Report.

## 3.6. Financial performance and financial highlights of KRUK S.A.

In 2024, KRUK S.A. generated revenue of PLN 452 million, that is 74% more than in 2023. In 2024, the Company's operating and administrative expenses amounted to PLN 378 million, up by 15% year on year. Net finance costs grew by PLN 32 million (+45%) year on year.

Income tax amounted to PLN -89 million, due mainly to a reversal of deferred tax liabilities following a revision of projected three-year taxable cash flows from the Group's investment companies to KRUK S.A.

The 2024 net profit was PLN 1,043 million, having risen by PLN 59 million (+6%) year on year. The increase in the Company's net profit was driven mainly by revenue (an increase of PLN 192 million, or 74%, on 2023).

The table below presents selected data and financial highlights of the Company for 2024, with comparative data for 2023.

Table 24. Financial highlights of KRUK S.A.

	YEAR ENDED 31 DEC		
	2024	2023	CHANGE
	<i>(PLN '000, unless stated otherwise)</i>		
Revenue	451,572	259,989	74%
Profit/(loss) before tax	954,371	1,026,011	-7%
Net profit/(loss)	1,043,380	983,934	6%
Net cash from operating activities	24,764	-56,976	-143%
Cash recoveries	28,987	32,988	-12%
Net cash from investing activities	-121,461	-739,145	-84%
Net cash from financing activities	-121,836	1,001,756	-112%
Net change in cash	-218,533	205,635	-206%
Diluted earnings per share (PLN/EUR)	50.94	48.37	5%
Average number of shares ('000)	19,338	19,319	0%
Earnings per share (PLN/EUR)	53.95	50.93	6%
	YEAR ENDED 31 DEC		
	2024	2023	CHANGE
	<i>(PLN '000, unless stated otherwise)</i>		
Total assets	8,422,746	7,394,513	14%
Non-current liabilities	3,609,449	3,188,557	13%
Current liabilities	314,971	414,563	-24%
Equity	4,498,326	3,791,393	19%
Share capital	19,382	19,319	0%
Book value per ordinary share	232.09	196.25	18%

## 4. FINANCIAL OVERVIEW

### 4.1. Policies applied in the preparation of full-year consolidated and separate financial statements

Both the consolidated and the separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (the “EU-IFRS”).

For information on the policies applied to prepare the consolidated and separate financial statements, refer to their relevant sections. In 2024, there were no significant changes in the accounting policies other than those resulting from amendments to IAS 1 and IFRS Practice Statement 2.

The amendments to IAS 1 and IFRS Practice Statement 2 are designed to assist preparers decide which accounting policies to disclose in their financial statements. They require companies to disclose their material accounting policy information rather than their significant accounting policies.

Upon reviewing its prior accounting policy disclosures, the Company has narrowed their scope to include only material policies.

In line with the equity method applied, the Company’s profit or loss and equity are identical to those of the KRUK Group.

### 4.2. Analysis of the consolidated financial data

#### 4.2.1. Revenue by product

The main sources of revenue for the KRUK Group are debt purchase activities, credit management services, and consumer lending. Revenue from purchased debt portfolios includes mainly interest income, effects of debt portfolio revaluations, resulting primarily from a change in estimates of expected cash inflows from a given portfolio, and deviations between actual and projected recoveries disclosed jointly with revenue decreases on early collections in collateralised cases and payments from original creditor. Revenue from credit management services includes primarily commissions for collection of debt managed by the Group. The Group also generates revenue on consumer loans, which it grants to persons indebted to the KRUK Group who have repaid or regularly repay their debts, as well as to persons who have not yet been clients of the KRUK Group.

#### 4.2.2. Revenue by geographical markets

The Group operates on seven geographical markets, divided into five segments:

- Poland
- Romania
- Italy
- Spain
- Other markets (the Czech Republic, Slovakia, Germany, France)

In the presentation of data by geographical segments, revenue is reported based on the location of debt collection offices.

### 4.2.3. Structure of assets and liabilities in the consolidated statement of financial position

The Group's total assets were PLN 11,649 million, having grown by 17% year on year.

**Table 25. Structure of the Group's assets**

PLN '000	31 Dec 2024	31 Dec 2023	CHANGE
<b>Assets</b>			
Cash and cash equivalents	214,790	388,461	-45%
Trade receivables	19,619	24,440	-20%
Investments	11,003,183	9,091,893	21%
Other	411,287	423,711	-3%
<b>Total assets</b>	<b>11,648,879</b>	<b>9,928,505</b>	<b>17%</b>

Source: Company

The largest increase was posted under investments and was attributable to new debt portfolio purchases, upward revaluation, and amortisation of debt portfolios. Large investments made in 2024 contributed to a PLN 1,095 million year-on-year increase in bank borrowings and other debt instruments.

**Table 26. Structure of the Group's equity and liabilities**

PLN '000	NOTE	31 Dec 2024	31 Dec 2023	CHANGE
<b>LIABILITIES</b>				
Trade and other payables	28	231,823	220,448	5%
Derivatives		105	-	
Hedging instruments	26	36,742	32,614	13%
Employee benefit obligations	27	85,775	76,469	12%
Income tax payable		5,493	11,785	-53%
Borrowings, debt securities and leases	25	6,626,551	5,531,167	20%
Provisions	29	19,896	62,905	-68%
Deferred tax liability	19	113,837	202,307	-44%
<b>Total liabilities</b>		<b>7,120,222</b>	<b>6,137,695</b>	<b>16%</b>
<b>EQUITY</b>				
Share capital	23	19,382	19,319	0%
Share premium		374,097	358,506	4%
Hedge reserve	26	64,779	51,043	27%
Measurement reserve (defined benefit plans)		3,374	3,331	1%
Translation reserve		(130,734)	(95,871)	36%

Other capital reserves	188,654	171,847	10%
Retained earnings	4,009,434	3,283,218	22%
<b>Equity attributable to owners of the Parent</b>	<b>4,528,986</b>	<b>3,791,393</b>	<b>19%</b>
<b>Non-controlling interests</b>	<b>-329</b>	<b>-583</b>	<b>-44%</b>
<b>Total equity</b>	<b>4,528,657</b>	<b>3,790,810</b>	<b>19%</b>
<b>Total equity and liabilities</b>	<b>11,648,879</b>	<b>9,928,505</b>	<b>17%</b>

Source: Company

#### 4.2.4. Current and future financial position

There are no material risks to the KRUK Group's current or future financial position. For detailed information on financial performance, see Section 3. OVERVIEW OF THE KRUK GROUP'S AND KRUK S.A.'S BUSINESS IN 2024

#### 4.2.5. Cash flows

The Group's financing and cash management policy is based on:

- financing debt purchases with internally generated funds, bank borrowings, bonds and other debt instruments;
- leasing property, plant and equipment and intangible assets or financing them with internally generated funds;
- financing other operations with internally generated funds.

The Group holds cash in PLN, EUR, RON and CZK.

The main sources of the Group's operating cash flows are related to changes in purchased debt portfolios, disclosed under 'Movements in purchased debt portfolios'.

As the Group recognises debt purchases under operating activities, its investing activities related to the purchase of debt portfolios and the related increase in the amount at which the purchased debt portfolios are carried reduce net cash from operating activities.

#### 4.2.6. Material off-balance sheet items by counterparty, subject matter and value

The KRUK Group did not have any material off-balance sheet items in 2024.

#### 4.2.7. Key financial ratios

##### 4.2.7.1. Profitability ratios

For the ratio analysis of KRUK S.A. to yield meaningful conclusions, a comprehensive analysis of the KRUK Group's ratios is necessary. The table below presents the key profitability ratios of the KRUK Group.

Table 27. Profitability ratios

PROFITABILITY RATIOS	YEAR ENDED 31 DEC	
	2024	2023
EBITDA margin	51%	53%
EBIT margin	49%	51%
Pre-tax margin	35%	40%
Net margin	37%	38%
Return on assets (ROA)	9%	10%
Return on equity (ROE)	24%	26%

Source: Company

Formulas used to calculate the ratios:

- EBITDA margin = operating profit for the period + depreciation and amortisation / total revenue
- EBIT margin = operating profit for the period / total revenue
- Pre-tax margin = profit before tax for the period / total revenue
- Net margin = net profit for the period / total revenue
- ROA = net profit for the period / total assets
- ROE = net profit for the period / equity

The year-on-year increase in profitability ratios in 2024 was an effect of the following, partly mutually offsetting, factors:

- an increase of PLN 230 million (+18%) in direct, indirect and administrative expenses as well as depreciation and amortisation expense;
- negative effect of net finance costs (up by PLN 112 million, or +39%). The negative change in finance income/costs was mainly attributable to an increase in interest expense due to higher EURIBOR rates in the first six months of the year and higher debt;
- an increase of PLN 315 million (+12%) in revenue relative to 2023;
- a decrease of PLN 117 million (-220%) in tax expense.

EBITDA was PLN 1,475 million in 2024 (up by 6% year on year), operating profit (EBIT) reached PLN 1,412 million (up by 6% year on year), pre-tax profit stood at PLN 1,010 million (down by 3% year on year), and net profit amounted to PLN 1,074 million (up by 9% year on year).

As the end of 2024, equity was 19% higher year on year.

The Group's assets rose by 17% relative to the end of 2023. The largest increase in assets was seen in Investments (up by PLN 1,911 million, or 21%), an effect of new portfolio purchases.

#### 4.2.7.2. Debt ratios

The table below presents the key debt ratios of the KRUK Group. The level of debt remains significantly below the applicable covenant limits.

**Table 28. Debt ratios**

	YEAR ENDED 31 DEC		COVENANT LIMIT
	2024	2023	
Total debt ratio	61%	62%	
Debt to equity ratio	157%	162%	
Net debt to equity ratio	1.4	1.4	3.0
Net debt to cash EBITDA ratio	2.7	2.4	4.0
Current ratio	18.9	13.2	
Quick ratio	18.9	13.2	
Interest coverage ratio	7.2	8.6	

Source: Company

Formulas used to calculate the ratios:

- Total debt ratio – total liabilities / total equity and liabilities
- Debt to equity ratio – total liabilities / total equity
- Net debt to equity ratio = (long-term and short-term liabilities under borrowings and other debt instruments – cash and cash equivalents) / total equity
- Net debt to cash EBITDA ratio = (long-term and short-term liabilities under borrowings and other debt instruments – cash and cash equivalents) / cash EBITDA
- Current ratio – total current assets / total current liabilities
- Quick ratio – (total current assets - inventories) / total current liabilities
- Interest coverage ratio = adjusted cash EBITDA / net interest expense; calculated.

The Group is committed to sustaining a robust capital foundation to support business growth and to maintain the confidence of investors, creditors, bondholders, and other stakeholders. To effectively manage the exposure to financial debt, the Management Board of KRUK S.A. routinely monitors the Group's debt ratios. Following the Group's financial liquidity management strategy, KRUK aims to repay any new debt incurred with its own assets rather than seeking refinancing options.

The liquidity ratios are determined by the nature of assets related to purchased debt portfolios, which are presented under current assets but are operationally intended for use over periods exceeding 12 months.



## 4.3. Financial instruments

### 4.3.1. Use of financial instruments

The Group holds the following financial assets other than financial derivatives:

- financial assets measured at amortised cost (purchased debt portfolios – overdue debts purchased by the Group under debt assignment agreements for prices lower than the nominal value of the debt);
- Loans and receivables (financial assets with determined or determinable payments, not listed on any active market);

The Group holds the following financial liabilities other than derivative instruments:

- bank borrowings,
- liabilities under debt securities,
- lease liabilities,
- trade and other payables.

### 4.3.2. Derivatives

In 2024, the Group could enter into derivative transactions under master agreements.

Table 29. Derivative transaction master agreements entered into by the Group as at 31 December 2024

AGREEMENT	BANK	GROUP COMPANY	AGREEMENT DATE	TRANSACTION LIMIT	COLLATERAL AND OTHER SECURITY
Master agreement governing transaction execution and settlement	Santander Bank Polska S.A.	KRUK S.A. and InvestCapital Ltd.	13 Jun 2013	PLN 28,000,000	- power of attorney to debit KRUK S.A.'s accounts with the Bank - blank promissory note with promissory note declaration
ISDA 2002 Master Agreement	DNB Bank ASA	KRUK S.A.	25 Nov 2022	not disclosed by the Bank	- none
Master agreement governing execution of forward currency transactions	ING Bank Śląski S.A.	KRUK S.A.	09 Aug 2018	EUR 72,000,000	- none
Master Agreement for the Execution of Financial Forward Transactions	ING Bank Śląski S.A.	KRUK S.A.	10 Dec 2021		

Master Agreement for the Execution of Financial Forward Transactions	ING Bank Śląski S.A.	InvestCapital Ltd.	20 Aug 2021	EUR 30,000,000	- none
Master agreement governing execution of financial market transactions	mBank S.A.	KRUK S.A.	07 Feb 2019	PLN 0	- power of attorney to debit KRUK S.A.'s accounts with the Bank
ISDA 2002 Master Agreement	Alior Bank S.A.	KRUK S.A.	21 Nov 2024	PLN 50,000,000	- power of attorney to debit KRUK S.A.'s accounts with the Bank - statement by KRUK S.A. on voluntary submission to enforcement

In 2024, the Group entered into a total of EUR 24 million interest rate swaps (IRS), under which it pays coupons based on a fixed interest rate and receives coupons based on a variable EURIBOR interest rate. The IRS provides a hedge against interest rate risk.

Open interest rate swaps of the KRUK Group companies as at 31 December 2024 are presented below.

Table 30. Open interest rate swaps as at 31 December 2024

BANK	GROUP COMPANY	TRANSACTION TYPE	VOLUME	SIDE OF TRANSACTION – BUY / SALE OF FIXED RATE	FIXED RATE	VARIABLE RATE	TERM
ING Bank Śląski S.A.	InvestCapital Ltd.	IRS	EUR 210,000,000.00	buy	2.65%	1M EURIBOR	29 Nov 2022 to 30 Jun 2027
DNB Bank ASA	KRUK S.A.	IRS	EUR 150,000,000.00	buy	2.964%	3M EURIBOR	10 May 2023 to 10 May 2028
DNB Bank ASA	KRUK S.A.	IRS	EUR 10,000,000.00	buy	2.255%	3M EURIBOR	21 Dec 2023 to 11 Dec 2028
ING Bank Śląski S.A.	InvestCapital Ltd.	IRS	EUR 38,500,000.00	buy	2.32%	1M EURIBOR	27 Dec 2023 to 30 Jun 2028
ING Bank Śląski S.A.	KRUK S.A.	IRS	EUR 24,000,000.00	buy	2.4050%	3M EURIBOR	21 Aug 2024 to 1 Feb 2029
<b>TOTAL as at 31 Dec 2024</b>		IRS	EUR 432,500,000.00	buy			

The purpose of the EUR contracts was to provide a hedge against volatility of cash flows generated by liabilities in EUR due to changes in the 1M and 3M EURIBOR rate and to hedge interest payments under a credit facility and bonds.

In 2024, the Group also entered into currency interest rate swaps (CIRS) with a total notional amount of PLN 285 million, under which the Group pays a coupon based on a fixed interest rate on debt determined in EUR under the transaction terms and receives a coupon based on a variable interest rate plus a margin, calculated on PLN-denominated debt covered by the transaction.

Currency interest rate swaps of the KRUK Group companies as at 31 December 2024 are presented below.

**Table 31. Open currency interest rate swaps as at 31 December 2024**

BANK	GROUP COMPANY	TRANSACTION TYPE	VOLUME (IN PLN)	SIDE OF TRANSACTION - BUY / SALE OF FIXED RATE	FIXED RATE [EUR]	VARIABLE RATE [PLN]	TRANSACTION DATE	TRANSACTION MATURITY DATE
ING Bank Śląski S.A.	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	330,000,000	buy	2.13%	3M WIBOR	14 Jun 2022	24 May 2027
ING Bank Śląski S.A.	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	140,000,000	buy	1.90%	3M WIBOR	23 Jun 2022	24 Mar 2027
Santander Bank Polska S.A.	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	50,000,000	buy	1.72%	3M WIBOR	20 Jun 2022	16 Mar 2026
Santander Bank Polska S.A.	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	50,000,000	buy	1.56%	3M WIBOR	21 Jun 2022	16 Mar 2026
ING Bank Śląski S.A.	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	105,000,000	buy	1.21%	3M WIBOR	15 Jul 2022	23 Jan 2026
ING Bank Śląski S.A.	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	52,500,000	buy	0.96%	3M WIBOR	15 Jul 2022	22 Jan 2025
ING Bank Śląski S.A.	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	50,000,000	buy	1.40%	3M WIBOR	20 Jul 2022	2 Mar 2026
DNB Bank ASA	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	60,000,000	buy	1.96%	3M WIBOR	12 Dec 2022	27 Jul 2027
DNB Bank ASA	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	25,000,000	buy	2.05%	3M WIBOR	21 Dec 2022	27 Nov 2026

DNB Bank ASA	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	75,000,000	buy	2.49%	3M WIBOR	10 Jan 2023	26 Mar 2025
DNB Bank ASA	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	120,000,000	buy	2.02%	3M WIBOR	27 Jan 2023	26 Jan 2028
ING Bank Śląski S.A.	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	50,000,000	buy	2.475%	3M WIBOR	25 Jul 2023	26 Jan 2028
ING Bank Śląski S.A.	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	50,000,000	buy	2.435%	3M WIBOR	25 Jul 2023	7 Jun 2028
DNB Bank ASA	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	75,000,000	buy	2.61%	3M WIBOR	22 Sep 2023	29 Mar 2028
ING Bank Śląski S.A.	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	85,000,000	buy	2.48%	3M WIBOR	31 Oct 2023	10 Dec 2026
ING Bank Śląski S.A.	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	355,000,000	buy	2.34%	3M WIBOR	31 Oct 2023	11 Oct 2029
DNB Bank ASA	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	70,000,000	buy	6.046%	3M WIBOR + 4.00%*	21 Mar 2024	16 Feb 2029
ING Bank Śląski S.A.	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	90,000,000	buy	6.19%	3M WIBOR + 4.00%*	21 Mar 2024	26 Sep 2028
Alior Bank S.A.	KRUK S.A.	Cross Currency Interest Rate Swap (CCIRS)	125,000,000	buy	4.40%	3M WIBOR + 3.00%*	21 Mar 2024	26 Sep 2028
<b>TOTAL as at 31 Dec 2024</b>		<b>Cross Currency Interest Rate Swap (CCIRS)</b>	<b>1,957,500,000</b>					

\*margin above the reference rate agreed in the transaction terms

The purpose of CCIRSs was to:

- hedge against interest rate risk, understood as volatility of interest expense due to changes in the 3M WIBOR rate – exchange of floating interest rate for a fixed rate;
- hedge against currency risk, understood as volatility of the net value of EUR-denominated assets due to EUR/PLN exchange rate movements – offsetting exchange differences.

The transactions were designated for hedge accounting.

On 12 December 2024, KRUK S.A. entered into a EUR/PLN FX forward contract with ING Bank Śląski. Under the contract, the Company agreed to buy EUR 10,920,663.98 for PLN 46,840,911.94 on 22 January 2025.

The purpose of the contract was to hedge budgeted cash flows.

### Events subsequent to the reporting date

On 31 January 2025, KRUK S.A. entered into a EUR/PLN FX forward contract with DNB Bank ASA. Under the contract, the Company agreed to buy EUR 15,984,654.73 for PLN 67,782,928.38 on 26 March 2025.

The purpose of the contract was to hedge budgeted cash flows.

After the reporting date, InvestCapital LTD entered into an ISDA Master Agreement of 18 February 2025 with DNB Bank ASA, whereunder the company is able to enter into derivative transactions with the Bank.

### 4.3.3. Risks associated with the use of financial instruments

When using financial instruments, the Company is exposed to credit risk, liquidity risk (debts) and market risk (currency, interest rates). For further information on the methods of managing the risks, see section 7 'Material risk factors and their management'.

Below are presented assets with exposure to credit risk.

Table 32. Assets with credit risk exposure

PLN '000	NOTE	31 Dec 2024	31 Dec 2023
Investments in debt portfolios	17	10,500,278	8,673,765
Loans	17	502,905	418,128
Hedging instruments	26	114,326	98,428
Trade and other receivables, excluding tax receivables	20	53,392	45,145
Cash and cash equivalents	21	214,790	388,461
		<b>11,385,691</b>	<b>9,623,927</b>

Source: Company

## 4.4. Events with a significant effect on the Group's operating and financial results

### 4.4.1. Significant events during the financial year

Events and circumstances which had a significant effect on the operations of the Parent and its subsidiaries in the financial year 2024 are discussed in detail in other sections of this Report. Such events include mainly the execution of material agreements in the course of business, as described in detail in Agreements concluded by the KRUK Group.

## 4.4.2. Non-recurring factors and events (war in Ukraine)

### War in Ukraine

Russia's aggression against Ukraine started on 24 February 2022. The KRUK Group does not hold any assets in Ukraine or Russia, nor does it carry out any business activity in those countries.

With no operations conducted in Ukraine or Russia, the Company expects the implications of the conflict for the Group's operations to be indirect and limited.

The situation in Ukraine does not affect the financial statements as at the reporting date or the recognition and measurement of individual items of the statements after the reporting date.

## 4.5. Securities in issue

### 4.5.1. Company shares

For information on the Company shares, see section 2.3.2. 'Changes in the share capital and conditional share capital'.

### 4.5.2. Company bonds

In 2024, under the prospectus-based Tenth Bond Issue Programme, the Company issued Series AO5EUR bonds with a total nominal value of EUR 10 million and Series AO6EUR bonds with a total nominal value of EUR 14 million, with a price per bond equal to its nominal value of EUR 100, as well as Series AO7 bonds with a total nominal value of PLN 70 million and a price per bond equal to its nominal value of PLN 100. The bonds were offered to retail investors. In October 2024, the Company issued Series AP1 bonds with a total nominal value of PLN 75 million, and in November 2024 – Series AP2 bonds with a total nominal value of PLN 125 million. The bonds were issued under the prospectus-based Eleventh Bond Issue Programme. The bonds of both series were offered to retail investors and the issue price of each bond was equal to its nominal value of PLN 100.

Table 33. Bond issues in 2024

SERIES	NOMINAL VALUE	ISSUED IN	MATURING IN	INTEREST RATE	INTEREST PAYMENT
AO5EUR	EUR 10 million	February 2024	February 2029	floating 3M EURIBOR + margin of 4.00pp	every 3 months
AO6EUR	EUR 14 million	February 2024	February 2029	floating 3M EURIBOR + margin of 4.00pp	every 3 months
AO7	PLN 70 million	February 2024	February 2029	floating 3M WIBOR + margin of 4.00pp	every 3 months
AP1	PLN 75 million	October 2024	October 2029	floating 3M WIBOR + margin of 3.00pp	every 3 months
AP2	PLN 125 million	November 2024	November 2030	floating 3M WIBOR + margin of 3.00pp	every 3 months

Source: Company

Subsequent to the reporting date, in February 2025, the Company issued Series AP3 bonds with a total nominal value of PLN 100 million and a price per bond equal to its nominal value of PLN 100. The bonds were issued under the prospectus-based Eleventh Bond Issue Programme. The bonds were offered to retail investors.

Table 34. Bond issues after 31 December 2024 until the issue date of this Report

SERIES	NOMINAL VALUE	ISSUED IN	MATURING IN	INTEREST RATE	INTEREST PAYMENT
AP3	PLN 100 million	February 2025	February 2031	floating 3M WIBOR + margin of 2.80pp	every 3 months

Source: Company

### 4.5.3. Redemption

In 2024, the Company redeemed, in accordance with the relevant terms and conditions, a part of Series AL2 bonds through amortisation of their nominal value, which was PLN 150 per bond. In the same period, the Company redeemed at maturity Series AG2 bonds with a total nominal value of PLN 25 million and Series AJ1 bonds with a total nominal value of PLN 25 million.

Subsequent to the reporting date, in February 2025, the Company redeemed, in accordance with the relevant terms and conditions, a part of Series AL2 bonds through amortisation of their nominal value, which was PLN 150 per bond.

Table 35. Bond amortisation in 2024

SERIES	REDEMPTION DATE	AMORTISATION VALUE
AL2	February 2024	PLN 52.5 million

Table 36. Bond redemptions in 2024

SERIES	REDEMPTION DATE	NUMBER OF BONDS	NOMINAL VALUE
AG2	February 2024	250,000	PLN 25 million
AJ1	September 2024	250,000	PLN 25 million

Source: Company

Table 37. Bond amortisation in 2025

SERIES	REDEMPTION DATE	AMORTISATION VALUE
AL2	February 2025	PLN 52.5 million

### 4.5.4. Liabilities under bonds

As at 31 December 2024, the nominal value of outstanding bonds issued by the Company was PLN 3,109 million (amounts in EUR translated into PLN at the mid exchange rate quoted by the NBP for 31 December 2024).

Table 38. Bonds to be redeemed by the end of 2025

SERIES	REDEMPTION DATE	NUMBER OF BONDS	NOMINAL VALUE
AE4	March 2025	115,000	PLN 115 million
AH1	June 2025	50,000	PLN 50 million
AK1	September 2025	250,000	PLN 25 million

Financial ratios monitored pursuant to the terms and conditions of the bonds

As at 31 December 2024:

- Debt Ratio stood at 1.4x
- Net Debt to Cash EBITDA ratio was 2.7x

where:

- **Cash EBITDA** is defined in the Glossary of terms;
- **Equity** means the KRUK Group's equity;
- **Debt Ratio** means: Net Debt to Equity;
- **Net Debt** represents the KRUK Group's Financial Liabilities less the KRUK Group's cash;
- **Financial Liabilities** are defined in the Glossary of terms.

## 4.6. Fulfilment of the bond issuer's obligations under Art. 35.1a, 35.1b and 35.1c of the Bonds Act

Pursuant to Art. 35.1a and 35.1b of the Bonds Act, in December 2023 KRUK published on its website at <https://pl.kruk.eu/relacje-inwestorskie/obligacje/dodatkowe-informacje> a projection of the financial liabilities and financing structure of KRUK S.A. and the KRUK Group as at 31 December 2024 (the "Bonds Act Projection").

The financial liabilities of KRUK S.A. and the KRUK Group as at 31 December 2024 were as follows:

- a. financial liabilities of KRUK S.A.: PLN 3,706 million (17% above the Bonds Act Projection),
- b. financial liabilities of the KRUK Group: PLN 6,627 million (11% above the Bonds Act Projection),
- c. financing structure of KRUK S.A. (percentage share of liabilities under borrowings, issue of debt securities and leases in total equity and liabilities of KRUK S.A.): 44% (1pp above the Bonds Act Projection),
- d. financing structure of the KRUK Group (percentage share of liabilities under borrowings, issue of debt securities and leases in total equity and liabilities of the KRUK Group): 57% (1pp below the Bonds Act Projection).

The fact that the Company's and the Group's financial liabilities as at the end of 2024 were above the projections was attributable to significant expenditure on debt portfolios incurred by the Group in 2024 (PLN 2.8 billion). The percentage share of the Company's and the Group's financial liabilities in total equity and liabilities as at the end of 2024 was close to the projected level (with deviations of +1pp and -1pp, respectively).

## 4.7. Credit rating

### 4.7.1. Corporate rating

On 13 March 2023, the KRUK Group was assigned a corporate rating of Ba1, outlook stable, by Moody's Investors (Moody's). On 12 December 2024, the KRUK Group's corporate rating of Ba1, outlook stable, was reaffirmed by Moody's Investors Service.

Standard & Poor's (S&P) assigned it a rating of BB-, outlook stable. On 26 April 2024, and again on March 5, 2025, the S&P Global rating agency confirmed the KRUK Group's corporate rating at BB- with a stable outlook. By KRUK's decision, the cooperation with S&P Global was terminated, and the rating published on March 5, 2025 is the last rating of KRUK published by the aforementioned agency.

AGENCY	CORPORATE RATING	OUTLOOK	LINK TO INFORMATION
Moody's	Ba1	Stable	<a href="#">Moody's rating</a>
S&P	BB-	stable	<a href="#">S&amp;P rating</a>

### 4.7.2. Bond rating

On 17 April 2023, the issue of the Company's EUR-denominated bonds in 2023 (ISIN code: NO0012903444) was assigned ratings of Ba2 and BB-, respectively, by Moody's and S&P.

AGENCY	BOND RATING	LINK TO INFORMATION
Moody's	Ba2	<a href="#">Moody's rating</a>
S&P	BB-	<a href="#">S&amp;P rating</a>



## 4.8. Assessment of financial resources management

### 4.8.1. Financial forecasts

KRUK does not issue any performance forecasts.

### 4.8.2. Assessment of future financial condition

The Group and the Company mitigate risks associated with management of financial resources through a continuous debt management process, which ensures an uninterrupted inflow of cash. The Group and the Company partly rely on external financing, but they monitor and ensure proper performance under their credit facility agreements and fulfilment of their other financial liabilities.

In the opinion of the Management Board, given the Group's and KRUK S.A.'s current and projected financial position there are no significant risks related to their management of financial resources. The Company is able to control and service its debt and manages its financial resources in a prudent manner.

## 4.9. Agreements executed by companies of the KRUK Group

### Material agreements

Below is presented an overview of agreements, amendments to agreements, and transactions executed by the KRUK Group in 2024, which may be considered material to the Group's operations.

### 4.9.1. Agreements executed with non-Group companies

#### Execution of debt assignment agreements on Italian market

On 1 February 2024, a forward-flow agreement (the Agreement) was signed between the Company's subsidiary KRUK Investimenti s.r.l. of Milan (as the Buyer) and one of Italy's leading financial groups (as the Seller). The agreement provides for the acquisition of a portfolio of unsecured retail debt with a nominal value of up to EUR 212 million (PLN 916.8 million as translated at the mid exchange rate quoted by the National Bank of Poland for 1 February 2024). The debt claims will be acquired in four quarterly tranches, starting in March 2024.

On 22 April 2024, an agreement (the Agreement) was signed between the Company's subsidiary KRUK Investimenti s.r.l. of Milan (as the Buyer) and UniCredit S.p.A. of Milan (as the Seller). The agreement provides for the acquisition of the following debt portfolios:

- Unsecured retail debt portfolio with a total nominal value of EUR 35 million (PLN 152 million, translated at the mid rate quoted by the National Bank of Poland for 22 April 2024), and
- Forward flow portfolio of unsecured retail debt with a total nominal value of up to EUR 460 million (PLN 2 billion, translated at the mid rate quoted by the National Bank of Poland for 22 April 2024), qualified for acquisition in 2024 and 2025. The debt claims included in the portfolio will be acquired in quarterly tranches starting from June 2024. The first four tranches of unsecured consumer loans qualified for acquisition in 2024 were the subject of an agreement announced by the Company in Current Report No. 87/2022 of 12 December 2022.

The agreement of 22 April 2024 partially replaced the agreement announced in Current Report No. 87/2022, maintaining the original expected volume of unsecured retail debt arising under unsecured consumer loans

qualified for acquisition in 2024 and extending the scope of the agreement to include debt qualified for acquisition in 2025.

### **Execution of debt assignment agreements on Spanish market**

On 19 July 2024, agreements were concluded between the Company's subsidiary InvestCapital Ltd. of Malta (the Buyer) and entities of the CaixaBank Group of Spain (the Agreements, the Sellers) for the purchase by the Buyer from the Sellers of unsecured retail debt portfolios with a total nominal value of approximately EUR 363 million (PLN 1.57 billion, as translated at the mid rate quoted by the National Bank of Poland for 19 June 2024).

### **Execution of debt assignment agreements on Polish market**

On 21 November 2024, agreements were executed between the Company's subsidiary PROKURA NFW FIZ (the Buyer) and PKO BP S.A. (the Bank). The Agreements provide for the purchase from the Bank of unsecured debt portfolios with a nominal value of approximately PLN 812 million.

### **Other material agreements**

On 21 May 2024, the Company and its subsidiaries (the Borrowers) entered into an amending annex (the Annex) to a multi-currency revolving credit facility agreement (the Credit Facility) with a syndicate of banks, with DNB Bank ASA of Oslo serving as the agent. The Annex increased the Credit Facility to a maximum amount of EUR 625 million. Prior to the Annex, the available credit amount was EUR 575 million.

On 20 September 2024, the Company and its subsidiaries (the Borrowers) entered into an amending annex (the Annex) to a multi-currency revolving credit facility agreement (the Credit Facility) with a syndicate of banks, with DNB Bank ASA of Oslo serving as the agent. The Annex increased the Credit Facility to a maximum amount of EUR 650 million and extended its availability until 3 July 2029. Prior to the Annex, the available credit amount was EUR 625 million.

## **4.9.2. Intra-group agreements**

In 2024, KRUK S.A. did not execute any agreements with Group companies that could be considered material to the business of the KRUK Group.

## **4.9.3. Material related-party transactions executed on a non-arm's length basis**

The KRUK Group did not execute any material related-party transactions on a non-arm's length basis.

## **4.9.4. Borrowing agreements**

The table below presents all of the KRUK Group's credit facilities and security interests established in respect thereof as at 31 December 2024.

Table 39. Credit facility agreements as at 31 December 2024 (PLN million)

BANK	BORROWER	AGREEMENT DATE	FINAL REPAYMENT DATE	FACILITY	LIMIT AS AT THE AGREEMENT DATE, AS AMENDED	LIMIT AS AT 31 DEC 2024
Santander Bank Polska S.A.	KRUK S.A.	April 2011	credit facility (270): October 2029 additional credit facility (105): October 2027	revolving credit facility	375	375
mBank S.A.	PROKURA NFW FIZ	July 2015	December 2029	revolving credit facility	140	140
DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., Bank Polska Kasa Opieki S.A.	Invest Capital LTD, KRUK Romania S.R.L., Prokura NFW FIZ, KRUK España S.L.U.	July 2017	July 2029	revolving credit facility, syndicated credit facility	2,777**	2,777**
PKO BP S.A.	PROKURA NFW FIZ	September 2021	September 2026	non-revolving credit facility	30	10
PKO BP S.A.	PROKURA NFW FIZ	December 2021	December 2026	non-revolving credit facility	57	23
PKO BP S.A.	PROKURA NFW FIZ	August 2022	August 2027	non-revolving credit facility	53	29
VeloBank S.A. (Getin Noble Bank S.A.*)	KRUK S.A.	December 2021	December 2028	non-revolving credit facility	100	100
Pekao S.A.	PROKURA NFW FIZ	February 2022	January 2028	revolving credit facility	80	70
Pekao S.A.	KRUK S.A.	February 2022	January 2028	revolving credit facility	40	35
PKO BP S.A.	PROKURA NFW FIZ	February 2024	February 2029	non-revolving credit facility	39	35
VeloBank S.A.	KRUK S.A.	February 2024	March 2029	revolving credit facility	118	118
PKO BP S.A.	PROKURA NFW FIZ	December 2024	December 2029	non-revolving credit facility	40	40
Alior Bank S.A.	KRUK S.A.	December 2024	December 2029	revolving credit facility	200	200
<b>TOTAL</b>					<b>4,050</b>	<b>3,953</b>

\* Getin Noble Bank S.A. is currently VELOBANK SPÓŁKA AKCYJNA, a bridge institution to which Getin Noble Bank S.A.'s business and liabilities were transferred pursuant to Art. 188 et seq. of the Act on the Bank Guarantee Fund.

\*\*A credit facility of up to EUR 650 million, translated into PLN at the mid exchange rate quoted by the National Bank of Poland for 31 December 2024.

Table 40. Security interests established for credit facilities contracted by Group companies as at 31 December 2024 (PLN million)

BANK	BORROWER	COLLATERAL AND OTHER SECURITY	VALUE OF COLLATERAL PROVIDED BY THE BORROWER AS AT 31 DECEMBER 2024**
Santander Bank Polska S.A.	KRUK S.A.	- registered pledge over PROKURA NFW FIZ investment certificates held by KRUK S.A. - power of attorney to control accounts of KRUK S.A. - notarised statement by KRUK S.A. on voluntary submission to enforcement	555
mBank S.A.	PROKURA NFW FIZ	- registered pledge over specified portfolios held by PROKURA NFW FIZ - surety under civil law provided by KRUK S.A. - financial pledge over specified account of PROKURA NFW FIZ - power of attorney to control a specific account of PROKURA NFW FIZ - power of attorney to control specific accounts of KRUK S.A. - notarised statement by KRUK S.A. on voluntary submission to enforcement - notarised statement by PROKURA NFW FIZ on voluntary submission to enforcement	246
DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A. PKO BP S.A., Bank Polska Kasa Opieki S.A.	Invest Capital LTD, KRUK Romania S.R.L., PROKURA NFW FIZ, KRUK España S.L.U.	- pledge over specified debt portfolios held by Borrowers - pledge over specified bonds issued by ItaCapital S.r.l. and KRUK Investimenti S.r.l. - pledge over specified bank accounts of Borrowers - surety under civil law provided by KRUK S.A. - surety under civil law provided by KRUK Romania S.R.L. - surety under civil law provided by KRUK España S.L.U. - notarised statement by KRUK S.A. on voluntary submission to enforcement - notarised statement by PROKURA NFW FIZ on voluntary submission to enforcement	6,186
PKO BP S.A.	PROKURA NFW FIZ	- registered pledge over specified portfolios held by PROKURA NFW FIZ - surety under civil law provided by KRUK S.A. - financial pledge over specified account of PROKURA NFW FIZ - financial pledge over specified account of KRUK S.A. - power of attorney to control specific account of PROKURA NFW FIZ - power of attorney to control specific accounts of KRUK S.A. - notarised statement by KRUK S.A. on voluntary submission to enforcement - notarised statement by PROKURA NFW FIZ on voluntary submission to enforcement	33
PKO BP S.A.	PROKURA NFW FIZ	- registered pledge over specified portfolios held by PROKURA NFW FIZ - surety under civil law provided by KRUK S.A. - financial pledge over specified account of PROKURA NFW FIZ - financial pledge over specified account of KRUK S.A. - power of attorney to control specific account of PROKURA NFW FIZ - power of attorney to control specific accounts of KRUK S.A. - notarised statement by KRUK S.A. on voluntary submission to enforcement - notarised statement by PROKURA NFW FIZ on voluntary submission to enforcement	51
PKO BP S.A.	PROKURA NFW FIZ	- registered pledge over specified portfolios held by PROKURA NFW FIZ - surety under civil law provided by KRUK S.A. - financial pledge over specified account of PROKURA NFW FIZ - financial pledge over specified account of KRUK S.A. - power of attorney to control specific account of PROKURA NFW FIZ - power of attorney to control specific accounts of KRUK S.A. - notarised statement by KRUK S.A. on voluntary submission to enforcement - notarised statement by PROKURA NFW FIZ on voluntary submission to enforcement	48
VeloBank S.A. (Getin Noble Bank S.A.*)	KRUK S.A.	- registered pledge over PROKURA NFW FIZ investment certificates held by KRUK S.A. - power of attorney to control accounts of KRUK S.A. -	121

		notarised statement by KRUK S.A. on voluntary submission to enforcement	
<b>Pekao S.A.</b>	PROKURA NFW FIZ	- registered pledge over specified portfolios held by PROKURA NFW FIZ - surety under civil law provided by KRUK S.A. - financial pledge over specified account of PROKURA NFW FIZ - power of attorney to control specific accounts of PROKURA NFW FIZ - notarised statement by KRUK S.A. on voluntary submission to enforcement - notarised statement by PROKURA NFW FIZ on voluntary submission to enforcement	113
<b>Pekao S.A.</b>	KRUK S.A.	- registered pledge over PROKURA NFW FIZ investment certificates held by KRUK S.A. - power of attorney to control specific accounts of KRUK S.A. - notarised statement by KRUK S.A. on voluntary submission to enforcement	49
<b>Alior Bank S.A.</b>	KRUK S.A.	- registered pledge over PROKURA NFW FIZ investment certificates held by KRUK S.A.***	72
<b>Alior Bank S.A.</b>	KRUK S.A.	- registered pledge over PROKURA NFW FIZ investment certificates held by KRUK S.A.***	145
<b>PKO BP S.A.</b>	PROKURA NFW FIZ	- registered pledge over specified portfolios held by PROKURA NFW FIZ - surety under civil law provided by KRUK S.A. - financial pledge over specified account of PROKURA NFW FIZ - financial pledge over specified account of KRUK S.A. - power of attorney to control specific account of PROKURA NFW FIZ - power of attorney to control specific accounts of KRUK S.A. - notarised statement by KRUK S.A. on voluntary submission to enforcement - notarised statement by PROKURA NFW FIZ on voluntary submission to enforcement	39
<b>VeloBank S.A.</b>	KRUK S.A.	- registered pledge over PROKURA NFW FIZ investment certificates held by KRUK S.A. - power of attorney to control accounts of KRUK S.A. - notarised statement by KRUK S.A. on voluntary submission to enforcement	153
<b>Alior Bank S.A.</b>	KRUK S.A.	- power of attorney to control specific accounts of KRUK S.A. - notarised statement by KRUK S.A. on voluntary submission to enforcement	0
<b>TOTAL</b>			<b>7,810</b>

\* Getin Noble Bank S.A. is currently VELOBANK SPÓŁKA AKCYJNA, a bridge institution to which Getin Noble Bank S.A.'s business and liabilities were transferred pursuant to Art. 188 et seq. of the Act on the Bank Guarantee Fund.

\*\* The value of the collateral does not include amounts declared in the statements on voluntary submission to enforcement, which are included in the 'Collateral and other security' column.

\*\*\* On 30 December 2024, all amounts borrowed and outstanding under both credit facilities were prepaid in full, but the pledges were still recorded in the register as at 31 December 2024. The pledges were deleted from the register after the reporting date, on 31 January 2025.

In order to secure the repayment of liabilities under the revolving multi-currency credit facility agreement of 3 July 2017, as amended, between InvestCapital LTD, KRUK Romania S.R.L., Prokura NFW FIZ, KRUK España S.L.U. (the Borrowers) and KRUK S.A. (the Surety Provider), and DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., and Bank Polska Kasa Opieki S.A (the Lenders), subsequent to the reporting date:

- On 22 January 2025, InvestCapital LTD and the Lenders signed an agreement under Spanish law creating a pledge over debt portfolios purchased by InvestCapital LTD in Spain;

- On 31 January 2025, Prokura NFW FIZ and DNB Bank ASA, acting as the security agent, signed an agreement under Polish law creating a registered pledge over debt portfolios purchased by Prokura NFW FIZ on the Polish market.

As at 31 December 2024, the value of assets pledged to these Lenders after the reporting date was PLN 644 million.

In order to secure the repayment by KRUK S.A. of its liabilities under the revolving credit facility agreement of 20 December 2024 between KRUK S.A. and Alior Bank S.A., subsequent to the reporting date:

- On 15 January 2025, an agreement was executed between KRUK S.A. and Alior Bank S.A. creating a financial and registered pledge over investment certificates. The registered pledge was created for the security amount of up to PLN 300 million.

In order to secure the repayment of Prokura NFW FIZ's liabilities under the non-revolving working capital facility agreement of 20 December 2024 between Prokura NFW FIZ, KRUK S.A. and PKO BP S.A., subsequent to the reporting date:

- On 9 January 2025, an amendment to the agreement creating a financial pledge over a bank account of 5 October 2021 was executed between Prokura NFW FIZ and PKO BP S.A.;
- On 9 January 2025, an amendment to the agreement creating a financial pledge over a bank account of 5 October 2021 was executed between KRUK S.A. and PKO BP S.A.;
- On 9 January 2025, Prokura NFW FIZ made a notarised statement on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 60 million, which expires on or before 31 December 2032;
- On 31 January 2025, Prokura NFW FIZ entered into an agreement with PKO BP S.A. to create a registered pledge over a set of rights (debt portfolios owned by Prokura NFW FIZ) for the security amount of up to PLN 60 million.

#### 4.9.5. Termination of credit facility and loan agreements

In 2024, the KRUK Group companies did not terminate any loan agreements with entities outside the Group. Novum Finance Sp. z o.o., RoCapital I.F.N and Wonga.pl Sp. z o.o. terminated consumer loan agreements in the ordinary course of their business.

#### 4.9.6. Loans, sureties and guarantees granted and received

Loans advanced by KRUK S.A. to its subsidiaries

In 2024, KRUK S.A. granted its subsidiaries loans whose total amount translated into the Polish złoty is PLN 540.31 million.

Table 41. Loans advanced by KRUK S.A. to subsidiaries as at 31 December 2024 (PLN million)

BORROWER	PURPOSE	CURRENCY	AMOUNT OF LOANS GRANTED IN 2024	TOTAL AMOUNT OF ALL LIABILITIES UNDER LOANS GRANTED BY KRUK S.A. AS AT 31 DECEMBER 2024
Wonga.pl Sp. z o.o.	financing of day-to-day operations	PLN	69.9	356.3
Novum Finance Sp. z o.o.	financing of day-to-day operations	PLN	21	86.7
Zielony Areal sp. z o.o.	financing of day-to-day operations	PLN	0.09	0.97

Raven	financing of day-to-day operations	PLN	15.1	7.2
KRUK Italia S.R.L.	financing of day-to-day operations	EUR	3.5	0.0
InvestCapital Ltd.	financing of investing activities	EUR	94	254
KRUK Romania S.R.L.	financing of investing activities	RON	20.5	0.00
KRUK Česká a Slovenská Republika s.r.o	financing of investing activities	CZK	0	10.5
		EUR	0	28.1
<b>TOTAL: 540.31</b>				

The amounts of loans denominated in foreign currencies were translated into PLN at the mid-rates quoted by the NBP for the loan dates. As at 31 December 2024, liabilities under loans denominated in foreign currencies were translated into PLN at the mid-rates quoted by the NBP for 31 December 2024.

Source: Company

The interest rates were set at 1M or 3M WIBOR (for PLN loans), PRIBOR (for CZK loans), ROBOR (for RON loans), and EURIBOR (for EUR loans), plus a margin.

The agreed maturities of the loans provided to finance day-to-day operations ranged from 350 days to three years, except the loans granted to Wonga.pl Sp. z o.o., which mature in up to seven years.

The agreed maturities of the loans financing the companies' investing activities ranged from one to five years.

#### 4.9.7. Loans received by the Company from subsidiaries

##### Loans received from KRUK España S.L.U. of Madrid

In 2024, under a master loan agreement executed in 2023, KRUK España S.L.U. advanced loans for a total amount of PLN 7.3 million. As at 31 December 2024, the Company's outstanding loan liabilities towards KRUK España S.L.U. amounted to PLN 22.2 million (as translated at the mid-rate quoted by the NBP for 31 December 2024).

##### Loan from KRUK Italia s.r.l. of Milan

In 2024, a master loan agreement was signed for a total of PLN 43.1 million, of which PLN 19.4 million was disbursed

and PLN 19.4 million was repaid. Borrowings from KRUK Italia S.r.l. were intended to finance day-to-day operations of the Company. As at 31 December 2024, the Company had no outstanding loan liabilities towards KRUK Italia S.r.l.

##### Loan from Agecredit s.r.l. of Cesena

The Company did not execute any new loan agreements with Agecredit and did not utilise any loans under the previous year's master agreement. At the same time, liabilities incurred in the previous year were fully repaid (PLN 0.4 million as at 31 December 2023). Accordingly, as at 31 December 2024, the Company had no outstanding loan liabilities towards Agecredit s.r.l.

## **4.9.8. Intra-company loans between subsidiaries**

### **Loans advanced by KRUK Towarzystwo Funduszy Inwestycyjnych S.A. to PROKURA NFW FIZ**

In 2024, KRUK Towarzystwo Funduszy Inwestycyjnych S.A. advanced PLN 5.0 million loans to PROKURA NFW FIZ. As at 31 December 2024, the company's outstanding loan liabilities towards PROKURA NS FIZ were PLN 39.3 million.

### **Loans advanced by KRUK Romania S.R.L. to RoCapital I.F.N.**

In 2024, KRUK Romania S.R.L. advanced a loan of RON 17 million to RoCapital I.F.N. As at 31 December 2024, the outstanding loan liabilities of RoCapital I.F.N. towards KRUK Romania S.R.L. stood at PLN 2.9 million (as translated at the mid-rate quoted by the NBP for 31 December 2024).

## **4.9.9. Consumer loans offered by the KRUK Group through Novum and Wonga**

In 2024, the KRUK Group companies advanced 243 thousand cash loans, compared with 221 thousand the year before. In 2024, the value of loans advanced was PLN 679 million, compared with PLN 559 million in 2023.

In 2024, Wonga disbursed 221 thousand cash loans in Poland, amounting to a total of PLN 541 million. As part of the Wonga business line, consumer loans of up to PLN 20,000 per loan are granted, with repayment periods of up to 48 months.

In 2024, the Group advanced a total of 22 thousand NOVUM cash loans in Poland and Romania (of which 18 thousand were granted by Novum PL), with a total principal amount of over PLN 138 million (of which nearly PLN 113 million was attributable to Novum PL). As part of the NOVUM business line in Poland, consumer loans of up to PLN 16,000 per loan were granted for periods from 3 to 30 months. In Romania, NOVUM granted consumer loans of up to RON 60,000 per loan, with repayment periods of up to 60 months.

## **4.10. Guarantees**

### **4.10.1. Guarantees obtained**

On 4 November 2024, KRUK S.A. and Santander Bank Polska S.A. executed amendment 10 to the bank guarantee agreement of 17 December 2014, signed to secure the payment of all liabilities towards VASTINT Poland Sp. z o.o. under a contract for lease of a part of an office building executed between the Company and VASTINT Poland Sp. z o.o. Under the amendment, the guarantee was provided until 6 November 2025. The guarantee amount is EUR 471,305.36. The guarantee is secured with a power of attorney to control the Company's bank accounts held with Santander Bank Polska S.A.

As required under the amendment to the bank guarantee agreement, on 5 November 2024, the Company made a notarised statement on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to the PLN equivalent of EUR 0.7 million.

On 20 December 2024, KRUK S.A. and Santander Bank Polska S.A. executed amendment 11 to the bank guarantee agreement of 17 December 2014, signed to secure the payment of all liabilities towards DEVCO Sp. z o.o. under a contract for lease of a part of an office building executed between the Company and DEVCO Sp. z o.o. Under the amendment, the guarantee was extended until 31 May 2025. The guarantee amount is EUR 341,031.96 and PLN 270,862.59. The guarantee is secured with a power of attorney to control the Company's bank accounts held with Santander Bank Polska S.A.



As required under the amendment, on 9 January 2025, subsequent to the reporting date, the Company made a notarised statement on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to the PLN equivalent of EUR 0.5 million and up to PLN 0.4 million.

#### 4.10.2. Guarantees provided

Following the cancellation of shares in InvestCapital Ltd effected on 14 September 2023, on the same date KRUK S.A. provided InvestCapital Ltd. with a corporate guarantee of up to PLN 60 million. The guarantee expired on 9 January 2024. The purpose of the guarantee was to secure the interests of InvestCapital Ltd.'s creditors, who could challenge the share cancellation by 9 January 2024.

Following the cancellation of shares in InvestCapital Ltd effected on 22 September 2023, on the same date KRUK S.A. provided InvestCapital Ltd. with a corporate guarantee of up to PLN 180 million. The guarantee expired on 9 January 2024. The purpose of the guarantee was to secure the interests of InvestCapital Ltd.'s creditors, who could challenge the share cancellation by 9 January 2024.

#### 4.11. Sureties

In 2024, KRUK Group companies provided the following sureties:

- Following the execution on 19 September 2023 of an agreement amending the revolving credit facility agreement of 2 July 2015, as amended, between PROKURA NFW FIZ, KRUK S.A. and mBank S.A., whereby the facility limit was increased to PLN 140 million and the availability period of the facility was extended until 18 December 2028, on 11 January 2024, subsequent to the reporting date, KRUK S.A. provided a surety for the borrower PROKURA NFW FIZ' liabilities under the facility. The surety for up to PLN 210 million expires on or before 18 December 2031.
  - In connection with the surety, KRUK S.A. made a notarised statement on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 210 million, which expires on or before 19 December 2031.
- Upon the execution on 8 February 2024 of a non-revolving working capital facility agreement between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A., on the same date KRUK S.A. provided a surety for the borrower PROKURA NFW FIZ' liabilities under the facility. The surety for up to PLN 59 million expires on or before 7 February 2032.
  - In connection with the surety, KRUK S.A. made a notarised statement on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 59 million, which expires on or before 7 February 2032.
- Following the execution on 21 May 2024 of an agreement amending the multi-currency revolving credit facility agreement of 3 July 2017, as amended, between KRUK S.A., its subsidiaries: InvestCapital Ltd., KRUK Romania S.R.L., PROKURA NFW FIZ and KRUK España S.L.U. (the Borrowers) and DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., Bank Handlowy w Warszawie S.A. and Bank Polska Kasa Opieki S.A., KRUK S.A., KRUK Romania S.R.L. and KRUK España S.L.U. provided sureties for the Borrowers' liabilities under the revolving multi-currency credit facility agreement. On 23 May 2024 and 27 May 2024, respectively, Prokura NFW FIZ and KRUK S.A. made notarised statements on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to EUR 937.5 million, which will expire on or before 31 December 2032.
- Following the execution on 20 September 2024 of an agreement amending the multi-currency revolving credit facility agreement of 3 July 2017, as amended, between KRUK S.A., its subsidiaries: InvestCapital Ltd., KRUK Romania S.R.L., PROKURA NFW FIZ and KRUK España S.L.U. (the Borrowers) and DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A. and Bank Polska Kasa Opieki S.A., KRUK S.A., KRUK Romania S.R.L. and KRUK España S.L.U. provided sureties for the Borrowers' liabilities under the revolving multi-currency credit facility agreement. On 24 September 2024, KRUK S.A. and Prokura NS FIZ made notarised statements on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to EUR 975 million, expiring on or before 31 December 2032.

- Following the execution on 12 November 2024 of an agreement amending the revolving credit facility agreement of 2 July 2015, as amended, between PROKURA NFW FIZ, KRUK S.A. and mBank S.A., whereby the availability period of the facility was extended until 18 December 2029, on 19 November 2024, KRUK S.A. extended the surety for the borrower PROKURA NFW FIZ' liabilities under the facility to expire on or before 18 December 2032.
  - In connection with the surety, KRUK S.A. made a notarised statement on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 210 million, which expires on or before 31 December 2032.
- Upon the execution on 20 December 2024 of a non-revolving working capital facility agreement between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A., on 8 January 2025, KRUK S.A. provided a surety for the borrower PROKURA NFW FIZ' liabilities under the facility. The surety for up to PLN 60 million expires on or before 19 December 2032.
  - In connection with the surety, KRUK S.A. made a notarised statement on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 60 million, expiring on or before 31 December 2032.

For information on the other existing sureties under credit facility agreements and master agreements enabling the Group to enter into transactions in derivative instruments, see Section 4.7.4 Borrowing agreements and Section 4.3.2 Derivatives.

## 4.12. Significant events after 31 December 2024

There were no significant events subsequent to the reporting date.

## 4.13. Analysis of separate financial data

### 4.13.1. Revenue by product

The main sources of revenue for the Company are debt purchase activities and credit management services.

In 2024, KRUK S.A. generated revenue of PLN 452 million, that is 74% more than in 2023. Revenue from purchased debt portfolios decreased by 8%, while revenue from credit management services and from other services increased by 112% and 32%, respectively.

KRUK S.A. is the parent of the KRUK Group. Given the intra-Group organisational and business links, stand-alone (separate) financial and operational results of KRUK S.A. should be assessed in the context of the Group's overall performance.

## 4.13.2. Structure of assets and liabilities in the Company's statement of financial position

Table 42. Structure of assets and liabilities in the statement of financial position

PLN '000	NOTE	31 Dec 2024	31 Dec 2023	CHANGE
<b>ASSETS</b>				
Cash and cash equivalents	18.	9,110	227,643	-96%
Hedging instruments	22.	114,326	98,428	16%
Trade receivables from related entities	17.	98,666	33,932	191%
Trade receivables from other entities	17.	2,991	2,582	16%
Other receivables	17.	7,687	11,664	-34%
Income tax receivable		2,716	16,232	-83%
Inventories	16.	9,979	14,562	-31%
Investments	14.	1,617,901	1,432,518	13%
Equity-accounted investments in subsidiaries	13.	6,496,565	5,483,390	18%
Property, plant and equipment	11.	31,049	35,348	-12%
Intangible assets	12.	22,639	29,427	-23%
Other assets		9,117	8,787	4%
<b>TOTAL ASSETS</b>		<b>8,422,746</b>	<b>7,394,513</b>	<b>14%</b>
<b>EQUITY AND LIABILITIES</b>				
<b>LIABILITIES</b>				
Trade and other payables	25.	36,477	35,452	3%
Derivatives		105	-	
Hedging instruments	22.	21,352	20,883	2%
Employee benefit obligations	23.	42,746	38,196	12%
Borrowings, other debt securities and leases	21.	3,706,354	3,265,472	14%
Provisions	24.	3,522	40,810	-91%
Deferred tax liability	15.	113,864	202,307	-44%
<b>TOTAL LIABILITIES</b>		<b>3,924,420</b>	<b>3,603,120</b>	<b>9%</b>
<b>EQUITY</b>				
Share capital	19.	19,382	19,319	0%
Share premium	19.	374,097	358,506	4%
Hedge reserve	22.	80,170	62,774	28%
Translation reserve		-130,734	-95,871	36%
Share of other comprehensive income of equity-accounted investees		-12,103	-8,400	44%

Other capital reserves	188,654	171,847	10%
Retained earnings	3,978,860	3,283,218	21%
<b>TOTAL EQUITY</b>	<b>4,498,326</b>	<b>3,791,393</b>	<b>19%</b>
<b>EQUITY AND LIABILITIES</b>	<b>8,422,746</b>	<b>7,394,513</b>	<b>14%</b>

Source: *Separate financial statements*

## 5. BUSINESS ENVIRONMENT

### 5.1. Debt management market

The key segmentation criterion applying to the Group's debt management market is debt ownership. Considering the acquisition of legal title to debt, two segments can be identified:

- **Management of purchased debt portfolios**  
Management of purchased debt portfolios is the principal area of the KRUK Group's activities. The Group has an extensive knowledge base, specialised methods of valuation, access to financing and appropriate transaction structures, which allow it to purchase debt portfolios on all home markets. The Group is prepared to invest in all types of debt: secured and unsecured consumer (retail) debts, including mortgage debts, as well as SME and corporate debts. However, the preferred category are unsecured consumer debt portfolios.
- **Credit management services**  
The KRUK Group manages receivables of banks, loan brokers, insurers, leasing companies, landline and mobile telecommunications operators, cable TV operators, digital TV operators, and companies from the FMCG sector. The Group focuses on the banking market and its business is based on long-term relations with the key accounts. The Group actively offers its credit management services in Poland, Spain and Italy.

According to the type of managed debt, three market segments can be identified:

- Unsecured retail debt market comprising non-performing, unsecured debts of consumers and small and medium-sized businesses to banks, insurers, service providers (such as telecommunications or cable TV operators), or housing cooperatives;
- Mortgage-backed retail debt market comprising non-performing debts of natural persons to banks under mortgage-backed debt loans and borrowings;
- Corporate debt market comprising debts of businesses, primarily resulting from outstanding financial liabilities towards banks (often collateralised), with significant unit nominal values.

The situation in the credit management industry in the countries where the Group operates depends on the prevailing macroeconomic conditions. The Group's financial performance is shaped by a variety of economic indicators, including the unemployment rate, average wages, household debt levels, GDP growth, investment trends, inflation, government budget deficit, and the PLN exchange rate against other currencies. At each stage of the economic cycle, macroeconomic conditions have a twofold impact on the KRUK Group's business.

#### **Impact of macroeconomic conditions on the KRUK Group during economic expansion:**

- Rising household incomes in real terms increase consumer spending and demand for credit, driving a higher volume of bank lending;
- Increased lending activity leads to a higher total debt level in the economy, which, over time, contributes to a greater number of cases entering the non-performing loans (NPL) market;
- Improved repayment capacity due to higher disposable incomes results in stronger collections from purchased portfolios. However, in the long term, it may also reduce the number of cases sold or outsourced to third-party credit management firms, unless offset by a continued increase in total debt levels.

#### **Impact of macroeconomic conditions on the KRUK Group during economic slowdown:**

- Deteriorating loan repayment rates across the economy result in an increased supply of non-performing loans entering the market; The inflow of outsourced debt portfolios (managed on behalf of creditors) typically lags by several months, while debt sale transactions may increase only after a few years;

- Reduced bank lending leads to fewer new debtors, slowing the replenishment of debt portfolios;
- Higher unemployment and falling incomes weaken consumers' ability to repay outstanding loans, potentially impacting collections from the Group's acquired portfolios;
- Exchange rate fluctuations can significantly affect debt portfolios denominated in foreign currencies. A strengthening local currency may reduce the value of payments received from foreign-denominated assets when converted into PLN, whereas a weaker currency could increase their value. Similarly, these movements impact the fair value of debt portfolios held in foreign markets.

For information on the absence of any impact of the war in Ukraine on the Group's position, see section 4.4.2 'Non-recurring factors and events (war in Ukraine)'.

One of the key market parameters influencing the supply of new debt portfolios and the demand for credit management services offered by the KRUK Group is the willingness of creditors to outsource debt collection. This is reflected in the proportion of non-performing loans (NPLs) that are either sold or assigned to specialised debt management firms over a period.

The Group's business partners, both on the Polish and foreign markets, pursue a variety of debt management strategies. A potential shift in creditors' preferences towards handling collections internally rather than outsourcing or selling debt portfolios poses a market risk. Such lesser interest in outsourcing debt collection would suppress demand for external debt collection services, such as those rendered by the KRUK Group, and reduce the supply of debt portfolios available for purchase, thus adversely affecting the Group's revenue streams.

Competition in the debt purchase segment is typically less intense than in the credit management segment due to higher entry barriers to the market. These include: access to capital, specialised expertise in the valuation of debt portfolios, as well as operational scale required to effectively manage large debt portfolios at scale. Debt portfolios are typically acquired through auctions, where the primary award criterion is the price. The Group's key competitors in the debt purchase segment include industry players (debt management companies), and financial investors (investment and hedge funds).

The credit management industry is highly competitive. Entities which provide credit management services to financial institutions compete primarily on operational scale and ability to manage large case volumes, recovery rates (effectiveness), price, service quality, and personal data protection standards.

## 5.2. Legal and regulatory environment

KRUK S.A. is incorporated and exists under the laws of Poland. In addition, the KRUK Group operates internationally. The foundation of continental Europe's legal systems, including that of Poland, is the statute law. The vast array of laws and regulations affecting the operations of KRUK Group companies, coupled with the rapid pace of legislative changes, necessitates vigilant oversight and continuous monitoring of the legal and regulatory landscape. Furthermore, as statutory provisions are open to a range of interpretations, the legal and regulatory environment inherently includes the risk of their inconsistent application by the judiciary and public administrative bodies. Typically, administrative decisions and court rulings do not constitute a source of universally applicable law and are not binding beyond the specific cases for which they are issued. However, they do influence the development of statutory construction and application practices. Therefore, the Company can give no assurance that its interpretations of Polish laws, as well as the laws of the other countries where the Group operates, will not be subject to dispute.

These considerations may adversely affect the KRUK Group's operating performance, financial position, and/or reputation. Moreover, legislative changes have the potential to substantially impact margins and may even constrain the ability of Group companies to offer specific services. Notably, modifications in legal and regulatory frameworks regarding the issuance and trading of securities, finance, taxation, the conditions for opening and operating a business, the recovery of claims through litigation and enforcement proceedings, restructuring, insolvency and bankruptcy, debt funds, terms of consumer lending, consumer protection and consumer rights could profoundly influence the KRUK Group's activities. In view of the Group's business model, whose pillars are debt portfolio acquisition and credit management services, regulatory shifts pertaining to outsourcing of debt collection by banks, debt transferability restrictions, and/or the conditions for legally effective debt assignment hold particular importance.

In analysing the legal environment, it is also crucial to take into account EU legislation that spans various aspects of economic life, especially in competition, financial services market, consumer rights, fair trading practices, consumer contract terms and conditions, tax regulations in individual member states, personal data protection, etc. The EU's legislative initiatives toward sustainable development, including through climate change mitigation, human rights enforcement, and promoting diversity, underscore the growing importance of legislation designed to foster responsible, sustainable, and ethical business practices. These include efforts to lessen the adverse impacts of commercial operations on the natural environment and climate, reduce carbon footprints, cultivate a positive workplace, enhance financial and digital inclusion, and uphold market and ethical standards. The proper gathering, reporting, and publishing of information, along with its audit, are becoming indispensable components of environmental, social, and corporate governance risk management.

KRUK Group companies operate in strict compliance with the applicable legal and regulatory standards, including the guidelines and recommendations of competition and consumer protection authorities that supervise their activities. The specific nature of their business raises the possibility that the President of the Office of Competition and Consumer Protection (UOKiK) in Poland, or equivalent consumer protection bodies in other countries where the Group is active, might find that some of their business practices infringe on collective consumer interests, qualify as unfair market practices, or involve the use of unlawful contractual provisions (unconscionable or abusive provisions). Furthermore, the President of UOKiK in Poland or similar authorities in other jurisdictions where the KRUK Group operates may charge companies holding a dominant market position with its abuse. Such findings by the competition and consumer protection authorities may lead to penalties, including fines, orders to offer customer compensation, cease any consumer interest-infringing activities, or end the abuse of a dominant market position.

The nature of the KRUK Group's operations involves extensive personal data processing as part of its routine business activities. This data processing is conducted in compliance with the personal data protection legislation in force in the countries where it operates, including in particular Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 96/46/EC (General Data Protection Regulation) (GDPR). However, despite its diligent implementation of adequate technical and organisational measures to protect any personal data processed and safeguard the rights of data subjects, KRUK can give no assurance that its legal obligations in this area will never be breached, in particular by unauthorised disclosure of personal data.

Certain activities within the KRUK Group, such as those of investment funds, notably debt funds, and detective services, are regulated and as such require ensuring specific regulatory compliance. This entails securing licences, clearance, permits, or approvals from public administration bodies, e.g. the Polish Financial Supervision Authority (PFSA), and/or mandatory registration with relevant registries as well as subjecting regulated entities to the oversight of said authorities. Following the recent entry into force of legislative amendments passed in earlier years, the PFSA has become competent to oversee the consumer lending activities of lending institutions. These organisations, in addition to satisfying the applicable capital and governance requirements, must now secure their entry in the register of lending institutions.

The tax regimes in the countries where the KRUK Group operates are marked by their fluctuating nature. Ambiguities in some tax laws and regulations, coupled with a lack of consistent interpretation and application by tax authorities, add layers of complexity. This variability in the construction of tax legislation heightens the risk associated with tax matters in these jurisdictions, more so than in developed markets with more stable legal systems. No assurance can be given by the Group companies that tax authorities will not interpret tax regulations in a manner adverse to them, nor can they rule out future changes to these regulations, each of which could have a substantial negative impact on the Group's operating performance, financial position, or profitability. Additionally, the Group's international presence necessitates considering the effects of double taxation treaties on its business activities.

The debt management sector plays a crucial role in fostering sustainable economic growth and enhancing the stability of the financial sector. Engaging in economic and business relationships responsibly requires compliance with laws designed to prevent money laundering and the financing of terrorism, alongside adherence to international sanction regimes. KRUK Group companies have put in place anti-money laundering (AML) and counter-terrorism financing (CTF) policies and procedures. Furthermore, they train employees to identify

suspected money laundering or terrorism financing transactions. These initiatives are aligned with the respective local legal frameworks.

In addition, KRUK Group companies have implemented controls to mitigate customer and transaction risks. They apply diligent efforts to screen entities which they wish to avoid engaging with, such as those from countries with opaque legal and political environments, entities that could pose a risk to their reputation, or those operating in violation of generally applicable laws or regulations or placed under international sanctions. Internal guidelines for managing sanction risk have been put in place, and as a result, KRUK Group companies are prohibited from establishing or maintaining business relationships with any parties that are subject to international sanction regimes or are connected to such parties.

Below is an overview of the legal and regulatory environment across the KRUK Group's geographies.

## Romania

In Romania, debt collection companies are required to hold a licence from the National Consumer Protection Authority (NAPC), which is also the Romanian supervision authority responsible for protection of consumer rights and for maintaining the register in which any entity looking to launch debt collection operations must be entered. In addition, any entity that acquires mortgage-backed receivables (RoCapital IFN S.A.) is subject to regulation by the National Bank of Romania. Consumer loan providers (RoCapital IFN S.A.) are regulated by the National Bank of Romania.

## Czech Republic and Slovakia

In Slovakia, any entity wishing to transact business consisting in purchasing consumer debt portfolios or in granting consumer loans must be licensed by the National Bank of Slovakia. In the Czech Republic, debt servicing requires a licence and is supervised by the Czech National Bank (CNB).

## Germany

The regulatory authority is Kammergericht Deutschland, which supervises credit management companies and their activities.

## Italy

In Italy, debt collection activities are subject to licensing by Questura, the provincial level police authority. The institution directly supervising debt collection and purchase activities is the Bank of Italy, while Italy's anti-trust authority Autorita' Garante della Concorrenza e del Mercato (AGCM) is competent to impose sanctions in the event of a breach of the Codice di Condotta law, laying down best practices to be followed in debt collection.

## Spain

The Spanish legislation does not provide for the obligation to obtain a permit or licence to conduct debt management activities. No entity operating in Spain is obliged to meet any special requirements with respect to its assets, investments, accounting or regulatory reporting. Consumer protection regulations apply. Competence for consumer protection is not centralised in a single authority at national level, but is distributed among supervision authorities with varying degree of responsibilities. Certain types of activities, such as detective services, are subject to strict regulation and require a special permit from the Ministry of Internal Affairs.

## Malta

In Malta, debt buyers must notify the Malta Financial Services Authority (MFSA) of entities servicing the debts.

## France

Debt portfolios acquired in France are owned by the Maltese company of the KRUK Group, InvestCapital, and are serviced by a French company not affiliated with the Group. Its operations are licensed by the Autorité de Contrôle Prudentiel et de Résolution (ACPR), the supervisory authority responsible for monitoring the banking and financial sector.



## Other authorities materially involved in oversight of KRUK Group companies' activities

The Group companies are also regulated and supervised by other competent administrative authorities with respect to specific areas of their business, for instance by:

- In Poland: The President of UOKiK – with respect to competition law and protection of collective consumer interests, The President of the Personal Data Protection Office – with respect to processing and protection of personal data, and the Financial Ombudsman – with respect to protection of clients of financial market entities.
- In the Czech Republic: Česká obchodní inspekce (consumer protection authority), Finanční arbitr (dispute resolution), Úřad pro ochranu osobních údajů (personal data protection authority).
- In Slovakia: Slovenská obchodná inšpekcia (consumer protection authority) and Úrad na ochranu osobných údajov Slovenskej republiky (personal data protection authority).
- In Romania: Autoritatea Națională de Supraveghere a Prelucrării Datelor cu Caracter Personal (personal data protection authority) and the ANPC (consumer protection authority).
- In Germany: Berliner Beauftragte für Datenschutz und Informationsfreiheit (personal data protection authority).
- In Italy: Garante della Privacy (data protection authority), Guardia di Finanza (fiscal supervision). In Spain: Agencia Española de Protección de Datos (data protection authority).
- In Malta: Data Protection Commissioner, Malta Competition and Consumer Affairs Authority.

## Activities of investment funds

In Poland, the activities of the KRUK Group's non-standardised debt closed-end investment funds (Prokura NFW FIZ, P.R.E.S.C.O. NFW FIZ, and Bison NFW FIZ) are regulated. Operating as closed-end investment funds, these debt funds are overseen by the Polish Financial Supervision Authority (PFSA), which holds the legal authority and is equipped with the tools required for their supervision.

In addition, entities that are not themselves investment fund management companies are required to obtain a relevant licence from the PFSA in order to be able to engage in management of debts held by debt funds. These entities fall under the PFSA's supervision to ensure that their debt management activities are compliant with the applicable laws and regulations, the managed funds' by-laws, the provisions of the agreement with the investment fund management company, and the conditions of the PSFA-granted licence.

KRUK Towarzystwo Funduszy Inwestycyjnych S.A. is licensed by the PSFA to conduct activities consisting exclusively in establishment and management of investment funds. KRUK S.A. holds a PFSA-granted licence to manage debt funds' debt holdings under debt management agreements and is, in this respect, overseen by the PFSA.

Additionally, irrespective of the PFSA's supervision, activities of the Group's securitisation funds must be conducted in compliance with a wide range of EU and Polish laws and regulations.

The activities of securitisation entities in Malta are regulated and supervised under the Debt Securitisation Act by the Malta Financial Services Authority (MSFA). InvestCapital Ltd. of Malta has been licensed by the MSFA to conduct securitisation activities.

## Personal data protection

As part of their day-to-day operations the Group companies process large amounts of natural persons' data, therefore personal data protection laws and management of personal data processing risk, including the risk of data breach, are particularly important in the Group's operations.

Personal data at the KRUK Group may only be processed as specified by law, including in particular Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing

Directive 96/46/EC (GDPR), as well as the relevant sectoral regulations, with the use of technical and organisational measures which ensure personal data protection, in particular against unauthorised disclosure.

With respect to personal data protection, in addition to the existing laws and regulations the Group also monitors, analyses and, in needed, implements: (i) interpretations, (ii) guidelines, (iii) decisions issued by competent EU and national data protection authorities in each of the countries where the KRUK Group operates, and (iv) the industry's best practice in personal data protection.

The KRUK Group companies aim to respond promptly to any irregularities by changing their internal procedures governing personal data processing.

The Group has implemented and constantly improves a personal data breach risk management system to identify, analyse, review, and monitor the risk. Risk mitigation controls (technical and organisational measures) are also reviewed and monitored.

The KRUK Group has in place tools to monitor requests and grievances concerning personal data processing and has established procedures that allow data subjects to exercise their rights under the GDPR. Additionally, the Group has formalised protocols for (i) handling information security incidents and (ii) the identification and response to personal data breaches.

A testament to KRUK's commitment to personal data protection is the implementation of the Group's GDPR strategy, adopted by the Management Board in 2022.

In managing personal data, privileged information, and other sensitive materials, Group companies uphold the highest standards of information security, including banking secrecy for bank-originated debts, professional confidentiality with respect to debt management services, and the attorney-client privilege in the provision of legal services.

### 5.3. Changes in the laws and regulations applicable to the Group's business

Below are described some of the changes in the laws and regulations applicable to the Group companies which took effect in 2024:

#### Poland

**Act on credit servicers and credit purchasers (aimed at implementing Directive of the European Parliament and of the Council (UE) 2021/2167 of 24 November 2021 on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU – the NPL Directives):**

- It establishes a legal framework governing the activities of credit servicers and purchasers, defining their status, rights, and obligations and introducing regulatory oversight of these entities.
- Specifically, it stipulates that in order to be able to perform credit servicing activities in respect of non-performing loan agreements and to exercise creditor rights under such agreements, a prospective credit servicer must obtain a licence from the PFSA and fulfil certain other conditions. These include:
  - satisfying the legal form and capital requirements;
  - ensuring that the entity's management meet the good repute and adequate knowledge and experience standards as per the applicable EBA guidelines;
  - having implemented risk management and internal control systems;
  - ensuring that the entity's operations are conducted with respect for borrower rights, including by putting in place adequate borrower policies.
- It further mandates the PFSA to maintain a register of licensed credit servicers.
- Credit servicers are required to meet extensive disclosure obligations, including reporting to the PFSA.
- They are subject to comprehensive oversight by the PFSA as well as pay fees to cover its costs.
- Entities that have already been licensed by the PFSA to manage debt portfolios held by debt funds under the existing regulations are exempt from the above requirements.

The Act came into force on 19 February 2025, except for certain provisions due to take effect on other dates.

**Act amending the Accounting Act, the Act on Statutory Auditors, Audit Firms, And Public Oversight, and certain other acts** – aimed at implementing the Corporate Sustainability Reporting Directive (CSRD) package (1. Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting 2. Commission Delegated Directive (EU) 2023/2775 of 17 October 2023 amending Directive 2013/34/EU of the European Parliament and of the Council as regards the adjustments of the size criteria for micro, small, medium-sized and large undertakings or groups):

- It introduces a new sustainability reporting framework (aligned with the European Sustainability Reporting Standards, ESRS), entailing a different reporting structure and enhanced disclosure obligations.
- Companies must revise internal regulations, modify policies, and establish procedures to ensure compliance and proper documentation of the sustainability data collection process. Additional requirements and costs are associated with mandatory assurance of sustainability statements by certified auditors.

The Act entered into force on 1 January 2025, with specific enumerated provisions due to take effect progressively throughout the year.

## Romania:

**Act on credit servicers and credit purchasers (aimed at implementing Directive 2021/2167 (NPL Directive)):**

- A credit servicer wishing to service credits purchased after 29 June 2024 is required to secure a relevant licence.

The Act came into force on 17 March 2024. In July 2024, KRUK Romania was licensed to conduct credit servicing activities in accordance with these regulations.

**Act on consumer protection with respect to the total cost of credit and assignment of debt claims:**

- Setting a cap on the total cost of credit at the amount of the principal where the principal is lower than RON 15,000. The cap would apply to existing contracts, including those that have already been assigned;
- Allowing debtors to request that the amount of their outstanding liabilities be adjusted (decreased). If the creditor refused such adjustment, the debtor would be entitled to challenge such refusal in court, with any enforcement of the debt automatically stayed for the duration of the court proceedings;
- If the court rejected the request for adjustment, the creditor would lose the right to demand payment of commission, interest or penalties unless the debtor filed the request in bad faith.

Although the Act primarily targets non-financial institutions, it also contains provisions affecting debt management companies that acquire portfolios from NBFIs after 11 November 2024:

- It introduces debt assignment restrictions – debt collection companies cannot demand a total repayment amount exceeding the debt amount certified by the original creditor at the time of assignment. This also applies to any costs associated with debt recovery, such as enforcement expenses.
- The total recoverable amount is limited to the original principal that was assigned, meaning that inflation adjustments and recovery of enforcement cost are prohibited.

The Act came into force on 11 November 2024.

**Act to amend Law No. 188/2000 on debt enforcement officers:**

- Amendments to the regulations governing appointment of debt enforcement officers, changes in the organisation and functioning of debt enforcement officers' representative bodies, changes concerning the duties and powers of debt enforcement officers and their disciplinary liability;
- Amendments concerning fees, to be revised at least once every five years:
  - fees for debt enforcement in civil law cases may not be less than 10% of the gross minimum wage
  - the minimum amount to be charged as an advance on the enforcement fee may not be less than 10% of the gross minimum wage.

Although the law has been passed, it has not yet come into effect. The President has referred the legislation to the Constitutional Court, which has postponed its ruling until 27 March 2025.

## Czech Republic:

**Act on credit servicers and credit purchasers (aimed at implementing Directive 2021/2167 (NPL Directive))** came into force on 1 May 2024. In February 2025, KRUK Ceska a Slovenska republika was licensed to conduct credit servicing activities in accordance with these regulations.

## Italy:

**Act on amending the Banking Act (aimed at implementing Directive 2021/2167 (the NPL Directive)):**

- Introduction of a requirement to obtain a licence to service non-performing loans from the Bank of Italy
- Oversight by the Bank of Italy over credit servicers is established, which will include mandatory reporting.

The Act entered into force on 13 February 2025 with a transitional period of 6 months during which entities required to obtain a license should adapt their activities and obtain a license.

## Spain:

**Act on measures to improve the efficiency of the public justice system:**

- Its purpose is to introduce new procedural requirements aimed at enhancing the efficiency of judicial proceedings.
- Prior to commencing litigation, parties must undergo mediation before a designated body or mediator (MASC). Proof of this mediation attempt must be attached to the lawsuit filed in court.
- If a party fails to respond to an initial settlement proposal or if negotiations end without an agreement, the case must be filed in court within one year.
- Claims not covered by a settlement agreement (i.e. partial agreements) may still be pursued in court. In addition, the bill proposes to allow judges to deliver oral verdicts in cases where the disputed amount does not exceed EUR 15,000 (currently limited to EUR 2,000) and admit electronic powers of attorney.

The Act will enter into force on 3 April 2025.

## Malta

**Act on credit servicers and credit purchasers (aimed at implementing Directive 2021/2167 (NPL Directive))**

- Entities engaged in credit servicing activities must obtain an authorisation from the Malta Financial Services Authority (MFSA). However, credit purchasers do not need a licence or registration with MFSA to acquire creditor rights under non-performing loan agreements as part of their commercial, economic, or professional activities.
- Credit purchasers who are resident or established in Malta must appoint a licensed credit servicer and formally notify MFSA of both the appointment and the servicer's details.

## EU legislation

The following EU legislation affects the Group companies' activities across all the jurisdictions where they are present:

- Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC (CCD II). By 20 November 2025, Member States are required to enact and promulgate all the primary and secondary legislation necessary to implement this Directive.
  - Its objectives are to bolster consumer protection and enhance harmonisation of the legal framework for the consumer credit market across the European Union. It also aims to alleviate consumer information overload for credit agreements involving a total amount of credit of less than EUR 200, assist consumers facing financial hardships and difficulties in repaying their debts, and encourage

- informed consumer choices. Under CCD II, businesses are required to operate ethically, putting consumer needs first, while ensuring their staff are well-informed.
- The Directive's goals are part of the broader initiative to enhance consumer protection within the EU market. The new legislation underscores the obligation for ethical and transparent conduct as well as highlighting the consideration of consumer needs as an integral aspect of sound decision-making. This approach is designed to mitigate future credit repayment difficulties. The Directive places specific duties on creditors, including the provision of flexible repayment options, offering counsel on responsible debt management, and the exercise of reasonable forbearance measures prior to initiating any enforcement proceedings. Moreover, the Directive's recitals suggest that apart from educational measures, Member States should ensure that psychological and social assistance provided by independent professional operators is available to consumers, who should bear only limited charges.
  - The implementation of CCD II, with its new rules on assessing creditworthiness, granting credits, provision of pre-contractual information and documents to consumers, and mandatory adoption of procedures for spotting consumers facing repayment challenges and offering them assistance, will also impact debt management companies. These firms will be required to adapt by developing skills to identify, analyse, and evaluate these factors upon purchasing debt portfolios. Implementation work has begun in Poland and Spain.

**The Group has brought its operations into compliance with the above legislation. However, as at the date of this Report, its overall effect on the Group companies' business cannot be reliably quantified.**

**Below is an overview of proposed legislative changes that may potentially impact the operations of the KRUK Group, including essential details on each bill.**

### **Poland:**

**Bill on top-up taxation of constituent entities of multinational and domestic groups, aimed at implementing Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union** – is in the final stage of the legislative process and is expected to be enacted by the end of 2024. The bill provides that the effective tax rate for multinational corporate groups with consolidated revenue exceeding EUR 750 million that operate in more than six jurisdictions should not be lower than 15% (with the possibility of deferring the application of these regulations for a period of five years for certain income).

As at the issue date of this consolidated Report, this requirement does not apply to the KRUK Group as it does not meet the revenue criterion. The Group expects these new regulations to impact its reporting in the future but, due to the absence of final provisions, it is currently unable to assess how they might affect its financial statements.

**Draft amendment of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, and the Act on Implementation of Certain EU Regulations on Equal Treatment** – aimed at implementing Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures, which aims to enhance the application of the principle of equal opportunities and equal treatment of men and women in director positions by setting out relevant requirements for the selection of candidates.

Definition of corporate bodies – the legislation applies to management boards, supervisory boards, or administrative boards (in monistic governance systems of European companies). In any board comprising at least three members, individuals of the underrepresented gender must constitute at least 33% and no more than 49% of all board members.

Adoption of gender balance policies – the general meeting must adopt a recruitment policy for the corporate bodies, defining the principles of candidate selection for director positions to ensure gender balance on the company's boards,

Annual gender representation reports – the management board is required to prepare an annual report on the gender composition of corporate bodies and the measures taken to achieve gender balance,

The Polish Financial Supervision Authority (PFSA) is authorised to impose monetary penalties of up to 10% of the company's total annual revenue, based on its most recent audited financial statements, for failure to comply or properly comply with the obligations specified in Chapter 4aa of the Act.

The Act is proposed to enter into force 14 days after its promulgation, with some exceptions. According to Article 5(1) of the Directive, companies must achieve the required gender balance by 30 June 2026.

#### **Bill to amend the Act on the Liability of Collective Entities for Acts Prohibited under Penalty:**

- A revision of the "collective entity" definition has been proposed to introduce a specific category of "large entities" (i.e. ones that employ more than 500 employees or have an annual turnover of EUR 100 million or more).
- For these large entities, the liability of a collective entity will no longer be contingent on the prior conviction of an individual for a prohibited act.
- Such liability will now be based on the entity's fault, including faulty selection or supervision of a director, officer, employee, contractor, or representative or other qualifying agent or what is referred to as faulty organisation.
- A collective entity will not be held liable if it can prove, despite any irregularities, that all the governing bodies and individuals authorised to act on its behalf or in its interest exercised due care in their actions and oversight of the actions of others.
- The cap on penalties will be increased to PLN 30 million or 3% of revenue for the fiscal year in which the prohibited act that triggers the collective entity' liability is committed.

### **Romania:**

#### **Bill to amend the Civil Code and the Code of Civil Procedure:**

- The assignee will be required to notify the debtor of the debt assignment if the original creditor fails to do so.
- Debtors must be given a 15-day extension to settle debts before a debt enforcement officer can freeze their bank accounts.
- No real property can be foreclosed on for debts of less than RON 300,000.

#### **Bill on the protection of consumer rights:**

- Shortening of the time limit for responding to consumer complaints from 30 to 15 days;
- Obligation to act properly in relations with consumers, refrain from applying any unfair commercial practices or unconscionable or abusive provisions;
- Tighter sanctions for infringements of the Act – fixed (not percentage) amounts of fines of up to RON 400,000, depending on the company's turnover;
- Possibility of granting consumers injunctive relief for damage suffered;
- Obligation to appoint a person to handle consumer complaints, who must complete a course organised by the National Consumer Protection Authority (ANPC);
- Challenging of sanctions imposed by ANPC does not stop their implementation.

### **Spain:**

**Bill on credit servicers and credit purchasers, and on amendment of other acts (the consumer credit act and the real property credit agreement act) (aimed at implementing the NPL Directive)** – is largely a direct transposition of provisions laid down in the NPL Directive, including:

- It establishes a legal framework governing the activities of credit servicers and purchasers, defining their status, rights, and obligations and introducing regulatory oversight of these entities.
- Specifically, it stipulates that in order to be able to perform credit servicing activities in respect of non-performing loan agreements and to exercise creditor rights under such agreements, a prospective credit servicer must obtain a licence after first having fulfilled certain conditions specified in the bill. These include:
  - the requirements regarding good repute, adequate knowledge and experience to be possessed by the management personnel and persons who hold qualifying holdings in the entity,
  - having robust governance arrangements and adequate internal control mechanisms in place, including risk management and accounting procedures, which ensure respect for borrower rights,

- having an appropriate policy in place to ensure compliance with rules for the personal data protection, the fair and diligent treatment of borrowers, as well as the recording and handling of complaints.
- The supervisory authority will be Banco de España;
- It introduces new obligations for lenders to develop and have in place a policy for the renegotiation of the terms and conditions of debt prior to its sale or assignment to a third party, in particular in relation to distressed debtors.
- Introduces the obligation to submit information on serviced loans to the Central Credit Register of Banco de España.

## Italy:

### **Bill on facilitating the renegotiation of non-performing or unconscionable loans:**

- The bill is intended to help families and small businesses that have been affected by the economic consequences of the COVID-19 pandemic to solve their debt problems;
- In situation where a creditor (defined as a bank, financial intermediary, SPV or debt collection company) intends to assign debt, for such assignment to be effective the creditor would be required to first notify each debtor, by registered mail, of the carrying amount of its debt as disclosed in the creditor's most recent authorised financial statements.
- The debtor would then be entitled to propose in writing, within a prescribed time limit, an individual settlement agreement, including the amount the debtor would pay (equal to the assignment price plus 20%) in consideration for discharging the outstanding debt.
- If the debtor failed to make such proposal or comply with the terms of the settlement agreement, the creditor would be allowed to assign the entire amount of the outstanding debt.

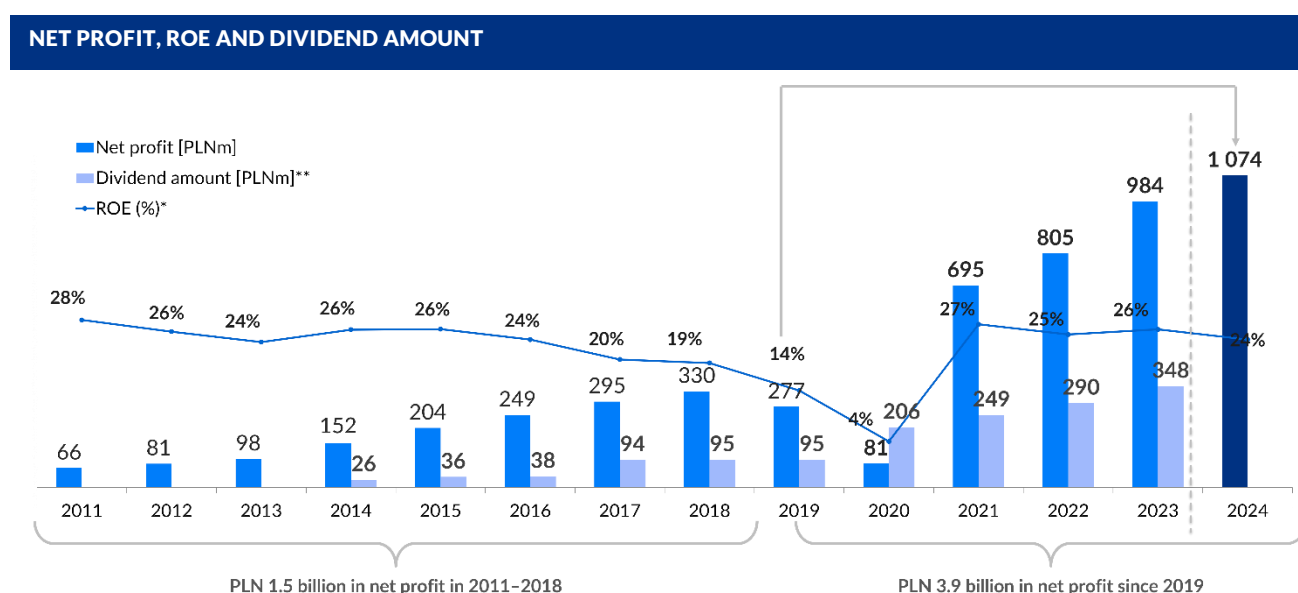
The Group monitors on an ongoing basis changes in legislation that may affect its business. However, as at the date of this Report, neither the final wording nor the effective dates of the bills listed above were known, nor was it possible to reliably determine whether they would or would not be passed into law or assess their overall impact on the Group's business.

## 6. DEVELOPMENT DIRECTIONS OF THE KRUK GROUP

### 6.1. Execution of the Strategic Plan 2019–2024

2024 marked the final year of the KRUK Group's six-year strategic plan, first announced in December 2018. Initially, the strategic target was to achieve PLN 700 million in net profit by 2024. Over time, the key objective evolved into its final formulation: 'To develop the business by upscaling, increase process efficiency and optimise costs'.

By 2021, net profit had already reached PLN 695 million, exceeding the target at PLN 805 million in 2022. In 2024, net profit amounted to a record high of PLN 1,074 million. Throughout the period, the KRUK Group consistently shared its profits with shareholders, distributing PLN 1.2 billion in dividends, while the return on KRUK S.A. shares reached 208%.



In line with the Strategic Plan 2019–2024, the KRUK Group:

- was focused on the development of its existing business lines across existing markets. At the same time, it was exploring the European market for additional growth potential, taking a selective approach and long-term perspective,
- prioritising the business of purchased debt collection, with a focus on unsecured retail debt,
- and maintaining a conservative leverage and liquidity management policy.

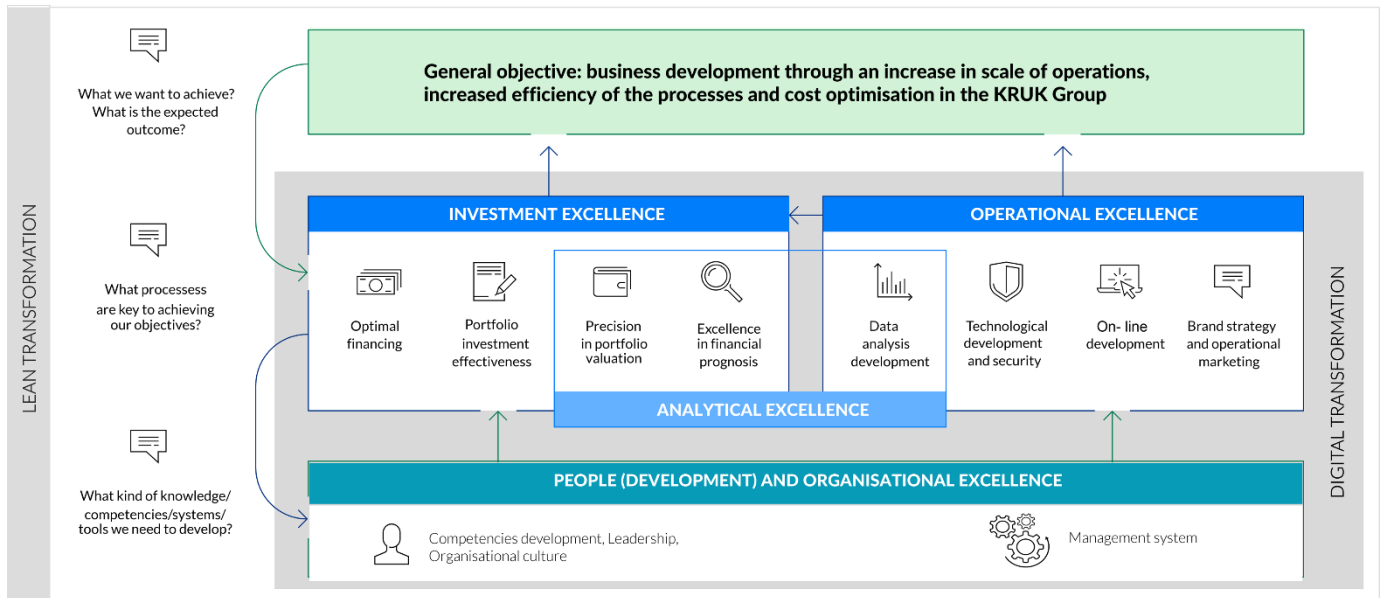
The execution of the strategic plan led to a steady increase in investments and recoveries from debt portfolios: between 2019 and 2024, the KRUK Group invested PLN 11.1 billion and achieved PLN 15.1 billion in portfolio recoveries.

By the end of the strategy period, KRUK had become the most highly capitalised debt collection company globally,<sup>9</sup> had solidified its market lead in the purchase of unsecured retail debt, strengthened its competitive standing, and built a strong foundation for continued growth in the years ahead.

<sup>9</sup> Market capitalisation as at 31 December 2024.



The visualisation of the Strategic Plan 2019–2024 is presented below:

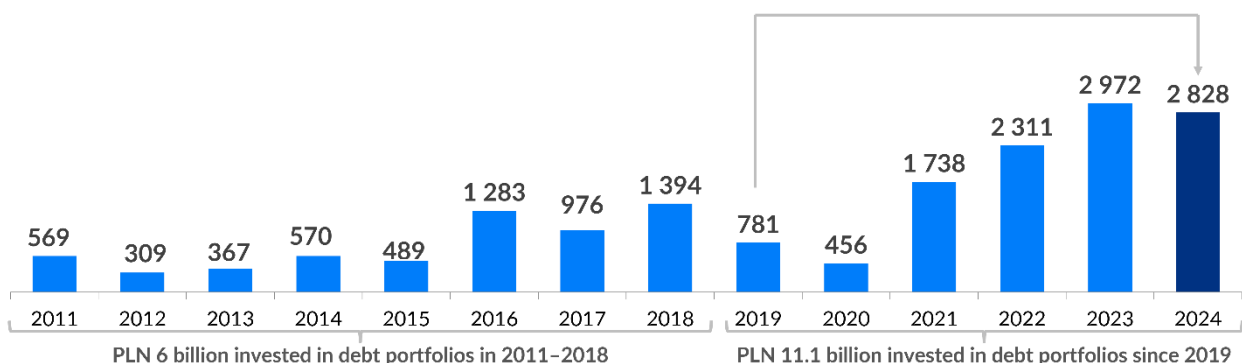


## Investment excellence

### Investment efficiency

- As envisaged by the strategic plan, the KRUK Group developed the existing business lines in its established markets, prioritising the business of purchased debt collection, with a focus on unsecured retail debt. At the same time, it explored additional growth opportunities across the European market.
- To ensure continuous improvements in investment efficiency, the Group's focus was on in-depth market research, trend analysis, and understanding the needs of business partners. Additionally, efforts were made to strengthen collaboration between teams responsible for investments, portfolio valuation, and debt servicing.
- Total funds invested by the KRUK Group from 2019 through 2024 reached PLN 11.1 billion. The share of investments made outside Poland followed a steady upward course, with the growing contribution of international markets to the Group's overall performance.
- Investments in debt portfolios in 2024 amounted to PLN 2,828 million, with Poland accounting for the largest share of the Group's total purchases (38%).
- The carrying amount of purchased debt portfolios rose from PLN 4.1 billion at the beginning of 2019 to PLN 10.5 billion at the end of 2024.
- The KRUK Group established itself as a market leader in the unsecured retail debt segment across four key European markets: Poland, Romania, Italy, and Spain.
- In regions with limited growth potential, that is the Czech, Slovak and German markets, the Group discontinued new investments.
- Unlocking new growth opportunities, KRUK entered the French market by signing an agreement in December 2023 to acquire its first debt portfolios in France. In that market, the Group invests in unsecured retail debt, working in collaboration with local servicing partners. In 2024, it purchased 13 portfolios on the French market, investing a total of PLN 83 million.

## INVESTMENTS IN DEBT PORTFOLIOS (PLN MILLION)



Key activities undertaken with respect to other business lines

- In 2019, the KRUK Group acquired 100% ownership of Wonga.pl sp. z o.o., an independent player in Poland's online lending market. During the strategy period, Wonga doubled the book value of its loan portfolio and recorded PLN 93 million in EBITDA for 2024, compared with negative EBITDA for 2019.
- Prompted by its limited growth potential, KRUK decided to dispose of ERIF BIG S.A., which it did in 2023, discontinuing the provision of credit reference services.

### Optimised funding

KRUK expanded its financing sources based on predefined criteria of security, cost efficiency, and availability.

- The Group maintained a prudent liquidity policy by taking on new debt with a plan to repay it from existing assets, thus avoiding the need for future refinancing.
- In 2024, KRUK expanded its available credit facilities by raising limits under existing contracts and contracting new credit. Additionally, during the strategy period, KRUK issued bonds with a total nominal value of PLN 2,425 million and EUR 184 million, while redeeming bonds worth PLN 1,291 million and EUR 40 million. As at 31 December 2018, the available credit facilities (both utilised and undrawn limits) amounted to PLN 1,964 million, having increased to PLN 3,953 million as at 31 December 2024.

### Optimised valuation of debt portfolios

Key initiatives included:

- strengthening of collaborative ties between the valuation function and local investment and operations teams, leading to deeper understanding of market-specific dynamics and, consequently, more precise portfolio valuations;
- advancing the valuation methodologies, e.g. by incorporating a broader range of data into valuation models and developing tools for enhanced monitoring of model quality;
- implementing automation.

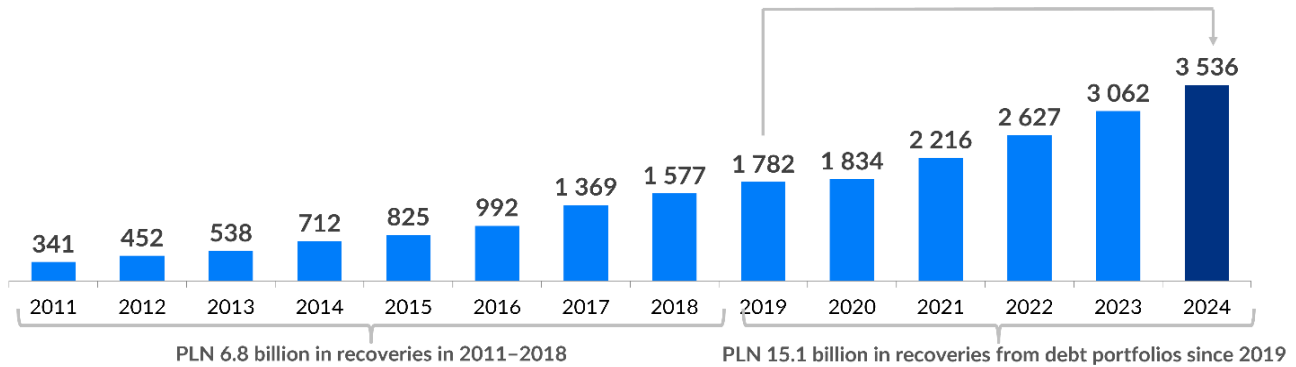
### Financial projection excellence

Efforts focused on supporting the business in determining the 'leads' to the achievement of operational targets, increasing the level of projection detail, analysing the long-term portfolio potential, and using external data that may impact the projections.

## Operational excellence

In 2019–2024, the KRUK Group achieved PLN 15.1 billion in portfolio recoveries, with a significant increase in the contribution of international markets to that total. In 2024 alone, cash recovered amounted to PLN 3,536 million, with the following geographical breakdown: 41% from Poland, 19% from Romania, 22% from Italy, 15% from Spain, and 3% from other markets.

### RECOVERIES FROM DEBT PORTFOLIOS (PLN MILLION)



Operational processes at the KRUK Group were improved through a number of measures, including the use of analytics, technologies (especially self-payer solutions and automation), as well as marketing support.

### Enhanced analytical processes

- Strategic work in that area was initiated by defining an analytical maturity model for operational processes. This facilitated benchmarking across the Group companies, while supporting the process aimed to accurately identify key development priorities.
- To enhance analytical maturity, KRUK advanced statistical modelling and machine learning techniques, while implementing automated tools for monitoring the quality of data analytics post-deployment. Simultaneously, KRUK refined its decision engine, which provides data-driven support for key decision-making processes.
- An external audit conducted in late 2023 and early 2024 confirmed high quality of the KRUK Group's analytical processes and strong competencies of its analytics team, based on relevant benchmarks. The assessment also helped define future development goals, aligned with technological advances and Data Governance improvements. These goals have been incorporated into the Group's strategy for the next period.

### Technological advances

- Business objectives were supported by extensive process automation and robotisation, streamlining and accelerating process workflows. Particular emphasis was placed on digitising paper-based processes, and on automating document classification and generation through AI-driven technologies, which significantly enhanced efficiency, especially in the case of court and bailiff referrals.
- The Group prioritised the adoption of cloud-based solutions to drive its fast-paced technological development, while further strengthening security. More than ten Enterprise class services and tools were implemented, designed to bolster defence against attacks, ensure data security and facilitate the management of staff equipment and applications, all crucial in the era of hybrid and remote work.
- Beyond traditional IT tools, KRUK also invested in no-code/low-code technologies, enabling staff members outside the technology departments to develop applications. AI-powered tools were introduced to further

automate processes and enhance data analytics, supporting faster and more efficient development of applications with considerable productivity and innovation gains. Additionally, employees were trained in how to integrate AI into their daily tasks.

- The focus of the technology development strategy was not only on implementing new tools and improvements to existing systems, but also on strengthening collaboration between IT and business functions.
- In 2024, efforts were directed toward in-depth assessments of the current technological landscape and developing potential action plans for key areas, which led to the formulation of a long-term roadmap for the KRUK Group's technological ecosystem. In the second half of the year, the organisational structure and way of working were redefined, with a broad adoption of the Agile approach. Cross-functional product teams were established at the Head Office and companies, integrating professionals across the IT domain, operational processes and various support functions. Training was also provided to ease the transition to this new way of working. The purpose of these changes was to enhance the quality and efficiency with which new solutions are deployed, ensuring the Group is well-positioned for the next phase of its technological transformation, set to unfold over the new strategy period.

### **Development of online solutions**

A key strategic objective across all markets was to encourage clients to take up self-service. To this end, the KRUK Group continuously developed new tools to facilitate the process, while refining solutions that were already in place to make them even more user-friendly and thus boost conversion rates. Throughout the strategy period, several initiatives were implemented:

- In 2019, the e-kruk platform was launched in Italy, following its earlier implementation in Poland and Romania. After its upgraded version (e-kruk 3.0) was developed, the platform was gradually rolled out across KRUK's four core markets, reaching Spain in early 2024. Via the platform, clients can manage their debts on an end-to-end basis, setting up flexible repayment plans, paying instalments, updating contact details, and tracking the status of all cases handled by KRUK (\*only their own cases).
- The platform was continuously improved through the addition of new product types and integration of the most widely used online payment methods in the respective markets. System performance and security were also regularly enhanced. In 2024, A/B testing tools were implemented for more precise product customisation and tailored communication based on client needs.
- With the platform's expansion and phased rollouts in new markets, the number of active user accounts increased 12-fold between December 2019 and December 2024. In 2024 alone, the user base grew by 24%.
- The number of settlement agreements generated and signed by clients through self-service also steadily increased. Now, such agreements represent almost half of all debt cases settled across the Group, following a 7% year-on-year increase in 2024.

### **Brand strategy and operational marketing**

In operational marketing, KRUK was engaged in efforts to build recognition and foster a desired brand image (especially on the Italian and Spanish markets). New product rollouts were supported by campaigns run across traditional and social media channels.

Financial education remains a key priority for the KRUK Group, as it seeks to enhance economic awareness among the general public and to promote secure use of digital tools that can facilitate debt repayment.

## Analytical excellence

Data-driven decision-making is a cornerstone of KRUK's competitive advantage. This is why one of the strategy's central points was to reinforce synergies across analytical functions, notably by establishing the Analytical Consortium. This initiative helped identify high value-add analytical solutions with the greatest impact across the organisation.

KRUK prioritises work with data, recognising the need for a more holistic approach to Data Governance, covering data availability, quality, and security. In 2024, with the support of an external advisor, KRUK conducted a comprehensive assessment of its Data Governance framework, resulting in a structured development plan that has become a key component of its strategy for the years ahead. KRUK's intention is to maximise benefits from the scale of its data (e.g. by preparing personalised client offerings).

## Lean transformation and digital transformation

Outstanding financial performance delivered by the KRUK Group under the 2019–2024 Strategy was made possible, in part, by the consistent pursuit of Lean transformation and digital transformation.

The **Lean transformation** journey is centred on continuous improvement in which the Company strives to maximise client value while minimising resource consumption (eliminating resource wastage, also known as *muda*), by fully harnessing the available employee talent pool and ideas.

During the strategy period, the KRUK Group focused on building problem-solving skills, involving a structured approach to identifying problems, analysing root causes, evaluating potential solutions, selecting the best ones and bringing them to bear. To support this, extensive training and mentoring programmes were launched. As a result, a growing number of employees have developed the ability to analyse processes on a daily basis and implement ongoing optimisations that increase recoveries, bring down costs and shorten turnaround times.

Alongside the Lean approach – already embedded in KRUK's organisational DNA – strong emphasis in the 2019–2024 Strategy was placed on **digital transformation**, which is about leveraging technology to enhance the Company's ability to deliver additional value. The objective is to increase process efficiency (with capability to handle a much larger volume of cases and thus boost recoveries without a significant headcount addition), improve client experience by providing user-friendly solutions (such as e-kruk), and build a modern and growth-inspiring organisation for employees.

A major milestone in this journey was the launch of the Discovery programme in late 2022, ensuring a structured and consistent transition across the entire Group. Designed to ensure comprehensive change encompassing processes, tools and people, the programme has an effect on both staff competencies and the organisational culture.

The period spanning the fourth quarter of 2023 and the first quarter of 2024 was particularly intensive and crucial for the KRUK Group's digital transformation efforts. With the support of an external advisor, the Group conducted a highly detailed digital maturity assessment across its four core markets. The analysis covered key business areas (including debt management at amicable settlement and legal enforcement stages), as well as IT, no/low-code solutions, data analytics, and human resources (HR processes, competencies). For each market and process, the level of maturity was assessed against current industry trends and benchmarks. Based on these insights, roadmaps were developed to chart out directions and specific initiatives that would drive further digital advancement. Additionally, a review was undertaken to assess the current way of working in delivery of technology solutions and project management. It led to the development of an action plan to improve efficiency through wider adoption of the Agile approach. The key concept of Agile is to work in cross-functional teams empowered to make decisions regarding product development and rapid value delivery, ensuring that services, tools, and functionalities are developed and deployed as quickly as possible to serve both internal and external clients.

In the next stage (the second quarter of 2024), the KRUK Group launched another strategic project with the support of an external advisor. It included several key initiatives:

- an in-depth analysis of the Group's existing technology and analytics ecosystem, defining the target system architecture, creating a roadmap for its further advancement (over the next strategy period), and determining the requisite financial, organisational, and competency resources;
- an in-depth analysis of the organisation's data management framework, leading to the development of a comprehensive Data Governance strategy and execution of pilot initiatives in this area;
- defining key principles of the new way of working, integrating Lean and Agile.

Plans developed through this project served as a basis for outlining essential transformation milestones to be achieved over the next strategy period.

The second half of 2024 was dedicated to finalising the strategic plan and mobilising resources. During this phase, KRUK introduced key structural changes, including the establishment of cross-functional teams, and conducted training sessions to facilitate the adoption of the new way of working.

## People (development) and organisational excellence

The Strategic Plan 2019–2024 for human resources management focused on supporting business objectives, particularly those linked to digital transformation challenges, while also positioning the KRUK Group as an employer of choice, offering competitive working conditions and professional development opportunities to attract and retain top talent.

The HR strategy centred on three areas, with selected major initiatives outlined below:

### Organisational culture and employee engagement

- 2022 witnessed a comprehensive assessment of the organisational culture conducted across all local subsidiaries using the Human Synergetics model. The findings revealed that KRUK's dominant cultural style is constructive, characterised by a strong focus on ambitious goal achievement, self-actualisation, openness to change, and innovation. This cultural foundation creates an environment highly conducive to the digital transformation process.
- In 2024, a Group-wide employee engagement survey was undertaken, with an impressive 92% participation rate. Positive feedback yielded an overall engagement score of 89%, while the employee Net Promoter Score (eNPS) – measuring the willingness to recommend KRUK as an employer – stood at 92%. KRUK's strengths, identified as scoring 80% or higher, covered key areas of the employee experience, including: Goal cascading (96%), Managerial support (86%), Work organisation (83%), Collaboration (83%), Innovation and technology (86%), Feedback (82%), Sense of impact and autonomy (88%), DEI (92%), Work-life balance (87%), Communication and transparency (88%), and Senior leadership (85%). KRUK's engagement and experience indicators outperformed benchmarks for financial sector companies, high-performance firms, and national norms across all its markets.

### Building of skills

- Professional development stands among the KRUK Group's core values. Employees have ongoing access to both internal and external training and upskilling opportunities. As part of the strategy, KRUK expanded internal e-learning platforms, introduced a series of inspirational sessions, webinars, and expert-led training programmes featuring specialists from around the world.
- A particular focus was placed on equipping managers with the skills needed to lead teams effectively through change. To that end, KRUK implemented certified training programmes and established competency centres at the Head Office and across all Group companies. In late 2023 and early 2024, the KRUK\_up competency model, drawing on a mix of Lean and Agile, was introduced at the Group level, to support the digital transformation and enhance adaptability in an increasingly dynamic and complex environment (aligned with the VUCA and BANI world concepts).

### Excellence of HR processes and data

- Throughout the strategy period, remuneration and employee benefits policies were a key focus to ensure that KRUK's employee value proposition not only remained aligned with market standards, but also helped attract and retain top talent.

Work was undertaken to enhance the quality of HR analytics and efficiency of HR processes, including recruitment.

In 2024, alongside the ongoing initiatives, efforts were concentrated on formulating a strategic plan for the next period, which included organisational restructuring and developing staff competencies necessary to embrace the new Lean- and Agile-based working model.

In addition to the HR areas mentioned above, great importance at KRUK is placed on upholding the principles of diversity, equity, and inclusion (DEI). Below are key performance indicators in this area, along with examples of initiatives carried out in 2024:

- Gender equality in the workplace – 63% of the KRUK Group's employees are women, with 58% of managerial positions held by female employees
- Gender Equal Pay Gap (GEPG) – pay disparity between women and men expressed as a ratio of the pay received by men working at the same level, in the same job family and in the same position at the KRUK Group stands at 0.6%
- Employees with disabilities – 2.2% across the KRUK Group, with regional breakdowns of 2.6% in Poland; 3.7% in Italy; 0.3% in Romania; 1.7% in Spain; 1.5% in the Czech Republic
- Proportion of women on KRUK S.A.'s Management Board and Supervisory Board – 42%
- Employee turnover rate – 12% per year across the KRUK Group.

KRUK's HR initiatives have also won external recognition. In 2024 alone, KRUK S.A. received several prestigious accolades, including two Dream Employer awards for projects in organisational culture and change management; grand prize in the Power of Attraction competition from *Puls Biznesu* in recognition of modern tools and technologies in human resources management; finalist title in the People Innovation competition. For the second time, KRUK was also included in the Diversity IN Check list, which recognises diversity and inclusion management leaders among Polish companies.

### Organisational excellence

As part of its 2019–2024 Strategy, the KRUK Group focused on enhancing management processes in three key areas:

- phased implementation and continuous improvement of Hoshin Kanri – a strategic management method based on goal cascading and the Plan-Do-Check-Adjust (PDCA) cycle;
- advancement of the risk management framework – optimising processes within the framework and fostering synergies across various risk categories identified as inherent to the Group's operations;
- organisational model transformation in 2020 – a structural shift driven by the Group's expansion and the need for better alignment with current strategic priorities. This included the creation of centralised units within KRUK S.A. and separation of the NPL business.

The KRUK Group's business strategy is seamlessly integrated with its ESG strategy. For the Group's ESG initiatives, refer to section 10 '*Consolidated sustainability statement of the KRUK Group*'.

## 6.2. Strategic Plan 2025–2029

On 16 January 2025, the Management Board of KRUK S.A. adopted a new strategy for 2025–2029. Key aspects of the KRUK Group’s new strategic plan are outlined below.

### Mission, vision and values of the KRUK Group

In developing the new strategy, the KRUK Group’s Management Board decided to refresh its mission and vision statements, ensuring they better reflect KRUK’s market position, efforts to reshape industry perception, and its role within the economic and social landscape.

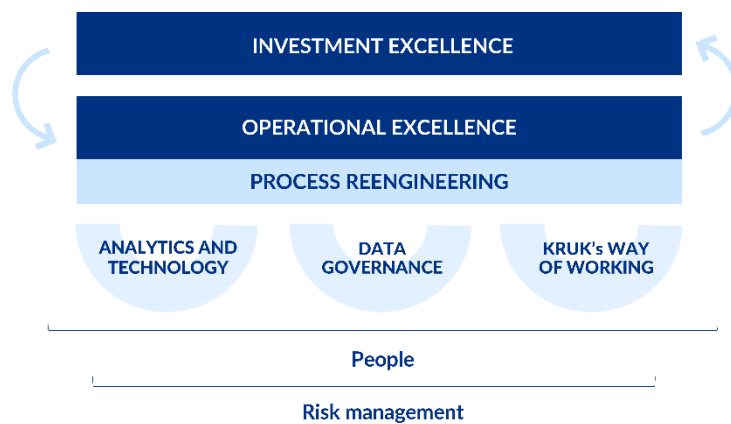
<p><b>MISSION:</b></p> <p><b>We guide our clients toward a path out of debt. We operate ethically and effectively, while educating the public about responsible finances.</b></p>	<p><b>VISION:</b></p> <p><b>We are building a world of financial balance based on mutual trust, where promises and commitments are fully honoured.</b></p>
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Our **VALUES** stay the same and comprise:

<p><b>RESPECT</b></p> <p>Mutual respect is the cornerstone of our business. We treat everyone the way we want to be treated.</p>	<p><b>COOPERATION</b></p> <p>Together we can do more. We build relationships based on partnership, and clear rules. We call things by their name.</p>	<p><b>ACCOUNTABILITY</b></p> <p>Everyone is responsible for their decisions, actions or inaction and their consequences.</p>	<p><b>SIMPLICITY</b></p> <p>Simplicity is beautiful. We simplify our processes and eliminate waste. Done is better than perfect.</p>	<p><b>DEVELOPMENT</b></p> <p>We are committed to continuous improvement. We have an incessant inner drive to progress, even when we succeed.</p>
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### Strategic Plan 2025–2029

The key objective over the new strategy period (2025–2029) is to drive continued business growth by upscaling, enhancing process efficiency, and digital transformation.



The KRUK Group is set for a major business expansion, planning to invest as much within the next five years as it has throughout its operating history (approximately PLN 15 billion). With this investment level, KRUK could be handling around 20 million cases by the end of the strategy period. At the same time, KRUK aims to maintain nearly



the same workforce size, keeping the number of employees across its existing markets below 4,000. To achieve this, it must further enhance operational efficiency, focusing on: shortening turnaround times, expanding self-service solutions and leveraging behavioural science. To support these goals, KRUK will continue its digital transformation, with a strong focus on three areas: data management, technology and data-driven processes, KRUK's way of working. At the core of this change are engaged, highly skilled employees and a robust risk management system.

### Key elements of the Group's strategy:

- ~PLN 15 billion → new investments in debt portfolios
- Ambition for recoveries from existing debt portfolios at PLN 29 billion over the next 20 years
- Profit growth potential both during the strategy period and over the long term
- ~20% ROE
- PLN 20 billion → doubling of the portfolio carrying amount
- PLN 0.5 billion → investment in digital transformation
- Optimising costs through continuous process improvements, economies of scale, and technological advances
- Maintaining the net debt-to-cash EBITDA ratio below 3.0, allowing for a temporary exceedance if necessary

### Investment excellence

Throughout its 27-year history, the KRUK Group has invested PLN 17.6 billion. Over the next strategy period spanning five years, it expects to invest approximately PLN 15 billion.

The base strategic scenario is to pursue organic growth with a focus on five major European markets: Poland, Romania, Italy, Spain, and France. With combined populations of 232 million, these countries are among Europe's largest NPL markets with further growth potential.

Despite upbeat macroeconomic forecasts and an expected increase in lending activity, the KRUK Group has adopted a cautious market outlook for its base-case scenario, including the following key assumptions:

- modest growth in debt sales across the Group's operating markets from 2025 to 2029;
- following record-high investments in 2023 and 2024, a more moderate investment target has been set for 2025 (approximately PLN 2.5 billion), to grow incrementally in subsequent years; average annual investments are expected to remain in line with the levels of the past two years;
- investments will be made at an average IRR comparable to KRUK's 2024 performance;
- the Group's historical market share in unsecured consumer debt acquisitions on the primary market, averaging 30–40%, will be maintained, ensuring KRUK's continued leadership in the segment;
- other asset classes will account for no more than around a dozen per cent of total investments.

### Operational excellence

The KRUK Group aims to drive further growth by expanding its balance sheet and focusing on maximising recoveries from existing debt portfolios.

The key objective is to double the carrying portfolio amount.

Over the course of the strategy, the Group plans to establish pathways to achieve a realistic target for recoveries from its existing debt portfolios, at PLN 29 billion over the next 20 years.

By 2030, KRUK expects to have acquired a total of over 20 million cases (compared with the current level of approximately 13.1 million). Despite this expansion, the Group projects only a slight increase in headcount (with FTE<sup>3</sup> rising to a maximum of 4,000, from approximately 3,500 at the end of December 2024).

Accordingly, the operational strategy focuses on process reengineering, aimed to explore opportunities for efficiency gains. The key strategic objective is to reduce the portfolio lead time by one year, meaning a faster break-even point (when the investment expenditure and direct operating costs are fully covered by amounts collected). The Group plans to achieve this by doubling the share of self-payers (i.e. the percentage of amicable and hybrid collections where clients make payments without adviser intervention) and doubling the automation rate in legal enforcement (i.e. the share of fully automated document processing in court and bailiff referrals). KRUK anticipates that these initiatives will also drive up the recoveries per FTE ratio (reflecting total recoveries across all purchased portfolios relative to the number of FTE in the purchased portfolio and Head Office functions).

## Digital transformation

Delivery of the KRUK Group's ambitious financial and operational goals will be driven by the continuation of its digital and Lean transformation efforts. The strategic transformation plan has been built on a thorough assessment of the current state, potential growth scenarios, and best practices, conducted with support from an external advisor (for details, see the section concerned with strategy execution for the previous period). As a result of the work carried out so far, KRUK has defined its target future state, a structured roadmap to achieve it, and the necessary resources. The adopted plan is holistic, focused on enhancing processes, tools, and ways of working, to ensure a seamless and effective transition.

The KRUK Group estimates that its investment in the transformation plan will reach approximately PLN 500 million over five years, targeting a minimum 20% IRR, with the break-even point expected after the strategy period (post-2029).

The plan is based around three pillars:

- Analytics & Technology (implemented through the New Horizon programme)
- Data Governance
- KRUK's Way of Working.

## Analytics and Technology

The KRUK Group has launched New Horizon, a bold initiative aimed at constructing a next-generation analytics and technology ecosystem. This end-to-end (E2E) system will seamlessly support processes from start to finish, ensuring they are data-driven, highly secure, and fully controllable. It will be supported by cutting-edge technologies, including a cloud-first model and AI-powered solutions. Artificial intelligence will play a pivotal role in operational processes, with applications such as AI-driven bots and chatbots facilitating interactions with self-payers, automated document processing – enabling AI to read and respond to correspondence, and decision models – supporting data-driven decision-making and personalising the client journey. By revolutionising its technological backbone, KRUK is setting the stage for rapid and agile development of tools and solutions that will evolve in sync with changing client needs.

## Data Governance

Data is a critical asset and source of competitive advantage for the KRUK Group. Therefore the Group's strategic objective is to maximise the benefits of data utilisation in operational processes. Over the new strategy period, KRUK will continue implementing a comprehensive, best practice-based Data Governance framework. This initiative will encompass:

- defining key roles and responsibilities in data management (structure);
- implementing standards and processes to enhance data accessibility, usability and security;
- refining decision-making models and fostering a culture of data-driven decision-making.

The robust Data Governance strategy will also lay the groundwork for wider adoption of advanced technologies, particularly AI.

## KRUK's Way of Working

The KRUK Group has embarked on the implementation of a new Way of Working, integrating the best practices of Lean and Agile. The aim is to create systemic solutions that would transform the Group into a truly self-learning organisation. Lean principles are already embedded in KRUK's organisational DNA, ensuring that processes are designed with a relentless focus on value while eliminating resource wastage, by leveraging the talents and potential of employees. Meanwhile, the Agile approach will enable faster implementation of defined improvements and novel solutions. In building the new ecosystem, KRUK is shifting to agile product development, where work is carried out in cross-functional teams, bringing together expertise from across the organisation as business and IT professionals collaborate toward shared goals. The adoption of KRUK's Way of Working includes guiding employees through this transformation, providing support in adapting to change and developing the necessary skills to thrive in an evolving workplace.

## Risk management

Effective risk management is a cornerstone of the KRUK Group's ability to execute its strategic plan. The framework is geared towards enhancing organisational resilience through proactive and deliberate approach to identifying, assessing, and responding to risks.

The strategic goal for KRUK's risk management system is to elevate its maturity and integration, which will be achieved through initiatives focused on:

- enhancing early threat detection and enabling swift action in response;
- deepening the system's integration within the organisational culture and decision-making processes;
- strengthening adaptability to emerging risks;
- improving accuracy in the assessment and quantification of identified threats;
- ensuring reliability of data derived from risk management processes.

## People – our greatest asset

The competencies, experience, and dedication of the KRUK Group's employees are not only fundamental to achieving its business goals, but also serve as a key source of competitive advantage. Recognising this, the Group's strategy includes initiatives aimed at fostering continuous employee development. KRUK is committed to creating an inspiring and supportive workplace, where every individual feels valued, motivated, and empowered to grow. The strategy will focus on four key pillars:

- Employer of Choice – streamlining recruitment processes to efficiently attract top talent;
- Talent Development & Retention – personalised career paths, coaching, mentoring, and internal growth opportunities to nurture talent; Fostering engagement, and cultivating an organisational culture that promotes innovation and collaboration;
- Diversity, Equity, and Inclusion (DEI) – ensuring a work environment where all employees feel respected and valued;
- Well-being – implementing well-being programmes to make KRUK an even more rewarding and fulfilling place to work.

## Summary of the base scenario

- In summary, the KRUK Group's strategic plan under the base-case scenario includes:
- investing approximately PLN 15 billion in debt portfolios over the next five years across the Group's existing markets, including France. Actual expenditure on portfolio purchases will depend on market competition, as well as the Group's financial leverage and operational efficiency;

- maintaining the net debt-to-cash EBITDA ratio below 3.0, allowing for a temporary exceedance if necessary;
- targeting recoveries from existing debt portfolios of PLN 29 billion over the next 20 years;
- doubling the carrying amount of the Group's portfolios from approximately PLN 10.5 billion at the end of 2024 to PLN 20 billion by the end of 2029;
- shortening the portfolio lead time (needed to reach break-even) by 20% to four years;
- raising the recoveries per FTE ratio by 50%, including through automation and development of self-payer solutions for clients;
- lowering the ratio of operating costs to recoveries in the purchased portfolio business, driven by continuous process improvements, economies of scale, and technological advances;
- achieving ROE of approximately 20%. However, should the KRUK Group become subject to the GloBE tax, ROE may fall below this level;
- sustained profit growth, both within the strategy period (driven by expected recoveries from existing portfolios combined with market opportunities for new investments) and in the long run (with major benefits from the digital transformation expected post-2029);
- investing approximately PLN 500 million in the digital transformation over five years, targeting a minimum 20% IRR and achieving break-even beyond the strategic horizon (post-2029);
- minimal workforce expansion, to no more than 4 thousand FTE by the end of the strategy period (from the current 3,5 thousand FTE), despite nearly doubling investments and handling over 50% more cases.

The KRUK Group has also identified additional growth potential beyond the base scenario, which may be driven by:

- higher recoveries from existing portfolios achieved through continuous process improvements or favourable macroeconomic trends;
- accelerated benefits from the digital transformation;
- faster expansion of the primary market for unsecured retail debt (relative to conservative base-case assumptions);
- expansion of the secondary market for unsecured retail debt;
- higher investments or higher-than-expected returns on unsecured retail portfolios, driven by ongoing consolidation within the sector;
- increased investments in corporate, SME, and mortgage debt (non-core debt assumed to remain capped at 25% of the total portfolio value);
- higher investments in the French market. The base-case scenario assumes conservative expansion, but if operational efficiencies are confirmed and the market continues to expand, the market could contribute more significantly to the KRUK Group's investment plans;
- entry into new markets beyond France, with expansion driven by factors such as population size and the scale of local banking sectors;
- further growth of the consumer lending business in Poland and other markets.

To strengthen the KRUK Group's management of climate change, social matters, and corporate governance, we are integrating sustainable development into our business strategy.

The goals outlined in the ESG Strategy for the KRUK Group in 2023 will be reviewed in 2025 to ensure alignment with the new business strategy and results of the double materiality assessment carried out in 2024.

### **6.3. Major research and development achievements**

In 2024, the KRUK Group embarked on numerous development projects, with a keen focus on its continuing digital transformation journey. These efforts included the improvement of the existing suite of online tools, the automation of processes – especially those associated with litigation and enforcement activities – and the advancement of business analytics. Concurrently, the organisation's expansion was matched with a strengthening of its cybersecurity measures. For details, refer to section 6.1 '*Execution of the Strategic Plan 2019-2024*'.

## 7. RISK FACTORS AND THEIR MANAGEMENT

The risk management policies operated by the KRUK Group are designed to:

- identify and analyse the Group's risk exposures;
- identify appropriate controls, including limits and procedures; enable control and monitoring of risk levels and the progress on implementing the risk management strategy.

The risk management policies in place at the Group are regularly reviewed to ensure that they reflect the market trends and developments at a given time, as well as changes in the Group's legal and regulatory environment. The Management Board is responsible for defining risk management procedures and overseeing their implementation.

Using such tools as training, management standards and procedures, and well-defined internal controls, the Group seeks to build a control environment in which all employees understand their respective roles and responsibilities.

The Group's internal control, risk management, compliance and internal audit system is effective and fits the profile and scale of its companies' operations.

In 2024, in response to the Corporate Sustainability Reporting Directive (CSRD) and its implementing regulations, the KRUK Group conducted a double materiality assessment as part of its sustainability reporting preparations. This assessment identified a range of risks associated with material sustainability matters, specifically in the areas of social and governance factors. The identified ESG risks are cross-cutting and complex, encompassing operational, reputational, and legal risks. Some of them require integration into the Group's existing formal risk management framework and alignment with the ESG Strategy, which is set for revision in 2025. This will enable a more structured and cohesive approach to risk identification, assessment, and management, while enhancing transparency in the Group's sustainability efforts.

In this section, these risks are collectively referred to as the ESG Risk and are outlined below. For a comprehensive discussion of their impact and management strategies, see section 10 'Consolidated sustainability statement of the KRUK Group'.

The long-term objective of incorporating the ESG Risk into the Group's broader risk management system is to ensure that it becomes an integral part of the existing risk categories, rather than forming a standalone risk category.

**The Management Board identifies the following material risks and risk management methods:**

RISK	DESCRIPTION OF RISK AND ITS EFFECTS IF MATERIALISED	HANDLING METHOD (MANAGEMENT STRATEGY)
<b>Risk of failure to meet strategic objectives</b>	<p>There is a risk that the Group may not fully achieve its objectives. Key potential risks include:</p> <ul style="list-style-type: none"> <li>• Lower-than-expected investments and/or IRR returns on planned portfolios (e.g. due to inaccurate portfolio valuation).</li> <li>• Recoveries falling short of management targets could limit the potential for positive revaluations or even result in write-offs.</li> <li>• Delays in and/or higher-than-expected costs of implementing the digital transformation strategy.</li> </ul>	<p>The risk of failure to deliver the strategic objectives is managed primarily through:</p> <ul style="list-style-type: none"> <li>• Operationalisation of the long-term strategy into the annual plans of individual Group companies, specifying the objectives, methods of achieving them and necessary resources;</li> <li>• Regular monitoring of both results (the extent to which the objectives have been achieved) and progress in the implementation of the planned activities at</li> </ul>

- Failure to establish a strong presence in France.

Several factors could adversely impact the KRUK Group's ability to achieve strategic objectives, including:

- business environment, e.g. deteriorating macroeconomic conditions, particularly affecting consumers, which could negatively impact collection rates;
- market dynamics and competitor activities;
- reduced access to external financing;
- adverse regulatory changes or interpretations, including actions by supervisory authorities (e.g. greater-than-anticipated impact of GLOBE tax-related regulations);
- unfavourable shareholder decisions;
- errors by persons responsible for the definition or execution of the Group's strategy;
- events of force majeure.

The expansion and development of the KRUK Group's business require significant financial expenditures in some cases. If initiatives taken yield lower-than-expected profitability or take longer to materialise, these expenditures may not be fully offset by revenue from collections on purchased portfolios, credit management services, or loan sales.

Delays in achieving the Group's strategic objectives within the assumed time frame or the occurrence of any of the above-described circumstances may have a material adverse effect on the Group's operations, financial condition or results. There can be no assurance that the Group will maintain or improve its historical results and therefore the Group's historical results should not be treated as indicative of its future performance.

the level of the Group companies and the Management Board.

The Group also takes steps to prevent the risk of incorrectly defining its strategic goals and objectives. In annual cycles, as the Business Plan for the following years is prepared, the Group carries out a strategic analysis, which involves a review of opportunities and threats in the macroeconomic environment (e.g. political, legal, and economic factors) and the market environment as well as analysis of the organisation's strengths and weaker areas. Results of the analysis are then used to either confirm or update the strategy.

#### **Risk of error in estimating the value of acquired debt portfolios**

In the course of its operating activity, the KRUK Group purchases debt portfolios for its own account. If purchased debt portfolios do not generate expected cash flows over specified time horizons it may be necessary to make a downward revaluation of the portfolios. The risk is relatively higher on new markets, where the Group is yet to gain experience. An additional driver of the risk is potential fluctuations of foreign exchange rates, which may increase or decrease PLN income from foreign-currency portfolios (currency risk).

Based on its many years' experience, the Group has developed a system for analysing and assessing that risk. The key tools making up the system are as follows:

- Detailed analysis and estimation of the risk as at the date of purchasing a given debt portfolio, based on advanced economic and statistical tools (the results of the analysis and estimation are reflected in the price offered in the auction);
- Quarterly revaluation of the debt portfolios held;
- Purchasing various types of debt, with various degrees of difficulty and delinquency statuses.

Having acquired by the end of 2024 more than 2,000 debt portfolios and having carried out an average of several hundred debt portfolio valuations annually, the KRUK Group has gained extensive experience in estimating the values of such portfolios. The information base it has compiled helps mitigate the risk of incorrect estimate of the value of purchased debt portfolios.

**Risk of material decline in recoveries from purchased debt portfolios**

Purchase of debt for the Group's own account means that the Group assumes the risk of non-payment by indebted persons. This risk is particularly pronounced if the amounts of individual debts in a purchased portfolio represent a substantial portion of the total expected recoveries. Additional risk may be generated by the growing number of consumer bankruptcies. As at the date of this Report, the KRUK Group held no single debts whose expected recoveries would constitute a substantial portion of the Group's total expected recoveries and whose non-payment could have a material adverse effect on its liquidity, but no assurance can be given that such a situation will not occur in the future.

There are no individual cases managed by the Group repayments under which would represent a significant portion of total recoveries. Repayments in mass collection processes relate to a number of clients and are made independently. However, by monitoring the day-to-day repayment records, the Company is able to control the risk related to a material decline in recoveries from debt portfolios.

**Risk of increased costs of the Group's business**

Financial results of the KRUK Group are affected by a number of cost factors over which the Group has no control or only limited control, including in particular cost of salaries, court costs, tax costs and prices of purchased debt. In the event that any increase in costs is not accompanied by a growth of the Group's revenue, there is a risk that the Group's financial condition might deteriorate.

The Group's costs are capped in the budget approved by the Supervisory Board on an annual basis. Every manager is assigned a precisely defined share of total budgeted expenditure, corresponding to their remit. Significant costs in excess of the budget cap that will affect future economic benefits in each case require approval by the Management Board (if the budget is exceeded only within a specific remit) or by the Supervisory Board (if such additional costs result in exceeding the budget assumed for the entire KRUK Group).

Additionally, both costs and the ratios of costs to recoveries are monitored by the KRUK Group's Management Board on an ongoing basis. Thus, it is possible to early identify factors that could lower efficiency and to take appropriate corrective actions.

**Operational risk**

The KRUK Group is exposed to the risk of incurring losses due to faults in internal processes, personnel misconduct, internal system malfunctions, and external incidents. Major sources of operational risk include employee turnover, employee mistreatment, inadequate operational efficiency affecting the continuity, availability, integrity, or quality of the Company's operations, assets, or human resources, supplier misconduct affecting service delivery, operational constraints due to supply chain disruptions, and harmful actions, whether wilful or negligent, by employees, customers, trading partners, or third parties, including instances of fraud and embezzlement.

To monitor and mitigate operational risks, the KRUK Group has implemented various measures, such as procedures for ensuring alignment, proper recording, and oversight of business operations, contingency planning, mandatory training programmes, and systemic controls to enforce or restrict specific actions.

**Risk associated with ICT system data processing reliability**

The KRUK Group is susceptible to business continuity disruptions due to potential disturbances in its IT infrastructure, which might be targeted by cyber-attacks or experience internal dysfunctions. Such incidents could adversely affect the confidentiality, integrity, or availability of information processed by these systems.

To address this risk, the KRUK Group implements several strategies:

1. A dedicated Cybersecurity Area was established within the remit of the KRUK S.A. Management Board Member, Chief Data & Technology Officer, which is instrumental in developing the Group's cybersecurity strategy. The Team works closely with Group companies across its geographies, providing guidance, coordination, and uniformity in response efforts. Utilising state-of-the-art tools and technologies to monitor, detect, and swiftly react to any threats, the Team promptly identifies potential risks.

2. Routine audits and penetration testing ensure the security measures in place are continuously assessed for their effectiveness. This includes both internal



audits and leveraging external experts for comprehensive penetration tests.

3. Ongoing employee training programmes aim to heighten awareness of potential cyber threats and enhance preventative skills.

4. Rigorous management of supplier-related risks through effective outsourcing procedures, ensuring that all essential services meet the KRUK Group's high quality standards.

5. The Group leverages cutting-edge cybersecurity technologies, including advanced data encryption and other safeguards against unauthorised data access.

#### Legal risk

For the KRUK Group, legal risk encompasses the risk of an unfavourable outcome of a dispute with a third party as a result of legal defects or errors in the relationship therewith, risk of adverse decisions by courts or other authorities, including imposition of fines for violation of debt management laws or regulations, evidentiary risks, and the risk of exposing critical information related to contracting or granting POAs or other authorisations.

Legal risk is vigilantly monitored through regular reporting and review of court cases or other legal actions intended to bring amicable settlement of disputes with third parties. The KRUK Group employs a range of controls to mitigate this risk, including specific procedures, guidelines, and an IT system dedicated to contract and POA management. This system incorporates features that either compel or prevent certain actions by employees who initiate the execution of a contract or grant of a POA or other authorisation.

#### Risk of changes in the external environment, particularly in the legal and macroeconomic environment

The risk of changes in the external environment mainly includes changes in the legal and regulatory environment as well as changes in the macroeconomic and social environment, changes in the banking and financial sectors, and the activities of competitors.

Legislation and regulatory requirements applicable to the KRUK Group's business, in particular laws and regulations governing issuance of and trade in securities, shareholders' rights, foreign investments, company activities and corporate governance, business activities, including consumer bankruptcy, as well as tax reliefs and benefits available to investment funds, have been and may be amended. No assurance can be given that legislative amendments directly affecting, or having an impact on, debt collection will not be introduced in the markets where the Group operates. In addition, as these regulations are open to a range of interpretations, there exists a risk of their inconsistent application by the judiciary and public administrative bodies. Therefore, the KRUK Group can give no assurance that its interpretations of Polish laws, as well as the laws of the other countries where the Group operates, will not be subject to dispute. These considerations may adversely affect the KRUK Group's operating performance, financial position, and/or reputation. In analysing the legal environment, it is crucial to take into account EU legislation that spans various aspects of economic life, especially in competition, financial services market, consumer rights, fair trading practices, consumer contract terms and conditions, tax regulations in individual member states, personal data protection, etc.

The low level of legal and financial literacy among the public may lead to misinterpretation of the law and widespread belief that debts do not need to be repaid. This may have a negative impact on the perception of activities conducted by professional debt management companies, which operate in

The Group has developed and implemented a procedure for monitoring changes in legislation and regulatory requirements. The Group prepares for any expected changes in advance by conducting a thorough analysis of any draft laws or regulations proposed and assessing their economic impact on the Group, as well as by developing, if required, a plan to implement relevant changes to the business to ensure compliance. The KRUK Group also monitors court judgments and administrative decisions issued by authorised entities. Typically, administrative decisions and court rulings do not constitute a source of universally applicable law and are not binding beyond the specific cases for which they are issued. However, they do influence the development of statutory construction and application practices.

The Group companies are members of various organisations and associations, which gives them the opportunity to express their opinion and comment on proposed legislative or regulatory changes through forums provided by such bodies and also to exchange knowledge with other industry players.

In order to reduce the risk of low financial literacy, the KRUK Group engages in initiatives aimed at raising financial literacy among the general public. These initiatives include publication of advice articles, running public awareness campaigns in the press and on the Internet, providing various social groups with educational materials on home budget planning and ways of getting out of debt, and collaboration with various independent experts, social welfare institutions and centres and non-profit organisations. The KRUK Group analyses macroeconomic conditions and changes in the banking and financial sectors on an ongoing basis. Having no direct control of the changing environment, the Group aligns its business model with the changing conditions. Thanks to debt

accordance with the applicable laws, ethical standards and social norms, ultimately affecting debt recovery rates.

Changes in the macroeconomic environment have a direct impact on the Group's operations in terms of its debt purchasing capacity, the supply and quality of debt portfolios offered for sale, costs of the Group's operations, recovery rates, and lending activity.

Changes in the banking and financial sectors have a direct impact on the propensity of original creditors to sell debt and on the terms on which the Group purchases debt portfolios and raises debt finance, including through bond issues.

Entities such as the KRUK Group, active in international markets, face the risk of political changes affecting the law-making and law enforcement processes. Such changes may have a negative impact on the economic conditions prevailing in a given market and, consequently, the profitability of investments.

Competitor activity has a direct impact on the KRUK Group, from rivalry in the debt buying process, through the implemented debt collection processes, to perception of the industry through the lens of what competitors do.

portfolio acquisitions, the KRUK Group has constant access to funding (recoveries from debt portfolios) and may purchase larger amounts of debt on more favourable terms when the macroeconomic landscape deteriorates. An improvement in macroeconomic conditions, on the other hand, drives up recoveries, as do various governmental welfare measures, allowances and family support schemes.

The KRUK Group monitors its own market position and that of its competitors on an ongoing basis, including reviewing information on any business practices applied by others that have been challenged by competition and consumer protection regulators or personal data protection authorities.

## Credit risk

Credit risk is the risk of financial loss if a client or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is chiefly associated with purchased debts, receivables for the services provided by the Group and loans it advances. Factors with the strongest effect on the scale of the Group's credit exposure include in particular:

- investments in debt portfolios,
- loans,
- trade and other receivables.

Additional risk may be generated by the growing number of consumer bankruptcies.

The key tool used by the Group in order to mitigate credit risk is pursuing an appropriate credit policy vis à vis its clients, which includes, among other things:

- Assessment of a client's creditworthiness prior to proposing payment dates and other terms of cooperation;
- Regular monitoring of timely payment of debt;
- Maintaining a diversified client base.

The KRUK Group analyses the risk attached to the debt portfolios it purchases using advanced tools of economic and statistical analysis and its long-standing experience in this respect. It purchases debts of various types, with different degrees of difficulty and delinquency statuses. Debt portfolio valuations are revised on a quarterly basis.

As at the date of this Report, the KRUK Group holds no single debt whose non-payment could have a material adverse effect on its liquidity, but no assurance can be given that such a situation will not occur in the future.

## Market risk (currency risk and interest rate risk)

Market risk is the risk of impact of changes in market prices, such as foreign exchange rates and interest rates on the Group's results or on the value of financial instruments held and investments made by the Group. The Group's exposure to currency risk results from foreign investments (both past and current) in portfolios denominated in foreign currencies. If there is no access to financing denominated in a given currency, such investment may partly be financed with debt contracted in a different currency, resulting in a mismatch between

The objective behind market risk management is to maintain and control the Group's exposure to currency and interest rate risks within assumed limits so as to:

- maintain a stable financial position in the long-term;
- mitigate the liquidity risk;
- reduce the impacts of market risk on profit or loss;

the currency of the proceeds from such investment and the currency of recoveries. This gives rise to a risk that the Group may incur additional costs related to currency conversion or the Group's liquidity may deteriorate due to adverse changes in foreign exchange rates. The Group is also exposed to the risk of deterioration in its financial results due to unhedged currency exposures (the risk of incurring foreign exchange losses).

The Group's debt is denominated in the zloty and euro (credit facilities and bonds), based on floating interest rates, and therefore the Group is exposed to interest rate risk. The Group has identified exposure to the risk of an increase in the WIBOR and EURIBOR interest rates. There is a risk that the Group may incur additional finance costs (higher debt service costs) as a result of an increase in interest rates, which in turn are driven by changing conditions on the financial markets.

- mitigate the risk of non-compliance with financial covenants under credit agreements and bond issue prospectuses.

To this end, the Group follows and periodically reviews its foreign exchange risk and interest rate risk management policies. The Group uses financial instruments to hedge its interest rate risk and currency risk.

In the process of market risk management, the Group selects optimum financing sources for its planned investment projects, analyses macroeconomic trends and monitors changes in its key currency exchange and interest rates. The Group periodically identifies and monitors the value of unhedged positions exposed to changes in foreign exchange rates and interest rates, monitors the impact of these changes on the Group's profit or loss, and measures currency risk and interest rate risk. Under master agreements with banks, the Group may also enter into derivative contracts to hedge the currency and interest rate risk. The market risk management objectives are achieved through efforts implemented at the individual Group entities in Poland and abroad, with the efforts coordinated by the Company as the entity responsible for market risk identification and the methodology of its management.

## Liquidity risk

Debt portfolio purchases involve making large one-off payments. To secure the necessary funding for its debt portfolio purchases, the Group relies on external financing in the form of bank borrowings or bonds. The KRUK Group uses and intends to use in the future bank loans, bonds and other debt instruments to finance purchases of debt portfolios. The Group also enters into lease arrangements to finance investments in property, plant and equipment. Any material deterioration in the Group's liquidity may result in the Group being unable to repay principal and interest or fulfil other obligations under the credit facility agreements it has concluded or under debt instruments in issue. If the Group fails to meet the terms of the loan agreements it has signed, the Group companies' debt under bank loans may be accelerated, in whole or in part, and in the event of failure to repay the debt financial institutions will be entitled to enforce their claims against the collateral created over the Group's assets. If the Group defaults under the terms and conditions of bonds it has issued, it may be obliged to redeem such bonds early.

The Group's liquidity risk management policy is designed to ensure that the Group's liquidity is sufficient to meet liabilities in a timely manner, without exposing the Group to a risk of loss or damage to its reputation.

Liquidity risk management tools used at the Group include:

- Regular monitoring of cash needs and expenses;
- Flexible management of cash flows between the Group entities;
- Conducting collection activities on an ongoing basis, ensuring continuous cash inflow;
- Ensuring the Group's compliance with financial covenants under credit facility agreements and debt instrument issues;
- Use of external sources of funding, in the form of bank borrowings or bonds.

## Risk relating to large-scale personal data processing by the Group

The Group's business involves processing of personal data transferred to the Group by creditors who outsource credit management services or sell their debts to the Group. This means that in accordance with applicable regulations and agreements in force, the Group receives client data from third parties, and no assurance can be given that the data is accurate. If incorrect data is transferred to the Company, there is a risk that it may relate to a person other than the actual indebted person, which may potentially lead to an increase in the number of complaints or grievances registered with the authority which supervises

The KRUK Group has developed procedures and implemented in its IT systems mechanisms designed to reduce the risk of unlawful processing of personal data, as well as the risk for the rights and freedoms of data subjects, including the risk of violations. In each country where it operates, the Group has appointed Personal Data Protection Officers, who are also supported by GDPR specialists. The Group has in place a number of processes and procedures for handling data protection incidents and breaches, evaluating suppliers who are concurrently entrusted by the Group with the data processing,

personal data processing. As the processing of personal data takes place in many processes and on a large scale, there is a risk of human error or system failure that may lead to personal data breaches, including data leakage, alteration or loss.

and for responding to GDPR requests, conducting and planning GDPR audits, etc. The Group organises employee training and awareness-raising activities. In addition, the KRUK Group cooperates with local industry organisations to develop the best standards for managing the risk related to personal data processing.

**Risk related to related-party transactions**

The Company and the Subsidiaries have entered and will continue to enter into transactions as related parties. In the Company's opinion, all such transactions have been executed at arms' length. However, there can be no assurance that the transactions will not be challenged by tax authorities, which could result in higher tax liabilities of the Company and the Group.

Any significant transaction to be concluded with a related party within the Group is preceded by detailed analyses of its legal and tax aspects in order to minimise the risk involved.

**Compliance risk (risk of failure to comply with laws or regulations, internal policies, or market standards in performance of operational or business processes)**

The nature of the KRUK Group's business requires that we monitor changes in the legal and regulatory environment on an ongoing basis. Legislative and regulatory activity in the markets where the KRUK Group operates may give rise to both opportunities for and threats to individual Group companies, and failure to ensure compliance with new or amended laws or regulations, or to do so in a timely manner, may result in a violation of legal or regulatory requirements, regulator guidelines or industry standards.

The Group companies have developed and implemented policies, procedures and mechanisms to manage and mitigate compliance risk. To this end, the Group:

- monitors proposed draft and new legislation and interpretations of existing laws and regulations by public administration bodies and courts;
- monitors regulatory bodies' guidelines and recommendations;
- monitors KRUK Group companies' activities to identify any activity which could be considered an unfair market practice or as infringing collective consumer interests;
- has introduced standardised procedures to handle particular situations and cases, whose observance by employees is monitored for any departure or error;
- manages potential conflicts of interest and corruption-related issues, and to that end has implemented a Conflicts of Interest Management Policy, a Gift Policy and an Anti-Corruption Policy which, in combination with compliance risk management regulations, make up a system for analysing, monitoring, and reporting any irregularities or misconduct;
- has aligned its operations with the requirements on the protection of persons who report breaches of law;
- continued its activities to strengthen employee engagement in the Compliance system, including the implementation and updating of internal regulations and employee training through regular newsletters and communications.

Relations with clients (indebted persons) are at the core of the KRUK Group companies' business, from the debt collection process to marketing activities intended to promote products and services offered by the Group companies or further improve the Group's image. The specific nature of the Group's business raises the possibility that a competent consumer protection or similar authority might find that some of KRUK's business practices infringe on collective consumer interests, qualify as unfair market practices, or involve the use of unlawful contractual provisions (unconscionable or abusive provisions).

In view of the number of our clients and the load of both purchased and outsourced debt cases that we handle, it is necessary to ensure that processes run by Group companies are standardised and to mitigate the risk of arbitrariness in the treatment of clients or the risk of their unequal treatment. Any biased treatment of a client or unwarranted deviation from a standard process as prescribed by internal regulations may give rise to complaints or client dissatisfaction and adversely affect the Group's ability to achieve its strategic and business objectives.

Conflicts of interest may arise on a number of levels, including between a Group company and its clients, between clients and employees, and between the company and its Business Partners. KRUK Group companies have in place rules for managing conflicts of interest. Failure to identify or take action to manage a conflict of interest, or to implement measures recommended to mitigate an actual or potential conflict, may have negative consequences if such conflict actually arises or continues.

KRUK Group companies have put in place anti-money laundering (AML) and counter-terrorism financing (CTF) policies and procedures. Furthermore, they train employees to identify suspected money laundering or terrorism financing transactions. Internal regulations for managing sanction risk have been put in place, and as a result, KRUK Group companies are prohibited from establishing or maintaining business relationships with any parties that are subject to international sanction regimes or are connected to such parties. These regulations

KRUK Group companies have adopted a policy of zero-tolerance for any incidents of corruption. All employees, associates and members of the

governing bodies of each Group company are required to refrain from any activity that could violate this policy. Proper identification and management of corruption incidents forms part of the KRUK Group's organisational culture and is designed to ensure that KRUK Group companies comply with anti-corruption laws and ethical standards as well as with the highest standards of transparency in business.

Engaging in business relationships responsibly requires compliance with laws designed to prevent money laundering and the financing of terrorism, alongside adherence to international sanction regimes. All compliance initiatives are aligned with the local legal frameworks in the jurisdictions where the Group companies are based. In addition, the Group companies have implemented controls to mitigate client and transaction risks, applying diligent efforts to screen entities which they wish to avoid engaging with, such as those from countries with opaque legal and political environments, entities that could pose a risk to their reputation, or those operating in violation of generally applicable laws or regulations or placed under international sanctions.

Another risk identified as inherent to the Group companies' operations relates to their non-compliance with the relevant legal requirements under the Market Abuse Regulation (MAR) or misapplication of corporate governance laws, regulations, or by-laws, particularly regarding the responsibilities of governing bodies, establishing and shaping legal relationships with their members, and conducting a timely and thorough process of notifying governing body appointments to competent regulatory authorities.

include a dedicated mechanism to continuously screen business relationships and partners, ensuring full compliance with the applicable sanction regimes.

To address governance risk, internal policies and procedures have been introduced, which define the rules of procedure and operation and decision-making processes of Group companies' governing bodies. This includes the creation of standard management service contracts, resolution templates, procedures for corporate consents, and guidelines for drafting by-laws and other internal legal documents.

## Reputational risk

The KRUK Group's business involves a risk of damage to or loss of reputation among clients, trading partners, shareholders, and investors, which may affect the organization's current or future revenue and result in negative publicity. Negative publicity may undermine the Group's credibility in the eyes of its current or potential trading partners and, consequently, may have a negative effect on its financial performance and ability to pursue strategic objectives.

As the leader of the debt management market, the KRUK Group is also exposed to the consequences of unethical conduct of other debt management companies, which tend to be attributed to the entire industry, in particular the most recognisable operators on the market.

The Group's business involves managing debt owed by natural persons. It should therefore be borne in mind that some of those persons are in difficult financial and personal circumstances, suffer from ill health or experience problems in their families or work. Among indebted persons that the KRUK Group deals with are people going through a mental health crisis, including some who may indicate that they are contemplating suicide. All this gives rise to the risk of bad publicity around debt collection activities carried out by the KRUK Group.

The Group makes every effort to build a positive image of the entire debt management industry and all of the KRUK Group companies. Therefore, the Group undertakes initiatives aimed at enhancing the positive image of its brand. These include:

- information and media campaigns targeted mainly at indebted individuals,
- educational campaigns in Poland and abroad, including publication of materials promoting financial literacy in the Internet, press, radio and television,
- educational series on the role of professional debt management firms in the economy, their ethical standards, and emphasis on security, especially in the era of widespread digitisation across the financial sector, published in national, advisory, and regional press in Poland, Romania, Italy and Spain;
- press releases, consumer advice articles, podcasts and individual statements and comments from experts;
- participation of the KRUK Group's experts in industry conferences as speakers;

- representation of the Group at prestigious economic and financial sector events, as well as cross-sector forums focusing broadly on economic topics such as sustainable development or digitisation;
- cooperation with independent industry associations and membership of cross-sector organisations;
- cooperation with independent organisations that support and represent the interests of consumers and businesses, including the debt collection business;
- cooperation with the media, responding to media inquiries but also distributing curated press materials;
- participation in charitable initiatives and social responsibility efforts, such as mental health awareness programmes, disaster relief (e.g. support for those affected by the 2024 floods), and assistance for vulnerable communities;
- sponsorship of cultural events, broadening the KRUK Group's engagement with diverse audiences and strengthening its corporate reputation;
- training, educational materials for indebted persons, and media content – including videos, press articles, and influencer collaborations – focused on financial literacy, debt management, and practical budgeting strategies;
- partnerships with non-profit organisations dedicated to financial education, including those targeting individuals at risk of debt and young people who lack access to financial literacy programmes in schools;
- putting in place procedures and implementing in IT systems mechanisms for risk management and prevention and for mitigating the effects of any materialised risks, including mechanisms minimising the risk of illegal processing of personal data;
- monitoring the media for coverage of the industry at large and the KRUK Group and responding appropriately when needed;
- instruction for dealing with clients experiencing a mental health crisis, and cooperation with the Psychological Support Centre;
- training, instructions, manuals, scripts for field and CC advisers concerning client interactions, including protocols for handling clients in psychological distress and updates on legislative changes;
- managing information security incidents;
- regular voluntary participation in the ethics audit conducted by the Ethics Committee of the Association of Financial Companies in Poland to check compliance with the Code of Best

Practice for Debt Collection Companies, adopted by the KRUK Group;

- regular surveys to gauge the perception of the KRUK brand as well as the satisfaction of clients and business partners with cooperation with the KRUK Group.

#### ESG Risk

- With respect to the topic of own workforce: risks related to workplace safety, workers' health, and fair wages.
- With respect to the topic of affected communities: risks associated with protecting the rights of indebted persons
- With respect to the topic of consumers and end-users: risks related to ethical debt collection practices, cybersecurity, client data protection, and ensuring the continuity of communication systems and tools for clients
- With respect to the topic of corporate governance: risks related to ethical business practices, as well as the responsible selection of debt portfolios and clients.

The ESG Risk management is based on measures detailed in section 10 *'Consolidated sustainability statement of the KRUK Group'*.

Failure to effectively manage material risks within these topics may result in a loss of stakeholder trust, legal sanctions, as well as long-term financial and reputational damage.

## 8. CORPORATE GOVERNANCE

### 8.1. Statement of compliance with corporate governance standards

Since 26 July 2021, the Company and its governing bodies have complied with the corporate governance principles as set out in Best Practice for GPW (WSE) Listed Companies 2021 adopted by the WSE Supervisory Board under Resolution No. 13/1834/2021 of 29 March 2021 (Best Practice 2021). The commitment to adhere to Best Practice 2021 has been declared by all governing bodies of the Company.

On 26 July 2021, the Management Board of KRUK S.A. passed Resolution No. 142/2021 to adopt a statement of compliance with Best Practice for WSE Listed Companies 2021. The statement was subsequently updated by Management Board Resolution No. 54/2023 of 17 April 2023. The Supervisory Board of the Company also declared its commitment to the corporate governance principles as set out in Best Practice 2021, via Resolution No. 41/2021 of 29 July 2021. As regards the principles applicable to General Meetings, Company shareholders made a corresponding declaration in Resolution No. 7/2022 of the Extraordinary General Meeting of KRUK S.A. held on 16 November 2022.

The scope of compliance by the Company with the corporate governance principles under Best Practice 2021 was also specified in EBI Report No. 1/2021 and EBI Report No. 2/2023, dated 29 July 2021 and 17 April 2023, respectively.

For details on the Company's compliance with the Best Practice 2021, including the text of the compliance declaration specifying the scope of the Company's adherence to these principles, as well as all EBI reports, see the Company's corporate website at <https://en.kruk.eu/investor-relations/code-of-the-best-practices-of-companies-listed-on-the-warsaw-stock-exchange#best-practices-of-companies-listed-on-the-warsaw-stock-exchange>

The Company also complies with corporate governance requirements arising under:

- Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (the "MAR");
- Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated 29 March 2018 ("Regulation on Current and Periodic Information");
- The Warsaw Stock Exchange Rules;
- Commission Recommendation of 9 April 2014 on the quality of corporate governance reporting ('comply or explain') (2014/208/EU).

#### Applied Set of Corporate Governance Principles

Since 26 July 2021, the Company has complied with the corporate governance principles for companies listed on the WSE Main Market – Best Practice for GPW (WSE) Listed Companies 2021 (Best Practice 2021), as attached to WSE Supervisory Board Resolution No. 13/1834/2021 of 29 March 2021.

The document is available for download on the WSE corporate governance website (<https://www.gpw.pl/best-practice2021>).

In 2024, the Company declared its commitment to adhering to Best Practice 2021, except for specific principles detailed below, from which it has opted out. Moreover, the Company provides insight into its application of the



corporate governance principles under Best Practice 2021 it has chosen to follow, particularly in areas of paramount importance to shareholders, investors, and other stakeholders.

In fulfilling principles 1.1 and 1.6, KRUK operates a corporate website that serves as a hub for essential information about the Company. This includes details on its governing bodies, significant events, financial performance, strategic direction, key corporate governance and ESG issues, and both past and future corporate events. The Company is committed to maintaining open communication with the market, hosting at least quarterly earnings calls to discuss its performance, strategy implementation, key events, and future outlook. Recordings of these earnings calls are additionally made available on the corporate website. KRUK actively engages in investor conferences and roadshows, creating opportunities for direct interactions between Company representatives and professional investors. The conference and roadshow calendar is accessible on the corporate website for easy reference. In addition, aiming to cater to individual investors, the Company holds interactive web chats with its Management Board Members.

In line with principle 1.2, the Company strives to prepare and release a full periodic report as soon as practicable after the conclusion of each reporting period. Moreover, by the 10th day of the calendar month following the reporting period, the Company issues management discussion and analysis of the Group's performance, featuring operating highlights. The Company, under certain circumstances, may also release preliminary financial estimates ahead of the publication of a final periodic report. The periodic reporting schedule is communicated by the end of January each year.

On 17 April 2023, the Company released a statement of compliance with principle 1.3 and principles 1.3.1–1.3.2. The KRUK Group's ESG strategy, integrated into its broader business strategy, was formally adopted by the Management Board in January 2023. The primary workforce-related goals include gender equality, pay equity, employment of individuals with disabilities, and the implementation of the Diversity, Equity, and Inclusion (DEI) Programme. As at the end of 2024, 63% of the KRUK Group's workforce were female and 37% were male, with the representation of women in director positions at 58%. The Gender Equal Pay Gap across the Group stood at 0.6%, and employees with disabilities made up 2.2% of the total workforce. By the end of 2024, 90% of all employees had completed diversity and inclusion training. The Group's social responsibility goals focus on enhancing financial and digital inclusion, supporting financial and digital literacy and behavioural change, while encouraging employee engagement in community initiatives. In pursuit of these goals, the KRUK Group continued its long-term commitment to financial education. As the initiator of the Day Without Debt campaign, the Group organised a range of educational activities in Poland, Romania, and Italy, raising awareness about debt and promoting financial literacy. Efforts in the governance area were centred around compliance, cybersecurity, and data protection. In the environmental area, while the Scope 1 emissions reduction target was not met in 2024, the Group surpassed its ambition for Scope 2 emissions, achieving a significant reduction of over 70%, well ahead of its 2040 ESG Strategy target, thanks to the use of renewable energy.

With the introduction of the new business strategy for 2025–2029, the current ESG Strategy will be revised in 2025 to align with the emerging challenges.

In compliance with principle 2.3, the Company ensures that candidates to the Supervisory Board, upon applying for appointment, and its existing Members, at least once a year, submit to the other Members of the Supervisory Board and to the Management Board representations on meeting the independence criteria as defined in the Act on Statutory Auditors, Audit Firms, and Public Oversight of 11 May 2017 (Dz.U. of 2017, item 1089, as amended; the "Statutory Auditors Act"), and on the absence of any actual and material links between them and any shareholders holding 5% or more of total voting rights in the Company.

In committing to principles 2.4 and 2.5, the Company confirms that it has included specific provisions on the Supervisory Board and Management Board voting processes in the Company's Articles of Association and the rules of procedure for each of these governing bodies.

As per principle 2.11, the Company guarantees that its Supervisory Board's annual reports to the General Meeting comprehensively address all matters specified in principles 2.11.1–2.11.6.

In line with the principles detailed in Part 4 of Best Practice 2021, the Company enables shareholders and their proxies to attend General Meetings via electronic means so as to ensure the widest possible shareholder engagement in General Meeting deliberations. The Company's governing bodies, including the Supervisory Board and the General Meeting, have committed to following the Best Practice 2021 principles applicable to them.

Following principles 6.4 and 6.5, the Supervisory Board operates on an ongoing basis, and the remuneration of its Members does not depend on the number of meetings attended or the short-term financial performance of the Company.

### Corporate governance standards which the Company elected not to comply with

On 17 April 2023, the Company released a statement explaining that, despite continued non-compliance with principles 1.4.1 and 1.4.2, details about KRUK S.A.'s business strategy, its measurable goals, planned implementation actions, and status of its delivery remain publicly available on the KRUK corporate website, and discussion on any progress in implementing the strategy is included in Directors' Reports, which are posted on the same website. Explaining non-compliance with principle 1.4.1, the Company stated that the ESG Strategy set forth climate change adaptation goals for the years 2023–2040 and plans to continue work on ESG risk identification and management in the Company's and the Group's operations. In 2024, the Company was executing the ESG Strategy for the KRUK Group, including climate change adaptation goals for the years 2023–2040. The KRUK Group has been measuring its carbon footprint according to the GHG Protocol methodology for Scope 1 and 2 emissions since 2021. In 2024, for the first time, the Group also calculated its Scope 3 emissions, expanding its environmental impact assessment. Explaining its non-compliance with principle 1.4.2, the Company pointed out that it had already implemented the ESG Strategy for the KRUK Group, which includes a commitment to achieving full gender pay equity across all KRUK Group companies by 2025. Additionally, ongoing efforts are in place to identify ESG risks and develop risk management frameworks for both the Company and the Group. As at the end of 2024, the Gender Equal Pay Gap (EPG) for the entire Group stood at 0.6% (adjusted pay gap).

The Company elected not to comply principle 2.1, whereby companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%. In its non-compliance explanation, the Company pointed out that, despite lacking a formal Management and Supervisory Board diversity policy, it still satisfies women's representation criteria, with women holding 58% of all managerial positions at the Company and accounting for 41% of the membership of its Management and Supervisory Boards. For the same reasons, the Company elected not to comply with principle 2.2, whereby decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1. However, despite formal non-compliance with principle 2.1., the Company explained that it satisfies the criteria for women's representation as women hold 58% of all managerial positions at the Company and account for 41% of the membership of its Management and Supervisory Boards. Thus, the Company has achieved the minimum minority participation rate in its governing bodies in compliance with Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving gender balance among directors of listed companies and related measures, which will take effect in 2026. The Company is also a signatory to the Diversity Charter and a member of the United Nations Global Compact. Efforts are currently underway to develop a formal diversity policy for the Company's Management and Supervisory boards.

According to the Company's statement of compliance, in 2023 the Company elected to not comply with principle 6.3, whereby if companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved. In the explanation on non-compliance with the principle, the Company explains that the management option scheme does not include non-financial or sustainable development objectives.

## 8.2. Shareholding structure

### 8.2.1. Shareholders holding directly or indirectly major holdings of KRUK S.A. shares

The table below presents the shareholders holding directly or indirectly major holdings of KRUK S.A. as at 1 January 2024, based on shareholder notifications received by the Company.

Table 43. Major holdings of KRUK S.A. shares as at 1 January 2024

Shareholder	Number of shares/voting rights	Percentage of share capital/total voting rights at GM
NN OFE*	2,763,000	14.30
Allianz OFE and Allianz DFE*/****	2,359,127	12.21
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna**	1,750,373	9.06
Generali OFE***	1,624,510	8.41
PZU OFE*	1,400,000	7.25
VIENNA OFE*/*****	1,130,788	5.85

(\*) Data based on the list of shareholders eligible to attend the Annual General Meeting on 20 June 2023.

(\*\*) Including shares held by Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna; data based on the Shareholder's Notification of 13 September 2023 (see Current Report No. 71/2023).

(\*\*\*) Data based on the Shareholder's Notification of 25 July 2023 (see Current Report No. 60/2023).

(\*\*\*\*) Allianz OFE and Allianz DFE are managed by Allianz PTE.

(\*\*\*\*\* Renamed from Aegon OFE.

Source: Company

The table below presents the shareholders holding directly or indirectly major holdings of KRUK S.A. shares as at 31 December 2024

Table 44. Major holdings in KRUK S.A. as at 31 December 2024

Shareholder	Number of shares/voting rights	Percentage of share capital/total voting rights at GM
NN OFE	2,470,391*	12.75
Allianz OFE	1,931,790*	9.97
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna	1,716,965**	8.86
Generali OFE	1,624,510*	8.38
PZU OFE	1,154,000*	5.95
VIENNA OFE	1,044,523*	5.39

(\*) Data based on the list of shareholders eligible to attend the Annual General Meeting on 10 May 2024.

(\*\*) Data based on the Shareholder's Notification of 8 November 2024 (see Current Report No. 64/2024).

Source: Company

## 8.2.2. Changes in major holdings of shares in the reporting period

On 29 January 2024, the Company received a notification from Piotr Krupa, given under Article 19 of the MAR. According to the notification, on 25 January 2024 Mr Krupa sold, in ordinary session trades on the Warsaw Stock Exchange, 11,000 shares in KRUK S.A. at the average price of PLN 451.48 per share (see Current Report No. 7/2024).

On 23 February 2024, the Company received a notification from Powszechne Towarzystwo Emerytalne Allianz Polska S.A. (see Current Report No. 19/2024), reading as follows:

*"In accordance with Art. 69.2.1a) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (consolidated text: Dz. U. of 2022, item 2554), Powszechne Towarzystwo Emerytalne Allianz Polska S.A., managing the open-end pension fund Allianz Polska Otwarty Fundusz Emerytalny ("Allianz OFE"), would like to inform you that following the sale of Company shares on 19 February 2024, there has been a change in the share of total voting rights in KRUK S.A. (LEI: 259400T1FZYBIW8XUJ78) registered in Allianz OFE's account. The previously held share of over 10% has changed by at least 2% of the total voting rights.*

*Before the sale transaction, Allianz OFE held 2,357,090 Company shares, representing 12.20 % of the Company's share capital and conferring 2,357,090 voting rights, or 12.20 % of total voting rights, at KRUK S.A.'s General Meeting.*

*After the sale transaction, Allianz OFE holds 1,966,762 Company shares, representing 10.18% of the Company's share capital and conferring 1,966,762 voting rights, or 10.18% of total voting rights, at the Company's General Meeting.*

*Powszechne Towarzystwo Emerytalne Allianz Polska S.A. would also like to clarify that:*

- Allianz OFE does not have any subsidiaries holding KRUK shares,*
- no situation referred to in Art. 69.4.6 of the Act has arisen, and*
- Allianz OFE does not hold any financial instruments referred to in Art. 69b.1.1 and 69b.1.2 of the Act."*

On 28 February 2024, the Company received a notification from Powszechne Towarzystwo Emerytalne Allianz Polska S.A. (see Current Report No. 21/2024), reading as follows:

*"Pursuant to Art. 69.1.2 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (consolidated text: Dz.U. of 2022, item 2554, as amended; (the "Act"), Powszechne Towarzystwo Emerytalne Allianz Polska S.A., managing the open-end pension fund Allianz Polska Otwarty Fundusz Emerytalny ("Allianz OFE), would like to inform you that following the sale of Company shares on 21 February 2024, the share of total voting rights in Kruk S.A. (LEI: 259400T1FZYBIW8XUJ78) registered in Allianz OFE's account is below 10%.*

*Before the sale transaction, Allianz OFE held 1,941,707 Company shares, representing 10.05 % of the Company's share capital and conferring 1,941,707 voting rights, or 10.05 % of total voting rights, at KRUK S.A.'s General Meeting.*

*After the sale transaction, Allianz OFE holds 1,931,790 Company shares, representing 9.99% of the Company's share capital and conferring 1,931,790 voting rights, or 9.99% of total voting rights, at the Company's General Meeting.*

*Furthermore, pursuant to Art. 69.1.1 in conjunction with Art. 87.1.2b of the Act, Powszechne Towarzystwo Emerytalne Allianz Polska S.A., managing Allianz OFE and Allianz Dobrowolny Fundusz Emerytalny ("Allianz DFE"), would like to inform you that the share of Allianz OFE and Allianz DFE in total voting rights in KRUK S.A. exceeds 10%.*

*Allianz DFE holds 1,877 shares, representing 0.01% of the Company's share capital and conferring 1,877 voting rights, or 0.01% of total voting rights at the Company's General Meeting. Together with Allianz OFE, the funds hold a total of 1,933,667 shares, representing 10.01% of the Company's share capital and conferring 1,933,667 voting rights, or 10.01% of total voting rights at the Company's General Meeting.*

*Powszechne Towarzystwo Emerytalne Allianz Polska S.A. would also like to clarify that:*

- Allianz OFE and Allianz DFE do not have any subsidiaries holding Company shares,*
- no situation referred to in Art. 69.4.6 of the Act has arisen, and*
- Allianz OFE and Allianz DFE do not hold any financial instruments referred to in Art. 69b.1.1 and 69b.1.2 of the Act."*

On 8 April 2024, the Company received a notification from Piotr Krupa, given under Article 19 of MAR. According to the notification, on 5 April 2024 Mr. Krupa sold, in ordinary session trades on the Warsaw Stock Exchange, 10,000 shares in KRUK S.A. at the average price of PLN 443.25 per share (see Current Report No. 29/2024).

On 29 July 2024, the Company received a notification from Piotr Krupa, given under Article 19 of the MAR. According to the notification, Mr. Krupa sold, in ordinary session trades on the Warsaw Stock Exchange, 2,000 shares in KRUK S.A. at the average price of PLN 442.58 per share on 25 July 2024 and 2,000 shares in KRUK S.A. at the average price of PLN 454.07 per share on 26 July 2024 (see Current Report No. 47/2024).

On 8 November 2024, the Company received a notification from Piotr Krupa, given under Article 19 of the MAR. According to the notification, Mr. Krupa sold, in ordinary session trades on the Warsaw Stock Exchange, 7,408 shares in KRUK S.A. at the average price of PLN 427.60 per share on 6 November 2024 and 1,000 shares in KRUK S.A. at the average price of PLN 438.16 per share on 8 November 2024 (see Current Report No. 64/2024).

## Events subsequent to the reporting date:

After the balance sheet date, the following events affected the structure of Shareholders holding significant shares directly or indirectly in KRUK S.A.:

- Registration date for the Extraordinary General Meeting convened for January 30, 2025.
- Change in share capital on March 5, 2025 described in item 2.3.2, as a result of which the share of individual Shareholders in the share capital of KRUK S.A. decreased proportionally.

Notification dated March 14, 2025 from Powszechne Towarzystwo Emerytalne Allianz Polska S.A., informing about the purchase on March 7, 2025, by ALLIANZ POLSKA OTWARTY FUNDUSZ EMERYTALNY (Allianz OFE) of 101,651 shares in KRUK SA, on the Warsaw Stock Exchange (current report no. 22/2025), as a result of which Allianz OFE increased its share in the share capital of KRUK SA to 10.48%.

Table 45. Major holdings in KRUK S.A as at 27 March 2025

Shareholder	Number of shares/voting rights	Percentage of share capital/total voting rights at GM
NN OFE	2,488,000*	12.84
Allianz OFE	2,033,441**	<b>10.48</b>
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna	1,716,965*	8.86
Generali OFE	1,650,065*	8.51
VIENNA OFE	1,044,523*	5.39
PZU OFE	989,865*	5.11

(\*)Data based on the list of shareholders eligible to attend the Extraordinary General Meeting on 30 January 2025.

(\*\*)based on the Shareholder's Notification of 08.11.2024 (current report 64/2024)

Source: Company

## 8.2.3. Treasury shares

### Treasury shares in the period 17 November 2022 – 31 December 2026

The Extraordinary General Meeting of KRUK S.A. of 16 November 2022 passed Resolution No. 8/2022 authorising the Management Board to purchase the Company shares listed on the main market of the WSE, in the period from 17 November 2022 to 31 December 2026, with the proviso that the total par value of the shares so purchased may not exceed PLN 3,863,758, and the maximum amount to be spent by the Company on the buy-

back may not exceed PLN 1 billion, including the share price and transaction costs. The price at which the Company may buy back its own shares may not be higher than PLN 400 or lower than PLN 1. Shares acquired by the Company as part of the buy-back programme may be used to cancel the Company's own shares and reduce its share capital.

Company shares may be purchased in the manner and in periods selected by the Management Board and approved by the Supervisory Board, in a way that ensures equal access of the shareholders to the buy-back programme and their equal treatment.

The Management Board's authorisation covers the period from 17 November 2022 to the earlier of 31 December 2026 or the date when all funds allocated for the buy-back are used up.

As at the issue date of this Report, the Management Board had not purchased any Company shares under the authorisation.

#### **Holders of securities conferring special control powers**

KRUK S.A. did not issue any securities conferring special control powers on its shareholders.

#### **Limitations on the exercise of voting rights**

KRUK S.A.'s Articles of Association do not provide for any limitations concerning the exercise of voting rights at the General Meeting.

#### **Limitations on transfer of ownership of securities**

The Company's Articles of Association do not provide for any limitations on transfer of ownership of KRUK securities.

#### **Agreements which may give rise to changes in ownership interests held by the existing shareholders or bondholders**

The Company is not aware of any agreements which, in the future, could give rise to changes in ownership interests held by existing shareholders and bondholders.

After the reporting date and as at the issue date of this Report, neither the Company nor the KRUK Group companies held any treasury shares.

## **8.3. Governing bodies**

### **Management Board**

#### **8.3.1. Membership, changes in membership, appointment criteria, and members' responsibilities**

The Management Board of KRUK S.A. exclusively comprises individuals selected for their appropriate qualifications, abilities, and experience. Members of the Company's Management Board are a cadre of seasoned experts in such areas as credit management, finance, high-volume process management, debt portfolio valuation, legal support, business partner relations, sales, HR management, IT, and analytics.

In the period 1 January–31 December 2024, the composition of the Company's Management Board was as follows:



## Piotr Krupa

As the President of the Management Board and Chief Executive Officer (CEO) of KRUK S.A., he is chiefly responsible for supervising Strategy and Transformation, Internal Audit, Corporate Governance, and Director General.

He co-founded and since 2003 has been at the helm of KRUK S.A., a company listed on the Warsaw Stock Exchange since 2011 and currently ranking among Europe's top three debt management companies. A graduate of the Faculty of Law and Administration of the University of Wrocław, he has completed training for judges and is a qualified legal counsel.

As the CEO and shareholder of KRUK S.A., he manages the Company and heads the KRUK Group, which operates in several markets across Europe: Poland, Romania, the Czech Republic, Slovakia, Germany, Italy, Spain and France, as well as Malta and Luxembourg. He is in charge of the Group's long-term strategy, geographical expansion and digital growth, while paying close attention to building the Group's organisational culture in a way conducive to sustainable business and social growth. In 2017, he was awarded the EY Entrepreneur of the Year 2017 title.

He has served on the management and supervisory boards of various companies, including entities within the KRUK Group. He currently holds supervisory roles at the Group's KRUK TFI S.A., Wonga.pl sp. z o.o., KRUK Česká a Slovenská Republika, and other companies. Since 2006, he has been general partner at the law firm Kancelaria Prawna RAVEN P. Krupa sp.k.

He is actively engaged in economic stability, climate action, and civil society initiatives. Previously, he was a Supervisory Board member of the Association of Financial Companies in Poland (ZPF) (2006–2012). Since 2019, he has chaired the University Council of the Wrocław University of Economics and Business, where he works to enhance economic education for students and promote women's advancement in business. He is a member of the Programme Advisory Council of the United Nations Global Compact Network Poland, supporting efforts to develop and implement strategies, mission and goals for the UN Global Compact Poland and the 2030 Agenda. In September 2024, he was appointed as a representative of the Issuer Council established by the Warsaw Stock Exchange (WSE). The Council's primary role is to facilitate knowledge exchange and experience-sharing between representatives of listed companies and WSE governing bodies. As a signatory of the Polish Business Roundtable, he has worked alongside entrepreneurs, business organisations, and media representatives to combat online misinformation (fake news) and hate speech. In 2024, he joined 30% Club Poland, supporting its mission to increase female representation in executive roles within listed Polish companies.

He is an active participant in industry conferences and discussions on debt management and socio-economic trends. As a jury member for the EY Entrepreneur of the Year competition, he participated in the final galas of both EY Entrepreneur of the Year and EY World Entrepreneur of the Year. He was a panellist at the 'Leadership in Challenging Times' session during the European Economic Congress in Katowice and took part in EEC Talks: 'Conversations on Leadership', where discussions covered the role of women in business, corporate leadership, and economic development. He participated in the 'Why the Stock Market is Not a Casino' debate at Impact 2024 in Poznań, where he shared insights

on KRUK S.A.'s stock exchange debut and the importance of building investor trust. He joined the 'Debate of Debt Management Company CEOs', organised by the Association of Financial Companies in Poland (ZPF) during the Debt Management Congress.

Privately, he is a multiple-time marathon runner and a seven-time IRONMAN finisher. He is the founder of Krupa Gallery and Krupa Art Foundation, supporting emerging artists. He is engaged in various philanthropic initiatives, including as the originator of the Fundacja Zobacz Mnie foundation, as well as various aid measures for Ukrainian citizens, for which he was recognised with the Vectors of the Heart 2022 award by Employers of Poland.

Gender: male.



### **Piotr Kowalewski**

**Member of the Management Board, Chief Operational Officer (COO), supervising Analytical Strategy, Customer Service, Insights and Behavioural Strategy, Digital Transformation, Brand Marketing & Communications, Data & Workflow, Legal & Automation Tools.**

Mr. Kowalewski's remit encompasses areas related to servicing purchased debt portfolios.

He graduated from the Wrocław University of Economics, majoring in Econometrics for Managers, as well as from the Wrocław University of Science and Technology, with a major in Computer Science and Management. He also completed a post-graduate programme in Business Psychology at the WSB University.

Mr. Kowalewski joined KRUK S.A. in 2004 as an analyst. In 2006–2008, he headed the Company's first operational Analysis Department. Subsequently, he managed the Department of Purchased Debt Portfolios, where he co-created and implemented the amicable debt collection strategy. From 2015, as Debt Management Director, he was responsible for the development of the KRUK Group's retail debt portfolio strategy and for the oversight of its implementation, including the management of both amicable and court collection processes, as well as for coordinating cooperation with COOs in each of the Group's geographies. Mr. Kowalewski has also served on the management board of Novum Finance Sp. z o.o. Since May 2020, he has been Member of KRUK S.A. Management Board, responsible, among other things, for the retail debt recovery strategy and online business development, analysis of operational processes, and measurement of operational excellence.

Gender: male.



### **Adam Łodygowski**

**As Member of the Management Board and Chief Data & Technology Officer (CDTO) of KRUK S.A., he is responsible for supervising IT, Debt Portfolio Valuation, Statistical Methods Development, Cybersecurity and IT International Procurement, Core System.**

Mr. Łodygowski's remit encompasses areas related to IT support, debt portfolio valuations, information security and digital transformation-driven efficiency improvement.



He graduated from the Poznań University of Technology and University of Hanover with a Master's degree in Engineering, specialising in numerical methods in civil engineering. Moreover, he holds a Master's degree in financial mathematics from Louisiana State University, which also awarded him a doctoral degree in engineering for his work on the application of computational and numerical methods in civil engineering.

Mr. Łodygowski began his professional career in finance in 2011 at UniCredit in London, where he was responsible for the development of stochastic analytics and tools for valuation of derivative products and assessment of counterparty risk (XVA), and over time for the management of groups of external contractors and for the valuation of bankruptcy risk. In 2016–2020, he worked for Credit Suisse in Wrocław, where he was in charge of a team of quantitative analysts, statisticians and developers providing analytical, tool, and technological solutions for the bank's key areas. In 2018, he was appointed to lead an analytical and technological group in Poland, supporting key business lines and technological solutions in the area of quantitative analysis, risk management, and derivatives valuation.

Mr. Łodygowski joined KRUK S.A. in 2020 as Managing Director of the KRUK Group's risk assessment area. He currently serves as KRUK's Management Board Member. He is responsible, among other things, for the valuation of debt portfolios across all geographies, development and delivery of the Group's digital transition strategy, ensuring effective IT support for the Group companies, as well as data processing and modelling.

Gender: male.



### **Urszula Okarma**

**Member of the Management Board of KRUK S.A., serving as Chief Investment Officer (CIO). She oversees NPL Investment Strategy, Legal, Data Protection, Operational Risk & ESG, Compliance, and Human Resources.**

Ms. Okarma's remit encompasses product strategy, investment policy, legal support, compliance, ESG, GDPR, and operational risk management at the KRUK Group.

She graduated from the Wrocław University of Economics and Business, Faculty of National Economy, majoring in Finance and Banking.

Her career in the financial industry dates back to 1999. Until 2001, she headed the prevention department at SKK Kredyt S.A. She joined KRUK S.A. in 2002 as Head of the Telephone Debt Collection Department and Head of the Financial Institutions Division. She was responsible for debt collection activities dedicated to financial institutions, and for designing debt collection processes for institutions and companies providing services to mass-market clients. Since 2006, she has served as KRUK's Management Board Member. and has played an active role in the Group's international expansion. She has served on the management and supervisory boards of various KRUK Group companies. She currently holds a supervisory role at KRUK Česká a Slovenská Republika.

She is a strong advocate for gender equality within KRUK, where women currently hold nearly 60% of managerial positions. She actively participates in conferences, industry events, and initiatives focused on

diversity and equal opportunities for women in business. She was a speaker at the International Finance Corporation Global Restructuring and Distressed Investing Conference in Washington, where participants discussed the social role of debt management companies in the economy, financial and digital education for retail clients, and the importance of building a sustainable business based on a Diversity, Equity & Inclusion (DEI) strategy. She has also taken part in the European Financial Congress dedicated to the financial sector in Poland. At the invitation of *Gazeta Wyborcza Wrocław*, she contributed to the editorial board, sharing her experience in supporting women and people with disabilities in professional development. Through her leadership in developing DEI initiatives within the KRUK Group, she actively promotes good market practices in diversity and inclusion.

Gender: female.



### **Michał Zasepa**

As Member of the Management Board and Chief Financial Officer (CFO) of KRUK S.A., he is primarily responsible for supervising Controlling and Liquidity Management, Investor Relations and Development, Group Accounting and Taxation.

Mr. Zasepa's remit encompasses finance, investor relations, financing, and M&A transactions.

He graduated from the Warsaw School of Economics with a major in Management and Marketing and completed scholarship programmes at the University of Wisconsin (Stefan Batory Foundation scholarship) and the Stockholm School of Economics.

He began his professional career in 2000 at A.T. Kearney sp. z o.o., a global strategy and operations consultancy, where he was in charge of the projects involving strategy development, market assessment, and deployment of operational improvements in Polish and US companies. He honed his private equity funds management skills in 2003–2004 at Dresdner Kleinwort Wasserstein sp. z o.o., where he was responsible for the acquisition, corporate oversight, and disposal of portfolio companies. From 2004 to 2010, at Enterprise Investors sp. z o.o. he held the position of Investment Director in charge of M&As, disposal transactions, and corporate oversight of portfolio companies. He joined KRUK S.A. in 2010, serving for the first three years as Member of the Management Board for Investments and Development responsible for raising capital, including through the issue of shares and bonds, international expansion, and M&As. Since 2013, Mr. Zasepa has served as Member of the KRUK Management Board in charge of finance, including financial strategy, liquidity, financial risk management policy, financial reporting, investor relations, financing, mergers and acquisitions, and supervision over the Group's companies not engaged in debt collection.

He has held positions on the management and supervisory boards of several KRUK Group companies. He currently chairs the supervisory boards of the Group's Wonga.pl sp. z o.o., KRUK TFI S.A., Novum Finance sp. z o.o., and KRUK Česká a Slovenská Republika.

Gender: male.

The division of powers and responsibilities among individual Management Board Members is set forth in detail in the organisational rules of KRUK S.A

There were no changes in the composition of the Management Board in the reporting period and as at the issue date of this Report.

**Table 46. Gender diversity on KRUK S.A. Management Board in 2024**

Women	20%	1
Men	80%	4

Source: Company

Rules governing appointment and removal of Members of the Management Board and their powers are set forth in the Company's Articles of Association. Pursuant to Art. 8.1 and 8.2, the Management Board is composed of three to eight Members, and the number of Members is defined each time by the Supervisory Board upon request by the President of the Management Board.

The President of the Management Board is appointed and removed by the Supervisory Board. The other Members of the Management Board are also appointed and removed by the Supervisory Board, following a request by the President of the Management Board.

Members of the Management Board are appointed for a joint three-year term of office.

The mandate of a Management Board Member expires on the date of the General Meeting receiving the financial statements for the last full financial year in which the Member holds the office.

### **8.3.2. Powers of the Management Board**

The Management Board manages the Company's business and assets and represents the Company before courts, government authorities, and third parties. Pursuant to Article 9.1 of the Articles of Association, the Management Board makes decisions on any matters not reserved for the exclusive competence of the Supervisory Board or the General Meeting under the Articles of Association or applicable laws.

The responsibilities of the Management Board include:

- 1) amending the Company's Organisational Rules, with the proviso that the power to decide on the establishment and closing of any organisational units of the Company lies solely with the President of the Management Board;
- 2) adopting the Company's annual financial plans (budgets) and strategic economic plans and submitting them to the Supervisory Board for approval;
- 3) adopting the Directors' Reports on the operations of the Company and the KRUK Group, separate financial statements of the Company, and consolidated financial statements of the KRUK Group;
- 4) making decisions for the Company to borrow funds from other companies of the KRUK Group;
- 5) making decisions for the Company to borrow funds and issue bonds, including borrowings and bonds not provided for in the budget, in a cumulative annual amount not exceeding 10% of the Company's equity;
- 6) making decisions to provide security and surety over or encumber the Company's assets when parties to the transaction are only companies of the KRUK Group;
- 7) making decisions to provide security and surety over or encumber the Company's assets, including security, surety or encumbrance not provided for in the budget, in a cumulative annual amount not exceeding 10% of the Company's equity;
- 8) making decisions for the Company to incur liabilities in a single transaction or a series of related transactions up to a total amount equal to 5% of the Company's equity, including transactions not provided for in the budget, but arising in the ordinary course of the Company's business;
- 9) the Company acquiring or subscribing for shares in the KRUK Group companies;
- 10) deciding on the acquisition or disposal of the Company's assets forming part of the KRUK Group;

- 11) deciding on the acquisition and disposal of the Company's assets provided for in the budget, including an acquisition or disposal not provided for in the budget, with a value of up to 15% (fifteen percent) of the Company's net book value as determined on the basis of the last audited financial statements;
- 12) deciding on the disposal or transfer of copyrights or other intellectual property, in particular rights to patents, technologies and trademarks, when only members of the KRUK Group are parties to the transaction;
- 13) the Company or its subsidiaries engaging advisers and other third-party individuals as consultants, lawyers or agents as part of or beyond the adopted budget provided that the resulting total annual cost to the Company does not exceed PLN 1,000,000.00 (one million zloty);
- 14) drafting objectives for management stock option plans with a view to submitting them to the Supervisory Board for opinion and presenting to the General Meeting for adoption;
- 15) defining the list of persons other than Management Board Members, who are eligible to participate in the management stock option plans adopted by the Company;
- 16) deciding on making any gratuitous disposals or commitments by the Company within the scope of the Company's business when only members of the KRUK Group are parties to the transaction;
- 17) deciding on making any gratuitous disposals or commitments by the Company within the scope of the Company's business for an amount of up to PLN 1,000,000.00 (one million zloty) in one financial year when entities other than members of the KRUK Group are parties to the transaction;
- 18) making decisions concerning the purchase or disposal by the Company of property, perpetual usufruct right or an interest in property if the VAT-exclusive purchase price or the VAT-exclusive selling price is no more than PLN 5,000,000 (five million zloty);
- 19) adopting policies, procedures, rules and other internal regulations at the Company;
- 20) establishing and closing the Company's committees reporting to the Management Board;
- 21) appointing commercial proxies.

Resolutions of the Management Board are passed with a simple majority of votes. In the event of a tied vote, the President of the Management Board has the casting vote.

Declarations of will on behalf of the Company may be made by: (i) two Members of the Management Board acting jointly; (ii) a Management Board Member acting jointly with a commercial proxy; or (iii) an attorney authorised to perform certain types of activities, acting on their own under a written power of attorney granted by the Company. Apart from those mentioned above, the Company's Articles of Association do not provide for any additional powers for the management personnel, such as the power to decide on issue or repurchase of shares.

By Resolution No. 8/2022 of the Extraordinary General Meeting of KRUK S.A. held on 16 November 2022, the General Meeting authorised the Management Board to purchase the Company shares listed on the main market of the WSE (the official stock exchange market) in accordance with the procedure and on the terms provided for in the resolution. The authorisation is valid to the earlier of 31 December 2026 or the date when all funds allocated for the buy-back are used up.

### **8.3.3. Shares in the Company and in its related entities held by Members of the Management Board or Supervisory Board**

The table below presents Company shares or rights to Company shares held by Management and Supervisory Board Members as at 1 January 2024.

Table 47. KRUK S.A. shares held by management and supervisory personnel as at 1 January 2024

NAME AND SURNAME	POSITION	NUMBER OF SHARES HELD	TOTAL PAR VALUE (PLN)
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna*	President of the Management Board	1,750,373	1,750,373
Piotr Kowalewski	Member of the Management Board	23,013	23,013
Adam Łodygowski	Member of the Management Board	-	-
Urszula Okarma	Member of the Management Board	138,718	138,718
Michał Zasępa	Member of the Management Board	56,000	56,000

(\* Including shares held by Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna

Source: Company

Apart from the changes in the number of shares held by Piotr Krupa, President of the Management Board, described in the Shareholding structure section, in the period from 1 January 2024 to the issue date of this Report there were also changes in the number of Company shares held by Urszula Okarma, Piotr Kowalewski, and Michał Zasępa, as described below.

List of notifications received from the management and supervisory personnel in 2024.

Table 48. KRUK S.A. shares held by management and supervisory personnel as at 31 December 2024

#### Piotr Krupa – summary of notifications in 2024

DATE OF NOTIFICATION	DATE OF TRANSACTION	VOLUME	TRANSACTION TYPE	AVERAGE PRICE	PLACE OF TRANSACTION
29 January 2024	25 January 2024	11,000	Sale	PLN 451.48	WSE
8 April 2024	5 April 2024	10,000	Sale	PLN 443.25	WSE
29 July 2024	25 July 2024	2,000	Sale	PLN 442.58	WSE
	26 July 2024	2,000	Sale	PLN 454.07	WSE
8 November 2024	6 November 2024	7,408	Sale	PLN 427.60	WSE
	8 November 2024	1,000	Sale	PLN 438.16	WSE

#### Piotr Kowalewski – summary of notifications in 2024

DATE OF NOTIFICATION	DATE OF TRANSACTION	VOLUME	TRANSACTION TYPE	AVERAGE PRICE	PLACE OF TRANSACTION
4 April 2024	4 April 2024	750	Sale	PLN 440.00	WSE

## Urszula Okarma – summary of notifications in 2024

DATE OF NOTIFICATION	DATE OF TRANSACTION	VOLUME	TRANSACTION TYPE	AVERAGE PRICE	PLACE OF TRANSACTION
17 May 2024	16 May 2024	20,000	Sale	PLN 466.03	WSE
22 July 2024	18 July 2024	1,922	Sale	PLN 460.12	WSE
	19 July 2024	3,078	Sale	PLN 461.14	WSE

## Michał Zasepa – summary of notifications in 2024

DATE OF NOTIFICATION	DATE OF TRANSACTION	VOLUME	TRANSACTION TYPE	AVERAGE PRICE	PLACE OF TRANSACTION
24 June 2024	21 June 2024	7,000	Sale	PLN 460.84	WSE

Table 49. KRUK S.A. shares held by management and supervisory personnel as at the issue date of this Report

NAME AND SURNAME	POSITION	NUMBER OF SHARES HELD	TOTAL PAR VALUE (PLN)
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna*	President of the Management Board	1,716,965	1,716,965
Piotr Kowalewski	Member of the Management Board	22,263	22,263
Adam Łodygowski	Member of the Management Board	-	-
Urszula Okarma	Member of the Management Board	113,718	113,718
Michał Zasepa	Member of the Management Board	49,000	49,000

(\*) Including shares held by Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna  
Source: Company

### 8.3.4. Remuneration, bonuses and employment contract terms of the Management Board Members

On 31 August 2020, acting pursuant to Article 90d.1 of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies, the Annual General Meeting of KRUK S.A. adopted the Remuneration Policy for Management Board and Supervisory Board Members of KRUK S.A. of Wrocław (the “Remuneration Policy”). Subsequently, the General Meeting passed Resolutions No. 28/2021 and No. 29/2021 of 16 June 2021 and Resolution No. 6/2022 of 16 November 2022 approving an amended Remuneration Policy. Pursuant to Art. 90e.4 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005, the Annual General Meeting of KRUK S.A. carried out in 2024 a mandatory review of the Remuneration Policy, upholding its existing wording, as confirmed by Resolution No. 20/2024.

On 30 January 2025, the Extraordinary General Meeting passed Resolutions No. 8/2025 and 9/2025 approving amendments to the Remuneration Policy, and adopted its amended and restated text by Resolution No. 10/2025.

The Remuneration Policy sets out the rules of remuneration for Management and Supervisory Board Members. Any amendment to the rules of remuneration for Management Board or Supervisory Board Members requires the Policy to be amended and must be approved by the General Meeting prior to taking effect.

The Remuneration Policy is the principal document governing the remuneration rules applying to KRUK S.A. Management Board and Supervisory Board Members, and it applies to them regardless of their form of employment. In accordance with the Remuneration Policy, remuneration is determined on the basis of the function performed as well as the business scale, complexity of corporate design and operational complexity of the Company.

With respect to remuneration of Management Board Members, Section 5 of the Remuneration Policy differentiates between fixed and variable components of remuneration. In accordance with Section 7 of the Remuneration Policy, the fixed components of remuneration include both monetary and non-monetary benefits, such as accident insurance, directors and officers liability insurance, participation in employee benefit schemes, use of company cars for private purposes, reimbursement of apartment rental costs for Management Board Members residing outside the Company's home municipality, and participation in Employee Capital Plans ("PPK").

In accordance with the provisions of the Remuneration Policy and Article 8.8 of the Company's Articles of Association, the remuneration principles applying to Management Board Members and the salary of the President of the Management Board are decided by the Supervisory Board. The amounts of remuneration of individual Management Board Members other than that of the President are determined by the Supervisory Board, based on proposals submitted by the President of the Management Board and in line with the remuneration rules defined by the Supervisory Board.

In accordance with the Remuneration Policy and the management service contracts in force, Management Board Members are guaranteed a fixed monthly base pay as specified in their contracts. Beyond this fixed compensation, Management Board Members could also be eligible for a discretionary bonus, the award and amount of which were at the sole discretion of the Supervisory Board. The award of a discretionary bonus was not tied to the achievement of any specific individual objectives by Management Board Members. Following the amendments to the Remuneration Policy approved by the General Meeting on 30 January 2025, Management Board Members may now, in addition to their fixed monthly base pay, receive a variable remuneration component in the form of a short-term bonus, which may be granted once a year based on financial and individual short-term objectives, if such objectives are set for a given year by the Supervisory Board by way of a resolution passed by the end of the financial year preceding the year for which the bonus is to be granted. The award of a short-term bonus is contingent upon the Supervisory Board's determination, by way of a resolution, that a Management Board Member has achieved the set objectives. However, it is explicitly stated that the criteria used to determine these short-term objectives must not be identical to, nor directly linked with, the remuneration criteria set forth in any existing incentive schemes based on subscription warrants.

Furthermore, the Supervisory Board does not anticipate awarding any additional discretionary bonuses to Management Board Members for any fiscal year during which they participate in the Incentive Scheme for 2021–2024 (2021–2024 Incentive Scheme) and the Incentive Scheme for 2025–2028 (2025–2028 Incentive Scheme).

Pursuant to Section 9 of the Remuneration Policy, Management Board Members' variable compensation may include allotment of subscription warrants under an incentive scheme in place at the Company. In line with the 2021–2024 Incentive Scheme, the number of Subscription Warrants to be allotted to the Management Board Members may not exceed 40% of the total number of Subscription Warrants offered for subscription by Eligible Persons. The award of Subscription Warrants from the Basic Pool is conditional upon achieving a target increase of 15% or higher in the Company's earnings per share (EPS) for the fiscal year immediately preceding the year in which the Subscription Warrants of a given Tranche are offered. EPS are calculated as the Group's consolidated net profit for the financial years 2021, 2022, 2023, and 2024 per Company share, as reported in the General Meeting-approved consolidated financial statements of the Group for the financial years 2021, 2022, 2023, and 2024, respectively. The EPS increase referred to above is determined as a geometric mean relative to the Group's consolidated net profit for the financial year 2019 per Company share. For detailed information on the incentive scheme operated by the Company, see the "Incentive Scheme" Section. On 30 January 2025, the Extraordinary General Meeting approved the 2025–2028 Incentive Scheme, whereby the number of Subscription Warrants to be allotted to the Management Board Members may not exceed 40% of the total number of Subscription Warrants offered for subscription by Eligible Persons. The award of Subscription Warrants from the Basic Pool is

conditional upon achieving a target increase of 12% or higher in the Company's PBTPS for the fiscal year immediately preceding the year in which the Subscription Warrants of a given Tranche are offered. PBTPS for a given year will be calculated as the consolidated profit before tax adjusted for the costs of the incentive scheme for 2025-2028, for the financial year 2025, 2026, 2027 and 2028, respectively, per Company share. The PBTPS increase referred to above will be a geometric mean with respect to the consolidated profit before tax for the financial year 2024 per Company share. For detailed information on the incentive scheme operated by the Company, see the "Incentive Scheme" Section.

The terms of the management service contracts correspond to the terms of mandates of the Management Board Members: they expire with the expiry of a given mandate, including as a result of removal or resignation from office of the Management Board Member. Furthermore, a management service contract may be terminated by its parties on six months' notice, or on three months' notice by the Company, without compensation, in the event of liquidation or dissolution of the Company, long sick absence of the Manager, or other kind of inability to perform his or her duties in the period covered by the contract. Management contracts may also be terminated by its parties without notice and compensation, with immediate effect, in circumstances indicated in the contracts.

In accordance with the executed contracts, in the event of termination or rescission of a contract by the Company, unless termination takes place in circumstances where the contract may be terminated with immediate effect, without notice or compensation and except where a Management Board Member is removed for reasons attributable to that Member, the Management Board Member is entitled to additional remuneration.

The contracts executed with the Management Board Members contain provisions prohibiting the Members from engaging in, participating or taking an interest in any commercial or business activities without notifying the Supervisory Board (in the case of the President of the Management Board) or without the President of the Management Board's written consent (in the case of other Management Board Members), as well as non-compete clauses effective during the contract term and for 2 (two) years from the day on which a given person ceases to be a Member of the Management Board of KRUK S.A. The contracts with the Management Board Members provided for relevant compensation in respect of the prohibitions. The compensation is payable in monthly instalments for 24 months from the contract termination date, and will amount to 80% of the person's remuneration over the first 12 months, and 60% over the next 12 months.

Furthermore, the contracts concluded with the Management Board Members impose contractual penalties in the amounts specified therein for violation of the non-compete provisions.

A Management Board Member's fixed base pay shall also encompass remuneration for their service on the supervisory boards of KRUK Group companies, if applicable. The Management Board Member shall not receive any additional remuneration for serving on those supervisory boards, unless required by applicable laws.

The table below presents the amounts of remuneration and additional benefits received by the Management Board Members (who were in office in 2024) from the Company and its subsidiaries for 2024 and 2023.

**Table 50. Remuneration and additional benefits for Management Board Members in 2023 and 2024**

PIOTR KRUPA	2023	2024
	(gross, PLN)	(gross, PLN)
<b>Fixed remuneration components, including:</b>	3,150,539.26	3,485,564.02
- Contract remuneration	3,110,400.00	3,459,600.00
- Company car*	4,980.00	4,980.00
- Medical package	430.86	565.24
- Medical package for close persons	215.26	-



- NNW (automobile accident insurance) premium	30,760.82	17,613.78
- D&O liability insurance premium	3,752.32	2,805.00
Variable remuneration components – bonuses	-	-
Contributions for old age pension, disability pension and accident insurance, Employment Fund and Guaranteed Employee Benefits Fund financed by the Company	-	-

<b>PIOTR KOWALEWSKI</b>	<b>2023</b>	<b>2024</b>
	<b>(gross, PLN)</b>	<b>(gross, PLN)</b>
Fixed remuneration components, including:	970,527.75	1,222,702.77
- Contract remuneration	936,960.00	1,179,240.00
- Company car*	12,280.00	18,888.00
- Medical package	430.86	565.24
- Medical package for close persons	215.26	-
- Participation in an employee capital plan (PPK)	14,249.31	18,069.51
- NNW (automobile accident insurance) premium	2,640.00	3,135.02
- D&O liability insurance premium	3,752.32	2,805.00
Variable remuneration components – bonuses	-	-
Contributions for old age pension, disability pension and accident insurance, Employment Fund and Guaranteed Employee Benefits Fund financed by the Company	64,417.46	81,331.83

<b>ADAM ŁODYGOWSKI</b>	<b>2023</b>	<b>2024</b>
	<b>(gross, PLN)</b>	<b>(gross, PLN)</b>
Fixed remuneration components, including:	988,742.71	1,177,092.22
- Contract remuneration	960,000.00	1,140,000.00
- Company car*	7,401.00	13,224.00
- Medical package	430.86	565.24
- participation in an employee capital plan (PPK)	14,518.53	17,395.46
- NNW (automobile accident insurance) premium	2,640.00	3,102.52
- D&O liability insurance premium	3,752.32	2,805
Variable remuneration components – bonuses	-	-
Contributions for old age pension, disability pension and accident insurance, Employment Fund and Guaranteed Employee Benefits Fund financed by the Company	64,995.41	78,759.71

URSZULA OKARMA	2023	2024
	(gross, PLN)	(gross, PLN)
Fixed remuneration components, including:	1,015,165.18	1,213,493.76
- Contract remuneration	995,328.00	1,193,832.00
- Company car*	12,984.00	12,984.00
- Medical package	430.86	565.24
- NNW (automobile accident insurance) premium	2,670.00	3,307.52
- D&O liability insurance premium	3,752.32	2,805
Variable remuneration components – bonuses	-	-
Contributions for old age pension, disability pension and accident insurance, Employment Fund and Guaranteed Employee Benefits Fund financed by the Company	66,313.70	80,826.29

MICHAŁ ZASĘPA	2023	2024
	(gross, PLN)	(gross, PLN)
Fixed remuneration components, including:	1,033,037.85	1,234,352.47
- Contract remuneration	995,328.00	1,193,832.00
- Company car*	11,424.00	11,328.00
- Medical package	4,640.40	4,775.78
- Participation in an employee capital plan (PPK)	15,173.13	18,241.67
- NNW (automobile accident insurance) premium	2,720.00	3,370.02
- D&O liability insurance premium	3,752.32	2,805
Variable remuneration components – bonuses	-	-
Contributions for old age pension, disability pension and accident insurance, Employment Fund and Guaranteed Employee Benefits Fund financed by the Company	66,400.57	80,913.67

- *The monetary value of the allowance for the use of a company car for private purposes is set as income within the meaning of Article 12.2a of the PIT Act of 26 July 1991.*

As Members of the Management Board participated in the 2021–2024 Incentive Scheme, no discretionary bonus was awarded to them by the Supervisory Board in 2024.

At the same time, following the achievement in 2023 of the objectives defined in the 2021–2024 Incentive Scheme, in 2024 the Supervisory Board resolved to grant Tranche 3 subscription warrants to the Management Board Members. The table below shows the number of Tranche 1, 2 and 3 subscription warrants awarded to and acquired by each Management Board Member under the 2021–2024 Incentive Scheme.

**Table 51. Number of Tranche 1, 2 and 3 subscription warrants awarded to and acquired by Management Board Members under the 2021-2024 Incentive Scheme, held as at 31 December 2024 and as at the issue date of this Report**

NAME AND SURNAME	NUMBER OF TRANCHE 1 WARRANTS AWARDED AND ACQUIRED	NUMBER OF TRANCHE 2 WARRANTS AWARDED AND ACQUIRED	NUMBER OF TRANCHE 3 WARRANTS AWARDED AND ACQUIRED
Piotr Krupa	22,812	22,812	22,812
Piotr Kowalewski	13,308	13,308	13,308
Adam Łodygowski	13,308	13,308	13,308
Urszula Okarma	13,308	13,308	13,308
Michał Zasępa	13,308	13,308	13,308

Source: Company

For detailed information on equity instruments held by Members of the Management Board, see Section 8.3.3 *Shares in the Company and in its related entities held by Members of the Management Board or Supervisory Board*

## Supervisory Board

### 8.3.5. Composition of the Supervisory Board, its changes and rules of appointment

The Supervisory Board consists of five or seven Members. The number of Supervisory Board Members is each time determined by the General Meeting. Members of the Supervisory Board are appointed for a joint term of office of three years. As at the date of authorisation of this Report, the Company's Supervisory Board is composed of seven Members.

The Supervisory Board is appointed and removed by the General Meeting, with the proviso that if Mr. Piotr Krupa holds shares in the Company representing 8% or more of the total vote at its General Meeting, he has the right to appoint and remove:

- one Member of a five-Member Supervisory Board, including the Deputy Chair of the Supervisory Board;
- two Members of a seven-Member Supervisory Board, including the Deputy Chair of the Supervisory Board.

Piotr Krupa's rights to appoint and remove members of the Supervisory Board are exercised by delivery to the Company of a written statement on the appointment or removal of a Supervisory Board member.

In the financial year 2024, the KRUK Supervisory Board was composed of seven Members and the composition of the Supervisory Board did not change. On 27 August 2024, there was a change in the position of the Chairman of the Supervisory Board.

Taking into account the functions performed by the members of the Supervisory Board, from 1 January 2024 to 27 August 2024, the composition of the Supervisory Board was as follows.

Table 52. Composition of the Supervisory Board, satisfaction of the independence criteria by the Supervisory Board Members, and their experience, expertise, and diversity as at 1 January 2024

COMPOSITION OF THE SUPERVISORY BOARD, SATISFACTION OF THE INDEPENDENCE CRITERIA BY THE SUPERVISORY BOARD MEMBERS, AND THEIR EXPERIENCE, EXPERTISE, AND DIVERSITY					
NAME AND SURNAME	POSITION ON THE SUPERVISORY BOARD	INDEPENDENT*	FINANCE/ACCOUNTING**	ACCOUNTING/FINANCIAL REPORTING***	INDUSTRY EXPERTISE****
Piotr Stępnik	Chair	x	✓	✓	✓
Krzysztof Kawalec	Deputy Chair	x	✓	✓	✓
Katarzyna Beuch	Member	✓	✓	✓	✓
Izabela Felczak-Poturnicka	Member	✓	✓	✓	✓
Ewa Radkowska-Świętoń	Member	✓	✓	✓	✓
Beata Stelmach	Member	✓	✓	✓	✓
Piotr Szczepiórkowski	Member	✓	✓	✓	✓

Gender representation on the governing body: 57% women and 43% men  
 Fulfillment of independence criteria: 71% of members meet, 29% of members do not meet

On 27 August 2024, following Piotr Stępnik's resignation as Chair of the Supervisory Board, the Supervisory Board appointed Ewa Radkowska-Świętoń to the role.

Therefore, from 27 August 2024 to 31 December 2024, the composition of the Supervisory Board was as in the table below.

Table 53 Composition of the Supervisory Board, satisfaction of the independence criteria by the Supervisory Board Members, and their experience, expertise, and diversity as at 31 December 2024

COMPOSITION OF THE SUPERVISORY BOARD, SATISFACTION OF THE INDEPENDENCE CRITERIA BY THE SUPERVISORY BOARD MEMBERS, AND THEIR EXPERIENCE, EXPERTISE, AND DIVERSITY					
NAME AND SURNAME	POSITION ON THE SUPERVISORY BOARD	INDEPENDENT*	FINANCE/ACCOUNTING**	ACCOUNTING/FINANCIAL REPORTING***	INDUSTRY EXPERTISE****
Ewa Radkowska-Świętoń	Chair	✓	✓	✓	✓
Krzysztof Kawalec	Deputy Chair	x	✓	✓	✓
Katarzyna Beuch	Member	✓	✓	✓	✓
Izabela Felczak-Poturnicka	Member	✓	✓	✓	✓
Beata Stelmach	Member	✓	✓	✓	✓
Piotr Stępnik	Member	x	✓	✓	✓
Piotr Szczepiórkowski	Member	✓	✓	✓	✓

Gender representation on the governing body: 57% women and 43% men  
 Fulfillment of independence criteria: 71% of members meet, 29% of members do not meet

On 22 January 2025, the Company received a letter of resignation from Beata Stelmach, whereby she resigned from the position of Member of the Supervisory Board effective 29 January 2025.

The Extraordinary General Meeting of KRUK S.A. held on 30 January 2025 passed Resolution No. 12/2025 to appoint Dominika Bettman as Member of the Supervisory Board.

Taking into account this change, from 30 January 2025 to the date of publication of this report, the composition of the Supervisory Board is presented in the table below.

**Table 54. Composition of the Supervisory Board, satisfaction of the independence criteria by the Supervisory Board Members, and their experience, expertise, and diversity as at the issue date of this Report**

COMPOSITION OF THE SUPERVISORY BOARD, SATISFACTION OF THE INDEPENDENCE CRITERIA BY THE SUPERVISORY BOARD MEMBERS, AND THEIR EXPERIENCE, EXPERTISE, AND DIVERSITY					
NAME AND SURNAME	POSITION ON THE SUPERVISORY BOARD	INDEPENDENT*	FINANCE/ACCOUNTING**	ACCOUNTING/FINANCIAL REPORTING***	INDUSTRY EXPERTISE***
Ewa Radkowska-Świętoń	Chair	✓	✓	✓	✓
Krzysztof Kawalec	Deputy Chair	x	✓	✓	✓
Dominika Bettman	Member	✓	✓	✓	✓
Katarzyna Beuch	Member	✓	✓	✓	✓
Izabela Felczak-Poturnicka	Member	✓	✓	✓	✓
Piotr Stępnia	Member	x	✓	✓	✓
Piotr Szczepiórkowski	Member	✓	✓	✓	✓

**Gender representation on the governing body: 57% women and 43% men**  
**Fulfillment of independence criteria: 71% of members meet, 29% of members do not meet**

**Table 55. Proportion of men and women on the KRUK Supervisory Board in the period 1 January–31 December 2024 and as at the issue date of this Report**

Women	57%	4
Men	43%	3

Source: Company

### Expertise, experience and employment history of Members of the Company's Supervisory Board



#### Ewa Radkowska-Świętoń

Ms. Radkowska-Świętoń holds a degree in Finance and Banking from the Warsaw School of Economics. She is certified as CFA (Chartered Financial Analyst) and FRM (Financial Risk Manager). In the past, she was President of the Management Board of Skarbiec Towarzystwo Funduszy Inwestycyjnych S.A. and Vice President and then President of the Management Board of Skarbiec Holding S.A. (a company listed on the WSE). In 2008–2017, she served as Member of the Management Board and then Vice President of Nationale Nederlanden Powszechnie Towarzystwo Emerytalne S.A., where she was responsible for investments and corporate governance of the largest Polish open-ended pension fund. She also worked as fund manager at Aviva Investors Polska S.A. and ING TFI S.A. (currently NN Investment Partners), and as equity research analyst at Bank Handlowy S.A.'s Equity Transactions Centre. She is currently an independent member of the Supervisory Board and Chair of the Audit Committee at Ipopema Securities S.A., an independent member of the Supervisory Board and a member of the Audit Committee at Studenac Group S.A., a member of the Capital Market Benchmarks Supervisory Committee at GPW Benchmark S.A., and a member of the Risk Committee at KDPW\_CCP S.A. She serves as President of the Association of Independent Supervisory Board Members, an expert at the Institute for Sustainable Development and Environment at Lazarski University, and a co-director of the postgraduate programme "Professional Supervisory Board" at Kozminski University. Since 2019, she has been an

independent Member of the Supervisory Board at KRUK S.A., and as of 27 August 2024, she has served as Chair of the Supervisory Board. She is also a member of the Audit Committee and Chair of the Remuneration and Appointments Committee at KRUK S.A.

Compliance with criteria:

- ✓ Independent: YES
- ✓ Expertise:
  - Finance / Accounting: YES
  - Accounting / Financial reporting: YES
  - Industry knowledge: YES

Gender: FEMALE



### **Krzysztof Kawalec**

Mr. Kawalec graduated from the Faculty of Organisation and Management at the Łódź University of Technology (having earned a Master of Science/Engineer degree in Business Administration). He completed a post-graduate Enterprise Value Management programme at the Warsaw School of Economics, and a post-graduate course in Management Accounting and Controlling at the same school. He also completed an MBA programme at PAM Center of the University of Łódź, University of Maryland. In 1998–2001, he worked as Manager at (International Fast Food Polska Sp. z o.o.) of Warsaw. In 2001–2002, he headed the Contracts Department at Magellan S.A. In 2002–2003, he was a Member of the Company’s Management Board and the CFO. In 2003, he was appointed Vice President of the Company’s Management Board and Chief Operating Officer, and he served as President of the Management Board of Magellan S.A. from 1 July 2008. Since 2018, he has been President of the Management Board of BFF Polska S.A., member of the BFF Banking Group listed on Borsa Italiana. Currently, he also serves as Head of the BFF Bank SpA Branch in Poland. He is a member of the Supervisory Boards of BFF Slovakia s.r.o. and BFF MedFinance s.r.o. operating in Slovakia and the Czech Republic. Since 2009, he has been involved in KRUK S.A. and the KRUK Group as a Member of the Supervisory Board of KRUK S.A. and a Member of the Supervisory Board of KRUK TFI S.A. Since 2022, he has also served as Deputy Chair of the Supervisory Board of KRUK S.A.

Compliance with criteria:

- Independent: NO
- Expertise:
  - Finance / Accounting: YES
  - Accounting / Financial reporting: YES
  - Industry knowledge: YES

Gender: MALE



### **Katarzyna Beuch**

Ms. Beuch graduated from the Wrocław University of Economics and Business with a degree in Management and Computer Science and completed a post-graduate programme in financial risk management and asset-liability management in banking. She has held ACCA qualifications since 2000 (FCCA since 2005). She began her professional career at Bank Zachodni at the Assets, Equity, and Liabilities Management Department. Ms. Beuch has ten years’ experience in auditing financial statements of public companies, including banks and insurance companies (Ernst & Young Audit; 1996-2006). In 2006–2012, she led the consolidated reporting and finance functions, including as CFO, at Getin Holding S.A., where she gained extensive experience in integration and transformation processes as well as acquisitions, mergers, and demergers in the period of the company’s intensive growth. In 2014–2016, she headed the Accounting and Tax Department of Santander Consumer Bank S.A., and in 2016–2018 she served as Head of Corporate Control and Economic Analyses at KGHM S.A. Since 2020, she has been Chief

Financial Officer at Benefit Systems S.A., where she oversees controlling, group reporting (including consolidation, stock exchange reporting, and ESG taxonomy compliance), and the Shared Services Centre. She has authored publications on the application of International Financial Reporting Standards. She has served as independent supervisory board member at a range of companies, including as Chair of the Audit Committee at KRUK S.A. (since 2013), as Chair of the Audit Committee at ATM Grupa S.A. (since 2020), and as member of the Audit Committee of WP Holding S.A. (since 2021).

Compliance with criteria:

- Independent: YES
- Expertise:
  - Finance / Accounting: YES
  - Accounting / Financial reporting: YES
  - Industry knowledge: YES

Gender: FEMALE



### **Izabela Felczak-Poturnicka**

Ms. Felczak-Poturnicka is a graduate of the Faculty of Economics of the Lazarski University of Commerce and Law in Warsaw. She also completed doctoral studies in Management and Finance and a postgraduate programme in company valuation methods at the Warsaw School of Economics. Since 2005, she has been a member of the Information and Research Centre of the Public Finance and Tax Law of Central and Eastern European Countries at the Faculty of Law of the University of Białystok. She has authored and co-authored academic papers in economics. She has more than 20 years' experience in corporate supervision, capital market transactions, and other fields. Currently, she is Managing Director of Corporate Affairs at the PZU Group. Prior to that, she served as Head of the Ownership Supervision Department of the Ministry of State Assets. In 2018–2019, she was Deputy Director at the Prime Minister Chancellery. From January 2017, she served as counsel to the minister responsible for coordinating the work of the Ownership Policy Team at the Ministry of Energy. From 2005 to 2016, she worked at the Ministry of State Treasury. She has 17 years' experience working on corporate supervisory boards of various companies, including names listed on the Warsaw Stock Exchange. She has served on the supervisory boards of PKN ORLEN S.A., Enea S.A., Polski Holding Nieruchomości S.A. (as Chair of the Supervisory Board), PZU Zdrowie S.A., Jastrzębska Spółka Węglowa S.A., ZEW Niedzica S.A., MERAZET S.A., Z.Ch.ZACHEM S.A., and MERITUM BANK ICB S.A. She was appointed to the Supervisory Board of KRUK S.A. in 2022.

Compliance with criteria:

- Independent: YES
- Expertise:
  - Finance / Accounting: YES
  - Accounting / Financial reporting: YES
  - Industry knowledge: YES

Gender: FEMALE



### **Beata Stelmach - until 29/01/2025**

Ms. Stelmach holds a degree from the Faculty of Finance and Statistics of the Higher School of Planning and Statistics in Warsaw (now the Warsaw School of Economics). She has also completed MBA programmes at Calgary University and INSEAD. She has been a capital and financial markets professional for many years, having worked for the Polish Securities and Exchange Commission from the very beginning of Poland's transition to free-market economy; as a consultant to the World Bank, she has advised on the establishment of capital markets in other countries. She has served on the management boards of capital market entities, including Intrum Justitia TFI S.A. and MCI Capital TFI

S.A. She was President of the Polish Association of Listed Companies, where she currently chairs the Supervisory Board. She has sat on the Supervisory Boards of Bank BPH S.A., HSBC Bank Polska S.A., Bank Millennium S.A., Stalexport Autostrada S.A., and others. Her management experience extends beyond the financial sector. From 2001 to 2005, she was a member of the executive leadership team at Prokom Software S.A. From 2013 to 2018, she served as CEO and Director General for Poland and the Baltic States at General Electric. In 2018–2020, she worked as an SVP at Leonardo Helicopters and President of the Management Board of PZL Świdnik S.A. From 2011 to 2013, she was Undersecretary of State at the Ministry of Foreign Affairs, responsible for global economic policy and public and cultural diplomacy. Ms. Stelmach has completed a range of specialist training courses, including in financial instruments at New York Institute of Finance, as well as in artificial intelligence at Oxford University. She was awarded with the Knight's Cross of the Order of Polonia Restituta in recognition of her outstanding diplomatic service and achievements in professional work and diplomatic activities for Poland. She is involved in various social outreach initiatives, including economic education of children. For many years, she has supported efforts to increase the activity and role of women in economic and social life. She was appointed a Member of the Supervisory Board of KRUK S.A. in 2022.

Compliance with criteria:

- Independent: YES
- Expertise:
  - Finance / Accounting: YES
  - Accounting / Financial reporting: YES
  - Industry knowledge: YES

Gender: FEMALE



### Piotr Stępnik

Mr. Stępnik graduated from Guelph University, Canada as BA (majoring in Economics and in Management); ESC Rouen, France; Purdue University, U.S., as EMBA, and Purdue University, U.S., as MSM. Mr. Stępnik has extensive professional experience. In 2001–2004, he was Vice President of the Management Board, Retail Banking, at LUKAS Bank. From 2005 to 2008, he held the position of President of the Management Board at Getin Holding S.A. Currently, he is a member of the Board of Directors of BFF Banking Group and Chair of the Supervisory Board of BFF Polska S.A., where he also sits on the Risk and Control Committee and the Appointment Committee. He also serves as Chair of the Supervisory Board and a member of the Audit Committee and the Nomination and Remuneration Committee at VRG S.A. and is a member of the Supervisory Board and the Nomination and Remuneration Committee at Grupa Kęty S.A. Since 2008, he has been a Member of the Supervisory Board at KRUK S.A., and from 2013 to 27 August 2024, he served as Chair of the Supervisory Board. He is also a member of the Company's Audit Committee. As part of his roles, he is involved in the activities of the Risk and Control Committee, providing ESG-related recommendations to the Board of Directors.

Compliance with criteria:

- Independent: NO
- Expertise:
  - Finance / Accounting: YES
  - Accounting / Financial reporting: YES
  - Industry knowledge: YES

Gender: MALE





### Piotr Szczepiórkowski

Mr. Szczepiórkowski is a graduate of the Faculty of Chemical and Process Engineering at the Warsaw University of Technology (1985). He has extensive experience in pension systems, asset management, capital markets, and serving as an independent supervisory board member. During his professional career, he completed a training programme and successfully passed all the 14 exams to obtain the ACCA qualification and the Executive Management Development courses organised by CEDEP (Fontainebleau), Columbia University, and Wharton School of Business. He holds an investment adviser licence (No. 136) and is a member of the Polish Association of Actuaries and CFA Society Poland (CFA Charterholder). He has worked at the Ministry of Finance (Department of Financial Institutions) and Bank Gospodarstwa Krajowego (Treasury Department). From 1993 to 2015, he was involved with Commercial Union Polska (Aviva Polska), where he progressed from the Financial Department of Aviva Towarzystwo Ubezpieczeń na Życie to Vice President of the Management Board. Between 2001 and 2008, he served as President of the Management Board of PTE. In 2008–2015, he was Vice President of the Management Board of Aviva Towarzystwo Ubezpieczeń na Życie. Currently, he serves on the Supervisory Boards of several WSE-listed companies, including FM Forte S.A., Decora S.A., and Octava S.A. Additionally, he is a member of the Supervisory Board and Chair of the Audit Committee at ZEW Kogeneracja S.A. and Ipopema TFI S.A. He was appointed to the Supervisory Board of KRUK S.A. in 2019 and now serves as an independent member of its Audit Committee and a member of its Remuneration and Appointments Committee.

Compliance with criteria:

- Independent: YES
- Expertise:
  - Finance / Accounting: YES
  - Accounting / Financial reporting: YES
  - Industry knowledge: YES

Gender: MALE



### Dominika Bettman - since 30/01/2025

Ms. Bettman is a manager with 30 years of experience and digital technology leader. A seasoned business professional, she has managed organisations, overseen large-scale infrastructure projects, implemented new technologies, and led change management initiatives. An advocate for digital transformation and sustainable, responsible business practices, she also serves as a mentor to board members. She is the author of the books “Technologiczne Magnolie” and “Technologiczne Magnolie 2.0.” A strong proponent of diversity and inclusive leadership, Ms. Bettman is actively engaged in initiatives that support the professional development of women, particularly in STEM fields. She will serve as General Manager of Microsoft Poland until the end of February 2025. Previously, she was the long-standing CEO and CFO at Siemens Sp. z o.o. She is a member of the Supervisory Board of Santander Bank Polska, President of the Council of the SGH Warsaw School of Economics, and a member of the programme boards for the European Economic Congress (EEC), the Open Eyes Economy Summit (OEE), and the European Forum for New Ideas (EFNI). She is a graduate of the Faculty of Foreign Trade at the SGH Warsaw School of Economics, and she completed the IESE Advanced Management Program in Barcelona.

Compliance with criteria:

- Independent: YES
- Expertise:
  - Finance / Accounting: YES
  - Accounting / Financial reporting: YES
  - Industry knowledge: YES

Gender: FEMALE

### 8.3.6. Activities of the Supervisory Board

The Supervisory Board exercises supervision over each area of the Company's operations. Powers and responsibilities of the Supervisory Board, in addition to those defined in the Polish Commercial Companies Code, include:

- assessing the Directors' Report on the Company's operations and the financial statements for the previous financial year in terms of their completeness, accuracy and consistency with the underlying accounting records and supporting documents, and assessing the Management Board's proposals on distribution of profit or coverage of loss;
- preparing and submitting to the General Meeting an annual written report for the previous financial year (Report of Supervisory Board);
- appointing and removing the President of the Management Board;
- appointing and removing Members of the Management Board (including Vice-Presidents);
- suspending Members of the Management Board and delegating Members of the Supervisory Board to temporarily carry out the duties of Management Board Members unable to perform their duties;
- defining, at the request of the President of the Management Board, the rules and amount of remuneration for the Management Board Members;
- defining the amount of remuneration for the President of the Management Board;
- approving the Company's annual financial plans (budgets) and strategic economic plans; a budget should include at least a forecast statement of profit or loss and a forecast statement of cash flows for a given financial year and a forecast statement of financial position as at the end of that financial year;
- granting consent for the Company to contract loans or issue bonds, other than loans or bonds provided for in the budget, in excess of a cumulative annual amount equal to 10% of the Company's equity, with the exception of loans received from the other companies of the KRUK Group;
- granting consent to provide security and surety over or encumber the Company's assets otherwise than as provided for in the budget, in excess of a cumulative amount equal to 10% of the Company's equity annually, unless parties to the transaction are only companies of the KRUK Group. Creating security or surety for loans and bonds provided for in the budget or for which the Supervisory Board has already given its consent does not require the Supervisory Board's consent;
- granting consent for the Company to assume liabilities in a single transaction or a series of related transactions with a total value exceeding 5% of the Company's equity in a given financial year, not provided for in the budget and not arising in the ordinary course of the Company's business;
- granting consent for the Company to acquire or subscribe for shares in other commercial companies and to join other businesses that are not members of the KRUK Group;
- granting consent for the acquisition or disposal of the Company's assets with a value exceeding 15% of the Company's net book value as determined on the basis of the last audited financial statements, other than an acquisition or disposal provided for in the budget, except for any acquisition or disposal of assets from or to members of the KRUK Group;
- granting consent to the disposal or transfer of copyrights or other intellectual property, in particular rights to patents, technologies and trademarks, unless only members of the KRUK Group are parties to the transaction;
- granting consent to the Company or any of its subsidiaries to engage advisers and other third-party individuals as consultants, lawyers or agents if the resulting total annual cost to the Company, not provided for in the budget, would exceed PLN 1,000,000.00 (one million zloty);
- approving the rules of management stock option plans;
- selecting an auditor to audit the Company's full-year financial statements, as referred to in Art. 395 of the Commercial Companies Code, in accordance with the Polish and international accounting standards;
- granting consent to the execution of or amendment to agreements concluded between the Company or any its subsidiaries with the Management or Supervisory Board Members;
- granting consent to making any gratuitous disposals or commitments by the Company or a subsidiary of the Company within the scope of the Company's business for an amount exceeding PLN 1,000,000.00

(one million złoty) in one financial year unless only members of the KRUK Group are parties to the transaction;

- granting consent to making any gratuitous disposals or gratuitous commitments by the Company or a subsidiary of the Company outside the scope of the Company's business for a total amount exceeding in a given financial year 0.6% of the Company's net profit as disclosed in the Company's authorised financial statements for the prior year unless only members of the KRUK Group are parties to the transaction. If the Company fails to earn a profit in a given financial year, the Supervisory Board's consent is required for making any gratuitous disposals or commitments by the Company or a subsidiary of the Company outside the scope of the Company's business for a total amount exceeding in a given financial year PLN 400,000.00 (four hundred thousand złoty) unless only members of the KRUK Group are parties to the transaction;
- granting consent to the purchase or disposal of property, perpetual usufruct rights or interests in property (excluding property purchased or sold as part of debt management processes) by the Company if the VAT-exclusive purchase price or the VAT-exclusive sale price is PLN 5,000,000.00 (five million złoty) or more;
- other matters as provided for in the Company's Articles of Association and the Polish Commercial Companies Code.

Moreover, the Supervisory Board is authorised to enter into contracts with advisers to the Supervisory Board as defined in Art. 382<sup>1</sup> of the Polish Commercial Companies Code, with the proviso that the aggregate consideration payable to such advisers in a financial year must not exceed PLN 1,000,000.00 (one million złoty).

Supervisory Board meetings are convened by the Chair or, if absent, by the Deputy Chair of the Supervisory Board. In exceptional circumstances, in the absence of both the Chair and the Deputy Chair of the Supervisory Board, a meeting of the Supervisory Board may be convened by other Member thereof, designated by either the Chair or the Deputy Chair. Detailed rules for holding meetings are defined in the Rules of Procedure for the Supervisory Board.

Supervisory Board resolutions are passed with an absolute majority of votes of the Supervisory Board Members present at the meeting. In the event of a tied vote, the Chair has the casting vote. For a resolution of the Supervisory Board to be valid, all Members of the Supervisory Board must be invited to the meeting and at least half of them must be present at the meeting, with the proviso that Supervisory Board resolutions may be passed as provided for in the Company's Articles of Association. At its meeting, the Supervisory Board may also resolve on matters not included in the proposed agenda for the meeting if none of the Supervisory Board Members in attendance objects to voting on such resolution, save for resolutions on personal matters, which should be put on the meeting's proposed agenda set out in the notice of the meeting.

Supervisory Board Members may vote on a resolution of the Supervisory Board in writing through another Member of the Supervisory Board. Matters placed on the agenda during the meeting of the Supervisory Board may not be so voted on in writing. Subject to the provisions of the Commercial Companies Code, the Supervisory Board may vote on resolutions by way of any of the following procedures: (a) written ballot, (b) using means of distance communication only, or (c) the mixed procedure, i.e. when some Members of the Supervisory Board attend a Supervisory Board meeting in person and at least one Member of the Supervisory Board participates in the meeting using means of distance communication, provided that all Supervisory Board Members have been notified of the contents of the draft resolution.

In 2024, the Supervisory Board acted in accordance with the remit and procedures provided for the Commercial Companies Code, the Company's Articles of Association, and the Rules of Procedure for the Supervisory Board. In 2024, the Supervisory Board met five times – in March, May, August, October and December. All the meetings were held at the Company's registered office, and partly with provisions for attendance using means of remote communication. In addition, the Supervisory Board met on an as-needed basis via conference calls to discuss the regular agenda and address any emerging matters.

Throughout the financial year 2024, all Members of the Supervisory Board were actively engaged in its proceedings, devoting the necessary time to discharge their responsibilities and participating in both the scheduled meetings and extra conference calls. The Supervisory Board kept in regular communication with the Company's Management Board and its auditor

A breakdown of each Supervisory Board Member's attendance at the 2024 meetings is detailed in the table below.

**Table 56. Attendance at Supervisory Board meetings in 2024**

<b>EWA RADKOWSKA- ŚWIĘTOŃ</b>	<b>KRZYSZTOF KAWALEC</b>	<b>KATARZYNA BEUCH</b>	<b>IZABELA FELCZAK- POTURNICKA</b>	<b>PIOTR STĘPNIAK</b>	<b>BEATA STELMACH</b>	<b>PIOTR SZCZEPIÓRKOWSKI</b>
5/5	5/5	5/5	4/5	5/5	5/5	5/5

Source: Company

In 2024, the Supervisory Board passed 31 resolutions, of which:

- 21 were adopted at meetings of the Supervisory Board,
- 10 were adopted by written ballot.

As part of the supervision over the Company's current operations, the Supervisory Board systematically analysed the financial situation and results of its operating activities, taking into account the impact of digitisation and digital transformation on the results of the Company and the Group.

The Supervisory Board exercises constant and ongoing supervision over the Company's operations by:

- analysing materials received from the Management Board;
- obtaining information and detailed explanations from Members of the Management Board and other employees during meetings of the Supervisory Board and its committees;
- ongoing cooperation with the Group Head of Internal Audit, Group Head of Compliance Area and other managers responsible for key areas in the Company and the Group;
- activities of the Audit Committee;
- activities of the Remuneration and Nomination Committee;
- activities of the Finance and Budget Committee;
- activities described in the section on the assessment of the Company's application of corporate governance principles and the manner of fulfilling information obligations;
- analysis of the results of the review and audit of financial and accounting documentation and the financial statements prepared on its basis by a certified auditor;
- monitoring financial audit activities and cooperation with the audit firm examining the financial statements of the Company and the Capital Group.

At least once a year, Members of the Supervisory Board submit to the other Members thereof and to the Management Board representations on meeting the independence criteria as defined in the Act on Statutory Auditors, Audit Firms, and Public Oversight of 11 May 2017 (Dz.U. of 2017, item 1089, as amended; the "Statutory Auditors Act"), and on the absence of any actual and material links between them and any shareholders holding 5% or more of total voting rights in the Company.

According to representations submitted by Piotr Stępniaak and Krzysztof Kawalec, they do not meet the independence criteria specified in the Statutory Auditors Act, having served on the KRUK SA. Supervisory Board for more than 12 years.

All of the Supervisory Board Members represented that they do not have any actual or material links with a shareholder holding 5% or more of total voting rights in the Company. Representations submitted by Members of the Supervisory Board are reviewed annually.

As at the reporting date, the composition of the Supervisory Board Committees was as presented in the table below: The composition of the Committees did not change throughout the reporting period.

Table 57. Supervisory Board Committees as at 31 December 2024

NAME AND SURNAME	AUDIT COMMITTEE	REMUNERATION AND APPOINTMENTS COMMITTEE	FINANCE AND BUDGET COMMITTEE
Ewa Radkowska-Świętoń	Member	Chair	Member
Krzysztof Kawalec	x	Member	Member
Katarzyna Beuch	Chair	x	X
Izabela Felczak-Poturnicka	x	x	X
Beata Stelmach	x	x	Chair
Piotr Stępiak	Member	x	X
Piotr Szczepiórkowski	Member	Member	X

Source: Company

Subsequent to the reporting date, after Beata Stelmach had resigned from the Supervisory Board, from 29 January 2025 Krzysztof Kawalec and Ewa Radkowska-Świętoń were members of the Finance and Budget Committee.

Table 58. Supervisory Board Committees as at the issue date of this Report

NAME AND SURNAME	AUDIT COMMITTEE	REMUNERATION AND APPOINTMENTS COMMITTEE	FINANCE AND BUDGET COMMITTEE
Ewa Radkowska-Świętoń	Member	Chair	Member
Krzysztof Kawalec	x	Member	Member
Katarzyna Beuch	Chair	x	X
Dominika Bettman	x	x	x
Izabela Felczak-Poturnicka	x	x	X
Piotr Stępiak	Member	x	X
Piotr Szczepiórkowski	Member	Member	X

Source: Company

### 8.3.7. Shares in the Company and in its related entities held by Members of the Supervisory Board

For information on shares in the Company and in its related entities held by Members of the Supervisory Board, see Section 8.3 *Shares in the Company and in its related entities held by Members of the Management Board or Supervisory Board*.

### 8.3.8. Remuneration, bonuses and employment contract terms of the Supervisory Board Members

The remuneration principles applying to Supervisory Board Members are set out in the Remuneration Policy for Management Board and Supervisory Board Members of KRUK S.A. of Wrocław (the "Remuneration Policy"), adopted by the Annual General Meeting of KRUK S.A. on 31 August 2020, in accordance with Article 90d.1 of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies (the "Public Offering Act"), and subsequently amended by General Meeting Resolutions Nos. 28/2021 and 29/2021 on 16 June 2021 and Resolution No. 6/2022 of the Extraordinary General Meeting on

16 November 2022. Pursuant to Art. 90e.4 of the Public Offering Act, the Remuneration Policy was upheld as valid following a mandatory review by the Annual General Meeting of KRUK S.A., as confirmed by Resolution No. 20/2024. Subsequently, on 30 January 2025, the Extraordinary General Meeting passed Resolutions No. 8/2025 and 9/2025 approving amendments to the Remuneration Policy, and adopted its amended and restated text by Resolution No. 10/2025.

The Remuneration Policy is the principal document governing the remuneration rules applying to KRUK S.A. Management Board and Supervisory Board Members, and it applies to them regardless of their form of employment.

Pursuant to Art. 12.3 of the Company's Articles of Association, the Supervisory Board Members receive remuneration for their services, unless the body or entities entitled to appoint them resolve otherwise.

The amount of remuneration payable to the Members of the Supervisory Board is determined by virtue of a resolution of the General Meeting. In accordance with the Remuneration Policy, the remuneration for Supervisory Board Members is not split into variable and fixed components. Furthermore, the remuneration for Supervisory Board Members is not determined in the form of options or other derivatives or any other variable components, and it is not linked to KRUK S.A.'s performance.

In accordance with the Remuneration Policy, the remuneration of Supervisory Board Members covers their service on the Supervisory Boards of the KRUK Group companies.

Members of the Supervisory Board, in accordance with Section 12 of the Remuneration Policy, are eligible for participation in the PPK.

The table below presents the amounts of remuneration received by the Supervisory Board Members from the Company for 2023 and 2024.

**Table 59. Remuneration of Supervisory Board Members in 2023 and 2024**

<b>EWA RADKOWSKA-ŚWIĘTOŃ</b>	<b>IN 2023</b>	<b>IN 2024</b>
	<b>(gross, PLN)</b>	<b>(gross, PLN)</b>
<b>Fixed remuneration components, including:</b>	150,763.65	240,057.80
- Base pay	141,356.16	234,296.14
- Reimbursement of costs related to participation in the work of the Supervisory Board	5,655.17	2,956.66
- D&O liability insurance premium	3,752.32	2805.00
<b>Contributions for old age pension, disability pension and accident insurance, Employment Fund and Guaranteed Employee Benefits Fund financed by the Company</b>	27,505.83	36,094.72
<b>KATARZYNA BEUCH</b>	<b>IN 2023</b>	<b>IN 2024</b>
	<b>(gross, PLN)</b>	<b>(gross, PLN)</b>
<b>Fixed remuneration components, including:</b>	216,811.22	261,409.40
- Base pay	212,034.24	258,509.40
- Reimbursement of costs related to participation in the work of the Supervisory Board	1,024.66	95.00
- D&O liability insurance premium	3,752.32	2805.00
<b>Contributions for old age pension, disability pension and accident insurance, Employment Fund and Guaranteed Employee Benefits Fund financed by the Company</b>	10,295.08	15,514.48

<b>IZABELA FELCZAK-POTURNICKA*</b>	<b>IN 2023</b>	<b>IN 2024*</b>
	<b>(gross, PLN)</b>	<b>(gross, PLN)</b>
Fixed remuneration components, including:	146,039.83	136,332.45
- Base pay	141,356.16	132,476.09
- Reimbursement of costs related to participation in the work of the Supervisory Board	931.35	1,051.36
- D&O liability insurance premium	3,752.32	2805.00
Contributions for old age pension, disability pension and accident insurance, Employment Fund and Guaranteed Employee Benefits Fund financed by the Company	9,088.60	7,412.58
<b>KRZYSZTOF KAWALEC</b>	<b>IN 2023</b>	<b>IN 2024</b>
	<b>(gross, PLN)</b>	<b>(gross, PLN)</b>
Fixed remuneration components, including:	169,108.48	199,954.60
- Base pay	141,356.16	172,339.60
- Reimbursement of costs related to participation in the work of the Supervisory Board		810.00
- Remuneration from KRUK TFI	24,000.00	24,000.00
- D&O liability insurance premium	3,752.32	2805.00
Contributions for old age pension, disability pension and accident insurance, Employment Fund and Guaranteed Employee Benefits Fund financed by the Company	9,836.20	12,177.77
<b>BEATA STELMACH</b>	<b>IN 2023</b>	<b>IN 2024</b>
	<b>(gross, PLN)</b>	<b>(gross, PLN)</b>
Fixed remuneration components, including:	146,576.12	179,292.28
- Base pay	141,356.16	172,339.60
- Reimbursement of costs related to participation in the work of the Supervisory Board	1,467.64	4,147.68
- D&O liability insurance premium	3,752.32	2,805.00
Contributions for old age pension, disability pension and accident insurance, Employment Fund and Guaranteed Employee Benefits Fund financed by the Company	10,234.98	10,019.45
<b>PIOTR STĘPNIAK</b>	<b>IN 2023</b>	<b>IN 2024</b>
	<b>(gross, PLN)</b>	<b>(gross, PLN)</b>
Fixed remuneration components, including:	289,070.81	286,718.72
- Base pay	282,712.32	283,202.95
- Reimbursement of costs related to participation in the work of the Supervisory Board	2,606.17	710.77
- D&O liability insurance premium	3,752.32	2805.00
Contributions for old age pension, disability pension and accident insurance, Employment Fund and Guaranteed Employee Benefits Fund financed by the Company	12,450.70	7,603.99

PIOTR SZCZEPIÓRKOWSKI	In 2023	IN 2024
	(gross, PLN)	(gross, PLN)
Fixed remuneration components, including:	151,582.22	182,922.99
- Base pay	141,356.16	172,339.60
- Reimbursement of costs related to participation in the work of the Supervisory Board	4,289.03	5,075.08
- Participation in an employee capital plan (PPK)	2,184.71	2,703.31
- D&O liability insurance premium	3,752.32	2,805.00
Contributions for old age pension, disability pension and accident insurance, Employment Fund and Guaranteed Employee Benefits Fund financed by the Company	10,552.15	12,468.54

Source: Company

\* From 11 October 2024 to 31 December 2024. Based on her statement submitted to the Company, Izabela Felczak-Poturnicka waived the remuneration due for serving on the Supervisory Board of KRUK S.A.

Relative proportions between remuneration components of all Supervisory Board Members in 2024:

- Fixed remuneration components: 100%, variable remuneration components: 0%.

As at the date of this Report, there were no contingent or deferred benefits payable to Members of the Supervisory Board by the Company or the subsidiaries.

As at the date of this Report, there were no contracts executed by the Supervisory Board Members with the Company or its subsidiaries that would provide for post-termination benefits.

As at the date of this Report, the Company does not have any liabilities arising from pensions or similar benefits to former members of management or supervisory bodies or former members of administrative bodies, or any liabilities incurred in connection with such pensions.

### 8.3.9. Supervisory Board Committees

Pursuant to the Rules of Procedure for the Supervisory Board, the following committees operate within the KRUK S.A. Supervisory Board:

- Audit Committee,
- Remuneration and Appointments Committee,
- Finance and Budget Committee.

Members of the committees are appointed by the Supervisory Board from among its Members.

#### Audit Committee

The Supervisory Board appoints the Audit Committee from among its Members.

In the period 1 January–31 December 2024, the Audit Committee was composed of:

- Katarzyna Beuch – Chair of the Committee, independent Member of the Supervisory Board;
- Ewa Radkowska-Świętoń – Member of the Committee, independent Member of the Supervisory Board;
- Piotr Stępniaak – Member of the Committee, non-independent Member of the Supervisory Board;
- Piotr Szczepiórkowski – Member of the Committee, non-independent Member of the Supervisory Board.

For detailed information on the remit, experience and satisfaction of independence criteria by members of the Audit Committee, see Section 8.3.5 *Composition of the Supervisory Board, its changes and rules of appointment*.



As at the issue date of this Report, there were no changes to the composition of the Audit Committee.

Pursuant to the Rules of Procedure for the Supervisory Board, the Audit Committee consists of at least three members. The majority of the Audit Committee members, including its chair, should be independent Members of the Supervisory Board. Three of the four members of the Audit Committee, i.e. Katarzyna Beuch, who chairs the Audit Committee, and members of the Committee, Ewa Radkowska-Świętoń, and Piotr Szczepiórkowski, fully meet the independence criteria under the Act of Statutory Auditors, Audit Firms, and Public Oversight.

The Audit Committee should include at least one member with knowledge and skills in accounting or auditing. Members of the Audit Committee should have the knowledge of and skills relevant for the industry in which the Company operates. All members of the Audit Committee have knowledge and skills in accounting or auditing as well as the knowledge of and skills relevant for the industry in which the Company operates, which they have gathered in the course of education and professional career.

**Katarzyna Beuch** holds a degree in economics as well as having extensive expertise in accounting, financial auditing, and internal audit, as certified by her ACCA qualification since 2000 (FCCA since 2005). She has gained substantial experience in banking and finance, working in the banking sector, including as CFO at Getin Holding S.A. and Head of the Accounting and Tax Department at Santander Consumer Bank S.A., and in the corporate sector, including as Head of Corporate Control and Economic Analyses at KGHM S.A. and (currently) as CFO at Benefit Systems S.A. Ms. Beuch has authored publications on the application of International Financial Reporting Standards. She has ten years' experience in auditing financial statements of public companies, including banks and insurance companies (Ernst & Young Audyt). She serves as an independent supervisory board member, chairing the Audit Committee at ATM Grupa S.A. and sitting on the Audit Committee at WP Holding S.A.

**Ewa Radkowska-Świętoń** has a background in economics as well as being certified as CFA (Chartered Financial Analyst) and FRM (Financial Risk Manager). Her extensive experience in banking and finance includes roles such as President of the Management Board of Skarbiec Towarzystwo Funduszy Inwestycyjnych S.A. and both Vice President and President of the Management Board of WSE-listed Skarbiec Holding S.A. As Vice President of the Management Board of Nationale Nederlanden Powszechnie Towarzystwo Emerytalne S.A., she oversaw investment and corporate governance at Poland's largest open-end pension fund. Her career also spans fund management positions at Aviva Investors Polska S.A. and ING TFI S.A. (now NN Investment Partners), and equity analysis at the Capital Transactions Centre of Bank Handlowy S.A. She is an independent member of the Supervisory Board and Chair of the Audit Committee at Ipopema Securities S.A., Member of the Capital Market Benchmarks Supervisory Committee at GPW Benchmark S.A. and member of the Risk Committee at KDPW\_CCP S.A.

**Piotr Stępnik** has a university degree. Over his career, he has gained a wealth of experience in finance and accounting from his tenure in executive and supervisory positions within various companies. Notably, he served as Vice President of the Management Board at LUKAS Bank S.A., overseeing retail banking operations, and as President of the Management Board of Getin Holding S.A. He has also sat on the Board of Directors of BFF Banking Group and chaired the Supervisory Board of BFF Polska S.A. Currently, Mr. Stępnik is Chair of the Supervisory Board of Grupa Kęty S.A. and member of the Supervisory Board of VRG S.A. and its subsidiary W. KRUK S.A.

**Piotr Szczepiórkowski** has extensive expertise in accounting, financial auditing, and internal auditing, as confirmed by an ACCA qualification. He holds an investment adviser licence (No. 136) and is a member of the Polish Association of Actuaries and CFA Society Poland (CFA Charterholder). He is an expert in pension systems, asset management, and capital markets. His career spans various roles, including at the Ministry of Finance (Department of Financial Institutions), Bank Gospodarstwa Krajowego (Treasury Department), and Commercial Union Polska (currently Aviva Polska), where he also served as the Vice President of the Management Board and Chief Investment Officer. He sits on the Supervisory Boards of FM Forte S.A., Decora S.A., ZEW Kogeneracja S.A., Octava S.A., and Ipopema TFI S.A., where he also chairs the Audit Committee.

The Audit Committee's responsibilities include in particular:

1. monitoring of:
  - the financial reporting process;

- the effectiveness of internal control and risk management systems as well as internal audit systems in place at the Company, including effectiveness of the financial reporting process,
  - performance of financial audit tasks, including the audit of financial statements performed by an audit firm, with account taken of all conclusions and findings from an inspection of the audit firm by the Polish Audit Oversight Commission;
2. controlling and monitoring of the independence of the statutory auditor and the audit firm, in particular when the audit firm provides non-audit services;
  3. informing the Supervisory Board about the results of the audit and explaining how the audit has contributed to the integrity of financial reporting in a public-interest entity and what the role of the Audit Committee in the audit process was;
  4. assessing the independence of the qualified auditor and giving consent to the auditor's provision of permitted non-audit services to a public-interest entity;
  5. developing a policy for selecting an audit firm to conduct the audit;
  6. developing a policy for providing permitted non-audit services by the audit firm carrying out the audit, entities related to the audit firm or a member of the audit firm's network;
  7. defining the procedure for selecting an audit firm by a public-interest entity;
  8. presenting to the Supervisory Board the recommendation referred to in Article 16(2) of Regulation No. 537/2014, in accordance with the policies referred to in items 5 and 6 above;
  9. submitting recommendations aimed at ensuring the integrity of the financial reporting process in a public-interest entity.

Beyond executing its statutory duties, in 2024 the Audit Committee specifically focused on:

- analysis of the results of the audit of the 2023 full-year report and review of the H1 2024 interim report;
- discussion of the supplementary report for the Audit Committee for 2023;
- analysis of the results of review of the interim financial statements;
- analysis and evaluation of the effectiveness of the Company's internal control and internal audit system, including a summary of internal audit findings from 2023;
- discussion of the report on delivery of the Internal Audit Plan for 2023, including the implementation status of recommendations and self-assessment of the internal audit quality for 2023;
- discussion of the status of the implementation of the Internal Audit Plan in 2024, the degree of implementation of post-audit recommendations
- results of independent assurance of the Company's internal audit function by the audit firm KMPG;
- evaluation of delivery of the internal audit development strategy for 2021-2023 and discussion of the internal audit development strategy for 2024-2027;
- internal audit plan for 2025;
- analysis of the Report on the assessment of the effectiveness of the risk management system, compliance, internal control and internal audit function in 2023;
- review of the 2023 Compliance Report, covering key compliance functions, delivery of the conflicts of interest management policy, and a summary of reports submitted through the whistleblowing channel and the Consultation and Mediation Team;
- discussion of incident management and whistleblower protection measures;
- risk management within the Company and the Group;
- discussion of portfolio revaluation and the valuation methodology;
- review of the status of post-audit recommendations related to cloud computing and cybersecurity,
- pre-authorisation of non-audit services for 2024 and approval of the non-audit service report for 2023;
- the process of selecting an auditor to audit the financial statements of the Company and the Capital Group for 2025-2027 and preparing recommendations for the Supervisory Board in this regard
- discussion of regulatory and tax audits at the Group and significant litigation;
- review and discussion of tax-related matters, including legislative changes affecting the operations of the KRUK Group companies;
- EU sustainable activities taxonomy reporting;
- reviewing legislative amendments;
- routine assessment of related-party transactions.

For detailed information on the supervision by the Audit Committee of the process to select an audit firm for the Group, see section 8.3.10 '*Policy and procedure for appointment of the auditor of financial statements of the KRUK Group, and Policy for the provision of non-audit services by an audit firm*'.

In accordance with KRUK S.A.'s policy and procedure for the acquisition of non-audit services, the independence of the services permitted by the auditor, performed for the benefit of all KRUK Group members, is monitored and

evaluated. In 2024, the value of the services was PLN 481.4 thousand. The services were approved by the Audit Committee.

Members of the Audit Committee performed their duties during the Committee's meetings and the Supervisory Board's meetings. The Audit Committee operated based on the adopted meeting schedule and work plan. In 2024, the Audit Committee met four times, ensuring the execution of its statutory duties. All meetings of the Audit Committee are recorded in minutes. Additionally, the Audit Committee conducted its ongoing activities via ad-hoc conference calls. All members actively participated in its work, attending every meeting and ad-hoc conference call as necessary. Katarzyna Beuch, Ewa Radkowska-Świętoń, Piotr Stępnik, and Piotr Szczepiórkowski had a 100% attendance rate at all meetings.

Meetings of the Audit Committee in 2024 were held in a hybrid format, combining in-person discussions with remote participation via telecommunication tools.

## Remuneration and Appointments Committee

The Supervisory Board appoints the Remuneration and Appointments Committee from among its Members.

In the period 1 January–31 December 2024, the Remuneration and Appointments Committee was composed of:

- Ewa Radkowska-Świętoń – Chair of the Committee, independent Member of the Supervisory Board;
- Krzysztof Kawalec – Member of the Committee, non-independent Member of the Supervisory Board;
- Piotr Szczepiórkowski – Member of the Committee, non-independent Member of the Supervisory Board.

For detailed information on the remit, experience and satisfaction of independence criteria by members of the Remuneration and Appointments Committee, see Section 8.3.5 Composition of the Supervisory Board, its changes and rules of appointment.

As at the issue date of this Report, the composition of the Remuneration and Appointments Committee did not change.

The Remuneration and Appointments Committee is composed of at least three members, including at least one member with knowledge and experience in the area of remuneration policy. The majority of the Remuneration and Appointments Committee members should be independent Members of the Supervisory Board.

Two of the three members of the Remuneration and Appointments Committee, i.e., Ms. Ewa Radkowska-Świętoń, who chairs the Committee, and member of the Committee Mr. Piotr Szczepiórkowski, meet the independence criteria under the Act of Statutory Auditors, Audit Firms, and Public Oversight.

The Remuneration and Appointments Committee's responsibilities include in particular:

- Planning of the remuneration policy for the Management Board Members;
- Alignment of the Management Board Members' remuneration with the Company's long-term interests and its financial performance;
- Recommendation of candidates to the Management Board to the Supervisory Board;
- Periodic assessment of the structure, number of Members, composition and performance of the Management Board, and, where needed, recommendation of changes in this respect to the Supervisory Board, and submission of a periodic assessment of the skills, knowledge and experience of the individual Management Board Members to the Supervisory Board.

In 2024, the Remuneration and Appointments Committee was primarily engaged in:

- preparing a Report on Remuneration of Members of the Management Board and Supervisory Board of KRUK S.A. for 2023, which involved collaborating with the Company, the Audit Committee, a legal adviser, the auditor evaluating the Report. The conclusions of the Report were subsequently presented to the entire Supervisory Board;
- reviewing the remuneration of Management Board Members;

- consulting on amendments to the Remuneration Policy for Members of the Management Board and Supervisory Board of KRUK S.A. of Wrocław, and assessing the Management Board's proposal pertaining thereto;
- consulting on proposed terms of the Company's 2025-2028 incentive scheme and amendments to the Articles of Association;
- consulting on a draft resolution of the Supervisory Board concerning the fulfilment of conditions for the allotment of subscription warrants and allotment of Tranche 3 subscription warrants to Management Board under the 2021–2024 Management Stock Option Plan;
- consulting on amendments to the 2021–2024 Management Stock Option Plan;
- appointing an auditor to assess the Report on Remuneration of Members of the Management Board and Supervisory Board of KRUK S.A. for 2024;
- discussing the HR strategy for the KRUK Group;
- the remuneration of the Management Board and employees. As part of their work, the Committee developed a plan to issue recommendations for reviewing the remuneration of Management Board Members;
- planning for succession at the Company, with particular focus on succession plans for Management Board Members.

Matters within the remit of the Committee were discussed during meetings and conference calls and during Supervisory Board meetings. Committee meetings were also held using means of remote communication. All members of the Committee were involved in the Committee's work, attending meetings and conference calls.

## Finance and Budget Committee

The Supervisory Board appoints the Finance and Budget Committee from among its Members.

In the period 1 January–31 December 2024, the Finance and Budget Committee was composed of:

- Beata Stelmach – Chair of the Committee, independent Member of the Supervisory Board;
- Krzysztof Kawalec – Member of the Committee, non-independent Member of the Supervisory Board;
- Ewa Radkowska-Świętoń – Member of the Committee, independent Member of the Supervisory Board.

Due to her resignation, as of January 29, 2025, Beata Stelmach is not a member of the Finance and Budget Committee and does not serve as Chairwoman of the Committee. As at the date of this Report, the composition of the Committee remained unchanged.

For detailed information on the remit, experience and satisfaction of independence criteria by members of the Finance and Budget Committee, see section 8.3.5 '*Composition of the Supervisory Board, its changes and rules of appointment*'.

The Finance and Budget Committee's responsibilities include in particular:

- Drafting budget resolutions, issuing opinions and assessing draft resolutions of the Supervisory Board on matters related to the Company's finances;
- Supporting the oversight of the Company's budget implementation;
- ongoing analysis of the Company's financial performance and condition;
- matters related to the operation of the Company's cash, credit and tax systems, as well as its financial plans, budgets and property insurance contracts.

In 2024, the Finance and Budget Committee focused primarily on matters related to the Company's and the Group's budgets, as well as financial matters related to the Company's operations. Members of the Finance and Budget Committee, acting within their remit, met with the Management Board on a monthly basis to review and monitor the Company's and the Group's current achievements and financial performance. In addition, they reviewed the business plan and were consulted to provide opinions on proposed changes to the KRUK Group's financial plan for 2024 and draft budget for 2025. The Finance and Budget Committee held meetings using means of remote communication as well as holding consultations in the form of conference calls. All members of the Committee were involved in the Committee's work, attending meetings and conference calls.

### **8.3.10. Policy and procedure for appointment of the auditor of financial statements of the KRUK Group, and Policy for the provision of non-audit services by an audit firm**

The Company operates policies and procedures outlined in the following documents: Policy for appointment of the auditor of financial statements of the KRUK Group, Procedure for appointment of the auditor of financial statements of the KRUK Group, and Policy and procedure for procurement of non-audit services, governing the provision of permitted non-audit services by an audit firm carrying out the audit, entities related to the audit firm and a member of the audit firm's network.

All these documents were drafted with the support of Audit Committee members and adopted by way of Management Board resolutions, following their approval by the Supervisory Board.

Key points of the Policy for appointment of the auditor of financial statements of the KRUK Group:

- The auditor of the financial statements is selected by the Supervisory Board acting upon recommendations from the Audit Committee. Appointment of an auditor by the Group companies also requires approval from the Audit Committee.
- The selection process is independent and does not exclude any qualified auditors and audit firms qualified to audit financial statements from participating in the tender procedure.
- Evaluation criteria for audit proposals are to be transparent, and the scope of information about each company covered by a request for proposals must be sufficient to reliably assess the amount of work required to be performed by the firm of auditors.

The following must be taken into account by the Audit Committee and the Supervisory Board when, respectively, preparing recommendations for the Supervisory Board and selecting an auditor:

- the Auditor's fulfilment of the independence criteria with respect to all Group members whose financial statements are to be audited and reviewed
- the ability to provide a full range of services (statutory audit, review of the consolidation package and review of the financial statements of Group companies in Poland and abroad)
- the ability to perform the audit on the dates specified by the Parent
- experience in the auditing of international groups (experience in partnering with foreign auditors)
- experience in the auditing of securitisation funds
- experience in the auditing of public-interest entities
- experience in the auditing of companies operating in the same industry as the KRUK Group
- professional qualifications and experience of the auditor and other persons directly involved in the audit
- the price proposed for the audit
- reputation of the entity qualified to perform the audit

The auditor is selected for a period not shorter than two years and not longer than ten years, provided that the uninterrupted audit engagement may not be longer than five years. The term of the first agreement with the auditor is no less than two years, with an option to extend it for another period of at least two years. Upon expiry of the maximum period of cooperation, neither the auditor nor any member of its network may engage in the auditing of the financial statements for another four years. In special circumstances, if a KRUK Group company is unable to change its auditor, the Audit Committee may, despite the expiry of the maximum period of cooperation, give its consent to extending the period of cooperation with the existing auditor. Cooperation with the newly appointed audit firm begins with a review of the interim financial statements and ends with the issuance of an audit opinion on the full-year financial statements.

The key assumption underlying the Policy for procurement of non-audit services from the auditor is to ensure that the independence of the Group's auditor is not affected by any actual or potential conflict of interest, business relationship or any other direct or indirect relationship between the Group companies and the audit firm, audit team members and members of the audit firm's network. The KRUK Group does not engage the Group's auditor in the procurement of non-audit services if there is a risk of self-control, self-interest, promotion of a Group company's interests, familiarity or intimidation caused by a financial, personal, business, employment or other relationship between a Group member and the auditor, the audit firm or a member of the audit firm's network, as

a result of which an objective, reasonable and informed third party would conclude that the auditor's or audit firm's independence is compromised.

The Policy contains a list of permitted non-audit services that may be performed by the existing auditor, as well as a list of prohibited services.

Once the Audit Committee's approval has been received, the KRUK Group may cooperate with the auditor in the provision of other services, listed below, to the extent not related to the Company's tax policy:

- services performed in connection with the prospectus of an audited entity, carried out in accordance with the national standard for related services and consisting in carrying out agreed procedures:
  - a) conducting due diligence procedures with respect to the entity's economic and financial standing;
  - b) issuing comfort letters;
- assurance services with regard to pro forma financial information, profit forecasts or estimates, included in the prospectus of the audited entity;
- audit of historical financial information to be included in the prospectus, as referred to in Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
- verification of consolidation packages;
- confirmation of compliance with covenants under credit facility agreements based on the analysis of financial information sourced from the financial statements audited by the audit firm;
- assurance services with regard to reporting on corporate governance, risk management and corporate social responsibility;
- services consisting in the assessment of compliance of information disclosed by financial institutions and investment firms with the disclosure requirements concerning capital adequacy and variable remuneration components;
- assurance concerning financial statements or other financial information for regulatory authorities, the supervisory board or other supervisory body of the company or its owners, going beyond the scope of a statutory audit and designed to assist those authorities and bodies in fulfilling their statutory duties.

The following circumstances are taken by the Audit Committee into account when approving non-audit services:

- the Committee considers whether these services have a material effect on the audited financial statements;
- it ensures that the estimation of the effect on the audited financial statements is documented; and
- it considers whether the services do not affect the auditor's independence.

In connection with non-audit services provided by the auditor, the Audit Committee assessed the independence of the audit firm and approved the provision of those services. In line with the above Policy, in 2024 non-audit services provided by the auditor and approved by the Audit Committee related to:

- verification of consolidation packages;
- confirmation of the correctness of calculated ratios and the valuation of Maltese assets for the purposes of a syndicated credit facility agreement,
- an assurance service to confirm the possibility of interim dividend payment by a subsidiary,
- an assurance service to confirm the validity of the exchange ratio for certificates of merged funds,
- an assurance service to confirm the validity of the fund merger plan.

For information on the auditor's fees, see Note 32 to the consolidated financial statements.

### **8.3.11.Appointment of the auditor**

On 18 November 2021, by Resolution No. 47/2021, the Company's Supervisory Board, acting upon the Audit Committee's recommendation, appointed PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. of Warsaw, entered in the list of statutory auditors of financial statements under Reg. No. 144, as the auditor to audit the

financial statements of KRUK S.A. and the consolidated financial statements of the KRUK Group for the financial years 2022–2024.

In the process of selecting the auditor to audit the financial statements for the financial years 2022–2024, the Audit Committee and the Company complied with the regulations, and the Audit Committee's recommendation concerning the appointment of an audit firm was prepared based on the Company's selection procedure consistent with the applicable criteria.

On 10 June 2024, by Resolution No. 23/2024, the Company's Supervisory Board, acting upon the Audit Committee's recommendation, appointed PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. of Warsaw, entered in the list of statutory auditors of financial statements under Reg. No. 144, as the auditor to audit the financial statements of KRUK S.A. and the consolidated financial statements of the KRUK Group for the financial years 2025–2027.

On 27 December 2024, by Resolution No. 31/2024, the Company's Supervisory Board, acting upon the Audit Committee's recommendation, appointed KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., entered in the list of statutory auditors of financial statements under Reg. No. 3546, as the audit firm to perform an assurance service with respect to the Company's sustainability reporting for 2024.

## 8.4. General Meeting

The General Meeting is the highest governing body of the Company. Rules governing the convening and operation of the General Meeting as well as its powers are set out in the Commercial Companies Code and in the Company's Articles of Association.

The Company's Articles of Association are available under 'Corporate documents' in the 'About Company' section of KRUK S.A.'s website at <https://en.kruk.eu/investor-relations/kruk-group#corporate-documents>

No Rules of Procedure for the General Meeting are in place at the Company.

The General Meeting may be held as an annual or extraordinary meeting. The Annual General Meeting is each time convened by the Company's Management Board within six months after the end of each financial year, and its agenda includes:

- consideration and approval of the Directors' Report on the Company's operations and the financial statements for the previous financial year;
- Adopting a resolution on the distribution of profit or coverage of loss;
- Granting discharge to the members of the Company's governing bodies in respect of performance of their duties.

An Extraordinary General Meeting is convened by the Management Board on its own initiative or at the request of shareholders representing at least a half of the share capital or a half of total voting rights in the Company, by the Supervisory Board if it considers it appropriate, or by shareholders authorised by the registry court pursuant to Art. 400.3 of the Commercial Companies Code.

The Company makes it possible for shareholders to participate in the General Meeting using means of electronic communication. The rules and conditions for participation in the General Meeting using such means of communication are set out in the 'Rules of remote participation in the General Meeting of KRUK S.A. by electronic means of communication' available on the Company's corporate website.

The right to attend the General Meeting is vested in persons who are the Company's shareholders sixteen days before the date of the General Meeting, as announced by the Company in each Notice of the General Meeting.

Shareholders representing at least one-twentieth of the share capital may request that an Extraordinary General Meeting be convened and that certain matters be placed on its agenda. The request should be submitted to the Management Board in writing or in electronic form. The Extraordinary General Meeting should be convened within two weeks of the Management Board's receipt of the request.

A shareholder or shareholders representing at least one-twentieth of the share capital may request that certain matters be placed on the agenda of the next General Meeting. The request should be submitted to the Management Board no later than twenty one days before the set date of the meeting.

A shareholder or shareholders representing at least one-twentieth of the share capital may, before the date of the General Meeting, submit to the Company draft resolutions regarding matters included or intended to be included on the agenda of the General Meeting. During the General Meeting each shareholder may submit draft resolutions regarding matters placed on the agenda.

The General Meeting is convened by posting the GM notice on the Company's website and in the manner specified for publishing current information in accordance with the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies. The notice should be published at least 26 days before the date of the General Meeting.

Each share confers the right to one vote at the General Meeting. The General Meeting is valid regardless of the number of shares represented at the Meeting, unless the provisions of the Commercial Companies Code provide otherwise.

Resolutions of the General Meeting are adopted by an absolute majority of votes unless applicable laws or the Articles of Association provide otherwise.

The powers and responsibilities of the General Meeting include:

- consideration and approval of the Directors' Report on the Company's operations and the financial statements for the previous financial year;
- distribution of profit or coverage of loss;
- granting discharge to Members of the Management and Supervisory Boards in respect of their duties;
- decisions concerning claims for redress of damage caused upon formation of the Company or when managing or supervising the Company;
- sale or lease of, or creation of limited property rights in, the Company's business or of its organised part;
- amending the Company's Articles of Association;
- increasing or reducing the share capital;
- merger, transformation, or demerger of the Company,
- dissolving the Company and opening liquidation proceedings with respect to the Company;
- adopting the Rules of Procedure for the General Meeting and for the Supervisory Board;
- consideration and resolution of proposals put forward by the Supervisory Board;
- other matters reserved for the General Meeting under the Articles of Association or applicable laws.

The validity of resolutions of the General Meeting regarding a significant change in the Company's business profile does not require that the shares held by shareholders who oppose such change be bought back if such resolutions are adopted by the majority of two thirds of votes in the presence of persons representing at least a half of the share capital.

### **8.4.1. General Meetings in 2024**

On 10 May 2024, the Annual General Meeting of KRUK S.A. was held at its registered office, with the agenda including matters provided for in Art. 395 of the Commercial Companies Code. In addition, the agenda included: voting on a resolution to give an opinion on the Report on Remuneration of Members of the Management Board and Supervisory Board of KRUK S.A. of Wrocław for 2023, in accordance with Art. 90g.6 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (Dz.U. of 2022, item 2554, as amended); Voting on a resolution concerning the Remuneration Policy for Members of the Management Board and Supervisory Board of KRUK S.A. of Wrocław in accordance with Art. 90e.4 of the Public Offering Act; and voting on a resolution to grant consent to the acquisition by Members of the Supervisory Board and Members of the Management Board of bonds issued by KRUK S.A.

The Company offered its shareholders the option to attend the General Meeting using electronic means of communication, enabling real-time two-way communication, exercise of voting rights at the General Meeting by a Shareholder or the Shareholder's Proxy, and real-time transmission of the General Meeting.

The resolutions passed by the Annual General Meeting were published in Current Report No. 37/2024.

After the balance sheet date, on 30 January 2025, the Extraordinary General Meeting of KRUK S.A. was held at its registered office, with the agenda including: amendments to the Company's Articles of Association, an amendment to the Rules of Procedure for the Supervisory Board, an amendment to the resolution of the Annual



General Meeting of KRUK S.A. of Wrocław, dated 16 June 2021, on defining the rules of an incentive scheme for 2021–2024, defining the rules of a new incentive scheme for 2025–2028, conditional increase of the Company's share capital and issue of subscription warrants with the Company existing shareholders' pre-emptive rights waived in whole with respect to shares to be issued as part of the conditional share capital increase and subscription warrants, an amendment to the Remuneration Policy for Members of the Management Board and Supervisory Board, and changes in the composition of the Supervisory Board.

The Company offered its shareholders the option to attend the General Meeting using electronic means of communication, enabling real-time two-way communication, exercise of voting rights at the General Meeting by a Shareholder or the Shareholder's Proxy, and real-time transmission of the General Meeting.

The resolutions passed by the Extraordinary General Meeting were published in Current Report No. 13/2025.

All the documents are available in the Investor Relations/Current Reports section of the Company's website at <https://pl.kruk.eu/relacje-inwestorskie/raporty/raporty-biezace>.

#### **8.4.2. Rules governing amendments to the Company's Articles of Association**

The rules governing amendment of the Company's Articles of Association are set out in the Commercial Companies Code. Pursuant to Art. 430 of the Code, any amendment to the Company's Articles of Association requires a relevant resolution by the General Meeting and must be entered in the relevant court register. In accordance with Art. 415 of the Commercial Companies Code, a General Meeting resolution concerning amendments to the Company's Articles of Association requires a majority of three quarters of votes.

The Company's Articles of Association do not include any provisions relating to their amendment which would stipulate in this respect any other rules than those defined in the Commercial Companies Code.

In 2024, the following amendments were made to the Company's Articles of Association:

- On 2 October 2024, Art. 4.1 of the Articles of Association was amended and their restated text incorporating the amendments was adopted.

In 2024, no other amendments were made to the Company's Articles of Association.

After the reporting date, the Articles of Association were amended as follows:

- On 30 January 2025, Art. 4d.3 and Art. 15.2.17 were amended, Art. 4e was added, and the restated text of the Articles of Association incorporating the amendments was adopted.

### **8.5. Key features of internal control and risk management systems used in the process of preparation of financial statements and consolidated financial statements**

The Company has put in place an adequate and effective internal control and risk management system, which is designed to ensure the fulfilment of adopted objectives regarding operational efficiency and effectiveness, reliability of financial reporting, and compliance with applicable laws, regulations and internal policies. In particular, the Company takes the following steps to ensure effective internal control in financial reporting:

- ensuring that uniform accounting policies are applied by the KRUK Group to consolidated data companies as regards recognition, measurement and disclosures in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union,
- keeping current records of economic events in the integrated financial and accounting system by competent staff,

- applying the four-eyes principle to accept accounting records above the stated materiality thresholds,
- verifying accounting data through its regular comparison against budgets and previous years' data,
- an automated system for data consolidation, based on separate data recorded by local teams or/or data reported in consolidation packages,
- monthly comparison of consolidated financial data with management data,
- providing the KRUK Group companies with uniform templates of consolidation packages ensuring consistent data presentation,
- procedures for authorisation of and issue of opinions on financial statements before they are issued,
- independent and objective evaluation of the risk management and internal control systems.

The records of economic events at the key companies of the KRUK Group subject to consolidation are kept in an integrated financial and accounting system ensuring the security of data and information contained in it. The Company conducts regular reviews of the risks associated with the processing of information in the system as well as reviews of its business continuity plans. The Company regularly aligns the IT system of the consolidated companies to the changing tax and accounting regulations in the countries of their operation.

The Management Board of Kruk S.A. regularly approves accounting policy updates resulting from changes in accounting regulations. The accounting policy provides the basis for reporting data for consolidation purposes by KRUK Group companies, ensuring the application of uniform and appropriate accounting policies.

In addition, the risk management system in place ensures identification, analysis, assessment and monitoring of non-financial risks, supports decision-making processes and increases operational security. Responsibility for defining risk management procedures, ensuring their implementation, and overseeing their application lies with the Management Board.

For the risk management system and the internal control system to function effectively, responsibilities and tasks have been identified and assigned to three independent lines within these systems:

1. 1st line – all operational units as Risk Owner
2. 2nd line – Compliance Area, Legal, Data Protection, Operational Risk and ESG Area, Cybersecurity Area,
3. 3rd line – Internal Audit Area.

The Company monitors the emerging risks with a view to eliminating threats to the Company's operations and financial position or mitigating their impact and preventing materialisation of the risk in the future. The current concept of the risk management system is adequate to the Company's needs in this area.

## 8.6. Diversity policy

KRUK S.A. and its subsidiaries within the KRUK Group have adopted a Diversity and Inclusion Policy. Its first version was introduced in 2015, with the latest update made on 25 August 2024.

The Diversity and Inclusion Policy applies to all employees and non-employee workers across the KRUK Group, regardless of the basis of their employment or engagement. All employees and non-employee workers within the Group, including the managerial team and Management Board, are required to familiarise themselves with and adhere to the Policy. Any breaches of the Diversity and Inclusion Policy can be reported through the whistleblowing channel designated for the respective Group entity. The Policy is subject to review at least once a year to account for legal changes, reflect organisational developments, and assess the relevance of its outlined processes.

Since 2024, the implementation of the Diversity and Inclusion Policy and the coordination of efforts to foster a diverse, equitable and inclusive workplace have been overseen by the Group Diversity, Equity & Inclusion Lead, supported by the central Human Resources Area team, reporting to the Chief Investment Officer (CIO) of KRUK S.A. The CIO supervises the execution of DEI-related initiatives, ensures the Policy's effective implementation, and actively promotes DEI values across the KRUK Group, alongside the Management Board.

The Diversity and Inclusion Policy provides a framework within which goals are set and pursued in the following key areas:

- diversity management, encompassing aspects such as gender, age, disability, physical and mental health, race, origin, ethnicity, nationality, religion, belief (or lack thereof), political views, sexual orientation, gender identity, family status, neurodiversity, educational background, and life experiences,

- ensuring equal opportunities, defined as fair and just treatment of all individuals within the organisation to provide equitable access to resources regardless of any naturally occurring differences,
- promoting inclusive practices throughout the KRUK Group, understood as deliberate actions that encourage collaboration, ensuring that everyone feels included, and proactively combat social barriers and all forms of exclusion.

The Diversity and Inclusion Policy sets out the following key goals:

- Raising awareness of diversity, equal opportunities, and inclusivity in the workplace.
- Fostering and promoting equal opportunities at the KRUK Group.
- Effectively managing diversity and inclusivity across various aspects of employment, including recruitment, hiring, remuneration, professional development, promotions, employee benefits, internal and external communication (including the use of inclusive language, preferred names, and pronouns), engagement surveys, data monitoring and reporting, and protection against unjustified dismissal.

As part of its commitment to the Diversity and Inclusion Policy, the KRUK Group ensures that:

Job postings are written in inclusive language and are open to all genders, with interview invitations based solely on candidates' qualifications and experience.

The organisation actively works to increase employment opportunities for individuals with disabilities by reducing recruitment barriers, reaching out to a wider pool of candidates, and ensuring accessibility throughout the hiring process.

The KRUK Group is committed to providing equal access to learning and professional development opportunities for all employees. This is achieved through an open catalogue of training programmes, available to all employees regardless of their position within the Group, and a variety of educational initiatives, including webinars, workshops, and internal communication articles, tailored to different roles, including leadership positions.

The KRUK Group regularly monitors pay disparities, with a particular focus on the gender pay gap (both adjusted and unadjusted). Accordingly, gender-based pay analyses are carried out across all organisational units and job positions within the Group to ensure that any observed differences in remuneration are based solely on objective factors such as the nature of the work performed, individual performance, competencies, and professional experience.

The Group actively monitors a number of DEI indicators, with a focus on gender distribution (particularly on the management and supervisory bodies, among managerial staff and in leadership positions), access to promotions, pay gap, use of parental and caregiving leave, the number of employees returning to work after extended absences, percentage of employees with disabilities, age diversity, ethnic and cultural diversity, reported cases of discrimination, and the number of employees who have completed mandatory DEI (Diversity, Equity, and Inclusion) training.

The implementation of the DEI Policy is further supported by: the KRUK Group's Business Strategy (including its Mission, Vision and Values), the KRUK Group's Code of Ethics and the KRUK Group's Human Rights Policy. All employees and non-employee workers, including new hires, are required to complete an online DEI training programme, which is available via the internal learning platform as a part of the onboarding process.

Key diversity, equity, and inclusion (DEI) indicators:

- Gender balance: the current workforce consists of 63% female and 37% male employees, with women holding 57% of director positions.
- In line with the principles of gender equality and equal employment opportunities, in 2024 women were at the helm of the Company's subsidiaries in five out of its seven European geographies, representing in aggregate 57% of the management staff. At the Head Office level, out of 23 Heads of Department 12 are women (52% of the total).
- Inclusion of employees with disabilities (2.3% of total workforce at the end of 2024; 4% in Italy, 2.6% in Poland, 1.9% in Spain, 0.2% in Romania and 2.3% in the Czech Republic).
- Closing of the gender pay gap (0.6% for the entire Group in 2024).
- Gender representation on the corporate boards – women currently hold 42% of all positions on the KRUK S.A. Management Board and Supervisory Board, above the 40% target. Women represent 20% and 57%, respectively, of the KRUK S.A. Management Board and Supervisory Board.
- Awareness of DEI principles among personnel – 85% of employees and non-employee workers across the Group completed DEI training by the fourth quarter of 2024.

In the employee engagement survey (covering KRUK S.A., KRUK TFI, Novum and Raven, KRUK España, KRUK Italia, AgeCredit, KRUK Romania, Rocalcapital IFN, KRUK Italia S.r.l., KRUK Tech S.r.l., Biroul de Detectivi particulari Corbul and Invest Capital), 92% of the respondents positively assessed the Group's DEI efforts.

In 2024, the KRUK Group employed over 3,500 people, representing 30 different nationalities. In that year, the Group celebrated its multicultural workforce and shared values of inclusion and collaboration during the European Diversity Month. The celebrations included a statement from Urszula Okarma, CIO and DEI Sponsor, addressed to the entire Group, complemented by both internal and external communications aimed at raising

diversity awareness. Additionally, an internal webinar was held on the impact of unconscious bias on inclusion in everyday collaboration.

Building on our strong ethical approach and core values of respect, accountability, and cooperation, KRUK organised its first-ever global internal communication campaign for the Pride Month in 2024. The initiative featured a dedicated LGBTQ+ workplace inclusion guide, provided by the CIO to every manager at the KRUK Group, awareness campaigns and local events across various markets. It also featured the Rainbow Roundtable, an international workshop marking the culmination of Pride Month celebrations, led by the Group DEI Lead, bringing together employees from across the KRUK Group to share insights on LGBTQ+ inclusion progress in their respective countries.

To further promote workplace accessibility and inclusion for people with disabilities, KRUK observed the Disability Pride Month in July, providing the Group's employees and other workers with a comprehensive guide on disability rights aligned with local regulations via internal communication channels. In December 2024, experiential workshops were held at the Head Office in Wrocław, featuring interactive stations to help gain a deeper understanding of challenges faced by individuals with visual, auditory, and mobility impairments, as well as age-related limitations. The workshops were attended by employees of Polish companies, the Head Office, as well as guests from Romania and Spain.

To foster daily workplace integration, local disability ambassadors have been appointed in each country, whose role is to enhance internal accessibility and support our employees in overcoming barriers.

At the end of 2024, the KRUK Group organised a strategic meeting bringing together HR, employer branding and communication teams to reinforce the Group's commitment to diversity, equal opportunities, and inclusion.

Other initiatives throughout the year included internal communications and guides on parenting programmes, neurodiversity, multicultural collaboration, and mental health. Additionally, mental health support programmes for employees are available in Poland, Romania, Spain, Italy, and the Czech Republic, offering professional assistance to help them cope with crises.

KRUK S.A. has been a signatory to the Polish Diversity Charter since 2013, with its principles upheld across all Group companies. Additionally, Wonga joined the Polish signatories in 2018. In the same year, KRUK Romania became a signatory to the Romanian Diversity Charter, while KRUK España signed the Spanish Charter in 2024. For two consecutive years (in 2023 and 2024), KRUK S.A. was named one of Poland's top employers for D&I practices in the Diversity IN Check run by the Responsible Business Forum, the Diversity Charter coordinator in Poland.

To further its commitment to workplace diversity, equity and inclusion awareness, KRUK has partnered with a number of organisations, including: 30% Club Poland – aimed at increasing the representation of women on corporate boards.

In 2024, the KRUK Group became a partner of the international D&I Changemakers Conference, reaffirming its commitment to diversity, equity, and inclusion (DEI) in business and highlighting the importance of sharing best practices to create more inclusive workplaces.

As at the date of this Report, KRUK S.A. did not have in place a diversity policy that would be directly applicable to Members of its Management or Supervisory Board. However, work to develop such a policy was under way.

In 2024, out of the 12 Members of the Company's Management Board and Supervisory Board, five were women, representing 42% of their total composition.

The President of the Management Board is appointed and removed by the Supervisory Board. The Supervisory Board appoints other Members of the Management Board at the President of the Management Board's request. The Management Board is composed exclusively of persons having adequate experience, professional background, expertise and skills to further the interests of the Company and its shareholders. In the Supervisory Board's opinion, Members of the Management Board are appointed with due regard to the principle of diversity, understood primarily as diverse professional experience, educational backgrounds and expertise. In the Supervisory Board's opinion, each Member of the Management Board is knowledgeable about the Company's business and has different individual competences in such fields as finance, financial reporting and risk management.

In 2024, the Company's Management Board comprised five Members, including one woman and four men. Thus, women represented 20% of its total membership, and men – 80%.

The members of the Management Board have diverse educational backgrounds, translating into a high level of competence and expertise in various disciplines, including law, economics, management and engineering.

## **8.7. Material litigation, arbitration or administrative proceedings**

No material court, arbitration or administrative proceedings are pending against KRUK S.A or its subsidiaries in relation to their liabilities or claims.

## 9. ADDITIONAL INFORMATION

### 9.1. Investor Relations

The Company's activities and initiatives in the Investor Relations area are targeted at:

- Polish institutional and retail equity and bond investors,
- foreign institutional equity and bond investors,
- brokerage house and investment bank analysts, and
- financial journalists.

What matters most for KRUK in its communication with the market is to provide it with fair, consistent and timely information on all material aspects of the KRUK Group's business, including the impact of external factors on its operations.

#### The key themes of the 2024 market communication included:

- The KRUK Group's financial results for 2023, Q1 2024, H1 2024 and Q1–Q3 2024;
- Quarterly information on the KRUK Group's investments and recoveries;
- Estimated remaining collections (ERC);
- Sharing the 2023 profit with shareholders through payment of dividend;
- International expansion of the KRUK Group, including portfolio investments in France;
- KRUK's technology development;
- Impact of proposed amendments to legislation on the Group's business and performance;
- Impact of inflation on the Group's business and performance;
- Tenth and eleventh public bond issue programme in PLN and EUR.

#### KRUK communicated with the market on an ongoing basis, including through:

- Conferences held following release of earnings reports for 2023, Q1 2024, H1 2024 and Q1–Q3 2023;
- Emailing and distributing a newsletter addressing key developments and events at the Group;
- Chats with retail investors;
- Interviews and comments by Company representatives in financial media (such as Parkiet, Puls Biznesu, Forbes, Stockwatch or Biznes24 tv);
- Running an investor relations subpage at <https://en.kruk.eu/investor-relations> ;
- All press releases were published at <https://en.kruk.eu/investor-relations/news> , while periodic reports, including the Directors' Report on the operations of KRUK S.A. and the KRUK Group for 2024, were published at <https://en.kruk.eu/investor-relations/reports/interim-reports> ;
- Telephone numbers, email address and the Investor Relations Area contact form are available to market participants at <https://en.kruk.eu/investor-relations/contact> ;
- Continuous dialogue with investors, analysts, and finance journalists.

In 2024, both remote and in-person meetings were held. One earnings conference was held as a face-to-face event, while the other had the earnings call format. Additionally, the KRUK Management Board conducted a roadshow with investors from the UK, France and Scandinavia.

#### KRUK met with investors, analysts and journalists during a number of events, including:

- Conferences held following release of earnings reports for 2023, Q1 2024, H1 2024 and Q1–Q3 2023;
- ARCTIC's Debt Collection Seminar 2024 held online, January 2024;
- ERSTE Conviction Equity Conference 2024 in London, January 2024;
- TRIGON Top Picks 2024 held online, February 2024;
- PARETO Nordic Corporate Bond Conference, March 2024;
- BM PEKAO 3rd Financials Conference in Warsaw, April 2024;

- mBank+WSE Polish Capital Market in Warsaw, May 2024;
- SII Wall Street in Karpacz, June 2024;
- Ipopema CEE Conference in Warsaw, June 2024;
- SANTANDER Equity Conference, June 2024;
- BM Pekao EEI Conference in Warsaw, September 2024;
- mBank/Commerzbank European Financials Conference, September 2024;
- TRIGON Investor Days, October 2024;
- ERSTE The Finest CEElection Investors Conference in Vienna, October 2024;
- DNB Nordic Credit Conference in Stockholm, November 2024;
- WOOD's Winter Wonderland EME Conference in Prague, December 2024.

Recommendations on KRUK shares issued by brokerage houses are published by the Company at <https://en.kruk.eu/investor-relations/reports/analytical-reports> .

**Table 60. Most recent recommendations on KRUK shares issued by brokerage houses**

ISSUE DATE	BROKERAGE HOUSE	RECOMMENDATION	PRICE TARGET (PLN)
December 2024	DM Trigon	buy	575.00
December 2024	DM mBanku	buy	570.83
July 2024	DM PKO BP	hold	510.00
June 2024	Bank Pekao BM	buy	575.00

**Table 61. Research coverage**

COMPANY	ANALYST	CONTACT DETAILS
Citi	Andrzej Powierza	<a href="mailto:andrzej.powierza@citi.com">andrzej.powierza@citi.com</a>
DM mBank	Michał Konarski	<a href="mailto:michal.konarski@mdm.pl">michal.konarski@mdm.pl</a>
DM PKO BP	Jaromir Szortyka	<a href="mailto:jaromir.szortyka@pkobp.pl">jaromir.szortyka@pkobp.pl</a>
DM Pekao	Michał Fidelus	<a href="mailto:michal.fidelus@pekao.com.pl">michal.fidelus@pekao.com.pl</a>
DM Trigon	Grzegorz Kujawski	<a href="mailto:grzegorz.kujawski@trigon.pl">grzegorz.kujawski@trigon.pl</a>
Wood & Co.	Marta Jeżewska-Wasilewska	<a href="mailto:marta.jezewska-wasilewska@wood.com">marta.jezewska-wasilewska@wood.com</a>

Source: in-house analysis.

## 9.2. Auditors

On 18 November 2021, by Resolution No. 47/2021, the Company's Supervisory Board, acting upon the Audit Committee's recommendation, appointed PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. of Warsaw, entered in the list of statutory auditors of financial statements under Reg. No. 144, as the auditor to audit the financial statements of KRUK S.A. and the consolidated financial statements of the KRUK Group for the financial years 2022–2024. The current auditor's fees for the audit of the financial statements have been agreed at PLN 2,154 thousand (2023: PLN 2,518 thousand); for other assurance services (including review of financial statements and verification of consolidation packages) – at PLN 795 thousand (2023: PLN 700 thousand). The separate and consolidated financial statements for 2024 were audited by PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt Sp. k.



**2024**

Consolidated sustainability  
Statement of the KRUK Group



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## 1. BASIS FOR PREPARATION (BP)

### 1.1. GENERAL BASIS FOR PREPARATION OF THIS SUSTAINABILITY STATEMENT (BP-1)

[BP-1-5]

This Consolidated sustainability statement of the KRUK Group has been prepared in accordance with the Polish Accounting Act of 29 September 1994 (Dz.U. of 1994 No. 121, item 591, as amended) (the “Accounting Act”) and Directive (EU) 2022/2464 of the European Parliament and of the Council as regards corporate sustainability reporting. This Statement has been prepared in accordance with the European Sustainability Reporting Standards set out in Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards, as well as the reporting requirements set out in Article 8 of Regulation (EU) 2020/852 of 18 June 2020 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (“Regulation (EU) 2020/852”).

This Statement covers the period from 1 January to 31 December 2024, unless otherwise specified herein, and applies to KRUK S.A. and all subsidiaries within the KRUK Group that are exempt from individual sustainability reporting.

The reporting scope is the same as the scope of consolidation applied in the consolidated financial statements of the Group for the reporting period ended 31 December 2024, prepared in accordance with IFRS.

This consolidated sustainability statement primarily covers the Group’s own operations and its downstream value chain, as the identified impacts, risks, and opportunities predominantly relate to these two levels of the value chain.

No information corresponding to intellectual property, know-how or the results of innovation and no information on impending developments or matters in the course of negotiation has been omitted from this Statement.

### 1.2. DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES (BP-2)

[BP-2 9, BP-2 10, BP-2 11, BP-2 13, BP-2 14, BP-2 15, BP-2 16, BP-2 17]

The time horizons for the identified impacts, risks, and opportunities have been defined in accordance with the European Sustainability Reporting Standards (ESRS 1 section 6.4 *Definition of short-, medium- and long-term for reporting purposes*) as follows:

- a. for the short-term time horizon: the period of one year, adopted by the undertaking as the reporting period in its financial statements,
- b. for the medium-term time horizon: from the end of the short-term reporting period defined in (a) up to 5 years, and
- c. for the long-term time horizon: more than 5 years.

For climate resilience analysis and climate risk assessment, alternative time horizons have been applied:

- a. short-term time horizon: from 2021 to 2040,
- b. medium-term time horizon: from 2041 to 2060,
- c. long-term time horizon: 2081 to 2100.

The adoption of these time horizons for the assessment of climate risks and climate resilience enables the consideration of various climate change scenarios and their potential impacts over different periods, facilitating a more comprehensive and precise analysis and better adaptation and risk management strategies.

The majority of the metrics in this Statement are based on actual data obtained from direct sources. However, where such data was unavailable or where the Group assessed the data quality as insufficient, estimated metrics have been applied to the value chain using indirect sources. These estimates are based on the best available methodologies and sectoral practices to ensure the highest possible level of accuracy.

Considering the above, the following assumptions, approximations, and estimates have been applied:

- a. operational data was derived from the previous reporting period,
- b. employee commuting estimates were based on average data,
- c. financial estimates were based on historical cost performance, and
- d. assumptions regarding the average energy performance characteristics of properties securing debt portfolios acquired by the KRUK Group have been applied.

The quantitative metrics and monetary amounts subject to high measurement uncertainty primarily relate to Scope 3 GHG emissions from employee commuting and purchased goods and services, where prior-year data was used, drawing on external emission factor databases and assumptions.

The quantitative metrics presented in this Statement have not been subject to third-party verification in processes other than the current assurance of this Statement, with the exception of monetary amounts derived from the consolidated financial statements of the Group for the reporting period ended 31 December 2024, prepared in accordance with IFRS, which were verified by the audit firm responsible for auditing the financial statements.

The Group uses data from direct measurements for parameters such as fuel and energy consumption as well as data on expenditure directly linked to the Group's accounting records (for example, CapEx or OpEx data). Emission factors are sourced from available government databases or standardised sources. In cases where direct data is unavailable, estimates are based on the Group's financial data.

At present, the KRUK Group has no plans to improve the accuracy of the metrics used. However, this may change if more precise data becomes available from providers or if guidance from the European Financial Reporting Advisory Group (EFRAG) or new industry standards are issued.

In preparing this Statement, information has been incorporated based on generally accepted sustainability reporting standards and frameworks, namely the GHG Protocol and the EU Taxonomy standards.

Part of the information has been incorporated by reference in accordance with ESRS 1 section 9.1 *Incorporation by reference*. Below is a table listing the referenced disclosures:

ESRS Disclosure Requirement	ESRS datapoint	Referenced document
Role of the Management Board and Supervisory Board (GOV-1)	GOV-1-20 a-b-c, GOV-1-21 a-c-d-e,	Directors' Report on the operations of the KRUK Group and KRUK S.A., section 8.3 'Governing bodies'
Role of the Management Board and Supervisory Board (GOV-1)	GOV-1-22 b	Directors' Report on the operations of the KRUK Group and KRUK S.A., section 6.2 'Strategic plan 2025-2029'
Role of the Management Board and Supervisory Board (GOV-1)	GOV-1-22c	Directors' Report on the operations of the KRUK Group and KRUK S.A., Section 7 'Risk factors and their management'
Integration of sustainability-related performance in incentive schemes (GOV-3)	GOV-3-29 a-b-c-d-e, E1-GOV-3	Directors' Report on the operations of the KRUK Group and KRUK S.A., section 8.3.4 'Remuneration, bonuses and employment contract terms of the Management Board members'
Strategy, business model and value chain (ESRS 2-SBM-1)	SBM-1-40	Directors' Report on the operations of the KRUK Group and KRUK S.A., section 2.2.1 'Description of the Group's structure'

Strategy, business model and value chain (ESRS 2-SBM-1)	SBM-1-40a	Directors' Report on the operations of the KRUK Group and KRUK S.A., section 1 'KRUK Group' and section 1.2 'The Group's core business model'
Strategy, business model and value chain (ESRS 2-SBM-1)	SBM-1-40b	Directors' Report on the operations of the KRUK Group and KRUK S.A., section 3.1 'Consolidated financial highlights of the KRUK Group'
Strategy, business model and value chain (ESRS 2-SBM-1)	SBM-1-42a	Consolidated financial statements of the Group for the reporting period ended 31 December 2024, prepared in accordance with the IFRS, Note 4
Taxonomy	Turnover	Consolidated financial statements of the Group for the reporting period ended 31 December 2024, prepared in accordance with the IFRS Note 5
Taxonomy	Operating expenditure	Consolidated financial statements of the Group for the reporting period ended 31 December 2024, prepared in accordance with the IFRS, Note 8
Taxonomy	Capital expenditure	Consolidated financial statements of the Group for the reporting period ended 31 December 2024, prepared in accordance with the IFRS, Notes 14 and 15
Business conduct policies and corporate culture (G1-1)	G1-1-9	Directors' Report on the operations of the KRUK Group and KRUK S.A., section 6.2 'Strategic plan 2025–2029'

### Application of transitional provisions

Applying the transitional provisions for phased-in sustainability disclosures (ESRS 1 Appendix C *List of Phased-In Disclosure Requirements*), the KRUK Group has fully omitted disclosures under S1-13 *Training and skills development* in this Statement. Additionally, disclosures under S1-14 *Health and safety* do not include data concerning non-employees and are limited solely to the Group's employees. This is due to data collection constraints encountered during the reporting period.

The KRUK Group has applied the above mentioned transitional provisions for phased-in disclosure and does not disclose any information under E1-9 *Anticipated financial effects from material physical and transition risks and potential climate-related opportunities*.

Given that this is the first year of applying sustainability reporting standards, no changes have been made in the preparation or presentation of sustainability information compared to the previous reporting period, as defined by BP-2, and no material prior-period errors have been identified.

## 2. GOVERNANCE (GOV)

### 2.1. ROLE OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD (GOV-1)

[GOV-1-21 a-b-c-d-e]

The parent company of the KRUK Group is KRUK S.A.

The Company's governing bodies are the Management Board and the Supervisory Board.

Pursuant to Art. 8.1 and Art. 8.2 of the Company's Articles of Association, the Management Board is composed of three to eight members, with the exact number determined each time by the Supervisory Board upon request by the President of the Management Board. In 2024 and as at the issue date of this Statement, the Company's Management Board comprised five members.

Pursuant to Art. 11.1 and Art. 11.2 of the Company's Articles of Association, the Supervisory Board is composed of five or seven members. The number of members is defined each time by the General Meeting. In 2024 and as at the issue date of this Statement, the Supervisory Board of KRUK S.A. comprised seven members.

All Management Board members are executive members, while all Supervisory Board members are non-executive members.

The composition of the Management Board and the Supervisory Board, the representation of women and men in these bodies, along with detailed information on the members' expertise and experience relevant to the sectors, products and geographic locations of the KRUK Group, as well as the proportion of independent members of the Supervisory Board, are presented in section 8.3 'Governing bodies'.

A detailed description of the composition of the Management Board and the Supervisory Board, as well as individual profiles of their members, is also available on the corporate website at: <https://en.kruk.eu/investor-relations/kruk-group/management> and <https://en.kruk.eu/investor-relations/kruk-group/supervisory-board-and-committees>.

The specific responsibilities of individual Management Board members are set out in the Company's Organisational Rules. The key responsibilities of Management Board members, as outlined in the said document, include:

1) **President of the Management Board (Chief Executive Officer, CEO)** manages the Company and oversees all its activities in accordance with applicable legal regulations and the decisions of its governing bodies, supervises the long-term strategy, leads the Management Board's work, oversees and monitors performance against budgetary and strategic objectives, and oversees the implementation of tasks assigned to Management Board members. Additionally, the CEO is responsible for internal audit and corporate supervision.

2) **Management Board member serving as Chief Financial Officer (CFO)** is responsible for developing the Company's financial strategy and overseeing the achievement of strategic financial goals. This role includes ensuring the Company's short- and long-term financial liquidity, supervising financial risk management policies, and executing the budget through continuous monitoring, updates, and performance evaluation. The CFO also oversees the accurate maintenance of the Company's financial records, particularly books of account, manages investor relations and capital raising on the public market, and conducts preliminary analysis and monitoring of KRUK S.A.'s foreign expansion directions.

3) **Management Board member serving as Chief Investment Officer (CIO)** oversees the purchase of debt portfolios, including the execution of purchasing plans, manages relationships with business partners, and defines investment strategy objectives. Additionally, the CIO supervises non-financial risk management (for compliance, legal, personal data

protection, and operational risks), oversees the internal control process and business continuity management, and ensures compliance with occupational health and safety (OHS) regulations, fostering a strong safety culture. The CIO is also responsible for shaping the organisational culture, designing human resources management strategy, and overseeing the development, implementation, and execution of the KRUK Group's ESG risk policies and standards.

4) **Management Board member serving as Chief Operational Officer (COO)** is responsible for developing and overseeing the Company's debt collection strategy for retail debt portfolios, ensuring and monitoring the quality, professionalism, and optimal use of debt collection tools. The COO also drives the development of products and technological tools supporting operational processes, including client service platforms.

5) **Management Board member serving as Chief Data & Technology Officer (CDTO)** is responsible for supervising the valuation of debt portfolios before purchase, ensuring effective IT support for the Group, improving process efficiency through innovations and new technologies, and overseeing information security.

As at the end of 2024, the Group had no internal regulations in place regarding the presence of employee representatives in its governing bodies.

### 2.1.1. SUSTAINABILITY GOVERNANCE

[GOV-1-22 a-b-c-d, GOV-1-23 a-b]

Members of the Company's governing bodies possess the competencies necessary to manage sustainability-related matters. Their expertise encompasses the knowledge of legal regulations governing the KRUK Group's operations, compliance principles, risk management, and value chain impacts. These competencies are fundamental to the Group's corporate governance and sustainability strategy.

Both Management Board and Supervisory Board members actively contribute to the development and oversight of the ESG Strategy, leveraging their expertise in change management, business strategy development, and their professional experience in these areas. The President of the Management Board of KRUK S.A. is a member of the Programme Advisory Council of the United Nations Global Compact Network Poland, providing the Company with access to an extensive network of sustainability experts. The Supervisory Board member Ewa Radkowska-Świętoń is an expert at the Institute for Sustainable Development and Environment at Lazarski University, enabling the Group to draw on her specialist knowledge and experience in this field. This expertise supports the Company in implementing its sustainability strategy and making informed decisions on corporate social responsibility matters.

The Company regularly engages with external advisers and consulting firms specialising in ESG. This collaboration includes conducting analyses, supporting sustainability reporting in line with international standards, and identifying areas requiring enhanced actions to manage impacts, risks, and opportunities. These efforts facilitate the implementation of environmentally and socially responsible solutions, ensuring that the Company's strategy remains aligned with changing conditions and stakeholder expectations.

It should be noted that the concept of sustainability, as defined by EU and national regulations, is relatively new. Recognising its importance, the Company is committed to continuously enhancing the knowledge and skills of members of its management and supervisory bodies.

Additionally, the Company is consistently developing competencies and expertise among key roles and senior management, including individuals involved in the double materiality assessment and due diligence processes. This continuous development ensures that the governing bodies can be confident that the organisation is well equipped to identify and manage impacts, risks and opportunities more effectively, and make more informed and responsible business decisions.

At the KRUK Group, responsibility for the management of impacts, risks, and opportunities is an integral part of the undertaking's mandate, as outlined in its Mission, Vision, and Values statement, as well as in the regulations governing the functioning of specific bodies and individuals.

The Mission, Vision, and Values serve as the foundation of the KRUK Group, defining its operational framework. For a detailed description of the Mission, Vision and Values, please refer to section 6.2 'Strategic plan 2025-2029'.

In relation to the respective governing bodies of KRUK S.A., responsibilities for impacts, risks, and opportunities are structured as follows:



## Supervisory Board

The Supervisory Board is responsible for assessing the effectiveness of the Management Board's actions in implementing and managing sustainability matters, including impacts, opportunities, and risks, as well as for monitoring progress in achieving established ESG goals and strategies. The Supervisory Board addresses sustainability issues during meetings and through its committee work, providing oversight of all activities in this area. The Supervisory Board is supported by the Audit Committee, which is tasked with, among other duties, assessing the effectiveness of internal control, risk management and internal audit systems, and conducting an annual evaluation of their performance.

Internal regulations: the powers and responsibilities of the Supervisory Board are set out in the Rules of Procedure for the Supervisory Board, Rules of Procedure for the Audit Committee, Remuneration Policy for Members of the Management Board and Supervisory Board, Risk Management System, and Compliance Risk Management Policy.

## Management Board

The Management Board of KRUK S.A. holds overall responsibility for managing sustainability within the KRUK Group. Its responsibilities include implementing and delivering ESG strategies and defining key directions for action, both holistically and for individual ESG components.

In line with the Group's internal regulations, the Management Board of KRUK S.A. adopts and approves, through resolutions, the implementation of all policies and regulations, including those related to sustainability. The Management Board designs, implements, and ensures the effective operation of the non-financial risk management system (covering operational, IT, legal, compliance, and personal data processing risks) and the internal control system.

Importantly, the Management Board plays a central role in identifying impacts, risks, and opportunities. During the double materiality assessment, the initial interviews were conducted with members of the Management Board, facilitating a comprehensive identification of the KRUK Group's impacts and providing insight into the Management Board's perspective on opportunities and risks related to material environmental, social and governance matters. The Management Board approves the results of the double materiality assessment and oversees the implementation of the ESG Strategy, including policies related to human resources management, ensuring the approval of key HR initiatives that support the Group's sustainable development.

Additionally, the Management Board designs, implements, and ensures the effective operation of the risk management system by adjusting the organisational structure, adopting relevant policies and procedures, establishing reporting policies, and introducing adjustments and improvements to the system. The Management Board approves the non-financial risk appetite (understood as a limit on operational losses) and monitors the level of risk within the Company's operations.

Internal regulations: the powers and responsibilities of the Management Board are set out in the Company's Articles of Association, Rules of Procedure for the Management Board, Organisational Rules, Risk Management System Policy, Internal Control System Policy, Compliance Risk Management Policy, and Code of Ethics.

Within their respective areas of responsibility, Management Board members delegate tasks to their subordinate departments and organisational units, ensuring effective management and the achievement of corporate objectives, including those related to sustainable development.

The organisational units responsible for managing sustainability-related impacts, opportunities, and risks across the KRUK Group include the following (the list below is not exhaustive, as most organisational units within KRUK S.A. contribute to the day-to-day management of these matters):

### a. Legal, Data Protection, Operational Risk and ESG Area

The area is responsible for monitoring and coordinating the management of legal risk, personal data protection risk, operational risk, and ESG-related risks at the Group level, as well as overseeing and coordinating the development and operation of the Group's risk management and internal control systems.

The area includes the ESG Department whose responsibilities include supporting the Management Board of KRUK S.A. in devising ESG strategies, translating ESG regulatory requirements into practical solutions for the debt collection industry, analysing stakeholder needs and expectations related to sustainable development, assisting business units in operationalising the ESG Strategy, monitoring the execution of the ESG Strategy across the KRUK Group, ensuring compliance

of ESG-related activities with external regulations and internal policies, and integrating ESG risk management into the Group's non-financial risk management system. The ESG Department is also responsible for coordinating reporting processes in line with the CSRD and the EU Taxonomy.

Internal regulations: the powers and responsibilities of the Legal, Data Protection, Operational Risk, and ESG Area are set out in the Organisational Rules, Risk Management System Policy, Internal Control System Policy, and Legal and Personal Data Protection Risk Management Policy.

#### b. Compliance Area

The Compliance Area plays a critical role in ensuring regulatory compliance while upholding the highest ethical standards – both essential to building a sustainable business. The KRUK Group companies operate with transparency and integrity, adhering to all applicable laws, market standards, best practices, and social norms, in line with ethical conduct principles. The Compliance Area is responsible for developing and maintaining standards for managing compliance risks, conflicts of interest, anti-corruption practices, gift acceptance and offering, whistleblowing procedures, and AML and sanctions risk management.

Internal regulations: the powers and responsibilities of the Compliance Area are set out in the Organisational Rules, Compliance Risk Management Policy, Risk Management System Policy, Internal Control System Policy, Conflict of Interest Management Policy, Anti-Corruption Policy, Gift Policy, Internal Whistleblowing Procedure, Mediation Policy, and Code of Ethics.

#### c. Human Resources Area

The Human Resources Area plays a key role in implementing ESG-related policies and procedures within human resources management. Its responsibilities include developing and enhancing processes and products that support HR development across the KRUK Group, facilitating collaboration with HR teams in international subsidiaries, and overseeing the transfer of know-how. The Human Resources Area is responsible for creating and supervising the Group-wide remuneration policy and for devising strategies for HR processes across the KRUK Group.

Internal regulations: the powers and responsibilities of the Human Resources Area are set out in the Organisational Rules, Diversity and Inclusion Policy, and Mediation Policy.

All the areas mentioned above, along with their respective managers, report to the Management Board member serving as Chief Investment Officer (CIO).

#### d. Cybersecurity Area

The Cybersecurity Area plays a critical role in shaping and implementing the corporate cybersecurity strategy. This encompasses managing risks, projects, and security standards. Cybersecurity is recognised as a top priority due to its fundamental importance for clients, employees, and business partners.

Key responsibilities of the Cybersecurity Area include developing and implementing cybersecurity strategies, managing security risks, projects, and standards, managing cybersecurity architecture, and implementing ICT security and resilience projects. Through its subordinate IT Security Governance Division, it creates and maintains group standards on cybersecurity, manages technology compliance, and is responsible for education and building awareness of cybersecurity threats among employees.

Internal regulations: the powers and responsibilities of the Cybersecurity Area are set out in the Organisational Rules.

The Cybersecurity Area reports to the Management Board member serving as Chief Data & Technology Officer.

#### e. Internal Audit Area

The Internal Audit Area at the KRUK Group is an independent, permanent function designed to provide the Management Board and the Audit Committee/Supervisory Board of KRUK S.A. with assurance regarding the effectiveness and efficiency of internal control, risk management, and corporate governance systems. By fulfilling its role, the Internal Audit

Area supports the KRUK Group in ensuring compliance with applicable regulations and standards, verifying the reliability of information reported to the Management Board and Supervisory Board (including information related to sustainability), and protecting the organisation's value, solvency, and reputation.

The Internal Audit Area at KRUK S.A. is responsible for planning audit activities, conducting audits and preparing audit reports with post-audit recommendations, verifying the implementation of post-audit recommendations, initiating improvement actions based on audit findings to enhance the efficiency and effectiveness of processes, and improving the internal control and related mechanisms.

Internal regulations: the powers and responsibilities of the Internal Audit Area are set out in the Organisational Rules, and Internal Audit Charter.

The Internal Audit Area adheres to the definition of internal auditing established by the Institute of Internal Auditors (IIA) and conducts its activities in line with the International Standards for the Professional Practice of Internal Auditing and the IIA Code of Ethics.

The Internal Audit Area reports directly to the President of the Management Board of KRUK S.A., who serves as Chief Executive Officer (CEO).

The Risk Monitoring Committee at KRUK S.A. is responsible for supporting the Management Board in ensuring the effective operation of the risk management and internal control systems, in accordance with its rules of procedure. In response to organisational changes, the Committee's composition was revised at the end of 2024 to align with the current organisational structure. The Committee was expanded with additional members to better address the evolving needs and challenges of risk management, including those related to environmental, social, and governance (ESG) risks.

Currently, the Risk Monitoring Committee comprises:

- a. Member of the KRUK S.A. Management Board – Chief Investment Officer,
- b. Group Head of Compliance Area,
- c. Group Head of Legal, Data Protection, Operational Risk and ESG Area,
- d. Group Head of Cybersecurity Area.

Committee meetings are attended by the Risk and Internal Control Department Manager acting as the Risk Management and Internal Control System Coordinator. Committee meetings are also regularly attended by:

- a. Group Head of Internal Audit or a designated representative,
- b. ESG Department Manager,
- c. Group GDPR Specialist,
- d. Group Compliance Officer,
- e. Head of the IT Security Governance Division.

Internal regulations: the powers and responsibilities of the Committee are set out in the Rules of Procedure for the Risk Monitoring Committee.

It should be noted that in 2024, the Management Board and the Supervisory Board of KRUK S.A. considered some of the impacts, risks, and opportunities related to the material matters identified through the double materiality assessment, even before its completion. Accordingly, the existing reporting process did not fully cover all material matters defined as a result of this assessment. However, to a limited extent, these matters were reported and discussed within existing governance and supervisory processes.

In 2025, the KRUK Group intends to enhance the reporting process for ESG Strategy implementation and sustainability management by better structuring of information flows based on the comprehensive results of the double materiality assessment, identifying internal stakeholders in the process, providing employee training, exploring the implementation of new reporting systems, consolidating reporting routines and good practices, and, finally, improving the documentation of internal reporting.

This initiative reflects the Group's commitment to enhancing transparency, fostering a deeper understanding of sustainability issues across the organisation, and building a business model grounded in sustainable development. Consequently, the KRUK Group must adjust its reporting processes to meet these new requirements.

Within the KRUK Group, the supervision of sustainability management and monitoring is carried out through a clearly defined corporate governance framework, as outlined above, specialised organisational units, including the Compliance Area, Cybersecurity Area, and ESG Department, and the risk management and internal control system.

The existing risk management and internal control system incorporates identified material non-financial risks, including Operational risks (HR risk, outsourcing risk, physical security risk, risks arising from intentional and unintentional human actions, and business continuity risk), IT risk, legal risk, compliance risk, and personal data protection risk. The risk management approach is based on risk mapping and the integration of results into operational processes, enabling preventive actions and activity optimisation. Currently, some of the identified material ESG risks are managed within the existing risk management system (personal data protection risks, cybersecurity risks, certain employee-related risks, etc.). For other identified risks, management activities have been undertaken but have not yet been formalised within the system (they are not covered under the existing Risk Management System Policy).

This matter is discussed in section 7 '*Risk factors and their management*' of the Directors' Report. The management of material risks is supported by the relevant units within the second line of defence (Risk Stewards), which include:

- a. Compliance Area,
- b. Legal, Data Protection, Operational Risk and ESG Area, which includes:
  - a. Risk and Internal Control Department,
  - b. ESG Department,
- c. Cybersecurity Area,
- d. Corporate Governance Area,
- e. Compliance Department,
- f. Operational Risk Management Department,
- g. Personal Data Protection Department,
- h. Legal Support Department.

The above organisational units collaborate with operational departments, HR, IT, and other support functions, ensuring that their processes comply with applicable regulations, ethical standards, industry standards, regulatory expectations, and the corporate values of the KRUK Group. This is achieved through providing advice, delivering training, defining relevant standards, issuing policies, and monitoring and supporting process owners in risk management. The results of this collaboration and the outcomes of risk management activities are discussed with the Management Board, Chief Executive Officer, and other managers, who subsequently prioritise objectives and tasks for their respective teams.

The Internal Audit Area monitors compliance with procedures and reports directly to the Management Board, supporting strategic decision-making.

One of the key objectives for the KRUK Group's risk management and internal control system in 2025 is the full integration of risks identified through the double materiality assessment into the existing risk management framework. The goal is to systematically manage material sustainability-related risks using the same tools applied for other types of risks (risk registers, risk mapping, clear and formal assignment of responsibility for managing these risks within the second line of defence, etc.). Integrating all mapped material risks into the Group-wide risk management system will enable a more comprehensive and consistent approach to risk identification, assessment, and management, and improve the transparency of the Group's activities. This may strengthen confidence among stakeholders, including investors and clients, Enhance the reporting process and support a more structured and cohesive approach to risk management oversight.

## **2.2. INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE MANAGEMENT BOARD AND SUPERVISORY BOARD (GOV-2)**

[GOV-2-26]

As previously mentioned, in 2024, both the Management Board and Supervisory Board of KRUK S.A. considered certain material matters in the course of their activities, which were subsequently identified as material impacts, risks, and

opportunities following the double materiality assessment conducted at the end of the year. Various factors that could influence the Group's long-term strategy, its clients, and employees were analysed. Additionally, risks and opportunities related to market conditions, regulatory requirements, technological advancements, ethical debt collection, and personal data protection were also taken into account. When making decisions on material transactions and strategic development directions, as well as in the course of ongoing business management, the potential benefits and consequences for clients and employees were assessed. Additionally, the Group considered the views and expectations of various stakeholder groups, including investors, employees, clients, and business partners, to enhance stakeholder relations and integrate stakeholder needs into the decision-making process.

The Supervisory Board monitored and evaluated the risk management system to ensure its effectiveness and suitability for the scale of the Group's operations. It also reviewed KRUK Group's HR strategy, cybersecurity strategy, and the operation of the Compliance Area, with relevant information presented by the Management Board and selected senior management representatives.

The Management Board was updated on material sustainability matters on an ongoing basis, as needed, and during dedicated Management Board meetings. The updates were provided by relevant organisational units, including the Compliance Area, Legal, Data Protection, Operational Risk, and ESG Area, Cybersecurity Area, Internal Audit Area, or General Directors of relevant KRUK Group companies.

Additionally, selected information on topics later identified as material impacts, risks, and opportunities was reported to the relevant Management Board member – if it pertained to their area of oversight – during ad hoc meetings convened in response to new developments requiring discussion of critical matters.

The Risk Monitoring Committee at KRUK S.A. submits a consolidated report to the Management Board, presenting the results of its assessment of the operation and effectiveness of the risk management and internal control systems.

Importantly, the Management Board was the governing body responsible for approving the results of the double materiality assessment conducted by the ESG Department in 2024, which were subsequently presented to the Supervisory Board.

In the coming years, the Company does not intend to significantly alter its approach, apart from the previously mentioned improvements in reporting to the Management Board and Supervisory Board.

## **2.3. INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES (GOV-3)**

[GOV-3-29 a-b-c-d-e, E1-GOV-3]

Pursuant to Art. 90d.1 of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies, the authority to adopt the Remuneration Policy for Members of the Management Board and Supervisory Board of KRUK S.A. ("Policy") rests with the General Meeting. The Policy is prepared by the Management Board and then submitted to the Supervisory Board for review. Upon approval of the Policy by the Supervisory Board, it is presented for approval by the General Meeting.

The Policy stipulates that Management Board members and Supervisory Board members receive remuneration from KRUK S.A. exclusively under its provisions. Any changes to the rules of remuneration for Management Board or Supervisory Board members require an amendment to the Policy, which must be approved by the General Meeting before taking effect.

The remuneration for Supervisory Board members is not split into variable and fixed components. It does not take the form of options or other derivatives or any other variable components, and it is not linked to KRUK S.A.'s results, including its sustainability performance.

In accordance with the Policy and the Company's Articles of Association, the remuneration policies applying to Management Board members and the amount of remuneration for the President of the Management Board are determined by the Supervisory Board.

The Policy states that in addition to the fixed monthly base salary, a Management Board member may receive a variable remuneration component in the form of a bonus. The Supervisory Board considers clear, comprehensive, and diverse criteria when awarding such bonuses, evaluating both financial and non-financial performance, including social interests, the Management Board member's contributions to environmental protection, and actions aimed at preventing and eliminating negative social impacts of KRUK S.A.'s operations. The award of a discretionary bonus is not tied to the achievement of any specific individual objectives by Management Board members. Its award and amount are at the sole discretion of the Supervisory Board.

The discretionary bonus may be paid on a date and in an amount determined by the Supervisory Board, with the proviso that the bonus amount may not exceed 12 times the average monthly base remuneration of the Management Board Member for the 12 months preceding the month of the bonus award, and it may be granted no more than once per calendar year. The Policy does not specify what portion of variable remuneration in the form of a discretionary bonus is linked to sustainability-related targets or impacts.

Additionally, KRUK S.A. has implemented an incentive scheme adopted by Resolution No. 22/2021 of the Annual General Meeting of KRUK S.A. on 16 June 2021 ("2021–2024 Incentive Scheme"), based on subscription warrants convertible into shares. The 2021–2024 Incentive Scheme is exclusively tied to financial metrics and does not include ESG-related criteria.

The Supervisory Board does not anticipate awarding any additional discretionary bonuses (as referred to in the Policy) for any financial year during participation in the 2021–2024 Incentive Scheme. Consequently, in 2024, no ESG-related performance criteria were adopted for awarding bonuses, and the Supervisory Board did not award any discretionary bonuses to Management Board members.

A detailed overview of remuneration, including any benefits, received by individual members of the Management Board and Supervisory Board during the last financial year in accordance with the Policy, is presented in the remuneration report prepared by the Supervisory Board. The report is publicly available on the corporate [website https://en.kruk.eu/investor-relations/reports-and-evaluation-of-remuneration-reports](https://en.kruk.eu/investor-relations/reports-and-evaluation-of-remuneration-reports).

The policies governing the remuneration of Management Board members are described in detail in section 8.3.4 'Remuneration, bonuses and employment contract terms of the Management Board members' of the Directors' Report.

## 2.4. STATEMENT ON DUE DILIGENCE (GOV-4)

[GOV-4-30-32]

The table below presents a summary of how the key aspects and steps of the due diligence process have been applied in this Statement:

Core elements of due diligence	Sections in this Statement
Embedding due diligence in governance, strategy and business model	Information provided to and sustainability matters addressed by the management and supervisory bodies (GOV-2)
	Integration of sustainability-related performance in incentive schemes (GOV-3)
Engaging with affected stakeholders	Material impacts, risks and opportunities and their interaction with strategy and business model
	Information provided to and sustainability matters addressed by the management and supervisory bodies (GOV-2)
	Interests and views of stakeholders (SBM-2)
	Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)
	Policies related to climate change mitigation and adaptation (E1-2)
	Policies related to own workforce (S1-1)

	<p>Policies related to affected communities (S3-1)</p> <p>Policies related to consumers and end-users (S4-1)</p> <p>Business conduct policies and corporate culture (G1-1)</p> <p>Processes for engaging with own workers (S1-2)</p> <p>Processes for engaging with affected communities and their representatives (S3-2)</p> <p>Processes for engaging with clients and their representatives (S4-2)</p>
Identifying and assessing negative impacts on people and the environment	<p>Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)</p> <p>Description of the processes to identify and assess material climate-related impacts, risks and opportunities (E1-IRO)</p> <p>Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)</p> <p>Processes to remediate negative impacts and channels for affected communities to raise concerns (S3-3)</p> <p>Processes to remediate negative impacts and channels for clients to raise concerns (S4-3)</p> <p>Material impacts, risks and opportunities and their interaction with strategy and business model</p>
Taking action to address negative impacts on people and the environment	<p>Actions and resources in relation to climate change policies (E1-3)</p> <p>Actions taken to manage material impacts and risks and pursue material opportunities related to own workforce, and the effectiveness of those actions (S1-4)</p> <p>Actions taken to manage material impacts and risks and pursue material opportunities related to affected communities, and the effectiveness of those actions (S3-4)</p> <p>Actions taken to manage material impacts and risks and pursue material opportunities related to clients, and the effectiveness of those actions (S4-4)</p>
Tracking the effectiveness of these efforts and communicating	<p>Targets related to climate change mitigation and adaptation (E1-4)</p> <p>Metrics and targets [S1-5-MDR-M, S4-5-MDR-T]</p> <p>Metrics and targets [S3-5-MDR-M, S4-5-MDR-T]</p> <p>Metrics and targets [S4-5-MDR-M, S4-5-MDR-T]</p> <p>Metrics and targets [G1-MDR-M, G1-MDR-T]</p> <p>Strategy [SBM-1-40-e-f-g]</p>

## 2.5. RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING (GOV-5)

[GOV-5-35]

In relation to this Statement, the KRUK Group did not implement a formalised risk management and internal control process in 2024. Risks associated with sustainability reporting have not yet been formally identified or integrated into the KRUK Group's Risk Management and Internal Control System. Furthermore, a risk reporting and management process has not yet been established. These measures are scheduled for implementation in 2025. Nonetheless, the Group identified two key risks: non-compliance with sustainability reporting regulations, and human error in the collection of required data. These risks were partially mitigated through targeted training and engagement of external consultants with expertise in sustainability regulations and best practices, who verified the accuracy of the collected data. The process of collecting and verifying quantitative and qualitative data was monitored by the Head of Legal, Data Protection, Operational Risk, and ESG Area, as well as the ESG Department Manager. To mitigate the risk of inaccuracies, quantitative data was sourced directly from the Group's IT systems, minimising errors associated with manual data processing.

## Section 3 of the statement



### 3. STRATEGY (SBM)

#### 3.1. STRATEGY, BUSINESS MODEL AND VALUE CHAIN (SBM-1)

##### 3.1.1. Strategy, business model and value chain

[SBM-1-40, SBM-1-42]

As at the issue date of this Statement, the Group comprised KRUK S.A. of Wrocław, 21 subsidiaries, and two entities controlled through personal links.

The KRUK Group specialises in the management of debt for institutional clients and its own account, offering a wide range of products and services related to debt and financial management. The Group operates in Poland, Romania, Italy, Spain, the Czech Republic, Slovakia, Malta, Germany and, since 2024, also in France. In Luxembourg, there are two Group entities, whose purchased debt portfolios are managed in Poland. The key client group served by the KRUK Group consists of consumers – indebted persons whose debts have been purchased and are managed by the Group.

The KRUK Group is also engaged in the provision of consumer loan services. Loan products are offered through Wonga, a company operating on the open consumer loan market in Poland, and under the NOVUM brand, primarily targeting clients who make regular repayments or have paid off their debts to the Group in Poland and Romania.

For information on the structure of the KRUK Group, see section 2.2.1 'Description of the Group's structure' of the Directors' Report. The business model and matters related to the products and services offered by the Group are presented in detail in section 1 'KRUK Group' and section 1.2 'The Group's core business model' of the Directors' Report.

As a rule, debt collection services are not prohibited in any of the markets where the Group operates. However, in certain countries, specific regulations may govern the purchase or management of debt portfolios.

The KRUK Group is not active in the fossil fuel (coal, oil, and gas) sector, chemicals production, controversial weapons, or the cultivation and production of tobacco.

At the end of the reporting year, the KRUK Group employed **3,537** people across **eight countries**, along with **261 people under other contractual arrangements, including agency staff**.



## Own workforce by country

Country	Number of employees	Number of non-employees
Poland	1,868	209
Romania	598	27
Italy	510	15
Spain	475	5
Malta	16	3
Czech Republic	69	1
Slovakia	1	0
Luxembourg	0	1
<b>TOTAL</b>	<b>3,537</b>	<b>261</b>

## Revenue

The KRUK Group's revenue in 2024 was PLN 2,907,553 million. For more information on financial results, please refer to section 3.1 'Consolidated financial highlights of the KRUK Group' of the Directors' Report.

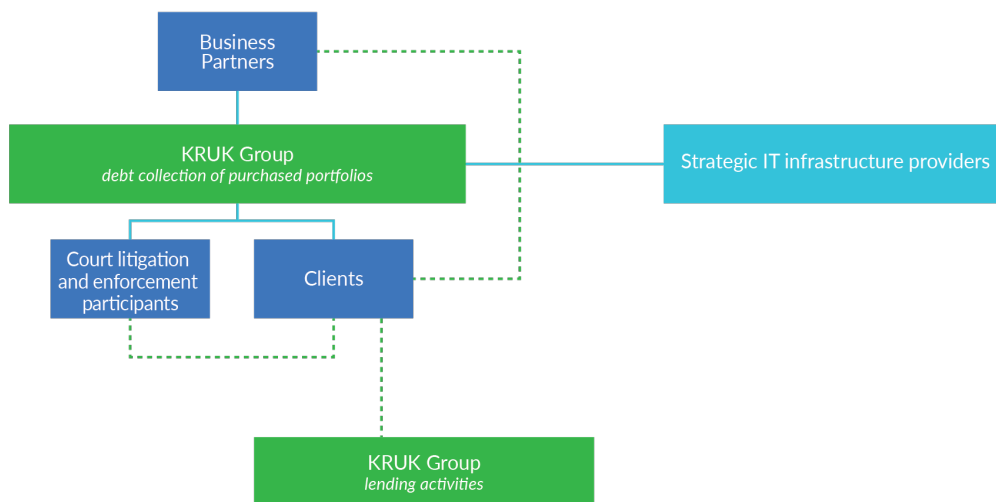
## Value chain

The KRUK Group's upstream value chain encompasses a network of business partners such as banks, loan originators, insurers, leasing companies, telecoms and other utility providers. The Group's business is based on long-term relationships with key partners, mainly in the banking market.

On the downstream side of the value chain, there are individual and corporate clients, particularly small and medium-sized enterprises (SMEs). Debts owed by clients are recovered directly through an amicable process or indirectly via litigation and court-enforced collection in cooperation with bailiffs or competent debt enforcement entities. Worth noting is that the initiation of court proceedings does not exclude the possibility of amicable repayment (hybrid process).

In addition to the purchase and recovery of debts for its own account, the KRUK Group provides credit management services, collecting debts for third parties. Clients who have paid off their liabilities have access to consumer loans, which can aid in rebuilding their credit history.

The Group's operations rely on key ICT infrastructure, ensuring the continuity of operational processes and security of data storage for other entities within the Group's value chain.



The KRUK Group uses the following inputs:

Inputs:	Financial	Technological	Human	Operational and infrastructure
<b>Allocation of funds</b>	(i) acquiring debt portfolios, (ii) developing infrastructure, (iii) implementing technological innovations, (iv) financing operational activities, (v) fulfilling obligations to lenders, investors, and business partners.	(i) IT systems supporting debt portfolio management, data analysis, and automation of operational processes, (ii) client service tools, such as online platforms enabling clients to self-manage their debt obligations.	(i) teams providing direct client service (Field Advisers and Contact Centre staff), (ii) other employees supporting day-to-day operations related to debt collection and client service, and ensure the efficient execution of other processes within the Group, (iii) managers and executives, (iv) employee training and competency development, (v) promoting employee well-being, engagement, inclusion, and diversity, (iv) ensuring workplace safety.	(i) operational offices in countries where the KRUK Group operates, (ii) infrastructure supporting day-to-day operations, (iii) logistics systems and tools facilitating communication and document management.
<b>Approach</b>	The KRUK Group maintains a stable financial structure, regularly monitors its cash flows, and effectively manages its debt. We ensure financial transparency, fostering trust among investors and lenders.	We invest in modern technologies and digitalise our processes to increase efficiency and reduce operating costs. We collaborate with reputable technology providers and continuously monitor innovations that support the implementation of our strategy.	We are committed to employee development, providing a broad range of training programmes, fair wages, and safe working conditions, and fostering employee well-being and engagement. We promote diversity and inclusion in the workplace.	We regularly optimise operational processes to reduce costs and enhance efficiency. We partner with local suppliers and business partners, enabling flexible adaptation of infrastructure to market needs.

To protect these inputs from unforeseen risks, such as regulatory changes or market fluctuations, the KRUK Group employs risk analysis tools. Building long-term partnerships with suppliers and business partners, based on transparency and mutual trust, is also a key priority. Audits and systematic monitoring of input usage – including through advanced IT tools – ensure effective management and loss minimisation.

The cost structure and revenue of the business segments is disclosed in note 4 to the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

### Benefits in the value chain

The KRUK Group transforms its strategically managed inputs into outcomes that deliver benefits for clients, investors, and other stakeholders. Presented below are current and expected benefits:

Stakeholders	Benefits for stakeholders
Business partners	<ul style="list-style-type: none"> <li>Professional and transparent relationships in the acquisition of debt portfolios and credit management</li> <li>Increased efficiency through investments in technology</li> <li>Competitive pricing</li> </ul>
IT service providers	<ul style="list-style-type: none"> <li>Long-term partnerships ensuring stability</li> <li>Contracting the development of advanced IT systems</li> <li>Regular exchange of technological insights</li> <li>Investments in cloud technologies and data security</li> </ul>
Bailiffs/enforcement entities	<ul style="list-style-type: none"> <li>Transparency and reliable information exchange</li> <li>Provision of complete debt data in enforcement proceedings</li> <li>Enhanced communication and information sharing</li> </ul>
Clients (indebted persons)	<ul style="list-style-type: none"> <li>Flexible repayment plans</li> <li>Transparent and ethical services and products</li> <li>Development of online tools for debt management</li> <li>Financial education</li> </ul>
Entities financing KRUK Group's operations	<ul style="list-style-type: none"> <li>Financial stability and timely servicing of obligations</li> <li>Transparent communication of financial performance</li> <li>Long-term cooperation</li> </ul>
Investors and market analysts	<ul style="list-style-type: none"> <li>Stable returns on investment</li> <li>Regular financial performance reporting</li> <li>Financial transparency</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Training and professional development programmes</li> <li>Promotion of diversity and inclusion</li> <li>Positive work environment</li> </ul>
Industry organisations and associations	<ul style="list-style-type: none"> <li>Active participation in industry associations</li> <li>Exchange of knowledge and best practices</li> </ul>

Stakeholders	Benefits for stakeholders
Local communities and social organisations	<ul style="list-style-type: none"> <li>Compliance with industry codes of good practice</li> <li>Implementation of charitable initiatives</li> </ul>
Affected communities	<ul style="list-style-type: none"> <li>Increased financial awareness</li> <li>Promotion of ethical debt collection practices</li> </ul>
Regulators and supervisory authorities	<ul style="list-style-type: none"> <li>Compliance with legal and regulatory requirements</li> </ul>
Media and public opinion	<ul style="list-style-type: none"> <li>Transparent communication with media representatives</li> <li>Educational initiatives on the role of the debt collection industry in the economy</li> </ul>
Prospective employees	<ul style="list-style-type: none"> <li>Competitive employment conditions</li> <li>Professional development opportunities</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>Promoting fair competition</li> <li>Exchange of knowledge and good practices</li> <li>Raising industry standards</li> </ul>


### 3.1.2. Strategy

[SBM-1-40-e-f-g]

In 2023, the Management Board of KRUK S.A. adopted the ESG Strategy for the KRUK Group, setting out its sustainability-related goals across four areas: Employees, Society, Environment, and Governance.

The following table presents the progress towards these goals achieved in 2024:

**Goals in the area of Employees**



#### 1) Gender equality

Goal	Progress at year-end 2024
At least 50% women in all positions, including managerial roles	Women accounted for 63% of KRUK Group's workforce, including 58% in managerial positions

#### 2) Equal pay

Goal	Progress at year-end 2024
0% gender pay gap by 2025	The adjusted gender pay gap at the KRUK Group was 0.6%*

\* Defined as the difference in total average remuneration (including base salary and variable pay such as bonuses and other cash incentives) between male and female employees, expressed as a percentage of the average total remuneration of male employees working at the same level, in the same job family, and in the same position. It is calculated as the weighted average of the pay gap in individual positions relative to the employment level in those positions.

#### 3) Employment of persons with disabilities

Goal	Progress at year-end 2024
At least 4% of employees with disabilities by 2025.	Employees with disabilities accounted for 2.2% of KRUK Group's workforce.

#### 4) Proportion of women on management boards

Goal	Progress at year-end 2024
At least 40% women on boards.	Women held 42% of positions in the Management Board and Supervisory Board of KRUK S.A.

5) Employee turnover

Goal	Progress at year-end 2024
Annual turnover not exceeding 16%.	Employee turnover rate was 12%.

6) Diversity, Equity and Inclusion Programme implementation

Goal	Progress at year-end 2024
By the end of 2025, 100% of managers will be trained on diversity and inclusion. 90% of employees will consider the KRUK Group a diverse and inclusive workplace.	90% of employees have completed the training. In 2024, the KRUK Group conducted an employee engagement survey across the entire organisation. Diversity, equity, and inclusion (DEI) aspects received 92% positive feedback. The survey questions focused on supporting diversity and inclusion by the organisation, the extent to which employees feel accepted, and the efforts to prevent discrimination and unfair treatment.

Goals in the area of Society



Goal	Progress at year-end 2024
<ol style="list-style-type: none"> <li>1) enhancing financial and digital inclusion by</li> <li>2) supporting the development of financial and digital competencies,</li> <li>3) encouraging behavioural change,</li> <li>4) supporting employee engagement in matters relevant to local communities.</li> </ol>	<p>In 2024, in pursuit of its goal to develop financial and digital competencies, the KRUK Group continued its educational efforts, sharing knowledge and promoting safe financial habits within society. As the initiator of the <i>Day Without Debt</i> campaign, the Group organised educational activities in Poland, Romania, and Italy, raising awareness about debt and promoting financial literacy. In Poland, KRUK S.A. partnered with the Ogólnopolski Operator Oświaty foundation on the project <i>Learning About Finances with OOO</i>, aimed at preschool and early primary school children. As part of this initiative, a financial literacy survey was conducted among the youngest participants, highlighting the need for enhanced education on the mechanics of borrowing and repayment. Additionally, KRUK supported the Fundacja Dobrych Inicjatyw foundation's project <i>First Star of Independence</i>, which helps youth leaving care institutions transition to adulthood by offering financial literacy workshops and scholarships. This initiative was conducted exclusively in Poland.</p> <p>In Romania, KRUK supported the <i>Smart Loans</i> programme, where volunteers conducted webinars and meetings with high school students on money management. Additionally, KRUK participated in the <i>ResponsABIL</i> project, which teaches youth from the care system about personal finance management and provides career counselling. The KRUK Group also took part in initiatives, such as Finance Forum with Bankier.pl, Business Summer University in Romania, and collaboration with the Institute of Public Finance in preparing a report on Poland's economic credibility.</p>

## Goals in the area of Environment



These goals are outlined in section 5 'Climate change (E1)' of this Statement.

## Goals in the area of Governance



### 1) Compliance:

Goal	Progress at year-end 2024
Train at least 90% of employees in compliance by 2026 and maintain an employee engagement level of at least 70% within the existing compliance education programme.	92% of employees of KRUK S.A. completed training on the Conflict of Interest Management Policy, 91% of employees completed training on anti-corruption and gifts policies, 86% of employees completed training on the Everyday Compliance Programme, and 90% of employees completed training on the Code of Ethics.

### 2) Cybersecurity:

Goal	Progress at year-end 2024
Train at least 90% of employees (new hires) in cybersecurity by 2025 and maintain an employee engagement level of at least 80% within the existing cybersecurity education programme.	98% of new hires completed cybersecurity training.

### 3) Personal data protection:

Goal	Progress at year-end 2024
<p>Supporting sustainable development in personal data protection, with a particular focus on client data, through the implementation of the GDPR Strategy, which is based on five pillars:</p> <ol style="list-style-type: none"> <li>1. Strengthening the principles of privacy by design and privacy by default, especially in projects related to new technologies and digitalisation.</li> <li>2. Engaging in dialogue with external industry organisations and supervisory authorities to promote high standards of compliance with personal data protection regulations and the rights and freedoms of data subjects.</li> <li>3. Promoting a culture of data privacy protection.</li> <li>4. Effectively ensuring the implementation of the Privacy Protection Programme.</li> <li>5. Continuously improving the risk-based approach, particularly in managing the risk of non-compliance with personal data protection regulations, and the risk of violating data subjects' rights and freedoms.</li> </ol>	<p>Activities carried out within each of the five pillars:</p> <ol style="list-style-type: none"> <li>1. Under the first pillar, in 2024, the KRUK Group developed IT tools and conducted its first Privacy by Design training sessions.</li> <li>2. The second pillar included contributions from the Group's representatives in Poland to the update of data protection standards as part of a team established at the Association of Financial Companies in Poland (ZPF). Additionally, KRUK S.A. employees actively participated in consultations on bills regulating personal data protection in the debt collection industry and attended a meeting of the ZPF GDPR Working Group with the President of the Personal Data Protection Office (UODO). In Romania, the Data Protection Officer of KRUK Romania was appointed as the leader of the working group on personal data protection within a debt collection companies association and represented its members at a meeting with the local data protection authority.</li> <li>3. Under the third pillar, in addition to conducting personal data protection training sessions across the KRUK Group, the Group also published bulletins and newsletters covering topics related to personal data protection.</li> <li>4. The fourth pillar included a significant update to the procedure for managing relationships with data processors, standardising the process across the entire KRUK Group, implementing the GDPR control plan, and managing personal data processing risk incidents.</li> </ol>

5. Under the fifth pillar, during the reporting year, the Group focused on introducing a new risk assessment tool to evaluate the risk of violations of data subjects' rights and freedoms, and strengthening procedures for process assessment and control, which enhances the Group's ability to monitor and manage this risk.
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The KRUK Group's ESG Strategy will be revised in 2025 due to the need to adapt activities to the evolving business environment, better address the impacts, risks and opportunities identified during the 2024 double materiality assessment, and implement the Group's new business strategy.

Below are the key initiatives to be implemented going forward, which will be reflected in the Group's ESG Strategy:

- a. Strengthening employee education initiatives: The KRUK Group is investing in the development of employee competencies. These efforts will continue with a focus on training in Agile, Lean, and change management. The goal is to enhance operational efficiency and improve team adaptability in a rapidly changing business environment.
- b. Continuing ethical debt collection practices: The KRUK Group will continue its commitment to ethical debt collection, ensuring that debt recovery processes are conducted with respect for the dignity and rights of debtors. The Group emphasises transparency and fairness in its relationships with clients. By upholding ethical standards and engaging with industry associations, the Group positions itself as a leader in responsible debt management, strengthening relationships with clients and enhancing brand reputation.
- c. Enhancing cybersecurity: in response to the rising threat of cyberattacks, the KRUK Group will intensify its cybersecurity efforts, introducing state-of-the-art technologies and procedures. As cybersecurity risks and potential regulatory non-compliance could result in serious financial, legal, and reputational impacts, The Group will develop advanced systems for monitoring and detecting cyber threats, and raise employee awareness of cybersecurity.
- d. Enhancing personal data protection: The KRUK Group will continue to implement its personal data protection strategy. The Group manages a significant amount of personal data, so this area is considered crucial. The Group will continue regular training and awareness campaigns for employees, increase awareness of personal data protection and GDPR compliance, and foster a culture of data protection throughout the organisation.

## 3.2. INTERESTS AND VIEWS OF STAKEHOLDERS (SBM-2)

[SBM-2-45-a-b-c]

The effective execution of the business model and the achievement of strategic objectives rely on engagement with various stakeholder groups. The Group works with numerous key stakeholders who play a significant role in its operations and success. The Group gives priority to dialogue as the basis for mutual understanding in a changing environment. The form and frequency of the stakeholder engagement are adapted to the specific characteristics of each stakeholder group, ensuring alignment with their expectations and key concerns.

Description of stakeholders and stakeholder engagement methods

Stakeholders	Engagement methods
<p><b>Business partners</b></p> <p>Banks, lending institutions, leasing and factoring companies, insurers and tel-coms from which the KRUK Group purchases debt portfolios, manages them, or services debt portfolios on their behalf.</p>	<p>Direct discussions, meetings, negotiations, email correspondence.</p>
<p><b>IT service providers</b></p> <p>Provide advanced IT systems for data management and debt collection processes.</p>	<p>Regular meetings, contract negotiations, audits, ongoing collaboration.</p>
<p><b>Bailiffs/enforcement entities</b></p> <p>Support the KRUK Group in court and enforcement proceedings.</p>	<p>Supervision of proceedings, meetings, direct communication and correspondence, participation in conferences.</p>
<p><b>Clients (indebted persons)</b></p> <p>Primarily indebted individuals whose creditor is one of the companies within the KRUK Group and whose debts are managed by the Group.</p>	<p>Phone consultations, face-to-face meetings, e-kruk platform, satisfaction surveys, complaints and grievance handling.</p>
<p><b>Entities financing KRUK Group's operations</b></p> <p>Banks and banking syndicates that provide credit to the Group.</p>	<p>Regular negotiations, meetings, contractual relationships under credit facility agreements.</p>
<p><b>Investors and market analysts</b></p> <ol style="list-style-type: none"> <li>Shareholders: invest in KRUK S.A. shares and expect stable returns on their investment.</li> <li>Market analysts: monitor the financial performance of the KRUK Group and provide analyses for investors.</li> </ol>	<p>Current, quarterly, semi-annual, and annual reports, earnings calls, meetings, website updates, media announcements, mailings, participation in conferences, General Meetings.</p>
<p><b>Employees</b></p> <ol style="list-style-type: none"> <li>Management Board and management personnel: are responsible for the Group's strategy and operations.</li> <li>Other employees: support day-to-day operations related to debt collection and client service, and ensure the efficient execution of other processes within the Group. They also have a direct impact on the Group's reputation in the eyes of various stakeholder groups.</li> </ol>	<p>Meetings with line managers, town halls, surveys, engagement studies, whistle-blowing channels, training sessions, workshops, conferences, internal mailings, communication platforms, team communication tools.</p>
<p><b>Industry organisations and associations</b></p> <p>Represent the interests of their members, including the KRUK Group, at various levels of public administration and in relations with regulators. They set</p>	<p>Participation in conferences, workshops, and industry events, providing opinions on regulations, proposed legislation and standards, working groups.</p>

Stakeholders	Engagement methods
<p>industry standards and contribute to building the reputation and trust in the financial sector, including the debt collection industry.</p>	
<p><b>Communities and social organisations</b></p> <ol style="list-style-type: none"> <li>1. Non-profit organisations: cooperate with the KRUK Group on CSR and financial education initiatives.</li> <li>2. Local communities: benefit from the social contribution initiatives conducted by the KRUK Group.</li> </ol>	<p>Partnerships with non-profits, charitable, sponsorship and social contribution initiatives.</p>
<p><b>Affected communities</b></p> <p>Individuals who, due to various forms of exclusion, discrimination, or challenges resulting from limited access to information or poor financial education, require additional support and financial education. Through its educational activities as well as participation in industry associations, the KRUK Group impacts affected communities by raising their awareness of money management and the operations of debt collection companies within the financial market.</p>	<p>Education initiatives, market research, awareness campaigns.</p>
<p><b>Regulators and supervisory authorities</b></p> <p>Supervisory authorities and regulators monitor the KRUK Group and its activities to ensure compliance with financial regulations and industry standards in the markets where the Group is subject to their oversight.</p>	<p>Consultations, participation in legislative reviews, reporting, participation in training initiatives, audits and inspections.</p>
<p><b>Media</b></p> <p>Play a key role in shaping the image of the KRUK Group and informing the public about its operations and achievements.</p>	<p>Regular media communication, press conferences, interviews, press releases.</p>
<p><b>Prospective employees</b></p> <p>Potential job candidates who may join the KRUK Group's team are important for the Group's continued growth and success.</p>	<p>Recruitment processes, job fairs, internship programmes, social media engagement.</p>
<p><b>Competitors</b></p> <p>Businesses operating in the same industry as the KRUK Group.</p> <p>Businesses operating in the same industry.</p>	<p>Market research, benchmarking, industry conferences, collaboration with credit reference agencies.</p>

The KRUK Group engages with its stakeholders in a structured and systematic manner to ensure effective communication and collaboration. Key elements of stakeholder engagement:

1. **Stakeholder identification:** The Group identifies key stakeholders based on their impact on the Group's operations, as well as their expectations and needs. The identification process is conducted through internal analysis, financial sector insights, and the Group's own experience.



2. **Communication channels:** The KRUK Group uses diverse communication channels to maintain regular engagement with stakeholders, including:
  - a. regular meetings with key stakeholders,
  - b. publication of annual reports, sustainability reports, and financial results presentations,
  - c. digital communication platforms, including the e-kruk platform, market research, social media, and corporate websites, to interact with clients and the broader community.
3. **Feedback mechanisms:** The KRUK Group implements mechanisms to gather stakeholder views and feedback through:
  - a. surveys among clients and employees to better understand their needs and expectations,
  - b. enabling clients to submit complaints and ensuring prompt and effective complaints processing.
4. **Collaboration with industry organisations:** The Group actively participates in industry associations and organisations, facilitating the exchange of knowledge and best practices while contributing to the development of industry regulations.
5. **CSR programmes:** The KRUK Group undertakes numerous CSR initiatives in collaboration with non-profit organisations. Educational programmes, such as Day Without Debt, are designed to enhance financial literacy among clients and communities. Additionally, the Group supports local communities through sponsorships and charitable projects.
6. **Transparency:** The KRUK Group is committed to maintaining a high level of transparency in its operations, providing stakeholders with regular updates on its plans, performance, and strategic direction.

Engaging with stakeholders fosters trust and enhances the Group's credibility. Through transparent communication and openness to dialogue, the KRUK Group reinforces its reputation as a responsible and ethical business partner. Regular interactions with stakeholders provide the KRUK Group with deeper insights into their needs and expectations, enabling the organisation to tailor its services and operations to better serve clients, investors, employees, and other key groups. Stakeholder engagement plays a vital role in identifying and managing risks associated with the Group's operations while also fostering innovation through the exchange of ideas and best practices. The KRUK Group draws on the knowledge and experience of key stakeholders to implement innovative solutions and streamline business processes. The Group actively considers stakeholder needs and assesses their impact on its strategy and business model in the following ways:

Stakeholders	Stakeholder expectations	How this relates to strategy and business model
Business partners	Ethical and flexible partnership, contract compliance, understanding of business needs	Building long-term relationships based on trust, transparency, ethical business practices, and tailoring offerings to partner needs
IT service providers	Stable cooperation, timely payments, clear contract terms, openness to innovation	Long-term relationships, timely payments, transparent terms of business, and seeking innovative technological solutions
Bailiffs/enforcement entities	Transparent and efficient cooperation, access to complete information	Providing necessary documentation and information, legal compliance, and adherence to ethical enforcement practices
Clients (indebted persons)	Flexible and fair solutions, ethical conduct, support in personal finance management	Flexible repayment plans, transparent communication, ethical debt collection practices, and financial education programmes
Entities financing KRUK Group's operations	Financial stability, timely servicing of credit obligations	Transparent and long-term relationships, financial transparency, operational stability, efficient debt management

Stakeholders	Stakeholder expectations	How this relates to strategy and business model
Investors and market analysts	Stable returns on investment, transparent reporting, regular communication	Regular communication, publication of financial reports, participation in meetings and conferences, implementation of a sustainable development strategy
Employees	Professional development opportunities, fair remuneration, a safe and inclusive work environment	Training and development programmes, competitive employment conditions, a positive work environment, promotion of diversity and inclusion
Industry organisations and associations	Active participation in consultations, engagement in industry initiatives, adherence to standards	Membership in industry associations, participation in conferences and workshops, compliance with ethical standards
Communities and social organisations	Support for financial education, social initiatives, engagement in local projects	Corporate social responsibility programmes, educational and charitable projects, financial education workshops and training
Affected communities	High ethical standards, support for financial education	Promoting responsible money management, preventing unethical debt collection practices, fostering trust and positive relationships
Regulators and supervisory authorities	Legal compliance, ethical conduct, adherence to industry standards	Full compliance with legal regulations, audits and inspections, compliance culture, cooperation with financial supervision institutions
Media	Transparent and open communication, reliable information, prompt responses to enquiries	Active media relations, publication of reports and press releases, organisation of press conferences
Prospective employees	Attractive working conditions, professional development opportunities, job stability	Investments in employee development, training and professional development programmes, competitive employment conditions, and promotion of KRUK Group values
Competitors	Fair competition, innovative solutions, adherence to industry standards	Monitoring competitor activities, strategy adaptation, implementation of innovations, dialogue through industry associations

In summary, stakeholder views and expectations are integrated into business strategy development, shaping ongoing operational processes and ensuring initiatives are aligned with stakeholder needs.

The KRUK Group believes it has established effective processes for engaging key stakeholders and addressing their needs. Planned activities for 2025 will focus on monitoring existing functions and processes, and adapting actions in response to any changes in stakeholder composition or expectations.

### 3.3. MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL (SBM-3)

[SBM-3-48]

As part of the double materiality assessment process (with its underlying assumptions outlined in section 4 'Impact, risk and opportunity management' of this Statement), key impacts, risks, and opportunities related to environmental, social, and

governance aspects have been identified. All are directly connected to the Group's operational activities, encompassing every level of the value chain and fully integrated into the business model.

Detailed data is presented in the table.

Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic
N/A	0.00	No material risks or opportunities have been identified in relation to corporate climate action.	Employees Investors and market analysts Business partners Regulators and supervisory authorities	Upstream value chain Own operations	<p><b>Environmental impact:</b></p> <ol style="list-style-type: none"> <li>1. Reducing greenhouse gas emissions: the KRUK Group's initiatives in this area, such as optimising energy consumption, transitioning to renewable energy sources, and minimising transport-related emissions, directly contribute to climate change mitigation.</li> <li>2. Waste management and recycling: reducing waste generation and promoting recycling help minimise the environmental impact of the Group's operations.</li> </ol> <p><b>Social impact:</b></p> <p>Environmental education: the Group's initiatives promote awareness of sustainable development among employees, clients, and business partners.</p> <p><b>Regulatory impact:</b></p> <p>Compliance with climate regulations: proactive measures to ensure compliance with environmental regulations support broader environmental protection efforts.</p>	3.98	External impact	Positive	Actual	KRUK Group's corporate climate actions aimed at reducing its negative environmental impact and mitigating climate change.	Climate change mitigation	E1 – Climate change

Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic
N/A	1.00	No material risks or opportunities have been identified in relation to the energy efficiency of offices and buildings used by the KRUK Group.	Employees Regulators and supervisory authorities Investors	Upstream value chain Own operations	<p><b>Environmental impact:</b></p> <ol style="list-style-type: none"> <li>1. Reducing greenhouse gas (GHG) emissions: improving energy efficiency lowers energy consumption, directly reducing CO<sub>2</sub> and other GHG emissions. This is a key component of the strategy aimed at achieving climate neutrality.</li> <li>2. Reducing the use of natural resources: greater energy efficiency decreases reliance on fossil fuels, supporting the conservation of non-renewable resources.</li> <li>3. Increased use of renewable energy: efficient energy management systems promote the adoption of renewable energy sources, reducing adverse environmental impacts.</li> </ol> <p><b>Social impact:</b></p> <ol style="list-style-type: none"> <li>1. Improved air quality: lower energy consumption and the transition to more efficient technologies help reduce air pollutant emissions (sulfur oxides, nitrogen oxides, etc.), positively impacting public health.</li> <li>2. Investments in energy efficiency contribute to greater public awareness of the importance of reducing energy consumption.</li> </ol> <p><b>Regulatory impact:</b></p> <p>Energy efficiency plays a crucial role in achieving EU policy objectives, including the targets of the European Green Deal and commitments under the Paris Agreement.</p>	2.50	External impact	Positive	Actual	Energy efficiency of offices and buildings used by the KRUK Group: enhancing the energy efficiency of buildings used by KRUK Group employees on a daily basis.	Energy	E1 – Climate change

Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic
Own operations	-2.50	<p>Risks:</p> <p>Legal risks</p> <ol style="list-style-type: none"> <li>1. Financial penalties: non-compliance with OHS regulations may result in financial penalties imposed by supervisory authorities.</li> <li>2. Lawsuits and compensation claims: workplace accidents due to inadequate safety measures may lead to employee claims, generating additional costs.</li> </ol> <p>Operational risks</p> <ol style="list-style-type: none"> <li>1. Work-related injuries and ill health: employee injuries or health problems may result in absences or resignations, disrupting team stability and increasing workloads for remaining staff.</li> <li>2. Higher operating costs: negligence may lead to increased insurance premiums, compensation costs, and additional costs of accident remediation. Additionally, inadequate workplace ergonomics and poor working conditions may contribute to higher absenteeism due to work-related injuries and ill health.</li> </ol> <p>Risk related to employee morale:</p> <p>Reduced employee engagement: a lack of focus on workplace safety may lower employee morale and engagement, negatively affecting productivity and loyalty to the Group.</p> <p>Limited access to financing: insufficient attention to social matters may hinder access to financing, as investors increasingly prioritise this aspect in their decision-making.</p> <p>No material opportunities have been identified in relation to the workplace safety and employee health.</p>	<p>Employees</p> <p>Prospective employees</p> <p>Regulators and supervisory authorities</p> <p>Investors</p> <p>Entities financing KRUK</p> <p>Group's operations</p>	Upstream value chain Own operations	<p>Impact on employees and their families:</p> <ol style="list-style-type: none"> <li>1. Health and well-being: insufficient attention paid to ergonomics and workplace safety increases the risk of injuries, occupational illnesses, and health issues such as back pain and musculoskeletal disorders, which can diminish employees' quality of life and affect their family well-being.</li> <li>2. Engagement and job satisfaction: a lack of a comfortable and safe work environment, failure to implement programmes promoting a healthy lifestyle, and insufficient support for physical and mental health may reduce job satisfaction, employee engagement, and loyalty.</li> <li>3. Equity and inclusion: failure to adapt workspaces to accommodate employees with disabilities or older workers may limit workplace inclusion and social integration.</li> </ol>	-2.42	External and financial impacts	Negative	Potential	Workplace safety and employee health: insufficient measures to ensure ergonomic workstations, compliance with occupational health and safety regulations, implementation of programmes promoting a healthy lifestyle, and provision of support for physical and mental well-being.	Health and safety	Working conditions
Own operations												S1 – Own workforce

Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic
Own operations	2.50	<p>Risks: No material risks have been identified in relation to employee well-being.</p> <p>Opportunities:</p> <p>Increased productivity:</p> <ol style="list-style-type: none"> <li>1. Higher efficiency: healthy and satisfied employees perform their tasks more efficiently and productively.</li> <li>2. Reduced absenteeism: improved employee health and well-being lead to fewer sick days and lower absenteeism.</li> <li>3. Regular well-being and satisfaction surveys, along with personal and professional development programmes, enhance productivity and positively impact the organisation's financial performance.</li> <li>4. Greater employee loyalty: employees who feel their health and well-being is a priority are more committed and engaged in their work.</li> <li>5. Positive work environment: supporting employee well-being and work-life balance fosters a positive office environment, encouraging collaboration and communication, which in turn enhances employee efficiency.</li> </ol> <p>Cost reduction:</p> <ol style="list-style-type: none"> <li>1. Lower healthcare costs: fewer health problems lead to reduced healthcare and rehabilitation costs.</li> <li>2. Reduced employee turnover: employees who feel that the Group prioritises their well-being and health are less likely to leave, helping to lower recruitment and training costs.</li> </ol> <p>Enhanced reputation and service quality:</p> <ol style="list-style-type: none"> <li>1. Stronger reputation: by prioritising employee well-being, the KRUK Group is recognised as a responsible and attractive employer.</li> <li>2. Talent attraction: a positive work environment enhances the Group's ability to attract top talent.</li> </ol>	<p>Employees</p> <p>Prospective employees</p> <p>Regulators and supervisory authorities</p> <p>Clients</p>	<p>Own operations</p> <p>Downstream value chain</p>	<p>Impact on employees and their families:</p> <ol style="list-style-type: none"> <li>1. Employee health and safety: good practices in creating a health-supportive work environment, promoting work-life balance, and offering additional benefits and health-focused programmes contribute positively to employee well-being, reducing absenteeism and improving morale. By implementing such initiatives, the KRUK Group not only improves the quality of life for its employees and their families but also lowers costs related to workplace accidents and occupational illnesses.</li> <li>2. Positive work environment: by fostering a healthy workplace culture that promotes collaboration, respect, and inclusion, the KRUK Group enhances employee well-being, which can further strengthen engagement and loyalty towards the employer.</li> </ol> <p>Impact on clients:</p> <p>Improved service quality: employee well-being, particularly mental health and overall well-being, has a direct positive effect on the level of client service.</p> <p>Regulatory and social impacts:</p> <p>Compliance with the requirements of the CSRD and ESRS standards introduces the obligation to report on social impacts in a structured manner, which includes adherence to regulations on labour rights and employee well-being. By ensuring compliance with these standards and progressively reporting on its social responsibility initiatives, KRUK promotes good practices within the financial sector.</p>	2.50	External and financial impacts	Positive	Actual	Employee well-being: supporting employee well-being through psychological assistance, healthcare, work-life balance initiatives, and additional benefits.	Work-life balance	Working conditions
Own operations												S1 – Own workforce

Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic	
Own operations	2.50	<p>Risks:</p> <p>No material risks have been identified in relation to employee engagement.</p> <p>Opportunities:</p> <p>Increased productivity: Engaged employees are more efficient, driving better financial performance – productivity translates into higher profits and improved operational efficiency.</p> <p>Cost reduction: Highly engaged employees are less likely to leave, helping to lower recruitment and training costs.</p> <p>Enhanced corporate image: 1. Stronger reputation: as a company that prioritises employee engagement, KRUK is recognised as a responsible and attractive employer. 2. Talent attraction: good working conditions attract top talent seeking an employer that values their health and well-being.</p> <p>Improved financial performance: employee engagement may contribute to better financial performance by enhancing the quality of client service.</p>	Employees Prospective employees Clients	Own operations Downstream value chain	<p>Impact on employees:</p> <p>1. A highly engaged workforce contributes to employees' overall well-being, positively influencing their family life. 2. Health and well-being: promoting employee engagement supports both mental and physical health, helping to reduce absenteeism.</p> <p>Impact on clients</p> <p>Enhanced service quality: engaged employees drive the implementation of better, more responsible products and services for clients.</p>	2.83	External and financial impacts	Positive	Actual	Employee engagement: implementing initiatives to strengthen employee engagement.	Entity-specific disclosure	S1 – Own workforce	
N/A	2.00	No material risks or opportunities have been identified in relation to diversity, equity, and inclusion (DEI).	Employees Prospective employees Investors Regulators and supervisory authorities Entities financing KRUK Group's operations Clients	Upstream value chain Own operations Downstream value chain	<p>Impact on the labour market:</p> <p>By championing DEI, the KRUK Group can attract a more diverse and skilled workforce. Employees are increasingly drawn to employers that prioritise diversity and inclusion.</p> <p>Regulatory and social impacts:</p> <p>Compliance with CSRD standards and regulations requires organisations to report their social impact, including matters related to diversity and inclusion. By ensuring compliance and reporting in accordance with these standards, KRUK promotes social responsibility and best practices within the financial sector.</p>	2.72	External impact	Positive	Actual	Inclusion and diversity (DEI): promoting diversity and inclusion, including gender equality initiatives and support for employees with disabilities.	Diversity	Equal treatment and opportunities for all	S1 – Own workforce



S1 – Own workforce	Working conditions	Adequate wages	Fair wages: providing employees with adequate wages based on their qualifications, experience, and local market standards, along with transparent policies for salary increases and additional benefits.	Actual	Positive	External and financial impacts	3.03	<p>Impact on employees:</p> <ol style="list-style-type: none"> <li>1. Increased engagement and job satisfaction: fair wages enhance employee motivation and loyalty, contributing to the well-being of employees and their families.</li> <li>2. Reducing inequality: transparent and fair wages help close pay gaps and promote social equality, particularly by ensuring equal pay for men and women in equivalent roles.</li> <li>3. Boosting morale: fair wages foster a culture of trust and belonging, strengthening the sense of inclusion in the workplace.</li> </ol> <p>Regulatory impact:</p> <ol style="list-style-type: none"> <li>1. Regulatory compliance: fair wages ensure adherence to legal requirements regarding minimum wages and equal treatment in employment.</li> <li>2. Promoting good practices: By providing fair wages, the KRUK Group can help elevate industry standards and encourages other companies to adopt principles of pay equity.</li> </ol>	Own operations	Employees Prospective employees Regulators and supervisory authorities Competitors	<p>Risks: No material risks have been identified in relation to fair wages.</p> <p>Opportunities:</p> <p>Reputation of a responsible employer: Ensuring fair wages enhances the KRUK Group's reputation as a responsible and attractive employer.</p> <p>Competitiveness in the labour market: By offering fair and competitive wages, the Group strengthens its ability to attract top talent.</p> <p>Employee retention: Maintaining pay equity and adequate wages supports the long-term retention of experienced employees.</p> <p>Operating cost savings:</p> <ol style="list-style-type: none"> <li>1. Reduced absenteeism: satisfied employees are less likely to take time off, improving operational efficiency.</li> <li>2. Lower recruitment costs: reduced employee turnover helps minimise costs related to hiring and onboarding new staff.</li> </ol> <p>Mitigating operational risks:</p> <ol style="list-style-type: none"> <li>1. Increased productivity: motivated and loyal employees contribute to greater efficiency, supporting the delivery of business objectives.</li> <li>2. Avoiding operational disruptions: fair treatment of employees helps prevent internal conflicts, strikes, and adverse actions by trade unions.</li> </ol>	2.71	Own operations
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Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic
N/A	2.11	No material risks or opportunities have been identified in relation to employee education.	Employees Prospective employees Clients	Own operations Downstream value chain	<p>Impact on employees:</p> <ol style="list-style-type: none"> <li>Skills development and adaptation to change: training in new technologies and procedures, such as Agile, Lean, and change management, enhances employees' skills, enabling them to perform their tasks more efficiently and adapt to a rapidly evolving work environment.</li> <li>Higher qualifications may ultimately enhance living standards for both employees and their families.</li> </ol> <p>Impact on the industry:</p> <p>Expanding employees' competencies in innovative technologies and procedures helps raise operational standards across the debt management sector.</p> <p>A highly skilled workforce drives greater operational efficiency, strengthening the competitiveness of the economy in the region where the KRUK Group operates.</p>	2.62	External impact	Positive	Actual	Employee education: upskilling and training employees to raise their knowledge of new technologies and procedures, including Agile, Lean, and change management.	Training and skills development	Equal treatment and opportunities for all
N/A	2.45	No material risks or opportunities have been identified in relation to the financial literacy of affected communities.	Communities and social organisations Industry organisations and associations Affected communities Competitors Media	Own operations Downstream value chain	<p>Enhancing financial awareness:</p> <p>Financial education increases financial awareness among affected communities, positively impacting their ability to manage personal finances.</p> <p>Improving the industry's reputation:</p> <p>Proactive efforts to support communities may enhance the public perception of the debt collection industry.</p> <p>Impact on financial market development:</p> <p>Raising financial awareness contributes to the overall development of the financial market, potentially leading to greater stability and economic growth.</p>	3.13	External and financial impacts	Positive	Actual	Financial literacy of affected (financially excluded) communities: educating affected communities on money management and the role of debt collection companies in the economy.	Entity-specific disclosure	Entity-specific disclosure

Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic
Upstream value chain Own operations Downstream value chain	-2.89	<p><b>Risks:</b></p> <p><b>High implementation cost:</b> Launching dedicated educational programmes, training initiatives, and lobbying efforts may require significant financial investment.</p> <p><b>Reputational risks:</b> A lack of alignment between public commitments and actual practices – particularly in relation to vulnerable social groups – may lead to accusations of “greenwashing” or unethical debt collection practices.</p> <p><b>Revenue loss due to declining trust:</b> Failure to ensure fair treatment of indebted persons within affected communities may reduce their willingness to engage with the KRUK Group in the future. This could negatively impact debt recovery rates and, in turn, affect revenue.</p> <p><b>Decline in brand value and reputation:</b> A negative public perception, particularly any association of the KRUK Group with predatory debt collection practices, may diminish brand value and deter potential clients, investors, and business partners.</p> <p>No material opportunities have been identified in relation to the protection of indebted persons’ rights.</p>	<p>Communities and social organisations</p> <p>Industry organisations and associations</p> <p>Affected communities</p> <p>Competitors</p> <p>Media</p>	<p>Own operations</p> <p>Downstream value chain</p>	<p><b>Impact on affected communities:</b></p> <ol style="list-style-type: none"> <li>Lack of financial education and awareness increases the risk of a debt cycle among financially excluded groups.</li> <li>The absence of educational programmes leaves more individuals vulnerable to fraud and unethical creditor practices.</li> </ol> <p><b>Widening social inequalities:</b></p> <ol style="list-style-type: none"> <li>Unethical debt collection practices exacerbate psychological and financial stress on affected communities, making social reintegration more challenging.</li> <li>Lack of support reinforces barriers stemming from limited access to financial information and education.</li> </ol> <p><b>Impact on industry perception:</b></p> <p>Low debtor protection standards harm the public perception of the debt management industry, undermining efforts to promote sustainable social development.</p>	-2.61	External and financial impacts	Negative	Actual	Protection of indebted persons’ rights: failure by the KRUK Group to ensure fair treatment of financially excluded communities, promote transparency in debt collection practices across the industry, uphold human dignity, and comply with legal regulations.	Impacts on human rights defenders	Affected communities
											Communities’ civil and political rights	S3 – Affected communities

Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic
N/A	-1.00	No material risks or opportunities have been identified in relation to the client voice.	Employees Clients Bailiffs/debt collection entities Regulators and supervisory authorities Competitors	Own operations Downstream value chain	<p>Impact on clients:</p> <ol style="list-style-type: none"> <li>1. Failure to gather client feedback limits the ability to adapt services to client needs.</li> <li>2. Negative views may deter indebted persons from engaging with debt collection companies, deepening their financial struggles and increasing social isolation.</li> </ol> <p>Impact on the industry:</p> <p>Poor client experience with the KRUK Group may undermine trust in the debt management sector, making it more challenging for the industry to support the financial stabilisation of indebted persons.</p> <p>Regulatory impact:</p> <p>Negative client experience may lead to increased regulatory oversight, stricter legal requirements, or the introduction of new customer service regulations.</p>	-2.50	External impact	Negative	Actual	Client voice: insufficient measures in place to gather feedback from KRUK Group clients on service quality and products offered.	Freedom of expression	S4 – Consumers and end-users Information-related impacts for consumers and/or end-users

Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic
N/A	2.00	No material risks or opportunities have been identified in relation to the accessibility of KRUK Group services and enhancing client experience.	IT service providers Clients Employees Competitors	Upstream value chain Own operations Downstream value chain	<p>Impact on clients:</p> <ol style="list-style-type: none"> <li>1. Accessible and user-friendly interfaces make it easier for clients – particularly those with limited digital skills or facing financial hardship – to manage their financial obligations.</li> <li>2. Intuitive online tools empower clients, enabling them to better manage their personal finances.</li> <li>3. Seamless access to service platforms enhances financial awareness, reducing the risk of recurring debt and improving clients' personal situation.</li> </ol> <p>Building trust in the industry: Transparent and accessible services foster a positive perception of the debt management industry.</p> <p>Impact on competitors Service accessibility and a strong focus on client experience may serve as a benchmark for other industry players, contributing to higher standards in debt management practices.</p>	3.48	External impact	Positive	Actual	Accessibility of KRUK Group services and improvement of client experience by ensuring accessible and user-friendly interfaces.	Access to products and services	S4 – Consumers and end-users Social inclusion of consumers and/or end-users

Ethical debt collection: lack of sufficient measures to eliminate unfair and unethical actions towards KRUK Group clients.

-3.04

Impact on clients:

1. Protection of client rights: unethical debt collection practices may result in unfair treatment of indebted persons, violating their rights and dignity.
2. Increased stress and anxiety: unfair treatment heightens the emotional stress associated with debt collection, making the repayment process feel like coercion rather than support.
3. Increased risk of indebtedness: unethical debt collection practices and the absence of financial education initiatives make it harder for clients to manage their finances effectively, increasing the risk of future debt.

Social impact:  
Worsening financial exclusion: a lack of transparency and fair practices increases the risk of marginalisation for vulnerable social groups, such as those already facing financial exclusion.

Impact on the debt management industry:

1. Reputational damage to the industry: unethical practices harm the industry's image, reinforcing perceptions of debt collection as aggressive enforcement rather than a means of supporting individuals in financial distress.
2. Lowering of standards: by failing to apply ethical practices, the Group may contribute to lowering standards across the industry, promoting an irresponsible approach to debt management.

Impact on regulators and legislators:

1. Increased regulatory pressure: unethical practices drive an increase in consumer complaints and regulatory interventions, raising the likelihood of stricter legal requirements for the sector.

Business partners  
Entities financing KRUK  
Group's operations  
Regulators and supervisory authorities  
Employees  
Prospective employees  
Industry organisations and associations  
Communities and social organisations  
Bailliffs/enforcement entities  
Competitors  
Clients  
Media

Risks: -3.33

Reputational risks:

1. Negative media coverage: reports of unethical collection practices may attract negative media attention, particularly in the era of social media, damaging the KRUK Group's reputation.
2. Criticism from social organisations: consumer protection organisations may publicly criticise the Group's practices, further exacerbating reputational challenges.

Legal risks:

1. Client claims: unethical practices may lead to legal claims from clients who feel mistreated, resulting in litigation costs and compensation payments.
2. Regulatory sanctions: violations of consumer protection laws or debtor rights regulations may result in significant financial penalties and restrictions on business operations in certain markets.
3. Increased regulatory pressure: incidents involving unethical debt collection may prompt regulators to introduce stricter industry regulations, leading to higher compliance and operating costs.

Financial risks:

1. Loss of clients: unethical debt collection practices may discourage clients from engaging with the KRUK Group, reducing debt recovery rates.
2. Higher operating costs: managing grievances, complaints, disputes, and legal claims resulting from unethical practices generates additional administrative and legal costs.
3. Loss of investors: sustainability-focused investors may withdraw support if the Group is associated with unethical practices.
4. Limited access to financing: unethical debt collection practices hinder the Group's ability to secure financing from lenders that adhere to principles of social responsibility.

No material opportunities have been identified in relation to ethical debt collection.

Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic
N/A	1.78	No material risks or opportunities have been identified in relation to the matter of individual approach to vulnerable clients (experiencing financial or social hardship).	Communities and social organisations Industry organisations and associations Clients Media Bailliffs/debt collection entities Regulators and supervisory authorities Competitors Media	Own operations Downstream value chain	<p>Impact on vulnerable clients:</p> <ol style="list-style-type: none"> <li>Tailoring debt collection practices to the needs of clients in a difficult life situation (such as those trapped in a cycle of debt, seniors, or large families) enhances their ability to manage personal finances and provides a more effective pathway out of debt.</li> <li>Providing effective support to vulnerable clients facilitates their reintegration into the financial system, helping to reduce social exclusion.</li> </ol> <p>Impact on the industry:</p> <p>A compassionate approach to vulnerable clients enhances the reputation of the debt management sector as one that supports indebted individuals and may help establish new industry standards by promoting more client-centric and ethical debt collection practices.</p> <p>Strengthening relationships with regulators:</p> <p>Aligning operations with best practices in the protection of vulnerable consumers may reduce consumer complaints and strengthen regulators' trust in the industry.</p>	2.71	External impact	Positive	Actual	Individual approach to vulnerable clients (experiencing financial or social hardship): adjusting debt collection practices and communication strategies to their specific circumstances while respecting their dignity and rights.	Access to products and services	S4 – Consumers and end-users Social inclusion of consumers and/or end-users

<p>S4 – Consumers and end-users</p>	<p>Personal safety of consumers and/or end-users</p>	<p>Personal security</p> <p>Cybersecurity: insufficient measures in place to ensure the security of systems, data, and IT infrastructure, including safeguards against unauthorised access, cyberattacks, data breaches, and malicious software.</p>	<p>Actual</p> <p>Negative</p>	<p>External and financial impacts</p> <p>-2.75</p>	<p>Impact on clients: A lack of robust personal data security measures for clients increases the risk of privacy breaches, data theft, and financial losses resulting from the unauthorised use of data in financial transactions.</p> <p>Impact on the industry: Ineffective cybersecurity management lowers overall security standards across the industry.</p>	<p>Upstream value chain Own operations Downstream value chain</p>	<p>Business partners IT service providers Employees Clients Regulators and supervisory authorities Media</p>	<p>Risks: -3.24</p> <p>Operational risks:</p> <ol style="list-style-type: none"> <li>1. Compromised IT system integrity: cyberattacks, malware (ransomware, etc.), or technical failures may disrupt IT systems, leading to operational downtime, delays in debt collection processes, and revenue loss.</li> <li>2. Loss of critical business data: security breaches may result in the loss, damage, or theft of essential business data, including client information, transaction details, and analytical reports. Without adequate data backups or disaster recovery procedures, a cybersecurity incident may cause permanent data loss, operational disruptions, and significant recovery costs.</li> <li>3. Operational downtime: a failure or unavailability of critical IT systems due to a DDoS attack, security vulnerabilities, or inadequate incident response procedures may disrupt KRUK Group's operations, affecting efficiency and its ability to meet obligations to clients and business partners.</li> <li>4. Increased incident response costs: cybersecurity incidents necessitate costly system restoration, audits, corrective measures, and engagement with cybersecurity specialists, placing an additional financial burden on the Group.</li> <li>5. Operational losses due to human error: employees may unintentionally facilitate cyberattacks by clicking on malicious links, opening fraudulent attachments, or failing to adhere to security protocols, leading to serious breaches and operational disruptions.</li> <li>6. Outdated or insufficient security measures: failure to regularly update systems, reliance on outdated technologies, or inadequate IT infrastructure security increase vulnerability to cyberattacks and operational disruptions.</li> <li>7. Ransomware attacks may force the Group to pay a ransom to regain access to encrypted data, resulting in significant financial losses.</li> </ol> <p>Prevention costs: Minimising risks related to data breaches, leaks, or loss may require significant investments in advanced security technologies, employee training, internal audits, and the development of policies and procedures to strengthen KRUK Group's cybersecurity. These additional expenditures may place a strain on the operational budget.</p> <p>Third-party supplier risks: Reliance on third-party IT service providers may expose the KRUK Group to risk if they fail to uphold adequate security standards.</p> <p>Data exfiltration by employees:</p>	<p>Upstream value chain Own operations Downstream value chain</p>
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Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic
		<p>Unauthorised copying or transfer of data by employees may lead to security breaches, compromising operations and damaging the Group's reputation.</p> <p>Legal and regulatory compliance risks: Non-compliance with cybersecurity regulations may result in financial penalties, or legal action.</p> <p>Reputational risks: 1. Cybersecurity incidents may attract negative media attention, eroding trust among stakeholders, clients, and investors. 2. Loss of business partner trust: Inadequate cybersecurity measures may erode business partners' trust in the KRUK Group, making them less inclined to collaborate.</p> <p>Access to finance: A lack of robust cybersecurity measures may negatively impact investors' and lenders' decisions, potentially limiting access to capital and financing.</p> <p>Opportunities: No material opportunities have been identified in relation to cybersecurity.</p>										

S4 – Consumers and end-users	Information-related impacts for consumers and/or end-users	<p>Privacy</p> <p>Protection of clients' personal data: insufficient actions to ensure the effective protection of clients' personal data.</p>	<p>Actual</p> <p>Negative</p>	<p>External and financial impacts</p> <p>-2.81</p>	<p>Impact on clients:</p> <p>Inadequate protection of personal data exposes indebted persons to privacy breaches, identity theft, financial fraud, and other forms of misuse. Such incidents may also have serious emotional consequences for affected clients, leading to stress and anxiety.</p> <p>Reputational damage to the industry:</p> <p>A lack of effective client data protection or privacy violations may harm the perception of the debt management sector, reinforcing concerns that the industry fails to uphold proper data security standards. In the long term, this may erode stakeholder trust and negatively impact the operations of debt management companies.</p>	<p>Upstream value chain</p> <p>Own operations</p> <p>Downstream value chain</p>	<p>Business partners</p> <p>IT service providers</p> <p>Clients</p> <p>Employees</p> <p>Bailiffs/enforcement entities</p> <p>Regulators and supervisory authorities</p> <p>Competitors</p> <p>Media</p>	<p>Risks:</p> <p>Operational risks:</p> <ol style="list-style-type: none"> <li>1. Operational downtime: data security breaches may lead to operational downtime, impacting the Group's day-to-day operations and resulting in revenue losses.</li> <li>2. Higher operating costs: managing the consequences of data breaches, including costs related to system restoration, crisis communication, and legal proceedings, may lead to higher operating costs. Ensuring compliance with data protection regulations and mitigating risks may require substantial investment in advanced security technologies, employee training, internal audits, and the development of data management policies and procedures. These additional expenditures may place a strain on the operational budget.</li> <li>3. Risk of human error: improper data processing by employees, such as accidental disclosure of personal data, inaccurate data entry, or failure to comply with security procedures, may result in serious data protection violations and potential regulatory penalties.</li> </ol> <p>Regulatory risks:</p> <ol style="list-style-type: none"> <li>1. Violations of data protection regulations, such as the GDPR, may result in financial penalties.</li> <li>2. Regulatory orders to halt data processing: in cases of severe violations, regulatory authorities may require the suspension of data processing for certain operations or mandate the deletion of specific data, potentially disrupting the KRUK Group's business operations.</li> </ol> <p>Legal risks related to litigation:</p> <ol style="list-style-type: none"> <li>1. Risk of civil lawsuits: individuals affected by data breaches may file compensation claims, leading to substantial financial and legal costs. Breaches of personal data security may result in lawsuits for violations of personal rights, further impacting the Group's financial and reputational standing.</li> <li>2. Risk of criminal proceedings: in cases of serious data protection violations, the KRUK Group may face criminal proceedings, potentially leading to criminal sanctions.</li> </ol> <p>Loss of trust due to inadequate personal data protection: Loss of trust among clients, business partners, employees, stakeholders, and shareholders may lead to a decline in KRUK Group's value.</p> <p>Reputational risks:</p>	<p>-3.44</p> <p>Upstream value chain Own operations Downstream value chain</p>
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						<p>1. Brand damage: non-compliance with data protection policies may undermine the Group's reputation as a responsible and trustworthy organisation.</p> <p>2. Risk of public relations crises: insufficient personal data protection increases the risk of reputational crises caused by data breaches.</p> <p>Opportunities: No material opportunities have been identified in relation to the protection of client personal data protection.</p>
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Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic
Upstream value chain Own operations Downstream value chain	-3.00	<p><b>Risks:</b></p> <p><b>Reputational damage:</b> System availability issues may damage the Group's reputation, leading to negative perceptions among stakeholders and media.</p> <p><b>Legal and regulatory sanctions:</b> Failure to meet business continuity obligations may result in financial penalties and regulatory sanctions.</p> <p><b>Financial losses:</b> System downtime may result in direct financial losses, both due to lost revenue and costs associated with resolving the issues.</p> <p><b>Increased operational risk:</b> The lack of reliable communication tools, reliance on third-party suppliers, human errors, natural disasters, insufficient system scalability, or delays in system updates and maintenance may cause IT system failures, disrupting debt management operations and leading to further operational challenges.</p> <p><b>Risk of loss of client trust:</b> Disruptions in system and tool availability may frustrate clients, reduce their willingness to cooperate, and negatively impact KRUK Group's reputation.</p> <p><b>Opportunities:</b> No material opportunities have been identified in relation to ensuring the operational continuity of client communication tools and systems.</p>	IT service providers Clients Regulators and supervisory authorities Competitors	Own operations Downstream value chain	<p><b>Impact on clients:</b></p> <ol style="list-style-type: none"> <li>Challenges in managing financial obligations: disruptions in communication system and tool availability may temporarily prevent KRUK Group clients from accessing debt management systems and communication channels, hindering their ability to make timely payments and potentially leading to increased debt and additional fees.</li> <li>Stress and anxiety: no access to systems may cause stress and uncertainty about the status of their financial obligations and their ability to meet payment deadlines.</li> <li>Exposure to legal risks: clients may face additional legal consequences due to delayed payments resulting from technical issues or the inability to communicate with the KRUK Group.</li> </ol>	-3.00	External and financial impacts	Negative	Actual	Ensuring the operational continuity of client communication tools and systems: failure by the KRUK Group to ensure the uninterrupted, secure, and reliable availability of systems and communication tools for clients.	Entity-specific disclosure	Entity-specific disclosure
S4 – Consumers and end-users												

Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic
	3.00	<p>Risks: No material risks have been identified in relation to lobbying for fair financial practices.</p> <p>Opportunities: Building a competitive advantage: By promoting fair and transparent practices and actively contributing to the development of debt collection regulations, the Group strengthens its position as a leader in the debt management industry.</p> <p>Strengthening reputation: Advocating for ethical practices and contributing to the development of debt collection regulations reinforce the KRUK Group's reputation as a responsible and trustworthy partner, increasing confidence among clients, investors, and regulators.</p> <p>Fostering client loyalty: Promoting fair practices helps build long-term relationships with clients, enhancing their loyalty and willingness to cooperate in debt repayment.</p> <p>Strengthening relationships with regulators: Active engagement with regulatory authorities and legislators fosters stronger relationships with regulators, reinforcing confidence in the KRUK Group's operations and reducing the risk of adverse regulatory actions.</p> <p>Protection of the Group's interests Participation in legislative processes enables the KRUK Group to safeguard the interests of the debt collection industry, helping prevent the introduction of unfavourable regulations that could negatively impact the operations of our organisation.</p>	<p>Investors and market analysts</p> <p>Bailiffs/enforcement entities</p> <p>Industry organisations and associations</p> <p>Regulators and supervisory authorities</p> <p>Clients</p> <p>Communities and social organisations</p> <p>Affected communities</p> <p>Competitors</p>	<p>Upstream value chain</p> <p>Own operations</p> <p>Downstream value chain</p>	<p>Impact on clients and communities:</p> <ol style="list-style-type: none"> <li>The KRUK Group's lobbying for fair financial practices supports the development of regulations and industry standards that promote transparency and ethical treatment of financial market clients, reducing the risk of unfair practices and misconduct.</li> <li>Advancing fair practices helps protect vulnerable individuals – such as those facing financial hardship – from unethical actions while facilitating their reintegration into the financial system.</li> </ol> <p>Impact on the debt management industry:</p> <ol style="list-style-type: none"> <li>The KRUK Group's efforts to shape fair debt collection and debt management regulations contribute to the implementation of policies that eliminate aggressive and unethical collection practices or support efficient business operations.</li> <li>Enhancing industry reputation: supporting positive regulatory changes strengthens the perception of the debt management sector as prioritising client support rather than merely enforcing payments.</li> </ol> <p>Impact on regulators and legislators: By actively promoting fair practices and contributing to the development of debt collection regulations, the KRUK Group helps reduce the need for overly restrictive policies that could limit the operational flexibility of debt management companies, while also supporting the creation of regulations that align with market demands and client needs.</p>	3.73	External and financial impacts	Positive	Potential	Lobbying for fair financial practices: the Group actively engages in initiatives that serve the interests of clients and investors, including providing opinions on and consulting regulatory frameworks, legislative proposals, and industry standards. These efforts promote transparency, ethical conduct, and fair principles in financial management, customer service, and debt recovery, and they help combat aggressive and unethical collection practices.	Political engagement and lobbying activities	Business conduct
												G1 – Business conduct

G1 – Business conduct	Business conduct	Corporate culture	Ethical business practices: the KRUK Group's commitment to integrity, transparency, and accountability, upholding the rights of business partners, suppliers, and investors while ensuring compliance with applicable laws and ethical standards.	Actual	Positive	External and financial impacts	<p>3.35</p> <p><b>Building trust in business entities:</b> Transparent and ethical business practices help foster trust in the corporate sector. Companies that uphold ethical business practices are seen as reliable partners willing to consider the interests of those they work with, particularly in long-term business relationships.</p> <p>Fostering a culture of responsible and ethical collaboration: The KRUK Group acts ethically and expects its stakeholders to uphold the same high standards.</p>	Upstream value chain Own operations Downstream value chain	Investors and market analysts IT service providers Business partners Industry organisations and associations Entities financing KRUK Group's operations Regulators and supervisory authorities Clients Employees Prospective employees Communities and social organisations Bailliffs/enforcement entities	<p>Risks: No material risks have been identified in relation to ethical business practices.</p> <p>Opportunities:</p> <p><b>Building a positive image:</b> Adopting ethical business practices strengthens the Group's reputation as a responsible leader in the debt management industry.</p> <p><b>Attracting and retaining talent:</b> 1. Increasingly, job seekers, especially younger generations (Millennials and Gen Z), prioritise ethical values when choosing an employer. The KRUK Group's commitment to high ethical standards attracts candidates who align with its mission and corporate culture. 2. Employee retention: Employees are more engaged and loyal to companies that reflect their values, leading to lower turnover and reduced recruitment costs. 3. Higher motivation and engagement: Employees who identify with the Group's values demonstrate higher levels of loyalty, and efficiency.</p> <p><b>Strengthening business relationships:</b> Ethically responsible companies are more attractive to service providers, investors, and business partners, potentially opening up new business opportunities.</p> <p><b>Strengthening relationships with regulators and society:</b> 1. A strong commitment to ethical standards and regulatory compliance fosters positive relationships with regulators, potentially enhancing trust and support for the Group's growth. 2. Reduced risk of financial penalties: By adhering to ethical standards, the Group reduces the risk of financial penalties arising from non-compliance with regulations such as anti-corruption laws. 3. Fewer legal disputes: ethical business practices help minimise legal disputes with business partners and service providers.</p> <p><b>Impact on operating costs:</b> Lower operating costs: avoiding unethical practices, such as corruption, conflicts of interest, and fraud, helps mitigate the financial consequences associated with such misconduct.</p>	3.08
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Location of risk or opportunity	Risk and/or opportunity score	Identified material risks and opportunities	Stakeholders	Location of impact	Identified material impacts	Impact score	Materiality of impact	Nature of impact (positive/negative)	Type of impact (actual/potential)	Material matter	Sub-sub-topic	Sub-topic
Upstream value chain Own operations Downstream value chain	4.00	<p>Risks: No material risks have been identified in relation to lobbying for fair financial practices.</p> <p>Opportunities:</p> <p>Strengthening reputation: The KRUK Group can strengthen its reputation as a company that upholds the highest standards of regulatory compliance, Reinforcing its position as a trusted business partner and increasing confidence among clients and investors.</p> <p>Minimising legal and financial risks: A rigorous approach to verifying transactions and business partnerships helps mitigate the risk of financial penalties for engaging with sanctioned entities. This enhances operational stability and predictability.</p> <p>Expanding business partnerships: A strong commitment to regulatory compliance facilitates collaboration with financial institutions that require partners to adhere to global compliance standards.</p> <p>Access to finance: Compliance with sanctions regulations makes organisations more attractive to financial institutions, enhancing their ability to secure funding.</p>	Regulators and supervisory authorities Business partners Investors Clients IT service providers Entities financing KRUK Group's operations	Upstream value chain Own operations Downstream value chain	<p>Strengthening legal compliance: A responsible approach to portfolio and client selection ensures compliance with sanctions regulations, supporting international efforts to combat terrorist financing, money laundering, and other illegal activities.</p> <p>Promoting integrity in the economy: Adhering to sanctions regulations and refraining from transactions with entities included in the Polish Financial Supervision Authority's Public Warnings List contribute to higher ethical and transparency standards in business operations, promoting responsible practices across the industry.</p>	4.01	External and financial impacts	Positive	Actual	Responsible portfolio and client selection: verifying transactions and partnerships with service providers, clients and business partners for compliance with applicable legal regulations, including sanctions lists.	Entity-specific disclosure	G1 – Business conduct

Below is a brief description of the actions undertaken by the KRUK Group in response to the identified impacts, risks and opportunities. A more detailed description of the actions outlined below is provided in subsequent sections of this Statement.

### **Corporate climate action (E1):**

Among the actions aimed at reducing the KRUK Group's environmental impact and mitigating climate change are targets for reducing greenhouse gas emissions through the optimisation of energy consumption and initiatives to reduce waste generation (such as the digitalisation of processes and reduced paper usage). Waste segregation is also promoted to minimise the negative environmental impacts of operations. The Group is gradually replacing its vehicle fleet with electric and hybrid models. It also conducts educational campaigns for employees, promoting the principles of sustainable development and responsible environmental behaviour.

### **Energy efficiency of offices and buildings used by the KRUK Group (E1):**

The KRUK Group strives for sustainable development and to minimise its environmental footprint. Some of the office spaces leased by the Group already meet high environmental standards and are equipped with energy-efficient technologies, contributing to a reduced carbon footprint and improved organisational energy efficiency. Additionally, the Group is undertaking initiatives to increase the use of renewable energy in its buildings and engages in employee education on energy conservation.

In 2025, the head offices of KRUK S.A., Kancelaria Prawna RAVEN, KRUK TFI and Novum will be relocated to a new office building certified LEED v4 Platinum. The building exemplifies environmentally conscious solutions, with a particular emphasis on recyclable design, the use of healthy materials, energy efficiency, and rainwater retention.

### **Workplace safety and employee health (S1):**

Employees and their health remain a top priority for the KRUK Group. The Group implements a range of measures to improve workplace safety and support employee health. These include the provision of ergonomic workstations, compliance with occupational health and safety regulations, and the implementation of programmes promoting healthy lifestyles and physical and mental wellbeing. For employees working remotely, KRUK S.A. has developed guidance on occupational health and safety during remote work, office ergonomics, eye care and spinal exercises. As the hybrid work model has become standard, ensuring the comfort and safety of remote work remains a key focus.

### **Employee well-being (S1):**

The KRUK Group implements initiatives aimed at enhancing employee well-being by providing psychological support, healthcare services and promoting work-life balance. The Group offers flexible working hours and the option of remote work, allowing employees to better manage their time and maintain a work-life balance. A cafeteria system is in place, enabling employees to choose benefits from various categories such as travel, culture, sports and recreation, shopping, ski passes, and more. In addition, the Group provides supplementary benefits such as sports passes and private medical care. The KRUK Group is deeply committed to creating a friendly and inclusive work environment, where employees are on first-name terms, support one another, and share their experiences while learning together. The Group actively promotes diversity and inclusion, ensuring that all employees feel accepted and valued, regardless of their gender, age, nationality, sexual orientation, or other characteristics.

### **Employee engagement (entity-specific disclosure) (S1):**

The KRUK Group recognises that strong employee engagement translates into improved performance, lower turnover and increased loyalty. Accordingly, the Group conducts employee satisfaction surveys and organises team-building events. It promotes career development paths, employee-driven initiatives, and a strong feedback culture. Investments in training and skill development enable team members to pursue their ambitions and advance within the organisation. Another key aspect of workforce engagement is the focus on teamwork, which allows individuals to connect with colleagues while gaining deeper self-awareness. These initiatives aim to create an inspiring and supportive working environment that encourages long-term employee engagement and loyalty.

### **Diversity, equity, and inclusion (DEI) (S1):**

Respect for diversity is one of the KRUK Group's core values. The Group regards diversity as a source of inspiration, innovation, and operational effectiveness. A written expression of this commitment is the accession of KRUK S.A., KRUK Romania, KRUK España and Wonga to the Diversity Charter. The KRUK Group implements a wide range of initiatives



promoting gender equality and supporting persons with disabilities. It conducts educational campaigns aimed at raising awareness of diversity and inclusion in the workplace. Every KRUK Group employee, including new hires, is required to complete mandatory training focused on diversity, equity and inclusion. The Group monitors various diversity dimensions within HR data and oversees employee initiatives to gain a better insight into organisational needs, market trends, and potential challenges. In addition, the KRUK Group engages in industry and international initiatives and partners with non-profit organisations promoting DEI-related topics.

#### **Fair wages (S1):**

The KRUK Group has implemented a number of measures in response to identified impacts, risks and opportunities relating to fair wages. A transparent remuneration policy has been introduced, covering adequate wages aligned with qualifications, experience, and local market standards. Furthermore, the Group regularly analyses market trends to ensure that remuneration and additional benefits remain competitive. A transparent system for awarding pay increases has also been introduced, supporting employee wellbeing and strengthening engagement.

#### **Employee education (S1):**

The KRUK Group has implemented a number of measures in response to identified impacts related to employee education. The KRUK Group has introduced training programmes covering Agile, Lean, and change management to enhance operational efficiency and adaptability amid dynamic changes brought about by digital transformation. Additionally, the Group invests to raise employee skills, particularly in the use of innovative tools related to no-code/low-code and artificial intelligence (AI) technologies. KRUK Group employees have access to a knowledge base offering free educational resources. The Group consistently expands its library of in-person and e-learning programmes. Additionally, it offers subsidised or fully funded external training opportunities, including language courses.

#### **Financial literacy of affected communities (entity-specific disclosure) (S3):**

The Group develops and disseminates educational materials to support affected communities in understanding the mechanisms of indebtedness and strategies for managing debt. It also engages in partnerships with social organisations to promote financial education in schools and among children. Regular research on the financial literacy levels of Polish society enables the KRUK Group to identify areas of risk, such as a lack of budgeting skills or insufficient awareness of the consequences of indebtedness. The findings are used to develop targeted educational strategies. Educational campaigns are conducted for the general public, such as the *Day Without Debt* campaign led by the KRUK Group in Poland and also observed in other countries, including Romania and Italy.

The KRUK Group combines financial education with charitable and sponsorship initiatives, allowing it to reach diverse social groups and support them in acquiring financial knowledge. The Group's mission is centred on helping clients find a way out of debt, acting ethically, and educating the public about responsible financial behaviour. This mission underpins the organisational culture in which financial education is an integral part of the Group's operations.

#### **Protection of indebted persons' rights (S3):**

The KRUK Group undertakes educational initiatives aimed at enhancing the knowledge and awareness of affected communities who are experiencing financial exclusion. These initiatives include education on their rights as indebted persons and on money management practices that can help prevent unethical or aggressive debt collection. The Group collaborates with social organisations and industry associations to jointly develop educational programmes for financially excluded persons, such as *Debt Collection? Everything Clear!*, carried out in cooperation with the Association of Financial Companies in Poland. This initiative is intended to educate journalists and consumers on the debt management industry, strategies for handling debt repayment, and the fundamentals of the debt collection process. This collaboration also supports the promotion of fair debt collection practices in the countries where Group companies operate. Engaging in dialogue with financially excluded groups contributes to building awareness of the role of debt collection companies in the economy, as well as their rights and obligations towards indebted persons.

#### **Client voice (S4):**

The KRUK Group applies various methods to assess the satisfaction of indebted persons in order to better understand their needs and expectations. The Group measures and manages the voice of their clients through the regular collection and analysis of client feedback using tools such as satisfaction surveys, Net Promoter Score (NPS) studies, and analysis of complaints and opinions shared during direct interactions. These activities are supported by monitoring communication channels, both offline and online. The Group tracks feedback submitted via helplines, emails, online platforms, and

social media. Dedicated teams analyse this input, identifying areas for improvement in client service and communication processes. The response to collected data and feedback includes implementing service enhancements, employee training, and optimisation of communication tools, supporting the development of long-term client relationships and strengthening trust in the KRUK Group.

#### **Accessibility of KRUK Group services and enhancing client experience (S4):**

The KRUK Group undertakes a range of actions aimed at improving its reputation and increasing client satisfaction. Measures have been introduced to simplify the settlement signing process and enable activation of recurring payments, thereby reducing the decision-making burden on clients. The Group continuously improves the design and functionality of its online debt management tools (e-kruk platform), further develops chatbot solutions, and regularly monitors the Customer Effort Score (CES) in key processes to ensure that the implemented actions reduce client effort without causing adverse effects.

#### **Ethical debt collection (S4):**

The KRUK Group has undertaken a number of actions related to ethical debt collection, aimed at strengthening responsible practices, mitigating risks, and building stakeholder trust. A key element in this area is the effective compliance process, implemented in all countries where the KRUK Group operates. This process includes ongoing review of both products and client-facing processes, the development and implementation of the Code of Ethics, and compliance training for employees, covering ethical conduct, consumer rights, and personal data protection. The Group's compliance process also focuses on fostering an organisational culture based on ethics and compliance. The KRUK Group prioritises transparency, informing clients about their rights and obligations and the available options for debt repayment, thereby reducing the risk of misinformation and building trust in client relations. Regular client satisfaction surveys allow the Group to identify areas for improvement and respond promptly to any emerging issues. Listening to the voice of the clients is an important element in verifying whether the Group's products and processes meet customer needs and in informing future development. The Group also invests in the development of employee competencies, particularly with respect to knowledge of the Code of Ethics, compliance policies, and communication. An incident management system has been implemented across the KRUK Group, enabling prompt identification, registration, and resolution of unforeseen events, such as client service errors, technical issues, or procedural non-compliance. All of these actions are designed not only to minimise the risk of unethical debt collection allegations, but above all to strengthen the KRUK Group's reputation as a responsible organisation that places the client and their fair treatment at the centre of its operations, where respect for the client is one of the core values.

#### **Individual approach to vulnerable clients (experiencing financial or social hardship) (S4):**

An individual approach to vulnerable customers – those in financially or socially challenging circumstances – is an element of the KRUK Group's strategy. The Group focuses on tailoring debt collection activities and communication to the specific life situation of these clients, taking into account their needs and respecting their dignity and rights. During the debt recovery process, clients are informed of the consequences of non-cooperation, while the Group makes efforts to facilitate repayment of the debt by understanding the client's situation and communicating in a clear and understandable manner. In accordance with the Code of Ethics, KRUK Group clients can expect that in the course of its operations, the Group will provide individual support and offer advice on solutions that enable responsible debt resolution. The Group offers solutions tailored to clients' circumstances, allowing repayment in convenient instalments aligned with their financial capacity. Client needs are regularly analysed to identify new opportunities for cooperation and solutions that are better suited to their situation.

#### **Cybersecurity (S4):**

In response to the identified impacts and risks related to cybersecurity, the KRUK Group continuously undertakes measures aimed at safeguarding client data as well as its systems, data, and IT infrastructure. The Group invests in advanced security technologies, such as next-generation antivirus software, firewalls, and intrusion detection and prevention systems. Regular cybersecurity training is delivered to raise employee awareness of threats and best practices in data protection. IT systems are subject to continuous monitoring to ensure the prompt identification and mitigation of potential threats. An IT incident management process has also been implemented. The KRUK Group cooperates with external cybersecurity experts to assess and enhance existing safeguards and implement state-of-the-art technological solutions. The Group is currently progressing with the implementation of AI Governance, which will also cover data protection and security within AI-supported systems.

#### **Client personal data protection (S4):**

The KRUK Group recognises that breaches of personal data protection can result in the loss of client trust, reputational damage, and significant financial penalties. As such, managing these identified impacts and risks is a key organisational priority within the broader sustainability strategy. The Group complies with and monitors all relevant legal requirements and regulatory guidelines in this domain, reflecting the scale and complexity of its operations. A formalised risk management system has been implemented across the KRUK Group, covering, among other elements, risks related to personal data processing. The Group has introduced appropriate policies, tools, and procedures, and the GDPR Strategy has been integrated into the overarching ESG Strategy. Regular training on personal data protection is delivered to both new and existing employees to ensure strong awareness and alignment with best practices. As noted above, the Group is also developing AI Governance, which will address data privacy and security in AI-supported systems.

#### **Ensuring the operational continuity of client communication tools and systems (entity-specific disclosure) (S4):**

In response to the identified impacts and risks related to the lack of continuous, secure, and reliable availability of systems and communication tools for clients, the KRUK Group invests in modern technologies and infrastructure to ensure high service uptime and operational reliability. Redundant systems and backup solutions are deployed to take over critical functions in the event of failures of primary infrastructure, thereby mitigating the risk of downtime and ensuring uninterrupted business continuity. IT system testing and the implementation of both operational and IT incident management processes allow for the timely identification and resolution of emerging issues. Investment in IT infrastructure and systems guarantees consistent client access to the Contact Centre, online debt repayment tools, and the effective handling of correspondence with indebted persons.

#### **Lobbying for fair financial practices (G1):**

The KRUK Group undertakes a range of measures to promote transparent, ethical, and fair standards in financial management, client service, and debt recovery. The Group participates in legislative processes and collaborates with industry organisations to jointly develop and implement ethical standards and regulatory frameworks that support fair financial practices. These efforts are aimed at counteracting aggressive or unethical debt collection behaviours and fostering an approach based on dialogue and cooperation with indebted persons.

#### **Ethical business practices (G1):**

The KRUK Group implements a range of measures aimed at promoting ethical business conduct and managing risks associated with its absence. Key components of these efforts include a functioning compliance system and dedicated organisational units responsible for oversight. The procedures and mechanisms in place ensure alignment with both internal and external standards and ethical principles, while enabling the management of compliance risk. A whistleblowing system, a conflict of interest review process, and an Anti-Corruption Policy have been implemented across the Group. The KRUK Group selects business partners who share its ethical values and applies clear and fair terms of cooperation. The Group's Mission, Vision, and Values incorporate the principle of fully honouring commitments and obligations. The KRUK Group Code of Ethics sets out the rules and standards of responsible conduct, which apply across all Group entities.

#### **Responsible client and portfolio selection (entity-specific disclosure) (G1):**

In its operations, the KRUK Group complies with legal regulations and both external and internal standards and policies. Group companies exercise due diligence in identifying entities with which cooperation should not be established – for example, entities based in countries with unclear legal or political frameworks, entities that may pose reputational risk, or those whose operations may contravene applicable laws or be subject to international sanctions. Internal policies and procedures for sanctions risk management have also been implemented.

As this is the KRUK Group's first sustainability report prepared in accordance with the CSRD, there are no changes in the material impacts, risks, and opportunities compared to previous reporting periods.

Sustainability reporting at the KRUK Group complies with the disclosure requirements on impacts, risks, and opportunities set out in ESRS regarding climate, social impacts, and governance matters. Additionally, the Group discloses entity-specific matters and their associated impacts, risks, and opportunities, including in the areas of employee engagement, financial literacy of affected communities (communities experiencing financial exclusion), operational continuity of client communication tools and systems, and responsible portfolio and client selection. These aspects are fundamental to the Group's business model but are not explicitly required under ESRS.

The identified impacts, risks and opportunities arise directly from the KRUK Group's own operations, strategy and business model, which focus on effective yet socially responsible and ethical debt recovery.

While the Group outsources certain activities to third-party service providers, these do not include its core operational functions, such as debt collection, but rather supporting processes. The impact of these service providers on the Group's stakeholders is limited, primarily concerning potential risks related to the processing of employee or client personal data. From an environmental perspective, the outsourcing impact primarily relates to the provision of office space ensuring energy efficiency.

The KRUK Group does not identify any material financial effects triggered by the undertaking's material risks and opportunities on its financial position, financial performance, or cash flows. Furthermore, the Group does not identify any material risks or opportunities that could result in the need for material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements in the next reporting period.

In the short term, operational costs may increase due to enhanced cybersecurity measures within the KRUK Group, the ongoing digital transformation, and employee training programmes. In the medium- and long-term, potential cost savings are expected from investments in energy-efficient buildings. Additionally, revenue growth may be achieved through improved effectiveness of client engagement, supported by ethical practices, the provision of accessible and user-friendly interfaces in online debt management tools, and educational initiatives implemented by the KRUK Group.

Building resilience in response to identified impacts, risks, and opportunities focuses on several key elements:

1. **Strengthening the compliance culture:** enhancing the compliance culture ensures that all employees, including management, operate in full alignment with legal regulations and ethical principles, thus helping to mitigate negative impacts on clients, the debt management industry, and regulators. Strengthening compliance reduces the risk of unethical conduct, non-compliance, and reputational damage, while fostering trust among employees, clients, and other stakeholders.
2. **Risk management and internal control system:** The Group places significant emphasis on enhancing its risk management framework, covering compliance, legal, personal data protection, cybersecurity, and operational risks, and strengthening its internal control system. These measures improve operational and financial resilience. Regular internal audits support the identification of areas for improvement, allowing for the implementation of corrective actions. Effective risk management also minimises negative impacts on stakeholders.
3. **Investment in modern technologies:** the Group continues to invest in modern technologies, including the automation and digitalisation of debt collection processes and enhancements to client communication systems and tools. These investments improve operational efficiency, mitigate operational risks, advance positive impacts on consumers and end-users, and enhance the reputation of the debt collection industry among clients and investors.
4. **Strategic staff selection:** The Group's recruitment processes are designed to attract highly qualified and engaged employees whose attitudes and values align with the KRUK Group's values. This ensures consistency and ethical conduct within teams, increases efficiency, and enhances long-term operational stability. It also mitigates the risk of exacerbating identified negative impacts.
5. **Building an organisational culture:** The Group promotes an organisational culture rooted in values such as respect, cooperation, responsibility, simplicity, and development, which helps advance positive impacts on clients, investors, and other stakeholders while enhancing organisational resilience through cultural and ethical cohesion among employees.
6. **Engagement in industry associations:** the Group actively participates in industry associations in Poland and other countries where it conducts debt collection operations. Through initiatives such as promoting ethical debt collection (including public relations campaigns, the involvement of the Group Head of Compliance Area in the ZPF Ethics Committee, and active engagement in shaping legislation and industry standards), the Group strengthens stakeholder trust and enhances resilience by mitigating potential negative impacts on clients and affected communities. The KRUK Group supports the development of the entire industry and the collective effort to educate the society on how debt collection fosters sustainable economic growth and enhances liquidity throughout the economy. Collaborating with other industry players, the Group strives to establish consistent operational

standards and good practices for all debt management companies and harmonise the interpretation of the applicable laws and regulations, which helps alleviate regulatory pressure and promotes high standards across the industry.

## 4. IMPACT, RISK AND OPPORTUNITY MANAGEMENT (IRO)

### 4.1. DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IRO-1)

[IRO-1-52, IRO-1-53]

To assess the impacts of the KRUK Group's operations on its external environment and identify related risks and opportunities in the context of sustainable development, a double materiality assessment was conducted in the fourth quarter of 2024 in compliance with the standards set out in the Corporate Sustainability Reporting Directive (CSRD).

The assessment covered:

- impacts of the KRUK Group on people and the environment (external impacts),
- risks and opportunities with an impact on the KRUK Group (financial impacts).

The process was initiated by mapping and analysing the entire KRUK Group value chain, covering both its upstream and downstream segments, as well as the Group's own operations and the resulting relationships and dependencies. This approach enabled the identification of matters that were later subject to materiality assessment.

The double materiality assessment process was conducted with the support of an external consultant, while the ESG Department at KRUK S.A. was responsible for continuously monitoring the assessment results, ensuring the accuracy and reliability of the data and information used, and verifying that the conclusions accurately reflected the facts. The initial and interim results were also reviewed by the Legal, Data Protection, Operational Risk, and ESG Area. The final assessment results were approved by the Management Board of KRUK S.A. and presented to the Supervisory Board.

#### Methodologies and assumptions applied in the assessment process

The KRUK Group considered impacts arising both from its operational activities and from its relationships with employees, clients, and other selected stakeholders, including suppliers, business partners, bailiffs, industry associations, and organisations it belongs to.

As part of the first phase, the Group conducted direct consultations with stakeholders to gain insights from representatives of groups affected by its operations. This approach ensured a comprehensive understanding of potential and actual impacts, both positive and negative.

The next phase involved quantitative and qualitative data analysis, which plays a central role in the adopted methodology.

Key elements of this approach include:

#### a. Data sources:

- Internal operational data: information derived from financial systems, HR systems, operational reports, and data on debt portfolios and client behaviour,
- External market data: economic forecasts, ESG reports, regulatory updates, industry benchmarking, and stakeholder surveys,
- Stakeholder views: data gathered through surveys, interviews, and consultations with clients, business partners, suppliers, employees, investors, and NGOs,
- External data providers: Scope 1, 2, and 3 emissions data to support carbon footprint analysis.

#### b. Scope of operational activities covered by the analysis:

- Geographic reach: all markets in which the KRUK Group operates, with a focus on local regulatory frameworks and market-specific risks,
- Business activities: key operations, including debt collection, financial restructuring, and client support services, as well as ancillary activities such as community engagement and partnerships,
- Value chain considerations: upstream (sourcing data and services from suppliers, etc.) and downstream (financial education initiatives for clients, etc.).

**c. Factors considered in assumptions:**

- Financial assumptions: revenue growth forecasts and cost projections,
- Regulatory and policy landscape: assumptions based on anticipated legal and regulatory changes, including the CSRD and local regulations, and mandatory compliance with national and international environmental and social standards,
- Market trends: data on changes in consumer behaviour, particularly regarding financial literacy and payment preferences, and the industry shift toward sustainable development and digital transformation,
- Climate and environmental factors: energy consumption and GHG emissions forecasts, and risk scenarios based on climate impact and transition risk analyses.

As part of the double materiality assessment, the KRUK Group prioritised activities and business relationships that may give rise to heightened risk of adverse impacts, given the Group's business profile. This applies to areas such as environmental impact, employee management, client interactions, cybersecurity, and regulatory changes across different EU regions. The geographical scope of the analysis focused on Poland, the Czech Republic, Slovakia, Romania, Italy, and Spain, due to market challenges specific to their labour markets, client sensitivities, and regulatory differences.

The KRUK Group engages in regular dialogue with industry associations in order to implement best practices in debt collection. It also participates in industry initiatives related to financial education and ethical conduct in debt collection processes. The impacts resulting from these activities were considered in the double materiality assessment.

**Process to identify, assess, prioritise and monitor impacts, risks and opportunities, and to assess their materiality**

The impact identification stage involved data collection through various stakeholder engagement methods, including direct interviews and surveys. This approach provided a broad perspective on the KRUK Group's operations, its impacts on stakeholders, the business environment, and the natural environment.

The double materiality assessment process included consultations with representatives of key stakeholder groups affected by the Group's operations.

The following stakeholder representatives were invited to participate in the double materiality assessment:

- a. key suppliers,
- b. banks that were parties to the largest debt portfolio acquisition transactions executed with KRUK S.A. in 2024,
- c. bailiffs in Poland and Romania (independent enforcement authorities),
- d. institutional shareholders,
- e. major industry organisation,
- f. indebted persons who are clients of KRUK S.A.,
- g. Management Board of KRUK S.A.,
- h. largest employee groups within the organisation,
- i. HR area.

Additionally, an online survey was conducted among employees across the KRUK Group to gather insights on material sustainability matters, including commuting habits.

Representatives of the Group's lending business line were not invited to participate in direct interviews due to the immaterial revenue threshold of these operations in relation to the Group's total turnover (below 10%). However, employees of Wonga, Novum, and RoCapital participated in the online survey mentioned above.

In the next stage – assessment – the collected data was analysed using both qualitative and quantitative methods. The objective was to assess the severity and likelihood of potential impacts, taking into account factors such as resource intensity, emissions, and social implications.

The prioritisation stage involved classifying the identified impacts based on their external impacts, while risks and opportunities were prioritised based on their financial effects. The process considered the scale, scope, likelihood, irremediable

character, and time horizons for impacts, as well as the likelihood, irremediable character, magnitude of financial effects, and time horizons for risks and opportunities.

The process was based on a five-point scale. The matters considered material were those whose average score (taking into account selected criteria) reached 2.5 points or more for positive impacts and -2.5 points or more for negative impacts.

To provide a full picture of impacts on people, the environment, and stakeholders, the following criteria were assessed on a scale from 1 to 5:

I. Scale of impact:

1. Minimal impact on people and the environment.
2. Low impact on a small portion of affected stakeholders or environmental areas.
3. Moderate impact on multiple areas of the affected stakeholder groups or environmental areas, requiring management attention.
4. Major impact on most stakeholders and their families, or environmental areas, requiring strategic intervention.
5. Severe impact on entire groups of stakeholders and their families, and environmental areas.

II. Scope of impact (including external impact):

1. Impact on a small group of stakeholders in one or more markets.
2. Impact on a large group of stakeholders in one or more markets.
3. Impact on most stakeholders in most markets.
4. Impact on nearly all stakeholders in most markets.
5. Impact on all stakeholders, significantly affecting all markets.

III. Irremediable character, which assesses the extent to which the effects can be mitigated (ranging from 'fully remediable' to 'irremediable'). Impacts:

1. Fully remediable without long-term consequences.
2. Remediable with minor long-term consequences; some permanent effects, but manageable.
3. Remediable but with significant long-term consequences.
4. Difficult to remediate, with severe long-term consequences.
5. Impossible to remediate, leading to permanent negative consequences.

IV. Likelihood of impact, risk or opportunity:

1. Unlikely: less than 10% probability based on historical data and market trends.
2. Possible: 10% to 30% probability; has occurred sporadically in the industry.
3. Possible: 30% to 60% probability; has occurred multiple times in the past.
4. Likely: 60% to 90% probability; recent trends indicate a high likelihood.
5. Almost certain: over 90% probability; inevitable based on data.

V. Financial effects (for risks and opportunities):

1. Potential financial effect up to PLN 10 million; insignificant effect on annual financial results, easily neutralised without operational impact.
2. Potential financial effect from PLN 10 million to PLN 50 million: negligible effect on financial performance, representing a small percentage of annual profits; Manageable with existing resources.
3. Potential financial effect from PLN 50 million to PLN 150 million; moderate effect, which may significantly impact annual profits; may require operational or strategic adjustments.
4. Potential financial effect from PLN 150 million to PLN 500 million; extensive effect, significantly affecting financial performance, requiring material strategic changes, with potential implications for dividends or investments.
5. Potential financial effect above PLN 500 million; critical effect, potentially threatening financial stability and business continuity.

VI. The time horizons of the identified impacts, risks and opportunities align with the standard time horizons specified in ESRS 1:

1. For the short-term time horizon: the period of one year, adopted by the undertaking as the reporting period in its financial statements;
2. For the medium-term time horizon: from the end of the short-term reporting period defined in (1) up to 5 years;
3. For the long-term time horizon: more than 5 years.

#### Criteria for impact assessment:

The KRUK Group assessed negative and positive, potential and actual impacts based on the following criteria:

- a. Scale: the magnitude of the impact, assessing how significant its effect may be (1–5).
- b. Scope: the breadth of affected areas, determining how widespread the impact is (1–5).
- c. Likelihood: an assessment of how probable it is that the impact will occur (1–5) – applicable only to positive impacts.
- d. Irremediable character: the extent to which the impact can be reversed or mitigated, assessing the potential for recovery or remediation (1–5) – applicable only to negative impacts.
- e. Time horizon: the expected timeframe in which the impact is anticipated to occur, supporting planning and prioritisation (short-, medium-, and long-term).

Stakeholders participated in the evaluation of various areas using a scale from -5 to +5, where negative values indicated positive impacts and positive values represented negative impacts.

Some assessed impacts could be considered entirely immaterial by stakeholders and could receive a score of 1. Conversely, those with a score of 2.5 or higher (for positive impacts) or -2.5 or higher (for negative impacts) were considered material. For human rights impacts, the severity of the potential impact took precedence over its likelihood.

#### Criteria for risk and opportunity assessment:

The assessment of risks and opportunities was based on the following criteria:

- a. Magnitude of financial effects: the size of the risk or opportunity, assessing its potential financial effect (1-5).
- b. Likelihood: the probability of the risk or opportunity materialising, providing insight into how likely the event is (1–5).
- c. Irremediable character: the extent to which the consequences of materialised risks can be reversed or mitigated, assessing the potential for remediation (1–5).
- d. Time horizon: the expected timeframe in which the risk or opportunity is anticipated to occur, supporting planning and prioritisation (short-, medium-, and long-term).

Some assessed risks and opportunities could be considered entirely immaterial by stakeholders and could receive a score of 1. Conversely, those with a score of 2.5 or higher (for positive impacts) or -2.5 or higher (for negative impacts) were considered material.

#### Integration of impact, risk, and opportunity identification, assessment, and management processes with KRUK Group's management framework

The double materiality assessment identified certain impacts and opportunities which, as demonstrated later in this Statement, had already been managed prior to conducting the assessment. While these impacts and opportunities have been integrated into existing management processes, the double materiality assessment has enabled a more precise identification and deeper understanding of their significance.

Some of the identified risks had already been incorporated into the risk management system (for example, risks and impacts related to personal data protection, cybersecurity, and employees). For the remaining risks, various management measures had been implemented, but they were not always systematic (they were described in policies and internal regulations, but they were not formally governed under the existing Risk Management System Policy).

In 2025, the KRUK Group plans to further integrate ESG risk management into its existing risk management framework.



## 4.2. DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES (E1-IRO)

[E1 IRO-1 20]

The KRUK Group analysed climate-related impacts, risks, and opportunities as part of the double materiality assessment, in accordance with the criteria described in section 4.1 'Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)' of this Statement, while focusing on the assessment of impacts on climate change through greenhouse gas emissions, as well as the assessment of climate-related physical and transition risks and opportunities.

With regard to the environment, the following material matters were identified in the double materiality assessment:

1. KRUK Group's corporate climate initiatives aimed at reducing its environmental impact and mitigating climate change.
2. Energy efficiency of offices and buildings used by the KRUK Group.

As part of the above material matters, the Group identified impacts but did not identify any material climate-related risks or opportunities, as described in detail in section 3.3 'Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)' of this Statement.

With regard to the assessment of climate-related risks (physical and transition) and opportunities associated with the transition to a low-carbon economy, no risks or opportunities were identified for the KRUK Group.

The process of analysing greenhouse gas emissions and assessing physical risks, as well as transition risks and opportunities, is presented below.

### GHG emissions

The assessment of GHG emissions was based on the Greenhouse Gas Protocol. A detailed analysis of emissions was carried out across the following three scopes:

- Scope 1: Direct emissions from the Group's own sources, such as fuel combusted in company vehicles or heating boilers.
- Scope 2: Indirect emissions from purchased electricity, heat, or steam used in the Group's operations.
- Scope 3: Other indirect emissions resulting from the Group's operations but originating from sources outside its direct control, such as supply chain emissions or business travel.

In the analysis, regulatory requirements, the Paris Agreement, and stakeholder expectations regarding the reduction of greenhouse gas emissions were taken into account. Additionally, the Group examined operational energy consumption and its environmental footprint across the entire value chain. To quantify the carbon footprint, defined emission areas were used for measurement purposes. The analysis relied on data sources such as invoices, internal records, and third-party databases. For greater clarity, the table below outlines the accuracy levels of input data for each GHG scope, along with the materiality of emissions.

GHG scope	Category	Data accuracy level	Emission factor accuracy level	Data	Materiality of GHG emissions
1	1.1. Direct emissions from stationary combustion processes	High	High	Emissions from natural gas in properties owned or leased by the Group	Low
1	1.2. Direct emissions from mobile combustion processes	High	High	Emissions from vehicles owned and leased by the Group	Medium
1	1.3. Direct process emissions	N/A	N/A	N/A	N/A
1	1.4. Direct fugitive emissions from man-made systems	High	High	Air conditioning	Low

2	2. Indirect emissions from purchased energy	High	High	Purchased electricity and heat	High
3	3.1: Purchased goods and services	Low	Medium	All purchased materials and services (based on OpEx)	High
3	3.2: Capital goods	High	Medium	All capital investments (based on CapEx)	Low
3	3.3: Fuel- and energy-related activities not included in Scope 1 and 2	High	High	Transportation and distribution of fuels	Medium
3	3.4: Upstream transportation and distribution	Low	High	Transport of inputs	Low
3	3.5: Waste generated in operations	Medium	High	Waste generated in offices	Low
3	3.6: Business travel	Medium	High	Travel and accommodation	Medium
3	3.7: Employee commuting	Medium	High	Employee transport to offices and meetings	Medium
3	3.8: Upstream leased assets	High	High	Leased assets required for operations	Low
3	3.9: Downstream transportation and distribution	Low	High	Outbound transportation (products/services)	Low
3	3.10: Processing of sold products	N/A	N/A	N/A	N/A
3	3.11: Use of sold products	N/A	N/A	N/A	N/A
3	3.12: End-of-life treatment of sold products	N/A	N/A	N/A	N/A
3	3.13: Downstream leased assets	N/A	N/A	N/A	N/A
3	3.14: Franchises	N/A	N/A	N/A	N/A
3	3.15: Investments	N/A	N/A	N/A - explanation provided in the table 'Emissions analysis by category and accuracy'	N/A

## Physical risks and transition risks or opportunities

To identify physical risks, the KRUK Group analysed various IPCC scenarios, including high-intensity scenarios, to assess the potential impacts of climate change. The detailed physical risk analysis is based on the RCP 2.6 scenario, which is aligned with the Paris Agreement and the European Union's goal of limiting global warming to 1.5°C. The RCP 2.6 scenario assumes significant emission reductions to keep warming below 2°C. Key data include projections of increased CO<sub>2</sub> concentrations to approximately 450 ppm and a temperature rise of 0.3–1.7°C by 2100.

The analysis of physical risks also considered the local geographic coordinates of assets, as well as national and regional data, which enabled a more accurate assessment of climate change impacts on the Group's operations.

The KRUK Group has not identified material physical risks. Consequently, it has not assessed whether its assets and business operations are exposed to such risks.

The Group also analysed potential risks and opportunities arising from the transition towards a low-carbon economy, such as new legal regulations (primarily concerning the reduction of greenhouse gas emissions), technological changes (including those related to low-emission transport and energy efficiency), and impacts on the Group's reputation, stakeholder preferences, and expectations regarding climate change.

No transition risks or opportunities were identified for the short-, medium-, or long-term time horizons. Therefore, no assessment was conducted to determine the extent to which the Group's assets and business activities may be exposed to or give rise to transition risks or opportunities.

The Group considers potential climate change assumptions and adaptation measures in its short-term financial forecasts. However, climate-related factors have not been integrated into the models used.

### 4.3. DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE KRUK GROUP'S SUSTAINABILITY STATEMENT (IRO-2)

[IRO-2-56-1] [IRO-2-56-2]

The double materiality assessment identified the materiality of ESRS areas for the KRUK Group. The following topics were assessed as non-material:

- E2 – Pollution
- E3 – Water and marine sources
- E4 – Biodiversity and ecosystems
- E5 – Resource use and circular economy
- S2 – Workers in the value chain

Irrespective of the outcome of the materiality assessment, the scope of this Statement also includes all information and datapoints required under ESRS 2 *General disclosures*, as well as those specified in the topical ESRS related to the Disclosure Requirement IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities* (including the respective datapoints).

For the purpose of determining which specific datapoints are subject to disclosure, reference was made to the sustainability reporting standards and the EFRAG's *Implementation Guidance 3: Detailed ESRS Datapoints*.

In addition to applying the disclosure requirements set out for environmental, social, and governance matters, the guidance for disclosures not covered or not sufficiently detailed by the ESRS was applied to the following matters specific to the KRUK Group: employee engagement (S1), financial literacy of affected communities (S3), ensuring the operational continuity of client communication tools and systems (S4), and responsible client and portfolio selection (G1).

This Statement does not incorporate any additional datapoints that derive from other EU legislation, except for the EU Taxonomy, which is discussed in section 6 '*EU Taxonomy*' of this Statement.

#### 4.3.1. Explanation of the negative materiality assessment

[IRO-2-59-a]

##### E2 – Pollution

[IRO-2-58]

The KRUK Group operates in the financial services sector, with its activities limited to office operations and the use of company vehicles. The Group does not engage in manufacturing activities or use equipment that generates industrial emissions (soil and air pollution, particulate matter, or noise emissions). A comparison of publicly available data with KRUK Group data indicates a negligible level of emissions and no sources of organic pollutants. Monitoring of fuel consumption in the vehicle fleet confirms that its contribution to overall emissions is marginal. The use of office materials is kept to a minimum, with no material environmental impact beyond standard waste segregation practices. Stakeholders (primarily clients and investors) focus predominantly on financial matters, business ethics, and corporate social responsibility in client relations.

##### E3 – Water and marine sources

[IRO-2-58-1]

The KRUK Group does not engage in industrial activities or operate facilities that require above-average water consumption. Water use is limited to office needs (sanitation and employee welfare), resulting in a minimal impact on water resources. The Company does not use water in a way that interferes with local ecosystems and does not discharge industrial wastewater into surface waters. The absence of reporting obligations to regulatory authorities, as well as carbon footprint assessments confirm that the Group has no significant links to water management or potential risks to groundwater, rivers, or lakes. Stakeholders (clients, investors, and local communities) do not consider water-related matters to be key concerns for a financial institution that does not engage in manufacturing or industrial processes. No enquiries or requests regarding excessive water consumption or marine ecosystem impact have been recorded.

#### **E4 – Biodiversity and ecosystems**

##### **[IRO-2-58-2]**

The KRUK Group does not engage in manufacturing, extraction, or natural resource exploitation, nor does it carry out earthworks that could affect biodiversity. The Group's operations are limited to office space use, which does not result in habitat transformation or deforestation. Analyses and reports indicate no direct or indirect impacts on biodiversity, such as disruptions to local food chains, habitat destruction, or ecosystem fragmentation. Regulatory authorities, investors, and environmental organisations have not raised concerns regarding the Group's impact on biodiversity. Furthermore, there are no social or regulatory pressures in this area, confirming its marginal relevance to the Group.

#### **E5 – Resource use and circular economy**

##### **[IRO-2-58-3]**

The KRUK Group does not engage in manufacturing, trade, or distribution activities, meaning it has no material impact on product life cycles or waste management practices. Its financial operations do not involve material production or processing, which could generate substantial waste or affect circular economy models. The only waste generated consists primarily of office waste (paper, toner cartridges, and minor municipal waste), which is segregated and disposed of in accordance with standard procedures. Carbon footprint assessments and comparative analyses of publicly available reports with KRUK Group data confirm no material impact on large-scale resource circulation beyond standard office operations. Stakeholders (including clients, business partners, and investors) do not consider circular economy issues as material in the context of financial services. No significant expectations or requirements have been raised concerning waste management or material recycling beyond standard office waste disposal.

#### **S2 – Workers in the value chain**

##### **[IRO-2-58-5]**

The KRUK Group's primary partners in the value chain are banks and large financial and service institutions operating in the European Union, under stable market conditions and in compliance with European labour standards. The Group does not engage with suppliers operating in countries with a high risk of labour rights violations or illegal employment practices, such as forced labour or child labour. As a financial services provider, the KRUK Group does not outsource labour-intensive manufacturing operations, eliminating the risk of labour rights violations within its supply chain. The Group's influence on working conditions in the value chain is minimal, as the main outsourced services include administrative, legal, and IT services, which are highly regulated and subject to quality controls. Publicly available sources and stakeholder feedback indicate no concerns regarding labour rights violations among the Group's suppliers. To date, no issues have been raised by NGOs or trade unions in this regard. Additionally, the total value of cases handled by external service providers (Contact Centre, external servicers) across the KRUK Group accounts for an average 3.9% of the total portfolio value (2024 data).

## 5. CLIMATE CHANGE (E1)

### 5.1. TRANSITION PLAN (E1-1)

[E1-1-17]

As at 31 December 2024, the KRUK Group had not developed a transition plan for climate change mitigation.

Following the results of the double materiality assessment conducted during the reporting year, the Group plans to update its ESG Strategy in 2025. This update will include specific targets, including environmental goals, and will support the transition plan to be implemented in 2026.

### 5.2. RESILIENCE OF STRATEGY AND BUSINESS MODEL IN RELATION TO CLIMATE CHANGE (E1-SBM-3)

#### Resilience analysis in relation to climate change

[E1-SBM-18] [E1-SBM-19a-b-c]

As part of the double materiality assessment, the sub-topics of 'Climate change mitigation' and 'Energy' were identified as material, with corresponding impacts assessed for each. However, no material climate-related risks or opportunities were identified. During the reporting year, the Group analysed the resilience of its strategy and business model in relation to climate change. The analysis covered both physical climate risks, such as extreme weather events, and transition risks, including policy changes, technological advancements, and economic shifts linked to climate action. It considered the impact of these changes on the Group's operations, as well as on its clients, suppliers, and all countries in which it operates. The scope of the analysis focused on assessing the impact of climate change on the value chain, debt portfolios, asset sensitivity to climate risks (mortgaged properties, etc.), and opportunities arising from the energy and regulatory transition.

The resilience analysis was conducted using the RCP 2.6 scenario, which is based on the following key assumptions:

1. **Emissions peak around 2020** and then decline sharply, leading to the stabilisation of radiative forcing at approximately  $2.6 \text{ W/m}^2$  by 2100.
2. **Global warming** is limited to approximately **1.5–2°C** above pre-industrial levels, which allows for the avoidance of the most severe climate impacts (for example, significant sea level rise or extreme droughts).
3. **Negative emissions** are expected to occur in the second half of the 21st century – through carbon capture and storage (CCS) or increased  $\text{CO}_2$  absorption by forests – meaning that in some sectors, actual 'removal' of greenhouse gases from the atmosphere may take place.
4. The scenario **assumes widespread deployment of low-emission technologies** (renewable energy, energy efficiency, electric transport) and significant behavioural changes by consumers and businesses towards sustainable development.

This scenario has been considered the most likely, primarily because global greenhouse gas emissions peaked around 2020 (a gradual deceleration in emission growth has been observed in China and other countries), while EU climate targets and the commitments of the world's largest economies indicate a clear downward trend. Historical data confirm this trajectory: between 1970 and 2023, emissions fluctuated, reaching their highest levels around 2013–2014 and again shortly before 2020, after which a gradual decline has been recorded (Datacommons.org).

The scenario analysis used various Representative Concentration Pathways to assess potential climate-related trends, risks, and their impact on the business environment. This approach included an assessment of environmental factors (rising temperatures, decreased precipitation, changes in wind intensity, sea level rise, etc.), social factors (the need to support environmental education, etc.), technological factors (demand for electric vehicles, innovations in renewable energy, etc.), market factors (increasing demand for renewable energy, etc.), and political factors (regulatory changes supporting decarbonisation).

The resilience analysis was conducted in December 2024, Using the following time horizons:

- a. short-term time horizon: 2021 to 2040,
- b. medium-term time horizon: 2041 to 2060,
- c. long-term time horizon: 2081 to 2100.

The time horizons differ from those used throughout this Statement, which are defined in accordance with the European Sustainability Reporting Standards (ESRS 1 section 6.4 *Definition of short-, medium- and long-term for reporting purposes*). However, adopting these horizons enables a more precise identification and assessment of trends and risks that may not be immediately evident in the short term.

## Resilience analysis results

The resilience analysis of the KRUK Group to climate change under the RCP 2.6 scenario indicates relatively low exposure to physical risks. In the short-term horizon, the projected decrease in the number of frost days may slightly reduce heating demand, while a moderate increase in the number of hot days is expected to result in only a minor rise in cooling needs, without materially affecting operational activities. In the longer term, the anticipated increase in average temperatures by approximately 0.4°C may lead to additional cooling demand, serving as a stimulus for further improvements in the energy efficiency of buildings and the development of renewable energy sources. Changes in precipitation levels and wind speeds are expected to be minimal and are not projected to significantly impact water availability or the production of renewable energy. The risk of sea level rise – estimated at a median increase of 0.4 metres by 2100 – remains limited. At the same time, the RCP 2.6 scenario involves certain, albeit minor, transition risks for the Group, particularly in relation to rising energy prices associated with the shift to renewable sources, the need for investment in electric vehicles, and the energy efficiency retrofits of buildings. The combined impact of these measures is not expected to significantly disrupt the continuity or scale of the Group's operations. The table below presents detailed climate projection data for the SSP1-2.6 scenario.

Risk	Time horizon	Scenario	Median	P25	P75	P10	P90	P5	P95	Delta
Frost days	Short-term (2021–2040)	SSP1-2.6	-12.8	-15.7	-9.9	-19.5	-8.5	-22.2	-7.9	
Frost days	Medium-term (2041–2060)	SSP1-2.6	-15.6	-19.4	-11.5	-22.5	-9.9	-23.2	-9	22%
Frost days	Long-term (2081–2100)	SSP1-2.6	-16	-20.5	-12.3	-23.7	-8.6	-24.9	-8.5	25%
Days with TX above 35°C (TX35)	Short-term (2021–2040)	SSP1-2.6	8.4	7.2	10.4	6.4	11.5	6	12.9	
Days with TX above 35°C (TX35)	Medium-term (2041–2060)	SSP1-2.6	11.2	8.9	13.3	7.6	14.2	7.1	14.6	33%
Days with TX above 35°C (TX35)	Long-term (2081–2100)	SSP1-2.6	11.4	9	13	6.7	15.1	6.1	17.5	36%
Days with TX above 40°C	Short-term (2021–2040)	SSP1-2.6	3.8	2.2	5.1	1.7	9.5	1.2	11.1	
Days with TX above 40°C	Medium-term (2041–2060)	SSP1-2.6	4.4	2.8	6.8	2.1	11	1.6	12.7	16%

Days with TX above 40°C	Long-term (2081–2100)	SSP1-2.6	5.2	3	7.1	2	10.3	1.5	11.8	37%
Daily mean temperature	Short-term (2021–2040)	SSP1-2.6	1.8	1.6	2.1	1.4	2.3	1.3	2.8	
Daily mean temperature	Medium-term (2041–2060)	SSP1-2.6	2.3	1.7	2.6	1.6	2.8	1.5	3.3	28%
Daily mean temperature	Long-term (2081–2100)	SSP1-2.6	2.2	1.8	2.8	1.5	3.4	1.4	3.6	22%
Total change in precipitation (%)	Short-term (2021–2040)	SSP1-2.6	-1.7	-3	0.2	-4.8	2	-5	6.4	
Total change in precipitation (%)	Medium-term (2041–2060)	SSP1-2.6	-2.3	-4.3	-0.2	-5.7	1.6	-6.7	3.3	35%
Total change in precipitation (%)	Long-term (2081–2100)	SSP1-2.6	-2	-4	0.4	-6.8	1.5	-7.6	9	18%
Change in near-surface wind speed (%)	Short-term (2021–2040)	SSP1-2.6	-1.6	-2.3	-0.6	-4.2	-0.2	-5	0.2	
Change in near-surface wind speed (%)	Medium-term (2041–2060)	SSP1-2.6	-2.1	-2.9	-0.6	-4.5	-0.1	-6	0.2	31%
Change in near-surface wind speed (%)	Long-term (2081–2100)	SSP1-2.6	-1.9	-3.1	-0.7	-4.6	0	-6	0.1	19%
Sea level rise (metres)	Short-term (2021–2040)	SSP1-2.6	0.1	0.1	0.1	0.1	0.2	0	0.2	
Sea level rise (metres)	Medium-term (2041–2060)	SSP1-2.6	0.2	0.1	0.3	0.1	0.3	0.1	0.4	100%
Sea level rise (metres)	Long-term (2081–2100)	SSP1-2.6	0.4	0.3	0.6	0.2	0.7	0.2	0.7	300%

Legend:

- **Median:** midpoint value in the forecast distribution
- **P25 / P75:** 25th and 75th percentile values
- **P10 / P90:** 10th and 90th percentile values
- **P5 / P95:** 5th and 95th percentile values
- **Delta:** percentage change in relation to base period (where provided)

An analysis of the properties acquired in enforcement proceedings and mortgaged in favour of KRUK Group companies confirmed that none are currently classified as distressed assets, with associated climate risks remaining low.

## 5.3. POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION (E1-2)

### Material environmental matters

As mentioned in section 4.2 'Description of the processes to identify and assess material climate-related impacts, risks and opportunities (E1-IRO)' of this Statement, the following material matters have been identified based on the double materiality assessment:

1. KRUK Group's corporate climate action, aimed at reducing its negative environmental impact and mitigating climate change.
2. Energy efficiency of the offices and buildings used by the Group.

As part of the above material matters, the Group identified impacts described in detail in section 3.3 'Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)' of this Statement. As regards environmental matters, no material risks or opportunities were identified in the process.

## Environmental policies

[E1-2-24-MDR-P-65]

To implement climate change mitigation and adaptation measures, the KRUK Group has adopted an Environmental Policy.

The Policy covers the material impacts identified in both material matters: corporate climate action and energy efficiency of offices and buildings used by the KRUK Group.

The Environmental Policy relates to climate change mitigation. Its purpose is to establish a framework for informed and effective management of the Group's environmental impact, with the ultimate goal of reducing its environmental footprint. The Policy aims to integrate environmental considerations into business decisions and operational processes. In this context, the KRUK Group is guided by the following principles:

- Strengthening its capacity for independent environmental impact management,
- Continuously enhancing processes for measuring and assessing the environmental impact of its operations in accordance with the GHG Protocol,
- Implementing measures to minimise the negative environmental impact of its operations,
- Adapting operations to climate change to mitigate associated risks,
- Educating and raising awareness among employees about the environmental impact of their decisions,
- Engaging in public education initiatives on environmental health and sustainability opportunities,
- Influencing the Group's supply chain through the conscious selection of trade partners based on the principles of the EU Taxonomy,
- Implementing environmental due diligence processes.

According to the Policy, the process for monitoring its implementation includes measuring the environmental impact of the Group's operations and identifying areas with the most significant impact. Examples of such areas include fossil fuel consumption by fleet vehicles, fuel consumption for heating, and electricity consumption. The KRUK Group is actively implementing measures to reduce these impacts while establishing specific targets for reducing GHG emissions.

The Environmental Policy has been adopted by KRUK S.A., KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The Policy was adopted by resolution of the Management Board of KRUK S.A. and, in other companies, by their respective General Directors or management boards.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

The KRUK Group aims to harmonise corporate governance principles across the entire organisation. The Environmental Policy is addressed exclusively to the largest companies due to their potentially greatest contribution to the Group's environmental impact.

The Policy is reviewed periodically to ensure alignment with evolving legal and organisational requirements and to assess the effectiveness of implemented environmental measures.

### Making the Policy available to stakeholders

An excerpt from the Environmental Policy is available in both Polish and English on the KRUK S.A. website at the following addresses: <https://pl.KRUK.eu/esg/polityki/> and <https://en.kruk.eu/esg/policies/>

The document is thus made available to stakeholders across both the upstream and downstream value chain.

The Policy is also accessible to employees and associates of the companies where it applies via the internal communication portal or designated shared folders. It is provided in local languages in the countries where they apply.

Expert support for implementing the Policy's provisions is provided by the designated document owner as specified within the Policy.



### Third-party standards or initiatives the undertaking commits to respect through policy implementation

In implementing the Environmental Policy, the KRUK Group was guided by the following third-party initiatives and standards:

- UN Sustainable Development Goals (SDGs): The Group's Policy aligns with the SDGs, particularly Goal 13 (Climate action) and Goal 12 (Responsible consumption and production), which focus on environmental sustainability.
- European Green Deal: The Group strives for compliance with the principles and guidelines set forth in the European Green Deal to promote sustainable development and reduce its environmental footprint.
- GHG Protocol: The Group measures and evaluates its environmental impacts in accordance with the Greenhouse Gas Protocol, ensuring accurate and transparent emissions reporting. This approach enables informed decision-making regarding emissions reduction and resource efficiency.

### Consideration given to the interests of key stakeholders in setting the policies

Stakeholders were not directly consulted during the development of the Policy. However, the interests of key stakeholder groups were considered in the process to support sustainable development and ensure the responsible management of environmental impacts.

With a focus on climate adaptation, the Policy places a strong emphasis on employee education and awareness-raising around the environmental impacts of their decisions. In 2025, the Environmental Policy is planned to be updated.

## 5.4. ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES (E1-3)

[E1-3-29 a-b-c, E1- MDR-A]

In 2024, the KRUK Group continued its climate change adaptation efforts while actively promoting sustainable practices and raising employee awareness about pro-environmental initiatives.

The key actions taken are outlined in the table below.

Action	Year of implementation	Achieved reduction in CO <sub>2</sub> emissions (2024, in tonnes)	Target reduction in CO <sub>2</sub> emissions (in tonnes)	Action area
In Spain, the company's fleet was expanded to include two electric and five hybrid vehicles.	2024	11	11	Spain
Additionally, as part of KRUK's climate-related initiatives, each KRUK Romania employee received a tree as a gift. A total of 600 trees were planted in Romania, with an expected carbon offset of 6,000–12,000 kg CO <sub>2</sub> e annually.	2024	0	3.6/year	Romania
KRUK Romania introduced electronic signatures in its HR and OHS departments in 2024 to reduce paper use and lower carbon emissions. Currently, approximately 90% of documents are signed electronically. As a result, paper consumption has decreased by 7,800 sheets per year in HR and 700 sheets per year in OHS training. The initiative has also reduced fuel consumption by eliminating the need for courier services to transport documents.	2024	0.0712	Reduction target achieved	Romania

In 2024, a document processing platform was implemented in the OHS area, reducing paper use by approximately 3,500

sheets per year. The HR department continues to use a document processing platform, saving around 7,800 sheets per year.  
 Summary: Total sheets saved: 7,800 Paper weight: 35.1 kg  
 Emission factor: 1.4 kg CO<sub>2</sub>e/kg Total CO<sub>2</sub> emissions: 0.04914 tCO<sub>2</sub>e

As part of its transition to renewable energy sources, KRUK S.A. has finalised the purchase of certificates of origin, ensuring that the electricity used at its offices in Wrocław, Szczawno-Zdrój, and Piła originates from renewable sources.

In Romania, contracts have been signed for the purchase of guarantees of origin for electricity, ensuring that KRUK Romania's offices are fully powered by renewable energy. KRUK España also uses renewable energy. This marks another step towards decarbonising the Group's operations.

2024

1,279.77

Reduction target achieved

Poland, Romania, Spain

In 2024, KRUK Italia ordered 80 hybrid vehicles, scheduled for delivery in 2025. Additionally, a charging station for electric vehicles was installed, enabling staff members to charge battery-powered and hybrid cars during work hours, encouraging daily usage and helping reduce carbon emissions.

The implementation of these actions did not require significant operating or capital expenditures in the reporting year. The Group has not developed detailed action plans. Therefore, operating expenditure (OpEx) and capital expenditure (CapEx) are not disclosed.

## 5.5. TARGETS RELATED TO CLIMATE CHANGE MITIGATION (E1-4)

[E1-4-33, E1-4-34 a-b-c-d-e-f, MDR-T]

### GHG emission reduction targets

Efforts to reduce environmental impact are a key aspect of the Group's operations and a response to stakeholder expectations. Recognising the critical importance of addressing climate change, the KRUK Group set its GHG emission reduction targets as part of its ESG Strategy, adopted in 2023. The Group aims to achieve a 70% reduction in carbon emissions by 2040, using 2021 as the baseline year. These targets are to be achieved through initiatives such as improving vehicle fleet efficiency, increasing the use of renewable energy sources, and reducing energy consumption in office buildings.

However, as these targets were not established in accordance with metrics described in ESRS 2 MDR-T and MDR-M, the KRUK Group will revise and redefine its environmental targets in 2025 as part of the ESG Strategy update.

The following table presents GHG emissions targets for 2040 alongside actual emissions reported in 2024.

GHG emissions scope	Emissions intensity	Baseline emissions (2021)	Target emissions (2040)	Target emissions as % of baseline	Annual reduction target as % of baseline	Actual emissions (2024)
Scope 1	0.000000781	2,262	1,583.4	70%	3.68%	2,357
Scope 2 (location-based)	0.000000458	1,326	928.2	70%	3.68%	1,305

The KRUK Group set environmental targets in 2022. Due to a change in the carbon footprint calculation methodology in 2024, it is difficult to properly assess progress toward the greenhouse gas emission reduction targets. In 2025, the Group plans to revise its ESG strategy and review its environmental goals.

## 5.6. ENERGY CONSUMPTION AND MIX (E1-5)

[E1-5-37, E1-5-38]

The table below presents energy consumption data for the KRUK Group. Calculations have been prepared based on supplier invoices and actual energy consumption. In cases where actual data was unavailable, consumption was estimated. The Group does not belong to a high climate impact sector.

Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	294.41 MWh
Consumption of self-generated non-fuel renewable energy	0 MWh
Does the company belong to a high climate impact sector?	No
Fuel consumption from coal and coal products	0 MWh
Fuel consumption from crude oil and petroleum products	0 MWh
Fuel consumption from natural gas	615.10 MWh
Fuel consumption from other fossil sources	0 MWh
Total energy consumption related to own operations	2,491.23 MWh
Total energy consumption from fossil sources	10,945.36 MWh
Total energy consumption from nuclear sources	22.82 MWh
Total energy consumption from renewable sources	2,173.99 MWh
Fuel consumption from renewable sources	0 MWh
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	2,173.99 MWh
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	2,056.90 MWh

## 5.7. SCOPES 1, 2, 3 GHG EMISSIONS (E1-6)

[E1-6-45 - 52]

### Carbon footprint

Carbon footprint is an indicator of the KRUK Group's environmental impact, particularly in the context of climate change. It indirectly reflects the consumption of energy, products, and services by measuring greenhouse gas emissions associated with the Group's operations or products.

In 2024, the KRUK Group applied a combination of the spend-based and activity-based methods to calculate greenhouse gas emissions. A hybrid of the activity-based and spend-based approaches was used to determine the Group's carbon footprint, as most Scope 3 emissions result from incurred costs, while physical unit data (such as kWh, m<sup>3</sup>) is not available on invoices. Additionally, this is a common market practice, and under the GHG Protocol, it is permissible to combine both methods to obtain the most accurate estimate of emissions.

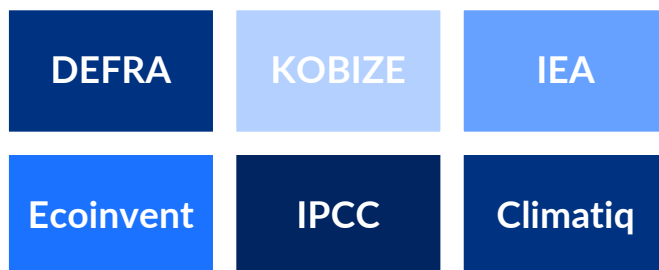
Emission factors from DEFRA, KOBIZE, and ECOINVENT were applied in the calculations, and the GreenOmeter.com tool was used. The spend-based method was primarily used for Scope 3 calculations. The calculation also included the following Scope 3 boundaries: i. indirect Scope 3 GHG emissions from the consolidated accounting group (the parent and its subsidiaries), ii. indirect Scope 3 GHG emissions from unconsolidated subsidiaries (Corbul and Gantoi in Romania) for which the undertaking has the ability to control the operational activities and relationships (operational control).

In 2024, the KRUK Group calculated Scope 3 emissions across its value chain for the first time.

The data sources used for emissions calculations included:

- Employee commuting, estimated based on a survey,
- Certain input data, calculated based on expenditure records,
- Purchased goods and services, such as toner and paper, estimated based on invoice itemisation,
- Waste treatment, estimated based on industry-standard methodologies.

The following factors were used to calculate emissions:



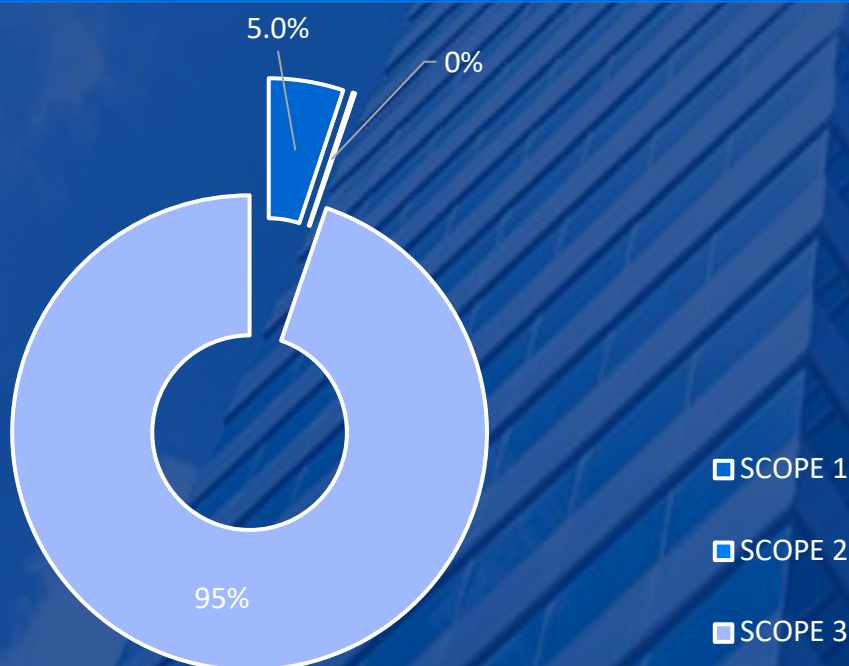
Direct emissions totalled 2,358 tCO<sub>2</sub>e. Indirect emissions from purchased energy totalled 188 tCO<sub>2</sub>e (market-based) and other indirect emissions generated in the value chain totalled 44,591 tCO<sub>2</sub>e.

In 2024, the Group did not generate biogenic emissions of CO<sub>2</sub> from the combustion or biodegradation of biomass, as it did not engage in such activities. Any biodiesel additives of biogenic origin were considered immaterial.

Total carbon footprint

**47,047**

tCO<sub>2</sub>e



Under the adopted methodology for calculating Scope 2 emissions, gases other than CO<sub>2</sub> (including methane – CH<sub>4</sub> and nitrous oxide – N<sub>2</sub>O) were not included due to the unavailability of relevant data in the emission factors used for both the location-based and market-based approaches. However, it should be noted that CH<sub>4</sub> and N<sub>2</sub>O were included in the Scope 1 emissions calculations.

The detailed Scope 1, 2 and 3 emission volumes are presented in the table below<sup>1</sup>:

	Category	2024	Target emissions (2040)	Annual % target / Base year
<b>Scope 1 GHG emissions</b>				
Scope 1	Category 1.1 – Direct emissions from stationary combustion	113		-
Scope 1	Category 1.2 – Direct emissions from mobile combustion	2,208	1,583	3.68%
Scope 1	Category 1.3 – Direct process emissions	-	-	-
Scope 1	Category 1.4 – Direct fugitive emissions from anthropogenic systems	37	-	-
Scope 1	% of Scope 1 GHG emissions from regulated emission trading schemes	0	-	-
<b>Scope 2 GHG emissions</b>				
Scope 2	Gross location-based Scope 2 GHG emissions	1,305	928	3.68%
Scope 2	Gross market-based Scope 2 GHG emissions	188	-	3.68%
<b>Significant Scope 3 GHG emissions</b>				
Scope 3	Total gross indirect GHG emissions	44,591	-	-
Scope 3	Category 1 – Purchased goods and services	30,873	-	-
Scope 3	Category 2 – Capital goods	10,117	-	-
Scope 3	Category 3 – Fuel- and energy-related activities	961	-	-
Scope 3	Category 4 – Upstream transportation and distribution	78	-	-
Scope 3	Category 5 – Waste generated in operations	30	-	-

<sup>1</sup> All figures have been rounded up.

Scope 3	Category 6 – Business travel	652	-	-
Scope 3	Category 7 – Employee commuting	1,881	-	-
Scope 3	Category 8 – Upstream leased assets	-	-	-
Scope 3	Category 9 – Downstream transportation	-	-	-
Scope 3	Category 10 – Processing of sold products	-	-	-
Scope 3	Category 11 – Use of sold products	-	-	-
Scope 3	Category 12 – End-of-life treatment of sold products	-	-	-
Scope 3	Category 13 – Downstream leased assets	-	-	-
Scope 3	Category 14 – Franchises	-	-	-
Scope 3	Category 15 – Investments	-	-	-
<b>Total GHG emissions</b>			-	-
Total GHG emissions (location-based)		48,253	-	-
Total GHG emissions (market-based)		47,136		

A detailed emission disclosure is provided in the table below.

Total energy sold covered by guarantees of origin or renewable energy certificates	0 MWh
Purchased energy covered by contractual instruments such as guarantees of origin or renewable energy certificates	2,056.90 MWh
Percentage of Scope 2 emissions covered by contractual instruments such as guarantees of origin or renewable energy certificates	84.35%
Purchased electricity covered by bundled guarantees of origin or renewable energy certificates that are directly associated with the purchased electricity	0 MWh
Purchased energy covered by bundled guarantees of origin or renewable energy certificates that are directly associated with the purchased energy	0 MWh
Energy sold covered by bundled guarantees of origin or renewable energy certificates that are directly associated with the energy sold	0 MWh
Purchased energy covered by unbundled guarantees of origin or renewable energy certificates that are not associated with the purchased energy	0 MWh
Energy sold covered by unbundled guarantees of origin or renewable energy certificates that are not associated with the energy sold	0 MWh
Percentage of Scope 3 GHG emissions calculated using primary data obtained from suppliers or other value chain partners	0.00%
GHG intensity (location-based) (total GHG emissions per net revenue)	0.0000167
GHG intensity (market-based) (total GHG emissions per net revenue)	0.00001627

### Emissions analysis by category and accuracy

Category	Data accuracy level	Emission factor accuracy level	Notes
Category 1 – Purchased goods and services	High	Medium	Primarily IT, accounting, consultancy, and postal-telecommunication services (mostly spend-based method)
Category 2 – Capital goods	High	Medium	Buildings and structures – leased space, IT equipment and software (spend-based method)
Category 3 – Fuel- and energy-related activities	Medium	High	Distribution losses (electricity, heat) (activity-based method)
Category 4 – Upstream transportation and distribution	Medium	High	-
Category 5 – Waste generated in operations	High	High	Paper, plastics, municipal waste, mixed waste (activity-based method)
Category 6 – Business travel	Medium	High	Hotels, flights, ground transport (activity-based method)
Category 7 – Employee commuting	Low	High	Employee survey

Category 8 – Upstream leased assets	-	-	No upstream leased assets
Category 9 – Downstream transportation	-	-	No downstream transportation or distribution due to lack of physical products. Travel to clients is included in Scope 1.
Category 10 – Processing of sold products	-	-	No processing of sold products
Category 11 – Use of sold products	-	-	No physical products produced
Category 12 – End-of-life treatment of sold products	-	-	No physical products produced
Category 13 – Downstream leased assets	-	-	No downstream leased assets
Category 14 – Franchises	-	-	No franchises
Category 15 – Investments	-	-	No investments The KRUK Group's business comprises the management of unsecured debts, accounting for the majority of the Group's portfolio (91%). Accordingly, its operations are not focused on financing the activities or properties of its clients, but on recovering debt. In a limited number of cases where debt is secured by mortgage, the holding period of properties acquired through enforcement is short and related solely to the execution of the debt collection process.

### Methodology for calculating the carbon footprint and assessing data quality

To calculate the carbon footprint, it was necessary to collect a significant volume of data from various areas across the Group. The process required the cooperation of multiple departments and the involvement of various information sources. The quality of the data provided may vary depending on the source and collection method. Data related to Scope 1 and Scope 2 emissions is the most accurate, as these emissions are directly controlled by the Group. Scope 1 emissions include direct emissions from own sources, such as the combustion of fuels in boilers, furnaces, or company vehicles. Scope 2 emissions are indirect emissions resulting from the consumption of electricity, heat or steam purchased by the Group.

Scope 3 emissions have been estimated primarily based on the spend-based method and external emission factors. These emissions include all other indirect emissions not covered by Scope 2, such as emissions related to transport or waste disposal.

## 5.8. GHG REMOVALS AND GHG MITIGATION PROJECTS (E1-7)

The KRUK Group does not engage in GHG removal projects in its own operations.



## 5.9. INTERNAL CARBON PRICING (E1-8)

The KRUK Group has no internal carbon pricing systems in place.

## 5.10. ANTICIPATED FINANCIAL EFFECTS FROM MATERIAL PHYSICAL AND TRANSITION RISKS AND POTENTIAL CLIMATE-RELATED OPPORTUNITIES (E1-9)

The KRUK Group applies the transitional provisions for phased-in sustainability disclosures (ESRS 1 Appendix C List of Phased-In Disclosure Requirements) and has fully omitted disclosures under 5.10 *Anticipated financial effects from material physical and transition risks and potential climate-related opportunities*.

## 6. EU TAXONOMY

In accordance with Article 8 of [Regulation \(EU\) 2020/852 \(EU Taxonomy\)](#), the section below outlines how and to what extent the KRUK Group's activities are associated with economic activities that qualify as environmentally sustainable (Taxonomy-aligned activities). The key performance indicators (KPIs) have been prepared in compliance with the requirements set out in Commission Delegated Regulation (EU) 2021/2178. The KRUK Group's activities have been classified as activities of non-financial undertakings. Pursuant to Article 10 of the Regulation, the Group presents key performance indicators in line with the disclosure format and scope applicable to non-financial undertakings, as specified in Annexes I, II and XII to Regulation (EU) 2021/2178.

The KRUK Group generates revenue from investments in purchased debt portfolios, lending, and debt collection services. This revenue is not associated with environmentally sustainable economic activities (Taxonomy-aligned activities).

In 2024, the Group conducted an analysis of its activities and expenditures to identify activities covered by the EU Taxonomy, in accordance with Regulation (EU) 2020/852 and Commission Delegated Regulations (EU) 2021/2178 and 2023/2486. Activities were selected by comparing the Group's main business areas (including based on PKD codes sourced from the Polish Classification of Business Activities) with the scope of activities covered by the EU Taxonomy. The analysis covered all Group companies to determine whether they conduct or finance Taxonomy-eligible projects. The list was considered complete following verification against the delegated acts and internal consultations. Other activities were excluded as they did not meet the criteria of, or fell outside the sectors covered by, the EU Taxonomy. Considering the nature of its business, the KRUK Group has not identified any activities generating Taxonomy-aligned revenue. However, the Group has identified six categories of activities, listed below, which may qualify as Taxonomy-eligible depending on the actual expenditures incurred:

6.5 Transport by motorbikes, passenger cars and light commercial vehicles

7.3 Installation, maintenance and repair of energy efficiency equipment

7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings (and parking spaces attached to buildings)

7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings

## 7.7. Acquisition and ownership of real property

### 8.1 Data processing and hosting activities.

The assessment of Taxonomy alignment consisted in verifying whether individual products or services contribute to any of the environmental objectives defined in the Regulation, do no significant harm to the other objectives and comply with minimum safeguards. In 2024, the Group revised its approach to the assessment of capital and operating expenditure alignment by discontinuing the supplier surveys carried out in the previous year and basing its assessment on a reporting procedure designed to ensure high data quality. The Group adopted a prudent approach to data presentation, relying on accounting data, which minimises the risk of double counting.

In 2024, the assessment identified solely purchases classified under '6.5 Transport by motorbikes, passenger cars and light commercial vehicles' and '7.7 Acquisition and ownership of real property'.

## 6.1. TURNOVER

Financial year 2024				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover, year N (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2) Turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
				Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	%
<b>Text</b>		PLN	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
N/A		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
<b>Turnover of environmentally sustainable activities (A.1)</b>		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
Of which enabling activities		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
Of which transitional activities		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
N/A		0	0%	-	-	-	-	-	-								0%		
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (A.2)</b>		0	0%	-	-	-	-	-	-								0%		
<b>Turnover of Taxonomy-eligible activities (A.1+A.2)</b>		0	0%	-	-	-	-	-	-								0%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>Turnover of Taxonomy-non-eligible activities</b>		2,896,815,720	100%																
<b>TOTAL</b>		2,896,815,720	100%																

Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity for the relevant environmental objective.  
 N - No, Taxonomy-eligible but not Taxonomy-aligned activity for the relevant environmental objective.  
 N/EL - Taxonomy-non-eligible activity for the relevant objective.  
 EL - Taxonomy-eligible activity for the relevant objective.

## Accounting policies

The key performance indicator related to turnover (Turnover KPI) was calculated based on the data from the consolidated financial statements of the Group for the reporting period ended 31 December 2024, prepared in accordance with IFRS. The denominator of the indicator was the net revenue presented in note 5 to the consolidated financial statements, excluding revenue from other services and other income.

## Assessment of compliance with Regulation (EU) 2020/852

An analysis was conducted of the individual categories of revenue to assess whether their associated economic activities classify as Taxonomy-eligible, taking into account the types of activities defined in Delegated Regulation (EU) 2021/2139, as amended, and Delegated Regulations (EU) 2023/2485 and 2023/2486. No revenue from Taxonomy-eligible activities was identified.

## Contribution to multiple objectives, disaggregation of KPIs and contextual information

No revenue derived from Taxonomy-aligned activities was identified by the KRUK Group in 2024.

## 6.2. CAPITAL EXPENDITURE (CAPEX)

Financial year 2024				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional Activity (20)
Text		PLN	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
N/A		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
<b>CapEx of environmentally sustainable activities (A.1)</b>		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
Of which enabling activities		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
Of which transitional activities		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)*</b>				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	3,512,040	5.75%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								14.67%		
Acquisition and ownership of buildings	CCM 7.7	19,206,105	31.44%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								48.12%		
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (A.2)</b>		22,718,145	37.18%	37.18%	0%	0%	0%	0%	0%								62.79%		
<b>A. CapEx of Taxonomy-eligible activities (A.1+A.2)</b>		22,718,145	37.18%	37.18%	0%	0%	0%	0%	0%								62.79%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>CapEx of Taxonomy-non-eligible activities</b>		38,378,179	62.82%																
<b>TOTAL</b>		61,096,324	100%																

Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity for the relevant environmental objective.  
N - No, Taxonomy-eligible but not Taxonomy-aligned activity for the relevant environmental objective.  
N/EL - Taxonomy-non-eligible activity for the relevant objective.  
EL - Taxonomy-eligible activity for the relevant objective.

(\*) = In 2024, the KRUK Group revised its approach to calculating the numerator of the CapEx KPI, taking into account expenditures related to the right-of-use of properties and adjusting the approach regarding the scope of vehicles considered as eligible under the Taxonomy.

## Eligibility and alignment per environmental objective – CapEx

	Proportion of CapEx/total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	37.18%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

### Accounting policies

The key performance indicator related to capital expenditure (CapEx KPI) was calculated based on the capital expenditure disclosed in notes 14 and 15 to the consolidated financial statements of the Group for the reporting period ended 31 December 2024, prepared in accordance with IFRS taking into account exchange differences and adjusted for capital expenditure derecognised in the period in which they were incurred. The denominator of the indicator covers costs accounted for based on:

- IAS 16 *Property, Plant and Equipment* – paragraphs 73, (e), point (i) and point (iii),
- IAS 38 *Intangible Assets* – paragraph 118, (e), point (i),
- IAS 40 *Investment Property* – paragraphs 76, points (a) and (b) (for the fair value model),
- IAS 40 *Investment Property* – paragraph 79(d), points (i) and (ii) (for the cost model),
- IAS 41 *Agriculture* – paragraph 50, points (b) and (e),
- IFRS 16 *Leases* – paragraph 53, point (h).

### Assessment of compliance with Regulation (EU) 2020/852

The purchased output was analysed based on the assessment of eligibility followed by assessment of alignment of the respective activities. None was classified as aligned.

### Disaggregation of KPIs and contextual information

KPIs were not disaggregated. The numerator of the indicator covers capital expenditure associated with one type of activity, which is investments in debt portfolios. The KRUK Group does not have a CapEx plan as referred to in point 1.1.2.2 of Annex I to Regulation (EU) 2021/2178.

### 6.3. OPERATING EXPENDITURE (OPEX)

Financial year 2024				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2), OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		PLN	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
N/A		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
<b>OpEx of environmentally sustainable activities (A.1)</b>		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
Of which enabling activities		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
Of which transitional activities		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(*)</b>				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	-	-	-	-	-	-	-	-	-	-
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0	0%	EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	0%	-	-
Acquisition and ownership of buildings	CCM 7.7	0	0%	EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	0%	-	-
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (A.2)</b>		0	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	-	-	-
<b>A. OpEx of Taxonomy-eligible activities (A.1+A.2)</b>		0	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	-	-	-
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>OpEx of Taxonomy-non-eligible activities</b>		5,122,923	100%																
<b>TOTAL</b>		5,122,923	100%																

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity for the relevant environmental objective.  
N – No, Taxonomy-eligible but not Taxonomy-aligned activity for the relevant environmental objective.  
N/EL – Taxonomy-non-eligible activity for the relevant objective.  
EL – Taxonomy-eligible activity for the relevant objective.

(\*) The KRUK Group does not present the key performance indicator for operating expenditure (OpEx KPI) as the percentage of expenditures qualifying for inclusion in the denominator is immaterial (0.34% of total expenditures).

## Accounting policies

The KRUK Group does not present the key performance indicator for operating expenditure (OpEx KPI) as the percentage of expenditures qualifying for inclusion in the denominator is immaterial (0.34% of total expenditures).

The KRUK Group does not have a CapEx plan as referred to in point 1.1.2.2 of Annex I to Regulation (EU) 2021/2178. In the course of the analysis, the Group identified costs related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions. The activities from which the output was purchased were assessed against the technical screening criteria set out in Regulation (EU) 2021/2139 and Regulation (EU) 2023/2486.

## Assessment of compliance with Regulation (EU) 2020/852

Following assessment of eligibility and then assessment of alignment of the activities from which the output was purchased, none was classified as aligned.

## Contribution to multiple objectives

No expenditure related to Taxonomy-aligned economic activities was identified within the OpEx KPI.

## Disaggregation of KPIs and contextual information

KPIs were not disaggregated. The numerator of the KPI does not include any operating expenditure related to Taxonomy-aligned economic activities. The KRUK Group does not have a CapEx plan as referred to in point 1.1.2.2 of Annex I to Regulation (EU) 2021/2178.

## Disclosures concerning nuclear energy and natural gas

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

As the KRUK Group does not identify any activities related to nuclear energy or natural gas, the quantitative disclosure templates set out in Annex XII of Regulation (EU) 2021/2178 (consolidated version) are not provided.



## 7. OWN WORKFORCE (S1)

### 7.1. OWN WORKFORCE (S1-SBM-3)

[S1-SBM-3-14-a-b-e-f-g, S1-SBM-3-15]

The KRUK Group has a highly qualified and experienced workforce. It is a diverse team in terms of nationalities, competencies and professional experience, enabling an effective and innovative approach to problem-solving. The Group's employees are experts in their respective fields, constantly enhancing their skills and expanding their knowledge. The KRUK Group prioritises continuous development and upskilling of its workforce by offering numerous training programmes and career advancement opportunities. As a result, each team member can pursue their professional ambitions and contribute to the Group's success. The Group values the diversity of its workforce, which fosters creativity and innovation in debt management and client service.

As at 31 December 2024, the KRUK Group had a total headcount of 3,537 employees and additionally collaborated with 261 non-employees engaged under contracts other than employment contracts.

Employees and non-employees (associates) at the KRUK Group can be categorised as follows:

- d. Direct client service (Field Advisers and Contact Centre staff): these individuals engage in direct interactions with clients, providing support and negotiating debt repayment plans. Their work is crucial for maintaining positive client relationships and for ensuring effective and ethical debt recovery.
- e. Employees involved in process and project execution within the organisation: they play a critical role in ensuring the efficient operation of business processes and maintaining compliance with regulatory standards. Employees in departments such as HR, IT, logistics, administration and other support functions provide continuous support and contribute to the ongoing development of the KRUK Group's day-to-day operations.
- f. Managerial and executive staff: this group oversees specific business areas, sets strategic directions, and implements policies and process improvements. Their leadership plays a crucial role in the organisation's development and the professional growth of its workforce.

All the workforce categories listed above and the individuals within them – regardless of the form of employment – are subject to the KRUK Group's impacts.

Country	Number of employees	Number of non-employees
Poland	1,868	209
Romania	598	27
Italy	510	15
Spain	475	5
Malta	16	3
Czech Republic	69	1
Slovakia	1	0
Luxembourg	0	1
<b>TOTAL</b>	<b>3,537</b>	<b>261</b>

The KRUK Group strictly adheres to all occupational health and safety regulations. Employees participate in health and safety training, and any reported workplace incidents are thoroughly investigated, documented, analysed, and processed in accordance with applicable regulations. Through these procedures, it has been established that team members in client-facing roles, namely Field Advisers and Contact Centre staff, may be particularly exposed to increased risks (including both physical injuries and mental strain) due to the nature of their work.

Given the nature of the debt collection industry, the Group's employees frequently interact with people facing difficult personal circumstances. The Group recognises that engaging in conversations about financial difficulties and managing such situations on a daily basis can impact employee well-being. In addition, Field Advisers may encounter various physical risks, including traffic accidents, hazardous weather conditions, and unpredictable situations at visited locations. To mitigate these risks, the KRUK Group continuously monitors incident rates and provides specialised training for both Field Advisers and Contact Centre staff. These programmes equip employees with the necessary skills to assess risks effectively and perform their duties safely. In each country where the Group operates, relevant health and safety regulations aligned with local requirements have been implemented, ensuring that adverse events are minimised. Additionally, ongoing psychological support is available to the Group's personnel and their families in Poland, Romania, Spain, and Italy.

A material negative impact identified through the double materiality assessment relates to workplace safety and employee health. If such an impact occurs, it is most likely attributable to individual breaches of occupational health and safety (OHS) regulations or isolated instances of decreased staff productivity resulting from insufficient attention or unintentional oversight of these aspects by the Group as an employer.

### **Risk of forced or compulsory labour**

In line with its Human Rights Policy, the KRUK Group does not use forced or compulsory labour, nor has it identified the risk of such incidents within its operations. Given both the geographical scope of its activities (European Union countries) and the nature of its business (debt management), the Group has no operations at significant risk of forced or compulsory labour.

### **Risk of child labour**

The KRUK Group maintains a zero-tolerance policy for any form of child labour, as explicitly stated in its Human Rights Policy. The Group operates in full compliance with the local labour laws in all countries where it has a business presence. Additionally, each company of the KRUK Group has established internal regulations that define detailed employment policies fully aligned with local labour laws.

Operating within the European Union, the Group adheres to international labour-related regulations and guidelines issued by the UN, OECD, and UN Global Compact.

Accordingly, none of the geographical regions where the KRUK Group is present involve operations that would pose a risk of child labour.

## **7.1.1. Brief description of activities resulting in positive impacts on own workforce**

[S1-SBM-3-14-c]

Material positive impacts on the Group's own workforce relate to the following material matters:

1. Employee well-being
2. Employee engagement (entity-specific disclosure)
3. Inclusion and diversity (DEI)
4. Employee education
5. Fair wages

**The KRUK Group identifies the following activities that result in positive impacts:**

### **Employee well-being:**

The KRUK Group is strongly committed to ensuring the well-being of its staff, recognising how it can directly benefit both their professional and personal development. Through psychological support services, employees have access to professional assistance in managing stress and everyday challenges. Comprehensive healthcare services, covering both preventive care and treatment, provide employees with a sense of security and support in maintaining their physical health. By fostering a healthy workplace culture that promotes collaboration, respect, and inclusion, the KRUK Group enhances employee well-being, which can further strengthen engagement and loyalty. Work-life balance is a key priority within the Group's policies, enabling employees to effectively manage their time and energy while spending meaningful moments with their families and pursuing personal passions. Additional benefits and rewards, including incentive schemes, training programmes, and career development opportunities, further motivate employees, reinforcing their

commitment and loyalty. The KRUK Group also offers hybrid and remote work options, with flexible working hours for teams whose tasks allow for such arrangements. All these initiatives contribute to greater productivity, as satisfied and healthy employees are more efficient and creative. Additionally, lower employee turnover ensures the Group can benefit from a stable and experienced team, leading to stronger business performance and a positive workplace atmosphere.

#### **Employee engagement (entity-specific disclosure):**

The KRUK Group recognises that a highly engaged workforce contributes to employees' overall well-being, positively influencing their family life. Promoting workforce engagement supports both mental and physical health, helping to reduce absenteeism. To assess and strengthen engagement levels, the Group conducts employee satisfaction surveys. Between May and June 2024, a confidential and voluntary engagement survey was conducted across the Group companies in Poland, Romania, Spain, Italy and Malta, with a 92% participation rate. The overall engagement index as measured by this survey was 89%. Positive feedback highlighted several key strengths (with a score of 80% or more) related to employee experience at the Group, including goal cascading, managerial support, work organisation, collaboration, innovation and technology, feedback, a sense of impact and autonomy, DEI, work-life balance, communication and transparency, and senior leadership. For details on the survey findings, see section 7.2. 'Processes for engaging with own workforce and workers' representatives (S1-2)' of this Statement.

Engagement indicators in these areas outperformed benchmarks for financial sector companies, high-performance firms, and national norms across all markets covered by the survey.

To further strengthen workforce engagement, the Group organises team-building events and prioritises transparent internal communications. Additionally, the Group promotes career development paths, employee-driven initiatives, and a strong feedback culture. Investments in training and skill development enable team members to pursue their ambitions and advance within the organisation. Another key aspect of workforce engagement is the focus on teamwork, which allows individuals to connect with colleagues while gaining deeper self-awareness. These initiatives aim to foster an inspiring and supportive work environment, ultimately enhancing employee engagement, improving overall well-being, and contributing positively to their family lives.

#### **Diversity and inclusion:**

Respect for diversity is one of the KRUK Group's core values, and diversity itself is regarded as a source of inspiration, innovation, and efficiency. Therefore, several KRUK Group companies have become signatories of the Diversity Charter: KRUK S.A. since 2013, Wonga and KRUK Romania since 2018, and KRUK España since 2024. The Group implements a wide range of initiatives intended to promote gender equality and support employees with disabilities, as well as other groups at risk of discrimination. Educational campaigns are run to raise awareness of diversity and inclusion in the workplace. Every KRUK Group employee, including new hires, is required to complete mandatory online training focused on diversity, equity and inclusion. The Group monitors various diversity dimensions within HR data and oversees employee initiatives to gain a better insight into organisational needs, market trends, and potential challenges. In addition, it engages in industry and international initiatives and collaborates with non-profit organisations dedicated to promoting diversity, equity, and inclusion. By championing DEI, the Group can attract a more diverse and skilled workforce. Employees are increasingly drawn to employers that prioritise diversity and inclusion.

#### **Employee education:**

The KRUK Group has introduced training programmes covering Agile, Lean, and change management to enhance operational efficiency and adaptability amid dynamic changes brought about by digital transformation. Additionally, the Group keeps investing to raise employee skills, particularly in the use of innovative tools related to no-code/low-code and artificial intelligence (AI) technologies. Employees are trained to use applications designed to enable them to create automated work solutions independently, without having to rely on IT support or professional programmers. The Group consistently expands its library of in-person and e-learning programmes. Additionally, it offers subsidised or fully funded external training opportunities, including language courses. Skills development raises the ability of employees to efficiently perform their duties and adapt to a rapidly changing work environment. Higher qualifications may ultimately enhance living standards for both employees and their families. Another noteworthy aspect is that upskilling employees in innovative technologies may contribute to raising industry standards within the debt management sector.

#### **Fair wages:**

The KRUK Group has implemented remuneration policies that ensure adequate wages, aligned with employees' qualifications, experience, and local market benchmarks. Furthermore, the Group regularly analyses market trends to

ensure that remuneration and additional benefits remain competitive. A structured pay increase system has been introduced, fostering employee engagement and positively impacting the well-being of staff and their families. Fair wages play a crucial role in building a culture of trust and belonging in the workplace, promoting inclusivity and reducing social inequalities by addressing pay gaps, especially between male and female employees in equivalent positions.

All the initiatives listed above, which are further detailed in the following sections, result in positive impacts on the KRUK Group's employees and their families.

These impacts apply to all employees and associates, as disclosed in section 7.1. 'Own workforce (S1-SBM-3)' of this Statement.

### 7.1.2. Material risks and opportunities arising from impacts and dependencies on own workforce

[S1-SBM-3-14-d, S1-SBM-3-16]

The double materiality assessment identified the following material matters in the area of own workforce, which give rise to material risks and opportunities identified by the KRUK Group:

1. Workplace safety and employee health
2. Employee well-being
3. Employee engagement (entity-specific disclosure)
4. Fair wages

No material opportunities have been identified in relation to **workplace safety and employee health**, with the following material risks identified:

#### Risks

Legal risks:

- a. Financial penalties: non-compliance with OHS regulations may result in financial penalties imposed by supervisory authorities.
- b. Lawsuits and compensation claims: workplace accidents due to inadequate safety measures may lead to employee claims, generating additional costs.

Operational risks:

- a. Work-related injuries and ill health: employee injuries or health problems may result in absences or resignations, disrupting team stability and increasing workloads for remaining staff.
- b. Higher operating costs: negligence may lead to increased insurance premiums, compensation costs, and additional costs of accident remediation. Additionally, inadequate workplace ergonomics and poor working conditions may contribute to higher absence rates due to work-related injuries and ill health.

Risk of reduced employee morale: a lack of focus on workplace safety may lower workforce morale and engagement, negatively affecting productivity and loyalty to the Group.

Limited access to financing: insufficient attention to social matters may hinder access to financing, as investors increasingly prioritise this aspect in their decision-making.

No material risks have been identified in the area of **employee well-being**, with the following material opportunities identified:

#### Opportunities

- a. Increased productivity:
  - Higher efficiency: healthy and satisfied employees perform their tasks more efficiently and productively.
  - Reduced absenteeism: improved employee health and well-being lead to fewer sick days and lower absenteeism.
  - Regular well-being and satisfaction surveys, along with personal and professional development programmes, enhance productivity and positively impact the organisation's financial performance.

- Greater employee loyalty: employees who feel their health and well-being is a priority are more committed and engaged in their work.
  - Positive work environment: supporting employee well-being and work-life balance fosters a positive office environment, encouraging collaboration and communication, which in turn enhances employee efficiency.
- b. Cost reduction:
- Lower healthcare costs: fewer health problems lead to reduced healthcare and rehabilitation costs.
  - Reduced employee turnover: satisfied and healthy employees are less likely to leave, helping to lower recruitment and training costs.
- c. Enhanced reputation and service quality:
- Stronger reputation: by prioritising employee well-being, the KRUK Group is recognised as a responsible and attractive employer.
  - Talent attraction: good working conditions attract top talent seeking an employer that values their health and well-being.

No material risks have been identified in the area of **employee engagement (entity-specific disclosure)**, with the following material opportunities identified:

**Opportunities:**

- a. Increased productivity: engaged employees are more productive, driving better financial performance. Increased productivity leads to higher profits and greater operational efficiency (improved efficiency, lower turnover, and a more positive work environment).
- b. Cost reduction: highly engaged employees are less likely to leave, helping to lower recruitment and training costs.
- c. Enhanced corporate image:
- Stronger reputation: as a company that prioritises employee engagement, KRUK is recognised as a responsible and attractive employer.
  - Talent attraction: good working conditions attract top talent seeking an employer that values their health and well-being.
- d. Improved financial performance: employee engagement may contribute to better financial performance by enhancing the quality of client service.

No material risks have been identified in the area of **fair wages**, with the following material opportunities identified:

**Opportunities:**

- a. Reputation of a responsible employer: ensuring fair wages enhances the KRUK Group's reputation as a responsible and attractive employer.
- b. Competitiveness in the labour market: by offering fair and competitive wages, the Group strengthens its ability to attract top talent.
- c. Employee retention: maintaining pay equity and adequate wages supports the long-term retention of experienced employees.
- d. Operating cost savings:
- Reduced absenteeism: satisfied employees are less likely to take time off, improving operational efficiency.
  - Lower recruitment costs: reduced employee turnover helps minimise costs related to hiring and onboarding new staff.
- e. Mitigating operational risks:
- Increased productivity: motivated and loyal employees contribute to greater efficiency, supporting the delivery of business objectives.
  - Avoiding operational disruptions: fair treatment of employees helps prevent internal conflicts, strikes, and adverse actions by trade unions.

The risks and opportunities identified through the double materiality assessment apply to the entire own workforce, and no risks or opportunities have been identified that would specifically relate to a particular group of employees based on their diversity or characteristics.

## 7.2. IMPACT, RISK AND OPPORTUNITY MANAGEMENT POLICIES RELATED TO OWN WORKFORCE (S-1)

[S1-1-MDR-P-65, S1-1-19]

The actions undertaken by the KRUK Group to effectively manage the identified material impacts, risks, and opportunities related to own workforce are outlined in the following policies and regulations applied by the Group.

### Code of Ethics

The Code of Ethics covers the impacts, risks, and opportunities identified within the following material matters: employee engagement, employee well-being, inclusion and diversity (DEI), employee education, and fair wages.

It establishes the principles of responsible conduct, behaviour, and ethical decision-making within the KRUK Group, Providing clarification and guidance on issues that may give rise to ethical dilemmas. All employees, associates and members of the governing bodies are required to read and comply with the Code, and to cooperate in order to facilitate its implementation across the Group. This includes reporting any violations of the Code through the whistleblowing channel. The Code is an integral part of the set of regulations governing the conduct of the KRUK Group's business. The Code of Ethics is largely dedicated to employee-related matters and defines actions taken by the KRUK Group as a responsible employer, as well as the rights and responsibilities of employees, covering the following key aspects:

- a. Equal opportunities and career development, enabling employees to make the best use of their knowledge and competencies and thereby fully realise their professional potential,
- b. Work-life balance,
- c. Zero tolerance for bullying and discrimination – the KRUK Group regards discrimination, harassment, including sexual harassment, unequal treatment, intimidation, disrespect, and any forms of physical or verbal aggression as unacceptable and actively opposes such behaviour,
- d. Collective employee rights – the KRUK Group supports initiatives that enable employees to associate lawfully and aim to build constructive and responsible relations,
- e. Ability to report misconduct in good faith (including anonymously) in a retaliation-free environment, ensuring the prevention of any inappropriate behaviour, protection of affected individuals, and the implementation of corrective actions to prevent similar incidents in the future,
- f. Conflicts of interest – taking appropriate measures to identify and manage potential and actual conflicts of interest involving employees to ensure operations are conducted to the highest ethical standards, in a transparent and professional manner, and in line with the best interests of the KRUK Group,
- g. Adherence to policies on the giving and accepting of gifts by employees, as a crucial element of the KRUK Group's organisational culture based on clear and fair principles,
- h. Zero tolerance for any form of corruption – all employees, associates, and members of governing bodies of the KRUK Group are obligated to avoid any action that could violate this policy,
- i. Responsible communication, adhering to the principles of:
  - Equal treatment of employees, while acknowledging their diversity and specific needs, Creating content that is transparent, clear, and easily understandable,
  - Relying on facts rather than opinions and avoiding judgement of the recipient or their situation,
  - Maintaining a consistent flow of information.

The Code of Ethics applies to KRUK S.A., KRUK Italia, KRUK Romania, KRUK España, KRUK Česká a Slovenská republika, Wonga, Kancelaria Prawna RAVEN, Novum, and InvestCapital.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### KRUK Group Conflict of Interest Management Policy

The KRUK Group Conflict of Interest Management Policy covers the impacts, risks, and opportunities identified within the following material matters: employee engagement, and employee well-being.

The Policy sets out the process of preventing and managing conflicts of interest, including the rules for disclosing potential and actual conflicts of interest, methods for resolving such conflicts, and the management of related risks.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, KRUK Česká a Slovenská republika, and Wonga.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **KRUK Group Human Rights Policy**

The KRUK Group Human Rights Policy covers the impacts, risks, and opportunities identified within the following material matters: employee engagement, employee well-being, inclusion and diversity (DEI), employee education, workplace safety and employee health, and fair wages.

The objective of the Human Rights Policy in relation to employees and associates is to take actions aimed at:

- a. fostering a workplace atmosphere of dignity and mutual respect,
- b. creating a workplace free from violence and harassment, where the intimidation of employees and any form of child labour, slavery, or forced labour are not tolerated,
- c. respecting employees' rights to establish and join trade unions and employee groups,
- d. establishing a remuneration system that ensures non-discrimination on the grounds of gender, age, disability, race, religion, nationality, political beliefs, trade union membership, ethnicity, religious denomination, sexual orientation, contract type, or form of employment,
- e. ensuring the safety, health, and well-being of employees and other workers by providing a safe working environment in compliance with applicable health and safety regulations and internal policies, minimising the risk of accidents, injuries, and health hazards.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK España, KRUK Česká a Slovenská republika, and Wonga.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **KRUK Group Anti-Corruption Policy**

The KRUK Group Anti-Corruption Policy covers the impacts, risks, and opportunities identified within the following material matters: employee engagement, and employee well-being.

The Policy outlines the anti-corruption framework in place within the KRUK Group, including the adopted measures, mechanisms, and complementary regulations aimed at identifying and preventing corruption, and establishes the principles that employees and members of the governing bodies of individual companies within the Group are required to adhere to, including the obligation to refrain from any actions that could compromise the Group's zero-tolerance policy for corruption.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, KRUK Česká a Slovenská republika, and Wonga.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **KRUK Group Gift Policy**

The KRUK Group Gift Policy covers the impacts, risks, and opportunities identified within the following material matters: employee engagement, and employee well-being.

The Policy sets out the rules for giving and receiving gifts by employees and members of the governing bodies, as well as the principles and procedures, including the resolution of any doubts, regarding the acceptance of gifts. The Compliance Area in each Group company fulfils both an administrative role, by keeping gift records, and an advisory role, by offering recommendations on the appropriate course of action.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, KRUK Česká a Slovenská republika, and Wonga.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

## Internal Whistleblowing Procedure

The Internal Whistleblowing Procedure covers the impacts, risks, and opportunities identified within the following material matters: employee well-being, employee engagement, and inclusion and diversity (DEI).

The Procedure sets out the actions undertaken to ensure compliance with the highest ethical standards and full integrity and transparency in the internal and external relations of KRUK Group entities, aimed at conducting business in accordance with applicable laws, adopted internal regulations, and ethical standards. The Procedure outlines the principles for reporting irregularities and misconduct, steps taken to investigate and mitigate the consequences of any identified violations, and measures to enhance the effectiveness of detecting misconduct, implementing appropriate corrective actions, and ensuring prevention and risk mitigation at all organisational levels.

The Procedure applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, KRUK Česká a Slovenská republika, Wonga, and InvestCapital.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

## KRUK Group Mediation Policy

The KRUK Group Mediation Policy covers the impacts, risks, and opportunities identified within the following material matters: employee well-being, employee engagement, workplace safety, and inclusion and diversity (DEI).

The Policy fosters positive interpersonal relations, and aims to prevent conflicts, unequal treatment, bullying, harassment, and discrimination. The principles outlined in the Policy are intended to protect employees against the occurrence of such adverse events in the workplace or in connection with the performance of their duties. In the event of such occurrences, the Policy provides for an investigation process and the development of remedial measures to mitigate their negative consequences. Employees have the option to report concerns via email to a specific address. An established Consultation and Mediation Team is responsible for examining these reports.

The Policy applies to KRUK S.A. and Kancelaria Prawna RAVEN.

The document applies to the Group's own operations.

## Anti-Bullying Policy

The Anti-Bullying Policy covers the impacts, risks, and opportunities identified within the following material matters: employee engagement, employee well-being, inclusion and diversity, and employee education.

The objective of the Policy is to ensure that all persons employed by Wonga are treated with dignity and respect, to prevent workplace bullying, and to support initiatives that foster positive relationships among employees. By doing so, the Policy contributes to the creation of a supportive work environment that is free from bullying and other forms of psychological violence. Additionally, it establishes clear procedures for handling any reports of such incidents.

The Policy applies to Wonga.

The document applies to the Group's own operations.

## Mediation Policy

The Mediation Policy covers the impacts, risks, and opportunities identified within the following material matters: employee well-being, employee engagement, workplace safety, and inclusion and diversity (DEI).

The Policy defines the rules for submitting reports related to conflicts, discrimination, unequal treatment, bullying, and sexual harassment.

The Policy applies to InvestCapital.

The document applies to the Group's own operations.



## **Policy on the Prevention and Combating of Gender-Based Bullying and Harassment**

Policy on the Prevention and Combating of Gender-Based Bullying and Harassment covers the impacts, risks, and opportunities identified within the following material matters: employee well-being, employee engagement, workplace safety, and inclusion and diversity (DEI).

The Policy supports actions designed to prevent unequal treatment, bullying, harassment, including sexual harassment, and discrimination. The principles outlined in the Policy are intended to protect employees against the occurrence of such adverse events in the workplace or in connection with the performance of their duties. In the event of such occurrences, the Policy provides for an investigation process and the development of remedial measures to mitigate their negative consequences.

The Policy applies to KRUK Romania, KRUK Tech, RoCapital, and Biroul de Detectivi Particulari Corbul.

The document applies to the Group's own operations.

### **Anti-Bullying Policy**

The Anti-Bullying Policy covers the impacts, risks, and opportunities identified within the following material matters: workforce well-being, workforce engagement, workplace safety, inclusion and diversity (DEI).

The Policy promotes, supports, and maintains a safe work environment that respects the dignity, individual freedom, and fundamental rights of all individuals within the company. It also declares zero tolerance for any form of abuse, harassment, discrimination, or workplace bullying, including cyberbullying.

The Policy applies to KRUK España.

The document applies to the Group's own operations.

### **KRUK Group Diversity and Inclusion Policy**

The KRUK Group Diversity and Inclusion Policy covers the impacts, risks, and opportunities identified within the following material matters: employee engagement, employee well-being, inclusion and diversity (DEI), and employee education.

The Policy outlines the Group's approach to diversity, equity, inclusion, and anti-exclusion initiatives and describes the actions taken to ensure that every team member has equal opportunities for employment, career development, and protection against unequal treatment, regardless of gender, age, disability, health, race, skin colour, ethnicity, nationality, religion, beliefs, sexual orientation, gender identity, family status, neurodiversity, or any other characteristic that might lead to less favourable treatment in violation of national or EU regulations. The Policy also aims to define shared responsibility within the organisation for fostering a friendly, inclusive workplace free from discrimination and bias. It focuses on increasing awareness of diversity, equal opportunities, and workplace inclusion, while promoting fairness in employment practices and effective management of diversity and inclusion across various aspects, including recruitment, hiring, remuneration, professional development, promotions, employee benefits, internal and external communication (including the use of inclusive language, preferred names, and pronouns), engagement surveys, data monitoring and reporting, and protection against unjustified dismissal.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, NOVUM, KRUK TFI S.A., KRUK Italia, KRUK Romania, RoCapital, KRUK España, Agecredit, KRUKTech, Biroul de Detectivi Particulari Corbul, KRUK Česká a Slovenská republika, Wonga, and InvestCapital.

The document applies to both the downstream segment of the value chain and the Group's own operations.

### **Equity Policy**

The Equity Policy covers the impacts, risks, and opportunities identified within the following material matters: employee well-being, employee engagement, inclusion and diversity (DEI), employee education, and fair wages.

The objective of the Policy is to create a welcoming and inclusive workplace where every individual is treated fairly and equitably. It also aims to ensure that all Wonga's employees are considered equal and as such enjoy equal opportunities.

for professional growth, regardless of gender, age, disability, race, religion, nationality, political beliefs, trade union membership, ethnicity, faith, sexual orientation, family status, or lifestyle.

The Policy applies to Wonga.

The document applies to the Group's own operations.

### **Training Policy**

The Training Policy covers the impacts, risks, and opportunities identified within the following material matters: employee well-being, employee engagement, inclusion and diversity (DEI), and employee education.

The Training Policy helps advance the Group's business strategy by fostering employee development, which in turn enhances the organisation's growth, innovation, and competitive strength. Through participation in training, employees can develop their professional knowledge and skills, but also receive guidance on ethical conduct and values they should uphold in daily work.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, Novum, and KRUK TFI.

The document applies to the Group's own operations.

### **Employee Development Procedure**

The Employee Development Procedure covers the impacts, risks, and opportunities identified within the following material matters: employee well-being, employee engagement, and employee education.

The Procedure is designed to support employee growth through diverse initiatives and methods, ensuring that team members acquire the skills necessary to achieve established goals aligned with the strategic vision. Through participation in training, employees can develop their professional knowledge and skills, but also receive guidance on ethical conduct and values they should uphold in daily work. A deep understanding of these principles fosters a strong and responsible organisational culture.

The Procedure applies to KRUK Romania.

The document applies to the Group's own operations.

### **Personal Data Management Policy**

The Personal Data Management Policy covers the impacts, risks, and opportunities identified within the following material matters: employee well-being, employee engagement, and employee education.

The purpose of the Policy is to formalise the principles and procedures governing the processing of personal data, ensuring the implementation of appropriate technical and organisational measures to maintain data security while respecting the rights of individuals whose data is processed or entrusted for processing. The Policy establishes regulations concerning the principles of personal data processing, data subject rights, data security, rules for entrusting and sharing personal data, data breach management, and defines the tasks and responsibilities of the data controller, data processors, and the data protection officer.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK TFI, KRUK Italia, KRUK Romania, KRUK España, KRUK Česká a Slovenská republika, KRUK Tech, RoCapital, and Biroul de Detectivi Particulari Corbul.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Legal Risk and Personal Data Processing Risk Management Policy**

The Legal Risk and Personal Data Processing Risk Management Policy covers the impacts, risks and opportunities identified within the following material matters: employee health and safety, and fair wages.

The Policy defines the approach to managing legal and personal data processing risks in the course of the KRUK Group's operations within the second line of defence, in accordance with the Risk Management System Policy. The purpose of the Policy is to ensure that legal risk and personal data processing risk are effectively identified, assessed, controlled,

monitored, and reported. It establishes the principles and responsibilities related to managing these risks and defines the powers and duties of individuals responsible for these areas.

The Policy applies to KRUK S.A., KRUK Romania, KRUK Italia, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **KRUK Group Compliance Risk Management Policy**

The KRUK Group Compliance Risk Management Policy covers the impacts, risks and opportunities identified within the following material matters: employee health and safety, inclusion and diversity (DEI), and fair wages.

The Policy defines the approach to managing compliance risk in the course of the KRUK Group's operations. It supports the development and promotion of a compliance culture, establishes principles and responsibilities related to the compliance process, and defines the powers and duties of individuals responsible for compliance.

The Policy applies to KRUK S.A., KRUK Romania, KRUK Italia, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Internal Control System Policy**

The Internal Control System Policy covers the impacts, risks, and opportunities identified within the following material matters: employee health and safety, employee engagement, employee well-being, inclusion and diversity (DEI), employee education, and fair wages.

The Policy defines the principles and responsibilities related to the internal control system. Its purpose is to ensure operational effectiveness and efficiency, adherence to risk management principles, and compliance with legal and regulatory requirements.

The Policy applies to KRUK S.A., KRUK Romania, KRUK Italia, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to the Group's own operations.

In addition, in the markets where the KRUK Group employs personnel, the Group companies have introduced separate regulations that comply with local laws, social norms, and ethical standards applicable in those markets. These include:

#### **Workplace regulations**

Workplace regulations cover the impacts, risks, and opportunities identified within the following material matters: employee well-being, employee engagement, inclusion and diversity, workplace safety and employee health, employee education, and fair wages.

These regulations define the principles and standards governing work organisation, the responsibilities of employees and the employer, and ensure compliance with applicable labour law provisions. They include Work Rules, Codes of Conduct, and Fundamental Principles of Conduct, Which govern various employment-related matters, such as working hours and leave policies, employee responsibilities and accountability, performance of duties, and procedures for addressing rule violations.

Workplace regulations, adapted to local legal requirements, have been implemented in KRUK S.A., Kancelaria Prawna RAVEN, KRUK TFI, Novum, Wonga, KRUK Italia, AgeCredit, KRUK España, KRUK Česká a Slovenská republika, KRUK Romania, KRUK Tech, Biroul de Detectivi Particulari Corbul, and RoCapital.

The documents apply to the Group's own operations.

#### **Remuneration regulations**

Remuneration regulations cover the impacts, risks, and opportunities identified within the following material matters: employee well-being, employee engagement, inclusion and diversity (DEI), and fair wages.

The respective regulations in the Group companies, together with the Salary Review Guidelines, form the foundation of each company's remuneration policy, ensuring compliance with national legislation and supporting the organisation's

long-term development and stability. These documents clearly define the principles of remuneration and outline employee entitlements with respect to pay. These include documents such as the Remuneration Rules, and in Spain, the Incentive Procedure and the Discretionary Bonus Policy.

Remuneration regulations have been implemented in KRUK S.A., Kancelaria Prawna RAVEN, KRUK TFI, Novum, Wonga, and KRUK España. In the other Group companies, remuneration rules have been incorporated into the applicable workplace regulations.

The documents apply to the Group's own operations.

### **Health and safety regulations**

Health and safety regulations cover the impacts, risks and opportunities identified within the following material matters: workplace safety and employee health, employee well-being, employee engagement, and employee education.

Specific regulations in each company ensure safe and ergonomic working conditions while maintaining compliance with local laws governing the responsibilities of both employees and employers in the area of occupational health and safety (OHS). These include process-specific and job-specific work instructions (KRUK S.A., Kancelaria Prawna RAVEN, KRUK TFI, Novum), the Physical and Environmental Safety Policy (KRUK Italia), and separate documents detailing job-specific risk exposure (KRUK España). The regulations cover hazard identification, employee training, emergency procedures, OHS monitoring, and safety-related communication in the workplace.

Health and safety regulations have been implemented in KRUK S.A., Kancelaria Prawna RAVEN, KRUK TFI, Novum, KRUK España, KRUK Česká a Slovenská republika, KRUK Italia, and InvestCapital. In KRUK Romania, occupational health and safety policies are derived directly from national law.

The documents apply to the Group's own operations.

### **Remote work regulations**

Remote work regulations cover the impacts, risks, and opportunities identified within the following material matters: workplace safety and employee health, employee well-being, and employee engagement.

The regulations adopted by the respective companies define the principles for performing work and official duties outside of company premises, in accordance with the nature of the role and national legislation. These include Remote Work Rules as well as documents such as the Remote Work Agreement between KRUK S.A. and the NSZZ Solidarność trade union.

Remote work regulations have been implemented in KRUK S.A., Kancelaria Prawna RAVEN, KRUK TFI, Novum, Wonga, KRUK Italia, KRUK España, KRUK Česká a Slovenská republika, and InvestCapital. In KRUK Romania, remote work is governed by the Work Rules, which also apply to other KRUK Group companies based in Romania.

The documents apply to the Group's own operations.

### **Rules of the Company Social Benefits Fund at KRUK S.A.**

The Rules of the Company Social Benefits Fund at KRUK S.A. cover the impacts, risks, and opportunities identified within the following material matters: employee well-being, employee engagement, inclusion and diversity (DEI), and fair wages.

They set out the rules for allocating funds from the Company Social Benefits Fund for various purposes, types, and forms of staff welfare activities, as well as the terms and conditions for accessing social benefits provided by the Fund. They serve as an essential tool supporting both employees and employers, ensuring transparency, compliance with legal regulations, and flexibility in managing social benefits, ultimately contributing to overall employee well-being.

The Rules apply to KRUK S.A.

The document applies to the Group's own operations.

As a rule, the provisions of the above policies and regulations apply to all groups comprising the KRUK Group's own workforce, in accordance with the respective regulations. The only exceptions are documents that, due to specific legal requirements enacted in certain countries, may apply exclusively to employees with employment contracts. This results

in a difference in approach and application with respect to associates cooperating with the Group. Such exceptions include, among others, Work Rules, Rules of the Company Social Benefits Fund, and OHS regulations.

Policies within the KRUK Group companies are adopted by resolution of the Management Board of KRUK S.A. and, in other Group companies, by their respective General Directors or management boards. In Kancelaria Prawna RAVEN, policies are adopted by the general partner of the company.

Other regulations concerning specific processes or areas are approved on a case-by-case basis by process owners, who report – depending on the organisational structure – to the Management Board of KRUK S.A., or the relevant General Directors, management board/general partner, or senior manager.

The KRUK Group aims to harmonise corporate governance principles across the entire organisation. Given the diversity of activities, the size of individual companies, and the available resources, not all regulations are implemented uniformly across all companies. The key companies are those engaged in debt collection operations for purchased portfolios (KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika), which are required to implement uniform standards derived from Group policies. The KRUK Group Human Rights Policy, which has not yet been implemented in KRUK Romania, is scheduled for implementation in 2025. Other regulations are implemented based on local legal and organisational conditions.

All the aforementioned policies and regulations undergo periodic reviews to ensure their alignment with applicable legal requirements and internal regulations within KRUK Group companies. The effectiveness of policies and regulations is also assessed through internal audits.

For the implementation of these policies and regulations, expert support is provided by the document owner specified in each respective document.

## **Making policies and regulations available to stakeholders**

[S-1-MDR-P-65-f]

The KRUK Group Code of Ethics, extracts from the Anti-Corruption Policy, Conflict of Interest Management Policy, Human Rights Policy, Diversity and Inclusion Policy and Gift Policy are available in both the Polish and English language versions on the KRUK S.A. website at the following addresses: <https://pl.KRUK.eu/esg/polityki> and <https://en.kruk.eu/esg/policies>.

The documents are thus made available to stakeholders across both the upstream and downstream value chain.

All policies and other internal regulations are also accessible to employees and associates of the companies where they apply via the internal communication portal or designated shared folders. The documents are provided in local languages in the countries where they apply.

## **Third-party standards or initiatives the undertaking commits to respect through policy implementation**

When developing its policies and regulations, the KRUK Group considers not only the national legislation but also internationally recognised guidelines and standards, including:

- a. For the Human Rights Policy and Code of Ethics: The United Nations Sustainable Development Goals, UN documents, including the UN Guiding Principles on Business and Human Rights, as well as the OECD Guidelines for Multinational Enterprises, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the UN Global Compact, the International Covenant on Economic, Social and Cultural Rights, And the International Covenant on Civil and Political Rights.
- b. For the KRUK Group Diversity and Inclusion Policy: provisions of the Diversity Charter (of which KRUK S.A. has been a signatory since 2013, Wonga and KRUK Romania since 2018, and KRUK España since 2024).

## **Consideration given to the interests of key stakeholders in setting the policies**

In the course of developing policies and other internal regulations, stakeholders were not directly consulted. However, in the case of documents related to labour matters, the KRUK Group takes into account the interests of employees, which arise from:

- a. Applicable national legislation, as well as the internationally recognised guidelines and standards,
- b. Arrangements with trade unions in companies where they operate (KRUK S.A., KRUK Italia),
- c. Employee questionnaires and engagement surveys that address current needs and employee perceptions,
- d. Best market practices that KRUK Group companies commit to by joining international organisations (such as the United Nations Global Compact) or signing commitments to responsibly manage the interests of employees (for example, the Diversity Charter),
- e. Current market trends, reports, findings, and market observations, such as those related to well-being, employment, or generational trends.

Other key stakeholders influencing the development of workforce-related policies include the regulators and industry organisations of which KRUK Group companies are members.

### 7.2.1. Own workforce and human rights

[S1-1-20, S1-1-21, S1-1-22, S1-1-23, S1-1-24, S1-2-27-d]

In line with the KRUK Group Human Rights Policy, the Group is committed to adhering to international human rights standards as defined by the United Nations (UN). These include:

- a. International Bill of Human Rights, including the Universal Declaration of Human Rights,
- b. International Covenant on Economic, Social and Cultural Rights,
- c. International Covenant on Civil and Political Rights,
- d. UN Guiding Principles on Business and Human Rights,
- e. The Ten Principles of the UN Global Compact.

The KRUK Group also endorses and complies with the human rights provisions of both international and local legislation applicable in countries where it operates, including:

- a. International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work,
- b. OECD Guidelines for Multinational Enterprises.

This commitment is formally articulated in the KRUK Group Human Rights Policy, which sets out the obligation assumed by the Group companies to align their activities with international human rights standards, under which the Group:

- avoids violating or contributing to the violation of human rights within the organisation and responds to any such incidents involving its workforce through the whistleblowing system and internal regulations supporting that system.
- conducts its business with due diligence regarding the protection of human rights and mitigation of negative workforce impacts.
- respects, safeguards, and takes responsibility for human rights in relation to its workforce.
- promotes human capital development, particularly by creating employment opportunities and enhancing workforce growth potential, for instance by addressing staff training needs.
- encourages workforce awareness of the principles set out in the Human Rights Policy and Code of Ethics and monitors compliance through knowledge dissemination, including training initiatives.

The above aspects related to the Group's own workforce are also addressed by:

- a. Code of Ethics,
- b. Diversity and Inclusion Policy,
- c. Internal Whistleblowing Procedure,
- d. Mediation Policy,
- e. Gift Policy,
- f. Conflict of Interest Management Policy,
- g. Anti-Corruption Policy,
- h. Personal Data Protection Policy,
- i. Workplace regulations,

- j. Remuneration regulations,
- k. Health and safety regulations,
- l. Remote work regulations.

It should be noted that the KRUK Group has not signed a separate agreement with employee representatives regarding the protection of human rights.

However, respect for human rights, including labour rights, remains its utmost priority. This commitment is reflected in the regulations that all employees and members of the governing bodies of KRUK Group entities must adhere to. In accordance with these regulations, all KRUK Group employees are treated with respect, regardless of gender, age, disability, health status, race, nationality, ethnic origin, religion or lack thereof, political beliefs, trade union membership, sexual orientation, gender identity, marital status, lifestyle, or any other factor that could result in discriminatory treatment.

The KRUK Group Code of Ethics is a set of principles, values, and ethical standards, reinforcing its Mission, Vision, and Values, which guide employees' actions and form the foundation of expected behaviours within the organisation.

The Group's priority is to create an ethical and stable work environment, while operating in compliance with legal, social, and ethical standards. By upholding the values and commitments outlined in the Code of Ethics, the KRUK Group fosters a secure and stable workplace where everyone is encouraged to actively shape the organisational culture and contribute to decision-making. Building workforce engagement in a stable and sustainable organisation is possible through clear principles, well-communicated goals and expectations, and well-defined responsibilities.

At the KRUK Group, employees are encouraged to voice their opinions, ask questions, and continuously develop their skills, which makes them ever more engaged, contributing to the creation of a stable and sustainable organisation. A fundamental principle observed by the Group is to offer equal employment and promotion opportunities. Every employee and associate should be able to make the best use of their knowledge and competencies, and thereby fully realise their professional potential, including through the promotion of internal career development opportunities. The KRUK Group takes care to ensure that the processes of recruitment, hiring, promotion and employee evaluation are fair and objective. The Group respects the personal and family lives of its workforce and actively promotes a healthy work-life balance. Furthermore, the Group supports initiatives that, in accordance with applicable legislation, including collective labour rights, enable employees to organise and associate, thereby fostering strong and responsible labour relations.

As prescribed by the Code of Ethics, employees are obliged to comply with legal regulations regarding the formation and membership of trade unions, employee groups and associations. The right to collective bargaining is respected, and the actions taken by organisations representing employees are acknowledged in accordance with their designated roles.

Among the fundamental principles embraced by the KRUK Group is a zero tolerance approach to bullying and discrimination, as well as a commitment to fostering a work environment based on dignity, engagement, equity, and mutual cooperation.

The KRUK Group firmly opposes violence, harassment, and intimidation of employees, and does not tolerate any form of child labour, slavery, or forced labour.

In accordance with the Human Rights Policy, every employee receives fair and non-discriminatory remuneration, As per the remuneration regulations applicable in the respective subsidiaries.

The KRUK Group provides a safe working environment in compliance with applicable health and safety regulations and internal policies, minimising the risk of accidents, injuries, and health hazards.

It is important to note that the key policies and documents reflecting the KRUK Group's commitment to respecting human rights are issued by the Management Board of KRUK S.A., and – at the local company level – by the General Director or management board of the respective entity. This underscores the utmost importance attached to these internal documents and further emphasises the significance of the matters they govern.

## Inclusion and diversity

### Anti-discrimination policies and practices

The KRUK Group has in place a Diversity and Inclusion Policy, whereby it has established principles for managing workforce diversity and fostering an inclusive culture based on equal opportunities. The Policy incorporates measures aimed at preventing discriminatory practices and mitigating the effects of inequalities, particularly for groups at higher risk of exclusion or marginalisation. The Diversity and Inclusion Policy ensures a workplace free from discrimination, granting all employees equal career development opportunities and protection against unequal treatment, irrespective of gender, age, disability, health, race, skin colour, ethnicity, nationality, religion, beliefs, sexual orientation, gender identity, family status, neurodiversity, or any other characteristic that might lead to less favourable treatment in violation of national or EU regulations.

All employees are required to receive inclusivity training under the KRUK Group Diversity and Inclusion Policy.

It is also important to highlight that anti-discrimination and anti-marginalisation measures align with the KRUK Group's core values, strong ethical culture, and the international principles adopted through the Diversity Charter,

A European Commission initiative for the promotion of equity and diversity in corporate working environments, implemented in 26 European Union countries. The Diversity Charter represents each signatory's commitment to actively foster and promote diversity and its readiness to engage the entire workforce, as well as business and social partners, in these efforts.

To prevent inequalities, the Group monitors and analyses workforce-related data, with a focus on gender distribution (particularly on the management and supervisory bodies, among managerial staff and in leadership positions), access to promotions, pay gap, use of parental and caregiving leave, the number of employees returning to work after extended absences, percentage of employees with disabilities, age diversity, ethnic and cultural diversity, reported cases of discrimination, and the number of employees who have completed mandatory DEI training.

The Group actively prevents unequal pay by regularly keeping track of salary and promotion processes to eliminate any gender pay gaps that may arise between female and male employees with comparable competencies and experience. The KRUK Group is committed to promoting gender equality also in the context of parenthood, by sharing internal communications and guides on parental rights, with special emphasis placed on encouraging fathers to benefit from their rights and engage in family responsibilities.

The Group also prevents discrimination based on disability. To further promote workplace accessibility and inclusion for people with disabilities, KRUK observed Disability Pride Month in July, providing the Group's employees and other workers with a comprehensive guide on disability rights via internal communication channels. To support daily workplace integration, local disability ambassadors have been appointed in each country where the KRUK Group operates (Poland, Spain, Romania, Italy and the Czech Republic). Their role is to enhance internal accessibility. For employees with disabilities, ensuring that workplace adjustments are made to accommodate special needs, thereby reducing the risk of exclusion or discrimination. To prevent misunderstandings and combat stereotypes, the KRUK Group also provides education on inclusive communication and disability etiquette. In 2024, KRUK S.A. hosted experiential workshops, featuring interactive stations designed to help employees better understand the perspectives and barriers faced by individuals with disabilities or special needs, including age-related challenges.

An essential aspect of the KRUK Group's diversity and inclusion efforts is to prevent discrimination based on sexual orientation and gender identity while providing education on inclusive practices for the LGBTQ+ community. Building on its ethical approach and core values of respect, accountability, and cooperation, the Group organised a global internal communication campaign for Pride Month in 2024. The initiative included a special guide on preventing the exclusion of LGBTQ+ individuals in the workplace. It also featured the Rainbow Roundtable, an international workshop marking the culmination of Pride Month celebrations, led by the Group DEI Lead, bringing together employees from across the KRUK Group to share insights on LGBTQ+ inclusion progress in their respective countries. Other initiatives throughout the year included internal communications and guides on parenting programmes, neurodiversity, multicultural collaboration, and mental health.

Additionally, mental health support programmes for staff members are available in Poland, Romania, Spain, Italy, and the Czech Republic, offering professional assistance to help them cope with crises.



Employees across all markets have flexibility to perform their tasks both in-office and remotely. Hybrid work is the standard within the KRUK Group, continuously enhanced by providing dedicated tools and support for both managers and employees, fostering a work culture that accommodates the diverse needs of team members.

All these measures help prevent the exclusion, marginalisation, or misunderstanding of vulnerable groups with specific needs in daily work. Additionally, the Group actively promotes the benefits of diverse perspectives and identities, recognising their role in driving innovation and team performance.

The KRUK Group has a total headcount of over 3,800 across several European countries. In 2024, they represented more than 30 different nationalities. In that year, the Group celebrated its multicultural workforce and shared values of inclusion and collaboration during European Diversity Month. The celebrations included a statement from Urszula Okarma, Management Board Member, Chief Investment Officer and DEI Sponsor, addressed to the entire Group, complemented by both internal and external communications aimed at raising diversity awareness. An internal webinar was held on the impact of unconscious bias on inclusion. More than 850 employees participated, with sessions available in Polish and English, along with translations into local languages.

To assess diversity, equity, and inclusion (DEI) aspects within the organisation, the employee engagement survey in 2024 included DEI-related questions. Over 90% of the employees who participated expressed approval of the KRUK Group's DEI efforts. While the engagement survey is confidential, it is analysed by gender and age group, serving as a tool for the Group to monitor workplace inclusion, find out whether employees feel secure and have a sense of belonging, while identifying any risks of discrimination or exclusion.

Any breaches of the Diversity and Inclusion Policy can be reported through the whistleblowing channel designated for the respective Group entity. Employees who witness breaches of diversity, equal treatment or anti-exclusion policies may also report their concerns to supervisors, HR and Compliance teams, the Group Diversity, Equity & Inclusion Lead, or other relevant workplace equality units (established in accordance with local regulations, such as the Consultation and Mediation Team). Any situations in which unequal treatment, discrimination based on various characteristics or other forms of unethical behaviour have been detected are thoroughly examined through individualised procedures by trained personnel, who assess whether a reported case does amount to discrimination or unequal treatment. If non-compliance with legal regulations, internal policies or KRUK Group values is confirmed, appropriate consequences are enforced, depending on the nature of the violation. Additionally, measures are taken to eliminate the sources of discrimination within the organisation.

According to the KRUK Group Code of Ethics, discrimination, harassment (including sexual harassment), unequal treatment, intimidation, disrespect, and any form of physical or verbal aggression are strictly prohibited. Employees, associates and members of the governing bodies are expected to actively prevent such behaviours and, should they occur, are obliged to mitigate their consequences. All employees are also required to complete mandatory training on how to prevent bullying at work.

### **Commitments to social inclusion and/or positive actions aimed at supporting individuals from groups particularly vulnerable to risks and exclusion**

Key commitments to social inclusion of individuals from vulnerable groups among the Group's own workforce are discussed in the ESG Strategy and the Diversity and Inclusion Policy. They include:

#### **Commitments under the ESG Strategy 2023–2025:**

- a. Maintaining gender equality – at least 50% women in all positions, including managerial roles,
- b. Pay equity – 0% gender pay gap by 2025<sup>2</sup>,
- c. Employment of people with disabilities – 4% of the workforce by 2025,
- d. Proportion of women on management boards – at least 40%,
- e. Annual employee turnover – not exceeding 16%.

#### **Commitments in recruitment and employment:**

- a. Inclusive job postings – written in inclusive language, open to all genders,

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<sup>2</sup> 0% gender pay gap refers to adjusted pay gap.

- b. Employment of people with disabilities – reducing recruitment barriers and ensuring accessibility,
- c. Non-discrimination – avoiding discriminatory and personal questions during hiring processes,
- d. Accessible and inclusive recruitment – development of guidelines and best practices for hiring persons with disabilities and neurodiverse individuals.

#### Commitments in workforce development and training:

- a. Equal access to knowledge – a range of open training programmes available to all employees,
- b. Promoting DEI values – education through webinars, workshops, and articles.

#### Commitments in workforce remuneration:

- a. Pay gap analysis – regular measurement and correction of pay disparities,
- b. Objective criteria – objective criteria for setting salaries.

Additionally, the KRUK Group monitors key diversity and inclusion indicators, including gender distribution, promotion opportunities, pay disparities, workforce demographics, employee retention rates, and use of parental leave.

### 7.3. PROCESSES FOR ENGAGING WITH OWN WORKFORCE AND WORKERS' REPRESENTATIVES (S1-2)

[S1-2-27 a-b-c, S1-2-28]

The KRUK Group places great importance on transparency and up-to-date communication with its workforce. The Group ensures that messages are engaging, clear, and adapted to employees' needs, expressed in straightforward and understandable terms. Additionally, they are available in multiple languages depending on the target market.

A variety of communication channels and tools are used, including emails, chats, townhall meetings held via Microsoft Teams or in-person, and the SharePoint (Intranet) communication platform. The Intranet serves as a central resource for important information, documents, guidelines, and articles. Key messages relevant to the entire organisation are also delivered in the form of videos, which are then distributed across the Group or within specific subsidiaries.

Daily communication strategies take into account the specific needs of different employee groups, such as Contact Centre staff and Field Advisers, ensuring optimised solutions for each of them.

Employees can also submit ideas and suggestions via JIRA, a system used for task and project management; dedicated email addresses, including general suggestion inboxes and addresses for specific needs, such as an email alias for employees with disabilities to submit requests and feedback. Incident reporting is handled through the JIRA channel.

The Group regularly collects anonymous employee feedback through surveys, which help enhance communication processes and better address team needs. Additional surveys are conducted within specific companies, covering topics such as sustainability perspectives, mental health, workplace accessibility, and office working conditions, all of which are crucial for the well-being and engagement of own workforce.

Between May and June 2024, a confidential and voluntary engagement survey was conducted across the Group companies in Poland (excluding Wonga.pl), Romania, Spain, Italy and Malta. The survey had a 92% participation rate, Having revealed the employee engagement level of 89%. Positive feedback highlighted several key strengths of the KRUK Group (with a score of 80% or more), including goal cascading, managerial support, work organisation, collaboration, innovation and technology, feedback, a sense of impact and autonomy, DEI, work-life balance, communication and transparency, and senior leadership. The KRUK Group's results in these areas – and for overall engagement – outperformed benchmarks for financial sector companies, high-performance firms, and national norms across all its markets covered by the survey. When compared exclusively to external benchmarks, the areas identified for further development include: career and development (73%), remuneration (69%), and change management (70%), although the scores are still relatively high (around 70% based on the survey methodology). By the end of 2024, action plans were developed to implement engagement-supporting initiatives across the various indicators in 2025, tailored to the specific insights from individual teams. The survey will be repeated annually to track the impact of implemented initiatives.

To strengthen the KRUK Group's employer brand, in alignment with its corporate culture, workforce-focused initiatives are also communicated through external channels. Examples include LinkedIn posts and campaigns celebrating key occasions such as International Women's Day, European Diversity Month, Pride Month, Pink October (Breast Cancer Awareness), Movember (devoted to Men's Health issues), and Day Without Debt.

In addition to informal communication channels, the KRUK Group maintains formalised structures for employee dialogue within its subsidiaries:

**Poland:**

- a. Trade unions – the NSZZ Solidarność trade union operating at KRUK S.A. is consulted on changes to the Work and Remuneration Rules, individual employee matters (including contract terminations, particularly when the employee is a union member), working conditions and pay policies.
- b. Employee Forum at KRUK S.A. – a body operating on the basis of the Employees (Provision of Information and Consultation) Act of 7 April 2006. Forum members participate in quarterly meetings with the employer's representatives, where they receive updates on the Company's business, economic situation, employment levels, and workforce retention efforts. KRUK S.A. consults the Employee Forum on matters related to the organisation of work and terms of employment. meetings held every three months. The body's meetings with the employer are held every three months, while employees can submit questions to the Forum via email at: [kruk\\_forum@kruksa.pl](mailto:kruk_forum@kruksa.pl).
- c. Consultation and Mediation Team (operating on the basis of the Mediation Policy), who are responsible for investigating reported conflicts and taking resolution-oriented actions. It also handles cases related to potential workplace bullying, harassment (including sexual harassment), and discrimination.
- d. Employee Representatives at Wonga – two persons elected for two-year terms through an official employee election process. Their responsibilities are outlined in the Work Rules and the Polish Labour Code. Their role is to mediate between the employer and employees, ensuring that employee interests are safeguarded and that key company decisions affecting employees are properly consulted.

**Romania:** in accordance with local labour laws, open discussions are held annually to elect employee representatives, which additionally serve as an opportunity for dialogue, allowing employees to raise suggestions and ideas.

**Italy:** all individual employment contracts in Italy are governed by the National Collective Labour Agreements (NCLA). Collective bargaining with trade unions is essential in shaping employment relations by establishing relevant frameworks and minimum standards for salaries and wages, working hours, leave management, pay structures, employee protection, job classification, dispute resolution and compliance with labour laws. Consultations with trade union representatives are conducted in accordance with local regulatory guidelines on matters within their scope of interest.

**Spain:** Employment contracts for persons employed in Madrid (Comunidad de Madrid) are subject to collective bargaining agreements for employees performing office work in the area of Madrid (*Convenio Colectivo de Oficinas y Despachos de la Comunidad de Madrid*).

**The KRUK Group recognises that certain employees may be at higher risk of discrimination or marginalisation**, which is strictly prohibited within the Group. This concerns individuals who may face discrimination based on their gender and gender identity, age, sexual orientation, ethnic or cultural background, religious beliefs, special needs resulting from disability, neurodiversity, family caregiving responsibilities, or remote residence in relation to the workplace.

**The KRUK Group's initiatives to gain insight into the experiences of vulnerable or marginalised employees include:**

- a. Employee engagement survey – as previously mentioned, the survey included questions on diversity, inclusion, and potential discrimination within the KRUK Group. More than 90% of participants indicated that the organisation provides a workplace free from discrimination and harassment, while actively supporting diversity and inclusion,
- b. International Rainbow Roundtable – a global workshop series engaging employee representatives from across the KRUK Group to discuss LGBTQ+ inclusion and workplace diversity,
- c. Experiential workshops – featuring interactive stations to help gain a deeper understanding of challenges faced by individuals with visual, auditory, and mobility impairments, as well as age-related limitations. The workshops were attended by employees of Polish companies, along with guests from Romania and Spain,
- d. Local disability ambassadors – appointed to support the daily integration of employees with disabilities at the Group companies.

The KRUK Group's focus is on empowering its employees to foster an inclusive and ethical workplace culture. To support this commitment, the Group monitors key diversity, equity, and inclusion (DEI) indicators, ensuring that the perspectives of employees who may be particularly vulnerable to marginalisation or discrimination are taken into account. The responsibility for maintaining ongoing and effective dialogue with employees lies with the HR departments, which locally manage employee relations, engagement initiatives, and programmes that support workforce well-being and professional development.

The HR Directors of KRUK S.A., KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika report to their respective General Directors while also collaborating with the Group Head of Human Resources Area at KRUK S.A., who reports directly to KRUK S.A.'s Management Board Member.

## 7.4. PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKFORCE TO RAISE CONCERNS (S1-3)

[S1-3-31, S1-3-32, S1-3-33]

The KRUK Group adheres to ethical standards, ensuring full integrity and transparency in both internal and external relations. Particular emphasis is placed on conducting business in compliance with the applicable laws, internal regulations adopted by the Group, and ethical standards.

Where the Group causes a material negative impact by failing to take adequate action to ensure workplace safety and employee health, it undertakes remedies as described in section 7.5 'Actions taken to manage material impacts and risks and pursue material opportunities related to own workforce, and the effectiveness of those actions', section 7.4.1 'Whistleblowing process' and section 7.4.2 'Process for reporting and managing incidents of discrimination, unequal treatment, bullying and harassment, including sexual harassment'.

Monitoring the effectiveness of actions aimed at remedying negative impacts on the Group's own workforce is conducted by tracking accident rates and the number of reported violations through the whistleblowing and anti-discrimination processes. An additional form of evaluating the effectiveness of the actions taken is the employee satisfaction survey, which was conducted for the first time in the reporting year.

To counteract potential negative effects arising from suspected or actual cases of discriminatory behaviour, bullying, or harassment, the Group implements the following remedies and processes:

### 7.4.1. Whistleblowing process

Recognising that irregularities cannot always be entirely avoided, the KRUK Group undertakes a range of measures aimed at detecting and responding to any misconduct and violations. To facilitate the reporting of breaches and concerns over any observed irregularities by employees, associates, contractors and business partners, as well as to ensure the efficiency of the detection process, enable appropriate corrective actions and mitigate risks at all organisational levels, the Group has implemented a dedicated whistleblowing channel. The whistleblowing system is fully aligned with the requirements of the EU Whistleblower Protection Directive and its local transposition into national legal frameworks. It thus guarantees a secure and confidential (anonymous) reporting mechanism, allows for communication with the whistleblower, and ensures the provision of feedback after the report has been reviewed, even in cases where an issue was reported anonymously.

In accordance with the internal whistleblowing procedures in effect at individual Group companies, any employee, associate or member of the KRUK Group's governing body who identifies an irregularity or a breach of internal regulations has the right to report such issue through the whistleblowing channel. The purpose of the whistleblowing process is to encourage staff members to report their concerns in good faith within a reprisal-free environment, allowing the organisation to effectively deal with misconduct, protect affected individuals, and implement corrective actions to prevent similar incidents in the future. The procedures outline the rules for reporting violations, handling reports (including follow-up actions), and protecting individuals who report in good faith from retaliatory measures. They also establish data protection principles to safeguard personal information.

Each report is thoroughly investigated, which may result in the following actions:

- a. Necessary introduction or amendment of internal regulations applicable in the company,
- b. Implementation and execution of internal audits, followed by appropriate post-audit steps,

- c. Recommendation of a specific course of action,
- d. Provision of targeted training sessions,
- e. Raising staff awareness of Applicable rules,
- f. Application of disciplinary measures, including those arising from labour law provisions,
- g. Implementation of additional preventive measures to minimise the risk of similar violations in the future.

Additionally, a report review team is established to conduct the investigation, with its composition determined based on several criteria, such as independence, impartiality, placement within the company's organisational structure, competency, and expertise (multidisciplinary knowledge base).

At the KRUK Group, a whistleblower can report a violation, also anonymously, through the following channels:

- a. Electronically:
  - KRUK S.A. and Kancelaria Prawna RAVEN: via the whistleblowing system available at <https://whistlekruksa.vco.ey.com/> or by email at [whistleblowing.rn@kruksa.pl](mailto:whistleblowing.rn@kruksa.pl) if the report concerns a member of the KRUK S.A. Management Board.
  - KRUK Italia: via the whistleblowing system available at <https://it.kruk.eu/whistleblowing>
  - KRUK España: via the whistleblowing system available at <https://canaletico.es/es/kruk>
  - KRUK Romania: via the whistleblowing system available at <https://ro.kruk.eu/raportarea-abuzurilor> and by email at [adresavertizor@kruk.com.ro](mailto:adresavertizor@kruk.com.ro)
  - KRUK Česká a Slovenská republika: at <https://cz.kruk.eu/vnitrioznamovaci-system> and by email at [oznameni@cz.kruk.eu](mailto:oznameni@cz.kruk.eu)
  - Wonga: at [https://app.sygnanet.pl/wonga\\_pl/pl](https://app.sygnanet.pl/wonga_pl/pl)
  - InvestCapital: at <https://investcapital.com.mt/en/pages/whistleblowing> and by email at [whistleblowing@investcapital.com.mt](mailto:whistleblowing@investcapital.com.mt)
- b. By sending a report in paper form via traditional mail to the address specified in the internal regulations.

The KRUK Group companies which have the whistleblowing process in place are committed to protecting all employees who report concerns in good faith, ensuring that such individuals do not face retaliation or other adverse consequences for submitting a report. In accordance with applicable national legislation, whistleblowers are afforded protection provided they had reasonable grounds to believe that the reported information was accurate at the time of submission and that it falls within the definition of a violation or irregularity. Maintaining confidentiality is a key measure to ensure a sense of security and minimise the risk of retaliation. The anonymous and confidential whistleblowing channel available in the companies listed above enables employees, associates, members of the governing bodies, witnesses to misconduct, or individuals with knowledge of violations or irregularities, including business partners and suppliers, to submit a report in accordance with the Whistleblowing Channel Procedure or Whistleblowing Policy adopted by the respective company. These regulations are designed to encourage employees to report violations and irregularities in good faith within a retaliation-free environment, allowing the organisation to effectively deal with misconduct, protect affected individuals, and implement corrective actions to prevent or minimise the impact of similar incidents in the future.

The identity of the reporting person, as well as any information that could lead to their identification, may not be disclosed to the subject of the report, third parties, or other employees and associates, unless the reporting person consents to such disclosure, except in cases where the disclosure of identity is a necessary and proportionate obligation arising from generally applicable legal provisions in the context of investigations or preparatory proceedings conducted by public authorities or court proceedings. It is prohibited to pressure a whistleblower or coerce them into revealing their identity if they have chosen to report anonymously. Personal data and all other information related to the report are stored in compliance with data protection laws, ensuring adherence to data processing policies.

#### **7.4.2. Process for reporting and managing incidents of discrimination, unequal treatment, bullying and harassment, including sexual harassment.**

Every employee and associate of KRUK S.A. and Kancelaria Prawna RAVEN may file a complaint or raise grievance regarding violations of human rights, particularly in cases involving conflicts, discrimination, unequal treatment, workplace bullying, and harassment, including sexual harassment, as outlined in the Mediation Policy. KRUK S.A. has set up a Mediation and Consultation Team, responsible for reviewing complaints, issuing recommendations, and monitoring the implementation of corrective actions. A complaint may be filed by an employee involved in a conflict situation or affected by inappropriate behaviour, as well as by a witness or any individual who becomes aware of such incidents. A

report is prepared following the investigation process, including a description of the procedure, findings and conclusions, as well as recommendations for actions primarily aimed at eliminating the root causes and mitigating the consequences of bullying, harassment, discrimination, or unequal treatment, or for steps to effectively resolve the conflict.

After the investigation is completed, the report is delivered to:

- a. a member of the Management Board or General Director of the company, as well as the director overseeing the area(s) where the violation occurred,
- b. the parties involved,
- c. the addressee of the recommendation – the individuals responsible for implementing the remedial actions recommended by the Mediation and Consultation Team. If the situation requires providing the victim of bullying, harassment, discrimination, or unequal treatment with diagnostic or therapeutic assistance, the full cost of such specialised support is covered by the company employing the perpetrator.

Reports can be submitted by email to: [wpm@kruksa.pl](mailto:wpm@kruksa.pl).

Similar processes, based on local internal regulations, have been established at KRUK Romania, KRUK España, InvestCapital, and Wonga.

The effectiveness of the communication channels listed above is ensured by monitoring specific indicators (such as the number of reports received, the number of reports resolved, implementation of issued recommendations, and the time taken to address reports submitted through the whistleblowing channel).

In accordance with the workplace rules applicable within KRUK Group companies and as part of the onboarding process, every employee is required to familiarise themselves with the mandatory set of company-specific internal regulations. Employees must comply with these regulations, including the internal policies and procedures provided to them at the time of hire and during the initial days of employment. The internal whistleblowing procedure is accessible to all employees through the company's network resources and, in the case of Wonga, is additionally included in the company's policy and procedure register. Furthermore, employees across the KRUK Group can seek assistance from the Compliance Area, which is available to provide guidance on existing reporting channels.

In 2024, the KRUK Group continued its awareness and reminder initiatives to reinforce employees' understanding of their right to report workplace irregularities. These included quarterly compliance publications, company-wide communications, such as newsletters and bulletins, with dedicated content on compliance regulations, ethics, and the whistleblowing process.

The process of monitoring and managing reports submitted through whistleblowing channels, or by means of mediation and anti-bullying procedures, involves systematic record-keeping of: (i) reports submitted in accordance with the relevant procedures in place at the company, and (ii) corrective measures taken, as recommended by the review team, tailored to each individual case.

An essential role in this process is played by the Compliance Area, which is specifically responsible for:

- a. Organising and monitoring the misconduct reporting process, including maintenance of relevant internal regulations,
- b. Communicating the available reporting channels to employees and raising their awareness of such channels,
- c. Coordinating follow-up actions based on reports received, including retention of the investigation report and all documents related to the reported case,
- d. Monitoring the implementation of tasks/recommendations as part of follow-up actions addressed in response to reported misconduct,
- e. Maintaining a register of reported incidents,
- f. Reporting on the monitoring process for cases escalated to management,
- g. Retention of documents related to the mediation process.

#### **Other channels available to employees for directly raising concerns, needs or ideas:**

KRUK Group companies have established various channels to enable employees to address their needs, share their ideas or initiatives. For example, at KRUK S.A., employees can communicate their needs in several ways:

- a. by submitting them to the Employee Forum, via email to: [kruk\\_forum@kruksa.pl](mailto:kruk_forum@kruksa.pl),

- b. through the employee suggestion scheme, available to all employees via the JIRA platform, Designed for submitting new ideas, identifying issues requiring resolution, and proposing employee-driven solutions,
- c. via the dedicated email address: [disability@kruksa.pl](mailto:disability@kruksa.pl) for individuals with disabilities or special needs.

The Group is committed to effectively maintaining and monitoring all communication channels, ensuring that employees have accessible means to make their requests, complaints or suggestions known to the organisation. However, there are no separate processes in place to assess the extent to which internal human resources trust all of the communication channels listed above.

## **7.5. ACTIONS TAKEN TO MANAGE MATERIAL IMPACTS AND RISKS AND PURSUE MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND THE EFFECTIVENESS OF THOSE ACTIONS (S1-4)**

### **7.5.1. Actions taken to prevent, mitigate or remediate material negative impacts on own workforce, and remedies provided**

[S1-4-38-a-b, S1-4-41, S1-MDR-A]

A material negative impact identified through the double materiality assessment process relates to workplace safety and employee health.

The following actions are taken to prevent, mitigate or remediate the material negative impact on employees:

#### **Implementation of occupational health and safety regulations**

The introduction of internal regulations on occupational health and safety (OHS) provides employees with clear guidelines, enhancing their sense of security while facilitating rule enforcement and improving workplace standards within the organisation. As a result, employees can feel safer and more comfortable in their working environment.

#### **Implementation of occupational health and safety regulations for remote work**

For employees working remotely, the Group has developed specific remote work guidelines, covering aspects such as ergonomic office setup, eye protection, and spine exercises. Given that the hybrid work model has become the Group's standard, ensuring comfort and safety in remote work remains a key priority.

#### **Employee training**

The KRUK Group conducts dedicated OHS training, including specialised courses for Field Advisers and Contact Centre staff, equipping them with skills to appropriately assess situations they may encounter during work and safely perform their duties.

The expected outcomes of the actions outlined in items 1-3 include enhanced occupational health and safety for both on-site and remote work, and minimising workplace accidents.

These actions are ongoing.

#### **Ensuring ergonomic workstations**

The Group ensures that employees have access to ergonomically designed workstations by providing adjustable furniture, adequate lighting, ergonomic accessories, and training on work ergonomics.

The expected outcome of these actions is enhanced occupational health and safety for both on-site and remote work.

These actions are ongoing.

#### **Programmes promoting a healthy lifestyle**

The Group implements health and well-being programmes to encourage its personnel to engage in physical activity and regularly undergo medical check-ups. Initiatives include *#TimeForHealth*, a cancer prevention awareness campaign, including Pink October and Movember, during which employees were offered free medical screenings, health webinars (on topics such as men's health and the importance of preventive medical check-ups), two hours of working time and

two hours off for preventive health screenings, and Breast ultrasound screenings conducted via a mobile health unit at KRUK's headquarters.

The expected outcome of these actions is improved employee health.

These actions are ongoing.

When the KRUK Group's activities result in negative impacts on its workforce, it is essential to implement appropriate remedies. Negative impacts may include workplace accidents, a decline in employee well-being, or incidents of discrimination or workplace bullying. In such cases, the Group not only identifies the root cause of the issue but also implements the following remedial actions to improve working conditions and enhance employee well-being.

- a. Psychological support for employees in Poland, Romania, Italy and Spain: given the nature of the debt collection industry, the Group's employees frequently interact with people in difficult personal circumstances. The Group is well aware that engaging in individual conversations about financial difficulties and dealing with such situations daily can impact its employees' well-being.
- b. Accident response procedures: if a workplace accident occurs, actions are taken in accordance with the occupational health and safety (OHS) regulations, which are communicated to employees through internal channels and training sessions. For example, at the Polish companies of the KRUK Group (excluding Wonga, which has separate regulations for this area), a detailed post-accident procedure has been developed, outlining the steps employees should take in the event of an accident, whether as a witness or a participant, along with the company's responsibilities in handling such incidents.

Procedures to be followed in the case of suspected or actual occurrence of discriminatory behaviour, bullying or harassment are described in section 7.4 'Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)' of this Statement.

## 7.5.2. Actions implemented to advance positive impacts for own workforce

[S1-4-38-c]

Ensuring positive impacts on the workforce is a key element of the human resources management strategy within the KRUK Group. These actions are designed not only to improve working conditions but also to enhance employee engagement, satisfaction, and well-being. By implementing various initiatives, including development programmes, training sessions, and promoting work-life balance, the Group fosters a work environment conducive to growth and innovation.

Considering the above, the following initiatives and actions have been implemented:

### Employee well-being:

- **Benefits package**

The KRUK Group is very strongly committed to ensuring the well-being of its staff, recognising how it can directly benefit their professional development, personal growth and family lives. Thanks to a comprehensive benefits package offered by the Group, employees gain access to professional healthcare services (covering both preventive care and treatment), incentive schemes, training, and career development opportunities.

In 2024, the Group provided the following benefits across its respective companies:

### KRUK S.A., Kancelaria Prawna RAVEN, Novum, and KRUK TFI:

- a. Private healthcare, extending to family members, including spouses or partners (regardless of gender), parents, parents-in-law, and children,
- b. Cafeteria benefits with additional Christmas/Easter bonuses;
- c. Subsidised MultiSport cards, providing employees with access to sports facilities,
- d. Group life insurance cover on preferential terms,



- e. Development training to help employees acquire new skills,
- f. Language courses to enhance linguistic competencies,
- g. Incentive scheme based on subscription warrants convertible into KRUK shares for the KRUK Group's key managers,
- h. Business car or car allowance for senior management and selected employees,
- i. Company Social Benefits Fund (which includes holiday allowance, Children's Day allowance for parents and other assistance during financial hardships),
- j. Health programmes, such as preventive health campaigns (two hours of working time for medical screenings), educational sessions on menopause awareness, and a mobile mammography unit at the office,
- k. *Two Hours for Family/Loved Ones* initiative, allowing employees to spend extra time with family,
- l. Team-building events fostering interdepartmental collaboration,
- m. Psychological support programme, providing assistance with stress management and daily challenges.

#### **Wonga**

- a. Private healthcare, extending to family members, including spouses or partners (regardless of gender), parents, parents-in-law, and children,
- b. Subsidised MultiSport cards, providing access to sports facilities,
- c. Development training to help acquire new skills,
- d. Company Social Benefits Fund (which includes holiday allowance, Children's Day allowance for parents and other assistance during financial hardships),
- e. Health programmes, such as preventive health campaigns,
- f. *Two Hours for Family/Loved Ones* initiative to spend extra time with close persons,
- g. Team-building events fostering interpersonal relationships.

#### **KRUK Česká a Slovenská republika:**

- a. Cafeteria benefits offering various options to choose from,
- b. Old-age pension insurance cover on preferential terms,
- c. Meal allowance in the form of vouchers supporting employees financially,
- d. *Two Hours for Family/Loved Ones* initiative,
- e. Upskilling training opportunities,
- f. Team-building events to foster relationships.

#### **InvestCapital:**

- a. Cafeteria system: flexible benefits system allowing employees to choose from among meal vouchers, gift cards, etc.,
- b. Health insurance cover,
- c. Life insurance cover, providing financial security in unforeseen circumstances,
- d. Team-building,
- e. *Two Hours for Family/Loved Ones* initiative,
- f. Development training to help acquire new skills and advance career prospects.

#### **KRUK Romania, RoCapital, KRUK Tech, BDP Corbul:**

- a. Health insurance cover, ensuring access to high-quality medical services,
- b. Development training and programmes to help acquire new skills and advance career prospects,
- c. Language courses to enhance linguistic competencies,
- d. Meal subsidies,
- e. Financial support in the form of holiday vouchers,
- f. Business car or car allowance for senior management and selected employees,
- g. Benefit cards offering various discounts and perks,
- h. Team-building events, fostering relationships and creating a positive workplace atmosphere,
- i. *Two Hours for Family/Loved Ones* initiative,
- j. *Health Days*, promoting physical activity, healthy office snacks, and nutrition/stress management training,
- k. Financial assistance for employees facing health-related difficulties,
- l. Psychological support programme, providing assistance with stress management and daily challenges.

## KRUK Italia:

- a. Cafeteria benefits system,
- b. Meal subsidies,
- c. Full salary during maternity leave (beyond the legally required 80%),
- d. Business car/car allowance for senior management and selected employees,
- e. Psychological support programme,
- f. Health programmes and initiatives promoting health and well-being,
- g. *Two Hours for Family/Loved Ones* initiative,
- h. Development training to help acquire new skills and advance career prospects,
- i. Team-building events to foster relationships.

## KRUK España:

- a. Private healthcare, providing access to high-quality medical services,
- b. Flexible payroll options (Cobee card) allowing employees to choose salary payment preferences,
- c. Business car/car allowance for senior management and selected employees,
- d. Health and sports initiatives, promoting fitness and well-being,
- e. Psychological support;
- f. *Two Hours for Family/Loved Ones* initiative,
- g. Development training to help acquire new skills and advance career prospects,
- h. Team-building events.

### • Organisational culture

The KRUK Group is deeply committed to creating a friendly and inclusive work environment, where employees are on first-name terms, support one another, and share their experiences while learning together. Through a culture driven by constructive feedback, employees can gain insights into their strengths and weaknesses. The Group actively promotes diversity and inclusion, ensuring that all employees feel accepted and valued, regardless of their gender, age, nationality, sexual orientation, or other characteristics.

Expected outcomes of actions outlined in items 1 and 2: improved employee health and well-being, increased job satisfaction, better work-life balance, greater sense of security and support, and enhanced career and personal development opportunities.

These actions are ongoing.

## Employee engagement (entity-specific disclosure):

### • Dialogue with employees

In 2024, the KRUK Group actively fostered employee dialogue and engagement through various tools and initiatives, including:

- a. Employee suggestion channel: available in Poland through the JIRA platform, Where employees can raise their needs, ideas, suggestions, and observations regarding potential improvements,
- b. Employee Forum at KRUK S.A.: where employees can send queries at any time via email. Topics raised by employees are discussed during regular Forum meetings. KRUK S.A. consults the Employee Forum on matters related to employment, organisational structure and anticipated changes,
- c. Open discussions at KRUK Romania: held annually to elect employee representatives, Encouraging dialogue and the exchange of suggestions and ideas,
- d. Employee surveys: exploring various topics, including workplace accessibility (Italy), mental and physical well-being (Spain), and sustainability topics (Group-wide).

The expected outcomes of these actions include creating a work culture where everyone feels valued as a full-fledged team member, has a voice in shaping their work environment and can count on mutual support.

These actions are ongoing.

### • Team-building

In 2024, the KRUK Group organised team-building events and shared celebrations, including conferences, workshops, and themed events, to foster a sense of community and collaboration among employees.

The expected outcomes of these actions include stronger connections among employees, increased job satisfaction, enhanced sense of belonging within the team and greater motivation to actively engage in company life.

These actions are ongoing.

- [Transparent communication](#)

The KRUK Group upholds a policy of transparent internal communication, ensuring that employees are regularly informed about key decisions and organisational changes while fostering a culture of constructive feedback.

The expected outcomes of these actions include greater employee engagement through increased awareness of the Group's activities, and clear understanding of goals, responsibilities, and expectations associated with various initiatives.

These actions are ongoing.

#### **Diversity, equity and inclusion (DEI):**

- [Training and workshops on diversity, equity, and inclusion](#)

In 2024, the KRUK Group implemented a mandatory e-learning programme to enhance the understanding of DEI topics. Additionally, in Poland, a new training series, Understanding DEI – Unlocking the Potential of Diversity, has been introduced. It consists of three online workshops, covering fundamentals of DEI, exploring diversity dimensions and diversity management in an international company. The expected outcome of these actions is increased employee awareness of DEI topics.

These actions are ongoing.

- [Recruitment and employment](#)

In the reporting year, the KRUK Group implemented inclusive recruitment principles and best practices, which include:

- a. using inclusive language in job postings, open to all genders,
- b. reducing barriers in the recruitment process and ensuring accessibility by offering flexible interview formats and providing recruiters with good practice guidelines in this regard,
- c. avoiding discriminatory or personal questions during hiring processes,
- d. developing guidelines and best practices for hiring persons with disabilities and neurodiverse individuals.

The expected outcomes of these actions include strengthening the employer brand as an attractive, fair, and inclusive workplace, promoting transparent practices.

These actions are ongoing.

- [DEI awareness initiatives](#)

In 2024, the KRUK Group actively promoted diversity, equity, and inclusion (DEI) through a range of initiatives:

- a. Celebrating European Diversity Month and Pride Month – activities included Group-wide internal and external communications to raise awareness about diversity efforts. Additionally, an internal webinar was held on the impact of unconscious bias on inclusion,
- b. Developing a workplace inclusion guide for LGBTQ+ employees – the dedicated guide was introduced by Urszula Okarma, Management Board Member, Chief Investment Officer & DEI Sponsor, and distributed across the Group,
- c. Rainbow Roundtable, an international workshop marking the culmination of Pride Month celebrations, led by the Group DEI Lead, bringing together employees from across the KRUK Group to share insights on LGBTQ+ inclusion progress in their respective countries,
- d. KRUK Italia's partnering a DEI-themed book launch event – organised in La Spezia during Pride Month, this event was open to both internal and external audiences, emphasising DEI management in the workplace.

The expected outcomes of these actions include creating a more inclusive and supportive work environment, where all employees and associates feel valued and respected.

These actions are ongoing.

- [Support for employees with disabilities](#)

To foster daily workplace integration, in 2023 local disability ambassadors were appointed in each country, whose role is to enhance workplace accessibility and support employees in overcoming barriers. For example, in Spain an internal survey was conducted allowing staff members with disabilities to draw the employer's attention to potential workplace obstacles. In 2024, the local disability ambassador participated in a national congress on disability employment, advocating for inclusion in the workplace. She also gave an online interview, shared externally, to raise awareness about diversity and accessibility.

The expected outcomes of these actions include improved mutual understanding and collaboration, contributing to a more sustainable and equitable work environment.

These actions are ongoing.

- [Partnerships with non-profit organisations and charitable activities](#)

To foster awareness of diversity, equal opportunities and workplace inclusion, and to support initiatives addressing these themes, KRUK collaborates with a number of organisations and actively participates in various events.

In 2024, KRUK S.A. worked with the following partners:

- BloomPro Foundation:** KRUK S.A. supports the mental health of younger generations and parents through cooperation with the BloomPro Foundation. In 2024, the Company provided funding to support the foundation's projects aimed at building psychological resilience among young people and supporting their mental well-being. As a result, KRUK's employees who are parents had the opportunity to benefit from free expert-led webinars on building healthy relationships and strengthening mental resilience.
- H2H Summit:** KRUK S.A. was a partner of the H2H Summit in Karpacz, an event dedicated to raising awareness of employment opportunities for people with disabilities in the Polish labour market. As a symbolic gesture of integration and overcoming social barriers, KRUK representatives joined participants in climbing the Śnieżka mountain.
- New Community Foundation:** seeking to minimise social polarisation, particularly in intergender relations, KRUK S.A. became a partner of the 'Women and Men' Dialogue events organised by the New Community Foundation. The discussions explored gender stereotypes and societal expectations, as well as topics related to spending habits, budget planning, and career paths.
- 30% Club Poland:** KRUK S.A. is committed to increasing female representation on corporate boards through its collaboration with 30% Club Poland, an organisation advocating for gender equality at executive level, a crucial factor in fostering more sustainable and inclusive governance structures.
- TENT:** KRUK S.A. supports refugee integration into labour markets through its partnership with TENT, an organisation whose mission is to assist refugees in finding jobs and integrating into local communities, contributing to the development of more open and supportive societies.

In the same year, KRUK España collaborated with Red Empresarial por la Diversidad e Inclusión LGBTI, an organisation supporting LGBTQ+ individuals, while KRUK Italia became a partner of LunaBlu, a foundation supporting young people on the autism spectrum. The subsidiary additionally supports LunaBlu by using their hospitality and restaurant services.

In 2024, the KRUK Group became a partner of the international D&I Changemakers Conference, reaffirming its commitment to diversity, equity, and inclusion (DEI) in business and highlighting the importance of sharing best practices to create more inclusive workplaces.

For the second year in a row (in 2023 and 2024), KRUK S.A. was named one of Poland's top employers for D&I practices in the Diversity IN Check run by the Responsible Business Forum, the Diversity Charter coordinator in Poland.

The expected outcomes of these actions include improved understanding and response to the needs of diverse employee groups, exchange of best practices and experience through collaboration with non-profit organisations, and contributions to the continuous improvement of DEI policies and initiatives.

These actions are ongoing.

### [Employee education:](#)

- [KRUK\\_up competency model](#)

In 2024, the KRUK Group continued the implementation of its KRUK\_up competency model, first introduced in 2023. Educational initiatives focused on both (i) core employee competencies, such as goal orientation, problem solving and

courage, and (ii) managerial competencies, including goal management and engagement building. A total of nine webinars were delivered for employees in Polish and English, with translations into other languages used within the Group. The full set of training materials was made available in multiple formats, including recorded sessions, audio tracks, presentations, one-pagers, educational inspirations and e-books with personalised development plans.

- **Tailored training and a wide range of training courses**

The KRUK Group introduced tailored training programmes for its workforce.

In 2024, these included Managerial Debuts (designed for newly appointed managers), Trainers Academy (a knowledge-sharing initiative where employees exchange expertise and skills), a leadership skills development programme for managers (reinforcing positive habits, and fostering an organisational culture based on mutual trust and feedback), and SuCCess Academy (a specialist development programme for Contact Centre professionals). Additionally, numerous internal and external training sessions were conducted on Agile methodologies and change management.

At KRUK Romania, in 2024, all employees had access to the Joi e despre NOI programme, which delivers short, informative development 'capsules' covering topics such as self-improvement, adaptive advantage, and other skills essential for competency-building. Other dedicated development initiatives covered topics such as Agile, change management, project management, RPA Essentials, and Six Sigma. The Leadership Development Programme in Romania included workshops for senior management, covering themes such as trust-building, adaptability, talent development, decision-making, ambiguity, and role conflict, as well as middle management workshops focused on leadership styles, project management, decision-making, and change management).

In Italy, KRUK promoted the importance of feedback culture by piloting the Insights Discovery Full Circle tool for a select group of employees and revisiting key non-violent communication concepts as part of preparations for the Performance Management process. In 2024, alongside 360° feedback, an optional Peer Feedback mechanism was introduced.

In the reporting year, at KRUK España, the BRIDGE talent development programme was implemented to identify and nurture talent within the organisation by providing space for creativity and proposing ideas for improvement.

At KRUK Česká a Slovenská republika, workshops for managerial staff were conducted in 2024, focusing on change management, stress management, and motivation techniques.

The KRUK Group continues to expand a range of training options, available both in-person and via the e-learning platform, which allows employees to quickly improve their competencies. The platform hosts mainly courses in the field of law, data security and protection, ethical principles and good practices in the industry, as well as product training, and courses related to projects implemented in the organisation. The e-learning offering also includes courses for management staff, combined with traditional training. For specialist training not covered by the Group's standard offering, employees are provided with financial support or full cost coverage for external training programmes.

Selected training programmes:

**Poland:**

- a. Wonga Academy – programme where employees share their knowledge with colleagues,
- b. Adviser Academy – series of training sessions for the best Field Advisers,
- c. IT skills training platform – Enterprise Skills Initiative,
- d. Leadership training,
- e. IT skills courses Agile and change management training,
- f. Courses in personal and teamwork efficiency through Insights Discovery, and leadership skills.

**Romania:**

- a. From Legal Adviser to Court Adviser – online training programme designed to support legal advisers from the monitoring section in enhancing their skills related to the activities of court collection teams. It also assists individuals in transitioning to such positions in the future,
- b. KRUK Legal Academy – specialised programme tailored for Contact Centre employees who aspire to begin their careers in the legal area,
- c. Courser Training – individual learning platform offering access to a range of technical and soft skills courses,
- d. Management Skills Workshop – successor programme.

## Italy:

- a. Courses in personal and teamwork efficiency through Insights Discovery,
- b. Courses in leadership skills,
- c. Courses in public speaking,
- d. IT skills courses,
- e. Introductory training programme on Strategy and Transformation, covering topics such as Lean methodology and project management.

## Spain:

- a. Development of communication skills (public speaking), leadership skills and change management,
- b. Development of time management and prioritisation skills,
- c. Training on strategic thinking.

The expected outcomes of these actions include development of human capital competencies, fostering a culture of continuous learning and improvement within the organisation, supporting innovation and adaptability, increased operational efficiency, and higher industry standards in debt management.

The actions outlined in items 1–4 are ongoing.

## Fair wages

### • Salary reviews

To maintain alignment with market conditions and the evolving needs of the organisation, the remuneration structures, including base salary, variable incentives, and benefits, are regularly reviewed and adjusted (this was also the case in 2024). These periodic reviews enable the Group to offer competitive remuneration, fostering the attraction, retention, and motivation of key talent essential for achieving KRUK's strategic goals and objectives. The Group applies a consistent remuneration framework for all employees. Salary reviews are conducted systematically across the Group in accordance with the adopted schedule (at least once a year) and transparent rules, ensuring that pay levels always reflect employee performance, demonstrated competencies, and market dynamics.

The expected outcomes of the actions outlined in items 1 and 2 include increased employee motivation and loyalty, and fostering a culture of trust and belonging in the workplace.

The actions outlined in items 1 and 2 are ongoing.

### • Non-discrimination

Employees are remunerated in accordance with their respective level of responsibility and performance. Fixed salary levels are determined independently of variable pay and benchmarked against market reference indicators, ensuring competitive and fair remuneration across different jurisdictions. Remuneration at KRUK is directly linked to the specific role and level of responsibility within the Group, the employee's expertise, competencies, engagement and performance. The remuneration policy is designed to eliminate discrimination based on gender, age, disability, race, religion, nationality, political views, trade union membership, ethnicity, religious denomination, sexual orientation, fixed-term or open-ended, and full-time or part-time employment. Non-discrimination measures in the area of remuneration were also taken in 2024.

The expected outcomes of these actions include reduction of inequalities, increased sense of fairness among employees, and compliance with legal and regulatory requirements.

These actions are ongoing.

## 7.5.3. Tracking the effectiveness of actions and initiatives

[S1-4-38-d]

The KRUK Group tracks and assesses the effectiveness of its actions and initiatives aimed at mitigating negative impacts and advancing positive impacts through:

1. Engagement surveys: In 2024, the Group conducted a confidential and voluntary employee engagement survey across its companies in Poland, Romania, Spain, Italy, and Malta, which had a 92% participation rate. The overall

engagement index as measured by this survey was 89%. Positive feedback highlighted several key strengths (with a score of 80% or more) related to employee experience at the Group, including goal cascading, managerial support, work organisation, collaboration, innovation and technology, feedback, a sense of impact and autonomy, DEI, work-life balance, communication and transparency, and senior leadership. Engagement indicators in these areas outperformed benchmarks for financial sector companies, high-performance firms, and national norms across all markets covered by the survey. As a result, action plans were developed to implement engagement-supporting initiatives in 2025, tailored to the specific insights from individual teams.

2. Monitoring of key performance indicators (KPIs), with a focus on gender distribution (particularly on the management and supervisory bodies, among managerial staff and in leadership positions), access to promotions, employee retention, training participation levels, use of parental and caregiving leave, the number of employees returning to work after extended absences, percentage of employees with disabilities, age diversity, ethnic and cultural diversity, reported cases of discrimination, workplace or work-related accidents, and the number of employees who have completed mandatory training.
3. Conducting pay equity analyses, With a particular focus on gender pay disparities across all organisational units and job positions.
4. Conducting an accident analysis to identify root causes and implement corrective actions preventing future re-occurrence.
5. Performing internal and external audits to ensure compliance of actions taken with regulatory requirements.
6. Group-wide reporting to KRUK S.A.

#### **7.5.4. Process to identify what action is needed and appropriate in response to a particular actual or potential negative impact on own workforce**

[S1-4-39]

A material negative impact identified through the double materiality assessment process relates to workplace safety and employee health. To address and manage this impact on own workforce, the KRUK Group implements the following processes:

1. Risk analysis: regular risk assessments are performed to identify potential hazards affecting workers' health and safety. Based on the findings, preventive and corrective measures are implemented to mitigate risks effectively.
2. Incident reporting system: staff members have a dedicated channel to report incidents, accidents, and near misses. All reports are thoroughly examined, with necessary corrective and preventive actions taken based on the findings.
3. Employee consultations: the KRUK Group engages in regular consultations with staff representatives to understand their needs and concerns. It also conducts periodic surveys and assessments to identify areas for improvement and reinforce the Group's strengths. Employee feedback is actively incorporated into the planning and implementation of workplace improvement initiatives.
4. Monitoring of workplace safety indicators: the Group tracks key occupational safety indicators, including absence rates, employee turnover, and the number of reported incidents. The analysis of these indicators helps evaluate the effectiveness of existing measures and identify areas requiring improvement.
5. Monitoring of legal developments: the KRUK Group continuously monitors legislative changes related to occupational health and safety regulations, ensuring compliance with updated legal requirements.

#### **7.5.5. Actions taken to manage material risks**

[S1-4-40-a]

The KRUK Group has identified risks related to workplace safety and employee health.

The Group undertakes a range of actions to mitigate these material risks, as detailed below.

##### **Key risk mitigation actions:**

- a. Regular health and safety training sessions, which enhance awareness, reducing the number of workplace accidents and ensuring team stability,
- b. Development and updating of health and safety regulations, which ensure that own workforce have access to up-to-date knowledge on workplace safety management,
- c. Ongoing monitoring and analysis of workplace safety indicators, which allows the KRUK Group to implement corrective actions, leading to a reduction in accidents and associated costs,

- d. Monitoring of compliance with regulations and best practices: by closely monitoring legal developments and industry best practices in labour law and workplace safety regulations, the Group is able to take appropriate actions to mitigate identified occupational safety risks at the Group level.

All actions related to managing the material risks are carried out on an ongoing basis.

**Methods of monitoring the effectiveness of actions:**

- a. Monitoring of OHS guidelines and regulations: regular reviews and revisions of workplace health and safety instructions and regulations,
- b. Accident reporting and analysis: tracking and analysing reported workplace accidents,
- c. Surveying of engagement: conducting workforce engagement surveys to assess the effectiveness of well-being programmes,
- d. Monitoring the completion of mandatory OHS training: analysing the number of employees assigned to mandatory training (during onboarding or refresher cycles) and tracking completion rates.

**The expected outcomes of these actions include** reduced number of accidents, improved team stability, lower costs, minimised legal risks, and enhanced safety.

### 7.5.6. Actions undertaken to pursue material opportunities

[S1-4-40-b]

**In the area of own workforce, the Group has identified opportunities related to the following material matters:**

- a. Employee well-being
- b. Employee engagement (entity-specific disclosure)
- c. Fair wages

The KRUK Group undertakes a range of initiatives to pursue opportunities arising from its impacts on own workforce. The Group's opportunity management approach, as outlined below, is rooted in established practices that encompass both Group-wide initiatives and smaller-scale projects within individual subsidiaries, contributing to improved workplace engagement and satisfaction on a daily basis.

#### Employee well-being and engagement (entity-specific disclosure):

Key actions to advance identified material opportunities:

- Offering an extensive benefits package: the Group provides a wide range of benefits aimed at supporting employees' health, well-being, and professional development. The package includes, among other benefits, private medical care, life insurance cover, as well as various training and development opportunities. Additionally, workforce members have access to benefits such as sports cards, discounts on company products and services, as well as mental health support. All these elements are designed to foster a positive and supportive work environment.
- Flexible working hours and remote work: the Group offers flexible working hours and remote work options, allowing employees to adjust their work schedules to their personal needs and responsibilities. Remote work and flexible hours can lead to a lower number of sick days and absences. They also eliminate the need for daily commuting, allowing employees to save time and reduce travel-related fatigue. Remote work requires the effective use of technological tools, which in turn enhances work organisation, problem-solving efficiency, and communication within teams.
- Satisfaction surveys: the Group conducts regular employee satisfaction surveys, enabling it to respond promptly and tailor its approach to staff's needs and the Group's capabilities. These surveys help identify areas where employees feel most satisfied and address aspects that can further strengthen their engagement in other areas.
- Team-building and corporate events: in addition to periodically and individually arranged team integration activities, made possible through dedicated budgets within the companies, Group-wide events are also organised. These initiatives foster a positive work atmosphere and improve internal communication.
- Engaging communication: the KRUK Group places great importance on transparency and up-to-date internal communication. It ensures that messages are engaging, clear, and adapted to employees' needs, expressed in



straightforward and understandable terms. Additionally, they are available in multiple languages depending on the target market. The Group uses various channels and tools, such as emails, Microsoft Teams chats, and the SharePoint communication platform (Intranet). In daily communication, it considers the specific work environments (e.g. for the Contact Centre or Field Advisers), ensuring that tailored solutions are provided for each team. The Group regularly collects anonymous employee feedback through surveys, which help enhance communication processes and better address team needs. While building a strong, culturally relevant employer brand, activities for employees are also presented through external channels. Examples include LinkedIn posts published on the Group companies' accounts and campaigns celebrating key occasions such as the International Women's Day, European Diversity Month, Pride Month, Pink October (Breast Cancer Awareness), Movember (devoted to Men's Health issues), and *Day Without Debt*.

- Employee events: team-bonding and engagement-building activities are also conducted within working hours, allowing employees to expand their competencies and exchange experiences across teams.

The expected outcomes of these actions include lower absence rates, increased productivity, improved perception of the Group, and talent attraction.

#### **Fair wages:**

Key actions to pursue the opportunity:

- Maintaining competitive remuneration levels: the Group is committed to maintaining a competitive remuneration structure and ensuring pay equity, fostering an attractive workplace for both current and prospective employees, which enhances talent acquisition efforts and reduces internal turnover. Recognising that fairly compensated employees are more likely to take initiative and contribute to corporate growth, The Group prioritises a performance-driven reward system. A highly motivated and satisfied workforce translates into greater operational efficiency and enhanced client service, which in turn strengthens client loyalty and positive opinions about KRUK.

The expected outcomes of these actions include operational cost efficiencies due to reduced turnover, higher employee productivity, and enhanced employer competitiveness in the labour market.

All actions related to managing material opportunities are carried out on an ongoing basis.

### **7.5.7. Resources allocated to the management of material impacts**

[S1-4-43]

The key resources allocated to the management of material impacts primarily consist of human resources organised within the HR and Compliance areas and organisational units. At the KRUK S.A. level, these teams play critical roles in shaping strategies for action, and they work directly with their counterparts or specialists in local subsidiaries.

The HR function is responsible for ensuring that employees are effectively recruited, trained, motivated, and supported in their daily work. Through effective human capital management, the KRUK Group not only achieves its business objectives but also cultivates an engaging and inspiring work environment that fosters both workforce and corporate growth. The HR function is not merely an administrative entity but serves as a strategic partner, instrumental in building an organisational culture rooted in values, trust, and collaboration.

The role of HR within the KRUK Group in managing the organisation's impacts extends to supporting employees throughout every stage of their career journey, encompassing the following key areas:

- a. Supporting recruitment and selection processes – ensuring equal opportunity principles are upheld while selecting top-tier talent who will thrive within the organisation and reinforce teams,
- b. Promoting and facilitating workforce development – implementing training and development programmes tailored to the specific needs of individual teams,
- c. Managing remuneration and benefits – establishing remuneration policies and offering appropriate and competitive benefits that enhance employee well-being and motivation,
- d. Ensuring employee health and safety – in collaboration with occupational health and safety (OHS) specialists, ensuring OHS compliance, conducting safety training, and promoting a healthy lifestyle in the workplace,
- e. Building and strengthening an inclusive, employee-centric organisational culture – promoting corporate values, supporting employee initiatives, fostering well-being, implementing inclusive practices, and enhancing a sense of belonging,

- f. Surveying engagement levels – monitoring employee engagement, satisfaction, and perception of key aspects of the organisational culture,
- g. Developing and improving internal communication – optimising HR-related communication strategies within the organisation,
- h. Designing and implementing policies, guidelines, procedures, and conduct standards for employees – establishing corporate frameworks and ensuring compliance,
- i. Monitoring key indicators and reporting to the General Directors or the management boards of relevant companies.

Another organisational area engaged in managing impacts associated with the Group's own workforce is Compliance, whose role is in ensuring that the Group's operations adhere to legal regulations, internal policies, market standards, and ethical principles, particularly those pertaining to human rights. This is achieved through the following key initiatives:

- a. Monitoring compliance with the principles outlined in the Human Rights Policy and the Code of Ethics,
- b. Implementing procedures for reporting violations and misconduct at the KRUK Group, including mechanisms for submitting reports of irregularities and ethical or human rights breaches, examining such reports, and taking appropriate follow-up actions, including issuing recommendations (the whistleblowing system, Mediation Team),
- c. Ensuring protection for individuals who report concerns in good faith (whistleblowers), safeguarding them against retaliation, as well as ensuring data privacy protection,
- d. Maintaining policies related to conflict of interest management, gift policies, anti-corruption measures, and providing advisory support in these areas,
- e. Building and fostering a compliance-driven culture to embed compliance principles into the organisation's daily operations by:
- f. Raising employee and management awareness regarding ethical conduct in organisational processes,
- g. Arranging and overseeing the execution of compliance training programmes and educational initiatives,
- h. Defining, implementing, and enforcing adherence to ethical conduct standards,
- i. Developing and enhancing internal communication on compliance-related matters,
- j. Designing, implementing, and monitoring adherence to policies, guidelines, procedures, and conduct standards for employees.

The activities and initiatives carried out by the HR and Compliance Areas are supported by relevant central or local teams or specialists whose remits include OHS, legal matters (providing legal expertise and support in mitigating legal and regulatory risks), and PR (managing corporate reputation, and crisis communication), or by internal communication specialists. These dedicated areas and specialists execute their tasks using internally available IT tools, including the HR and payroll systems, data analysis tools, modern office work tools, other specialised IT solutions that support workflows, benefits systems, e-learning platforms, etc. When specific expertise or tools are not available within the Group, external providers are engaged to address these needs.

[MDR-A-69]

The implementation of these actions did not require significant operating or capital expenditures in the reporting year. The Group has not developed detailed action plans. Therefore, operating expenditure (OpEx) and capital expenditure (CapEx) are not disclosed.

## 7.6. METRICS AND TARGETS (S1-5)

[S1-5-MDR-M, S1-5-MDR-T]

The double materiality assessment identified six material matters related to own workforce that, despite the Group's ongoing management efforts, have not yet been quantified into measurable targets and metrics, as described in ESRS 2 MDR-T and MDR-M.

This is due to the fact that the double materiality assessment was conducted in the fourth quarter of 2024. The Group will take steps to define measurable targets for the identified impacts, risks, and opportunities as part of the update to its ESG Strategy, scheduled for 2025.

However, it is important to note that the Group has continuously undertaken actions to manage impacts, risks and opportunities, and to track the effectiveness of policies and actions with respect to its own workforce, as disclosed in section 7.5 'Actions taken to manage material impacts and risks and pursue material opportunities related to own workforce, and the effectiveness of those actions (S1-4)'.

Additionally, in 2024, the Group pursued the targets outlined in its ESG Strategy, as detailed in section 3.1.2 'Strategy' of this Statement.

## 7.7. CHARACTERISTICS OF EMPLOYEES (S1-6)

The Group had 3,537 employees as at 31 December 2024. The metric was calculated based on the total number of employees across all Group companies. Employees of the KRUK Group are defined as individuals with employment contracts, including those on parental leave or long-term sick leave, those on probationary periods and in temporary positions, in accordance with the legislation of the respective country, as well as trainees. Where an individual was employed by more than one Group company, they were counted only once.

When disclosing the headcount by country, all employees of the Group companies operating in the respective country were taken into account.

### Total headcount by gender as at 31 December 2024

Gender	Headcount*
Female	2,302
Male	1,235
<b>Total</b>	<b>3,537</b>

\* Total number of employees at the KRUK Group at the end of the reporting period.

### Headcount by country as at 31 December 2024

Country	Headcount
Poland	1,868
Romania	598
Italy	510
Spain	475
Czech Republic	69
Other*	17
<b>Total</b>	<b>3,537</b>

\* Total headcount at companies with fewer than 50 employees (Malta and Slovakia).

### Headcount by gender and employment type as at 31 December 2024

Employment type and gender	Female	Male	Other	Not disclosed	Total
<b>Total number of employees</b>	<b>2,302</b>	<b>1,235</b>	<b>0</b>	<b>0</b>	<b>3,537</b>
<b>Number of permanent employees</b>	2,103	1,148	0	0	<b>3,251</b>
<b>Number of temporary employees</b>	199	87	0	0	<b>286</b>
<b>Number of full-time employees</b>	1,943	1,169	0	0	<b>3,112</b>
<b>Number of part-time employees</b>	359	66	0	0	<b>425</b>

\* Employees who left voluntarily or due to dismissal, retirement, or death in service. Transfers of employees between Group entities were not considered contract termination.

**Employee turnover rate** is understood as the percentage of employees who left during the reporting year and was calculated using the following formula:

$$\text{Wskaźnik rotacji} = \frac{\text{Liczba pracowników, którzy odeszli w ciągu roku*}}{\text{Liczba pracowników na koniec każdego miesiąca roku sprawozdawczego} / 12}$$

Liczba pracowników na koniec każdego miesiąca roku sprawozdawczego	Headcount at the end of each month during the reporting year
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**Total number of employees who left the Group during the reporting period and the rate of employee turnover in the reporting period:**

	Number	Turnover rate
Number of employees who left during the year	425	12%

## 7.8. CHARACTERISTICS OF NON-EMPLOYEES (S1-7)

### Number of non-employees

Non-employees are defined as individuals engaged with the Group under civil-law contracts, sole traders and individuals contracted with a KRUK Group company under a service provision agreement (both categories being defined for metric calculation purposes as self-employed individuals), or individuals provided by temporary employment agencies. Where a person is employed by the Group both under an employment contract and another form of engagement, they are disclosed only as an employee under section 7.7 'Characteristics of employees (S1-6)' of this Statement.

The main categories of non-employees include IT specialists responsible for developing and testing software for the Group, as well as implementing IT solutions in support of business strategy. The second category comprises legal professionals providing legal services to KRUK Group companies.

### Total number of non-employees by engagement type as at 31 December 2024

Engagement type	Number of non-employees
Self-employed individuals	244
Individuals provided by employment agencies	17
<b>Total</b>	<b>261</b>

## 7.9. COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE (S1-8)

Collective bargaining agreements are in place in KRUK Italia, AgeCredit, and KRUK España.

### Number of employees covered by collective bargaining agreements, by country, as at 31 December 2024

Country	Number of employees covered by at least one collective bargaining agreement
Italy	510
Spain	475

In Poland, only KRUK S.A. has an active trade union, Niezależny Samorządny Związek Zawodowy Solidarność, which had 27 members as at 31 December 2024. Pursuant to the Polish Trade Unions Act of 23 May 1991, the trade union represents the collective rights and interests of all KRUK S.A. employees and, in individual matters, only those of its members.

KRUK S.A. also has an Employee Forum in place, which operates on the basis of the Employees (Provision of Information and Consultation) Act of 7 April 2006, consisting of seven members. Forum members participate in quarterly meetings with the employer's representatives, where they receive updates on the Company's business, economic situation, employment levels, and workforce retention efforts.

In Wonga, two employee representatives have been appointed pursuant to the above-mentioned legislation. Their responsibilities are outlined in the Work Rules and the Polish Labour Code. Their role is to mediate between the employer and employees, ensuring that employee interests are safeguarded and that key company decisions affecting employees are properly consulted.

As at 31 December 2024, in Italy, 47 employees (39 from KRUK Italia and 8 from AgeCredit) paid trade union membership contributions and were represented by four internal employee representatives employed by KRUK Italia. These representatives were appointed by trade unions operating under Italian law (Statuto dei Lavoratori), specifically UILTUCS, UGL, FILCAMS, and FISASCAT.

#### Number of employees covered by workers' representatives, by country, as at 31 December 2024

Country	Number of employees covered by workers' representatives in trade unions or other representative bodies
Italy	47
Poland	1,441

#### Percentage of total employees covered by collective bargaining agreements and workers' representatives, as at 31 December 2024

Collective bargaining coverage and social dialogue at the Group	Number	%
Percentage of employees covered by collective bargaining agreements	985	28%
Percentage of employees covered by workers' representatives	1,488	42%

#### Collective bargaining coverage and social dialogue

	0-19%	20-39%	40-59%	60-79%	80-100%
<b>Collective bargaining coverage</b>					
Employees - EEA					Italy, Spain
Employees - Non-EEA					
<b>Social dialogue</b>					
Workplace representation (EEA only)		Italy			Poland

## 7.10. DIVERSITY METRICS (S1-9)

### Top management

Top management is defined as the President of the Management Board of KRUK S.A. and individuals holding managerial positions within two levels below the President of the Management Board of KRUK S.A. (as the parent company). This includes members of the Management Board of KRUK S.A., General Directors and management boards of the KRUK Group companies, as well as managers reporting directly to the members of the Management Board of KRUK S.A., General Directors, or management boards of KRUK Group companies.

The table below includes only individuals employed under an employment contract.

#### Gender distribution in number and percentage at top management level, as at 31 December 2024

Gender distribution	Number	%
Top management		
Female	42	59%
Male	29	41%
<b>Total</b>	<b>71</b>	<b>100%</b>

#### Distribution by age group, as at 31 December 2024

Distribution by age group	Number	%
Under 30 years old	499	14%
30–50 Years old	2,668	75%
Over 50 years old	370	11%
<b>Total</b>	<b>3,537</b>	<b>100%</b>

### 7.11. ADEQUATE WAGES (S1-10)

All employees of the KRUK Group are paid an adequate wage, meaning remuneration that is at least equal to the national minimum wage.

The national minimum wage is defined by the legislation of each country where the KRUK Group operates.

In Italy, minimum wages are determined through national collective labour agreements (CCNL or NCLA), which establish specific wage levels based on the job classification and responsibilities within each sector.

The national minimum wage has been adopted as the adequate wage benchmark, in line with its definition under CSRD (which states that an adequate wage is a wage that provides for the satisfaction of the needs of the worker and his/her family in the light of national economic and social conditions) and the fact that Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union has not yet been fully implemented across all national legal frameworks.

### 7.12. SOCIAL PROTECTION (S1-11)

Employees of the Group are covered by insurance against loss of income due to major life events, such as sickness, unemployment starting from when the employee is working for the Group, employment injury and acquired disability, parental leave, and retirement.

### 7.13. PERSONS WITH DISABILITIES (S1-12)

Persons with disabilities are defined as individuals holding a disability certificate or an equivalent official document in other countries in which the Group operates.

#### Percentage of employees with disabilities, as at 31 December 2024

	Number
Male	20
Female	56
<b>Total percentage</b>	<b>2.2%</b>

## 7.14. TRAINING AND SKILLS DEVELOPMENT METRICS (S1-13)

The KRUK Group applies the transitional provisions for phased-in sustainability disclosures (ESRS 1 Appendix C *List of Phased-In Disclosure Requirements*) and has fully omitted disclosures under S1-13 *Training and skills development*.

This is due to data collection constraints encountered during the reporting period.

## 7.15. HEALTH AND SAFETY METRICS (S1-14)

At the KRUK Group, 100% of employees are covered by a health and safety management system based on legal requirements, or recognised standards or guidelines.

Health and safety metrics include:

- a. The number of work-related accidents comprises the number of accidents at work, accidents treated as equivalent to accidents at work, and accidents occurring on the way to or from work.
- b. The percentage rate of work-related accidents was calculated as follows: the number of accidents at work was divided by the total number of hours worked by employees and multiplied by 1,000,000.
- c. The number of cases of reportable work-related ill health includes the number of work-related health problems reported in accordance with legal requirements, including occupational diseases such as musculoskeletal disorders or circulatory issues.
- d. The number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health, was calculated as the number of days employees were absent due to work-related injuries or ill health. All full calendar days were counted, regardless of whether they were working days, weekends, or public holidays.
- e. The number of fatalities from work-related injuries and work-related ill health includes the number of employees who died as a result of work-related injuries or ill health.

### Health and safety metrics as at 31 December 2024

Health and safety metrics	Number or %
Number of work-related accidents	46
Rate of work-related accidents	8%
Number of cases of work-related ill-health	1
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	776
Number of fatalities as a result of work-related injuries and work-related ill health	0

## 7.16. WORK-LIFE BALANCE METRICS (S1-15)

Employees entitled to take family-related leave:

- a. Employees employed at the end of the reporting period who, at any point during the reporting period, took maternity, parental, or paternity leave, or an equivalent type of leave applicable in the countries where the Group operates.
- b. Employees employed at the end of the reporting period who submitted a declaration to take childcare leave or an equivalent type of leave applicable in the countries where the Group operates.

- c. Employees employed at the end of the reporting period who were entitled to take carer's leave granted for the purpose of providing personal care or support to a family member or a person living in the same household, or an equivalent type of leave applicable in the countries where the Group operates.

Employees who took family-related leave:

- a. Employees who completed maternity, parental, or paternity leave, or an equivalent type of leave applicable in the countries where the Group operates, during the reporting period.
- b. Employees who took childcare leave or an equivalent type of leave applicable in the countries where the Group operates during the reporting period.
- c. Employees who took at least one day of carer's leave granted for the purpose of providing personal care or support to a family member or a person living in the same household, or an equivalent type of leave applicable in the countries where the Group operates, during the reporting period.

The percentage of employees entitled to take family-related leave is expressed as the ratio of employees entitled to family-related leave to the total number of employees employed at the end of the reporting period.

The percentage of eligible employees who took family-related leave is expressed as the ratio of employees who took family-related leave to the number of employees entitled to such leave.

#### Eligible employees who took family-related leave, by gender, as at 31 December 2024

Category		Number	%
Employees entitled to take family-related leave		3,537	100
Employees who took family-related leave	Female	698	
	Male	228	
<b>Total employees who took family-related leave</b>		<b>926</b>	<b>26%</b>

## 7.17. REMUNERATION METRICS (S1-16)

[S1-16-97 a-b]

The gender pay gap was calculated as the difference in the average gross hourly rate between women and men, expressed as a percentage of the average gross hourly rate of male employees.

The gross hourly rate for each employee was determined by dividing the gross annual remuneration paid in 2024 by the number of hours worked in 2024.

To calculate the average gross hourly rate for women and men across the Group, employee remuneration in countries other than Poland was adjusted for differences in purchasing power between countries.

The total remuneration ratio was calculated as the ratio of the annual total remuneration of the highest-paid individual to the median annual total remuneration of employees.

Annual total remuneration comprises the sum of base salary, bonuses, awards, other employment-related cash payments, and cash and in-kind benefits paid in 2024 (for example, private medical insurance, company cars, benefits in cafeteria programmes, meal subsidies).

The remuneration of employees based in countries other than the registered office of KRUK S.A. was converted into Polish zloty using the weighted average exchange rates of the National Bank of Poland for 2024, and then adjusted for the purchasing power of each currency relative to the purchasing power of the Polish zloty (using purchasing power parities, HFCE price level indices for 2023).



Unadjusted gender pay gap	20.80%
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Total remuneration ratio	33.3
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## 7.18. INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS (S1-17)

[S1-17-103, 104]

During the reporting period, a total of nine cases of suspected unacceptable behaviour were reported within the KRUK Group. These cases involved alleged human rights violations, discrimination (including harassment), and breaches of ethical standards among employees.

Three reports concerned discrimination/unequal treatment in employment. However, following internal investigations, none of these allegations were substantiated.

Among the remaining six reports, one case involved the purchase of real property serving as debt collateral by KRUK Group employees, whereas five cases related to behaviour inconsistent with the Group's values and expected standards of conduct. In these instances, two allegations were confirmed during the investigation process.

During the reporting period, the KRUK Group did not record any serious human rights incidents involving its own workforce.

During the reporting period, no fines, penalties, or compensatory damages were imposed on the Group in connection with incidents outlined above or associated complaints.

### Section 8 of the statement



## 8. AFFECTED COMMUNITIES (S3)

### 8.1. AFFECTED COMMUNITIES (S3-SBM-3)

[S3-SBM-3-9 a-b]

The KRUK Group's activities affect social groups that are at high risk of falling into debt and having their rights as indebted persons violated. These groups require additional support and financial education due to various forms of exclusion, discrimination, or difficulties arising from limited access to information or a low level of financial literacy. Such support enables them to manage their finances more effectively, protect them from unethical debt collection practices by their current or future creditors, and develop a better understanding of the role played by professional debt collection companies in the economy. These groups include:

- individuals with multiple overdue financial obligations who are already trapped in a cycle of debt and face difficulties in settling all their liabilities,
- individuals with low incomes, often earning below the national average wage,
- large families with increased daily living expenses,
- senior citizens, who, due to a lower awareness of financial risks compared to younger people, are more vulnerable to financial fraud,

- e. individuals experiencing life difficulties that affect their ability to repay their debts,
- f. children and youth in care facilities (such as orphanages or foster care) who are not adequately prepared for adulthood and lack personal finance management skills, individuals with so-called learned helplessness, who tend to replicate negative financial behaviours observed in their family environment.

All of the affected communities defined above are subject to the impacts, risks and opportunities described in section 3.3 'Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)' of this Statement.

It should be noted that the KRUK Group's operations do not affect the lives or well-being of indigenous peoples. However, it is possible that individual representatives of such populations may belong to the groups described above. Communities living within the Group's value chain – whether upstream, downstream or both – are subject to material impacts by the undertaking only where those communities include social groups with a high risk of falling into debt, as outlined in detail above.

The material negative impacts identified through the double materiality assessment relate to the material matter of insufficient protection of the rights of indebted persons. Any occurrences of these negative impacts can be considered isolated incidents resulting from the absence of measures to protect the rights of indebted persons.

### **8.1.1. Brief description of activities resulting in positive impacts on affected communities (S3-SBM-3)**

[S3-SBM-3-9-c]

The double materiality assessment conducted within the KRUK Group in 2024 identified that material positive impacts on affected communities relate to education on financial management and the role of debt collection company in the economy.

The KRUK Group identifies the following activities that result in positive impacts in this area:

#### **Financial education**

Financial education plays a crucial role in strengthening economic stability and improving the quality of life for communities facing financial difficulties. Through its initiatives in this area, the KRUK Group not only helps indebted persons within affected communities overcome financial hardship but also prevents the occurrence of new financial difficulties. As a result, these communities gain the necessary tools to manage their finances more effectively, leading to greater financial independence and security.

The Group carries out its financial education activities through:

- a. Developing and distributing educational materials aimed at increasing awareness among affected communities about debt mechanisms and strategies for managing them.
- b. Actively collaborating with various social organisations to promote financial education from an early age. Through these partnerships, children in kindergartens and primary schools are introduced to fundamental money management concepts, saving strategies, and responsible financial behaviour.
- c. Conducting research on financial literacy levels and engaging in discussions with representatives of organisations working directly with communities at risk of indebtedness. This helps identify risks to affected communities, such as a lack of budgeting skills or insufficient awareness of the consequences of indebtedness. The findings are used to develop targeted educational strategies.
- d. Organising educational campaigns addressed to the general public, such as the *Day Without Debt* campaign initiated in 2009 and conducted annually by the KRUK Group in Poland. Since 2011, it has also been celebrated annually in Romania, and since 2024, in Italy.
- e. Operating the Kapitalni.org educational platform, which is designed to facilitate household financial management and enhance users' financial awareness, serving as a tool for educational initiatives in Poland. The platform raises financial awareness across society through various resources, including financial calculators and templates for budgeting and tracking expenses.

## Support for affected communities

The KRUK Group combines financial education with charitable and sponsorship initiatives, allowing it to reach diverse social groups and support them not only in acquiring financial knowledge but also in strengthening motivation and developing problem-solving skills. By integrating financial education with charitable and sponsorship activities, the Group not only helps individuals overcome immediate financial difficulties but also establishes a foundation for the long-term stability and economic independence of the communities it serves.

All of the above actions generating a positive impact on affected communities apply to all groups of communities identified in section 8.1 'Affected communities' of this Statement and cover all geographies where the Group operates.

## Material risks and opportunities related to affected communities

[S3-SBM-3-9-d, S3-SBM-3-11]

As part of the double materiality assessment concerning affected communities, the KRUK Group has identified a material matter that presents material risks – the protection of the rights of indebted persons (failure by the KRUK Group to ensure fair treatment of financially excluded communities, promote transparency in debt collection practices across the industry, uphold human dignity, and comply with legal regulations).

### Risks

- High implementation costs: launching dedicated educational programmes, training initiatives, and lobbying efforts may require significant financial investment.
- Reputational risk: a lack of alignment between public commitments and actual practices – particularly in relation to vulnerable social groups – may lead to accusations of greenwashing or unethical debt collection practices.
- Loss of revenue due to declining trust: failure to ensure fair treatment of indebted persons within affected communities may reduce their willingness to engage with the KRUK Group in the future. This could negatively impact debt recovery rates and, in turn, affect revenue.
- Decline in brand value and reputation: a negative public perception, particularly any association of the KRUK Group with predatory debt collection practices, may diminish brand value and deter potential clients, investors, and business partners.

The risks identified through the double materiality assessment process apply to all groups of affected communities.

The double materiality assessment identified no material matters that would result in material opportunities in the area of affected communities.

## 8.2. IMPACT, RISK AND OPPORTUNITY MANAGEMENT POLICIES RELATED TO AFFECTED COMMUNITIES (S3-1)

[S3-1-MDR-P-65]

The KRUK Group has not implemented a dedicated internal policy that comprehensively governs the management of material matters related to affected communities. Financial exclusion is a complex issue that requires extensive actions and cooperation with multiple stakeholders to be formally regulated in a standalone policy – an initiative that has not yet been undertaken due to the Group's strategic focus on other areas.

However, the impacts, risks, and opportunities associated with the two identified material matters concerning affected communities are partially addressed in the following policies and regulations:

### Code of Ethics

The key provisions of the Code of Ethics concerning affected communities include:

- a. KRUK Group's commitment to combating financial exclusion,
- b. declaration that the Group's operations adhere to good practices established by national industry associations,
- c. commitment to implementing standards and processes that promote responsible debt collection,
- d. declaration of awareness regarding the impact of the KRUK Group's decisions and activities, as well as the extent of its impact on local communities, and an acknowledgment of its responsibility in this regard,

- e. commitment to engaging in financial education initiatives, sponsoring sports and cultural events, and participating in charitable activities,
- f. commitment to aligning economic objectives with societal well-being.

The Code of Ethics applies to KRUK S.A., KRUK Italia, KRUK Romania, KRUK España, KRUK Česká a Slovenská republika, Wonga, Kancelaria Prawna RAVEN, Novum, and InvestCapital.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **KRUK Group Human Rights Policy**

The key provisions of the Policy concerning affected communities include:

- a. ensuring respect for human rights as the foundation of the KRUK Group's processes and operations. As part of this commitment, the Group takes actions to address community needs (ensuring transparency about the Group's activities) and undertakes measures to identify and mitigate the risk of human rights violations within its operations,
- b. declaration of support for equal opportunities for excluded members of local communities in a sustainable manner that enhances access to fundamental rights,
- c. commitment to prioritising access to reliable financial education for society and implementing awareness-raising initiatives in this area,
- d. declaration of respect for and recognition of stakeholder voices as valuable and important, incorporating their perspectives into the Group's actions.

The KRUK Group Human Rights Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK España, KRUK Česká a Slovenská republika, and Wonga.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **KRUK Group Charitable Sponsorship Policy**

The key provisions of the Policy focus on supporting and implementing social contribution initiatives aimed at assisting those in need and promoting financial education.

The Charitable Sponsorship Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to the downstream segment of the value chain, as well as to the Group's own operations.

All employees of the KRUK Group companies where the abovementioned documents apply are covered by the provisions set out in this disclosure.

Corporate policies and the Code of Ethics within the KRUK Group companies are adopted by resolution of the Management Board of KRUK S.A. and, in other Group companies, by their respective General Directors or management boards. In Kancelaria Prawna RAVEN, such documents are adopted by the general partner.

The KRUK Group aims to harmonise corporate governance principles across the entire organisation. Given the diversity of activities, the size of individual companies, and the available resources, not all regulations are implemented uniformly across all companies. The key companies are those engaged in debt collection operations for purchased portfolios (KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika), which are required to implement uniform standards derived from the corporate governance framework established by KRUK S.A. as the parent company. The KRUK Group Human Rights Policy, which has not yet been implemented in KRUK Romania, is scheduled for implementation in 2025. In the other companies regulations are implemented based on local legal and organisational conditions.

As a general rule, all of the aforementioned documents undergo periodic reviews to ensure their alignment with applicable legal requirements and internal regulations within KRUK Group companies. Their effectiveness is also assessed through internal audits.

## **Making the Code of Ethics and Policies available to stakeholders**

Excerpts from the abovementioned regulations, with the exception of the Charitable Sponsorship Policy in Poland, have been made publicly available on the KRUK S.A. website and can be accessed in both Polish and English at the following links: <https://pl.KRUK.eu/esg/polityki> and <https://en.kruk.eu/esg/policies>

The documents are thus made available to stakeholders across both the upstream and downstream value chain.

The Code of Ethics and Policies are also made available to employees and associates within the companies where they apply. These documents are accessible via the internal communication portal or designated shared folders And are published in the local languages of the jurisdictions in which they are applicable.

For the implementation of these regulations, expert support is provided by the document owner specified in each respective document.

### **Third-party standards or initiatives the undertaking commits to respect through policy implementation**

In developing and implementing the Human Rights Policy and the Code of Ethics, the KRUK Group has considered not only national laws and regulations but also international guidelines and standards, including the United Nations Sustainable Development Goals (SDGs), United Nations (UN) documents, including the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the Ten Principles of the UN Global Compact, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights.

Additionally, the Group adheres to industry codes of conduct established by debt collection industry associations in the countries where its companies operate. These codes define ethical norms and standards of conduct, ensuring that business activities are conducted in a professional, lawful, and ethical manner.

### **Consideration given to the interests of key stakeholders in setting the policies**

Affected communities are among the stakeholders of the KRUK Group Code of Ethics and Policies.

These documents were not directly consulted with the affected communities identified above. However, in developing them, the KRUK Group has considered their interests based on:

- a. applicable international and national regulations,
- b. best market practices which KRUK Group companies commit to following by joining international organisations (United Nations Global Compact, among others),
- c. best market practices which KRUK Group companies commit to following by joining industry associations (Principles of Good Practice of the Association of Financial Companies in Poland (ZPF), among others).

### **Affected communities and human rights**

[S3-1-15, S3-1-16, S3-1-17]

The KRUK Group is committed to upholding international human rights standards established by the United Nations (UN) and integrates these commitments into its actions concerning affected communities facing financial difficulties. This commitment is formally articulated in the KRUK Group Human Rights Policy, which sets out the Group's obligation to align its activities with international human rights standards.

The KRUK Group's key human rights commitments relevant to affected communities include:

- a. Respect for human rights. The KRUK Group is committed to safeguarding the rights and freedoms of all individuals, irrespective of gender, age, disability, health status, race, nationality, ethnic origin, religion or lack thereof, political beliefs, trade union membership, sexual orientation, gender identity, marital status, lifestyle, or any other factor that could result in discriminatory treatment.
- b. Recognition of the voice of affected communities. The KRUK Group considers the voices of affected communities as important and valuable. The Group actively takes these perspectives into account, including through its whistleblowing channel, which allows it to better tailor its actions to the actual needs and expectations of affected communities.

- c. Promoting equal opportunities for socially excluded members of local communities. The KRUK Group takes measures to create equal opportunities for individuals at risk of exclusion in local communities, ensuring that such efforts are sustainable and contribute to enhanced access to fundamental rights.
- d. Prioritising financial education. The KRUK Group places the highest priority on ensuring access to reliable financial education for society and undertakes awareness-raising activities in this regard.

The KRUK Group adopts a comprehensive and responsible approach to human rights protection, recognising the impact of its activities on various social groups. The Group undertakes proactive measures to ensure respect for human rights at every stage of its operations.

Key elements of this approach include:

- a. Adherence to international standards: The KRUK Group commits to complying with international human rights standards set by the UN and other global institutions.
- b. Commitment to human rights: The KRUK Group Human Rights Policy outlines the Group's obligations regarding human rights, including respect for the rights of affected communities. The Group acknowledges that promoting human rights plays a critical role in strengthening relationships with affected communities and ensuring sustainable business conduct.
- c. Support for affected communities: the double materiality assessment conducted by the KRUK Group showed that affected communities are individuals vulnerable to various forms of exclusion, discrimination, or challenges resulting from limited access to information or insufficient financial education. In response, the Group undertakes initiatives to support these communities through financial education and protection against unethical debt collection practices.
- d. Targeted actions and programmes: through the Charitable Sponsorship Policy, the KRUK Group seeks to create equal opportunities for marginalised individuals in a sustainable manner that enhances their access to fundamental rights. The Group prioritises access to reliable financial education and actively engages in initiatives benefiting both affected communities directly and indirectly, through dedicated programmes for children and youth.
- e. Engagement in industry associations. The KRUK Group participates in industry associations to actively promote best practices and combat unfair practices in the sector. This involvement helps shape ethical standards for debt collection companies in line with human rights principles.

Human rights violations, including those involving affected communities, may result in legal, financial, and reputational risks, as well as a loss of trust. Consequently, the Group places particular emphasis on monitoring, analysing, and assessing incidents of human rights violations and taking corrective actions to mitigate their impact and prevent recurrence. Key sources of information on human rights violations, including those involving affected communities, include:

- a. Whistleblowing channel: a dedicated reporting channel is available for suppliers and business partners to report violations, misconduct, or abuses. All reports are handled confidentially, with full respect for the rights of the reporting person, and recommendations for remedies are issued as necessary.
- b. Supplier and business partner surveys: the KRUK Group requires suppliers and business partners to complete human rights compliance surveys. The information collected enables the Group to assess whether its partners or suppliers respect human rights and serves as a basis for further actions.
- c. Industry grievance mechanisms: KRUK Group companies are members of industry associations that maintain grievance mechanisms. These organisations assess the practices of member companies, including compliance with human rights standards, and may issue recommendations for actions to eliminate non-compliant business practices.

Through these mechanisms, the KRUK Group monitors, analyses, and responds to human rights violations, ensuring the implementation of appropriate remedies and supporting communities that may be affected by its operations.

The KRUK Group does not operate in areas inhabited by indigenous peoples. As a result, the Group does not identify any risks of adverse impacts on indigenous communities and does not regulate this issue in its internal policies.

In 2024, no human rights violations concerning affected communities were recorded within the KRUK Group.

## 8.3. PROCESSES FOR ENGAGING WITH AFFECTED COMMUNITIES AND THEIR REPRESENTATIVES (S3-2)

[S3-2-21, S3-2-22]

During the reporting period, the KRUK Group engaged with affected communities indirectly, primarily through commissioned social research, media monitoring, analysis of reports, and dialogue with representatives of foundations and non-profit organisations supporting these communities. Community engagement takes place as needed, depending on the initiatives undertaken by the Group. Insights gathered through these channels into the views and perspectives of affected communities inform the Group's activities.

Social research conducted by the KRUK Group examines topics such as attitudes toward debt, household budget management practices, and the financial condition of households. These studies are aimed at promoting awareness of personal finance management, encouraging responsible borrowing, and destigmatising discussions on debt, which remains a sensitive subject in society. Research findings serve as a foundation for financial education initiatives.

The KRUK Group gathers insights on affected communities by analysing publicly available information from media and non-governmental organisations (NGOs). This enables the identification of specific needs, which are then addressed through targeted educational initiatives. Examples of such reports in Poland include:

- “Financial Morality of Poles” – a report commissioned by the Association of Financial Companies in Poland (ZPF), which examines financial ethics among Poles.
- “Starting Adulthood” – a report by the Fundacja Dobrych Inicjatyw foundation on the challenges faced by young adults transitioning from institutional foster care.
- “Junior in the World of Modern Financial Services” – a joint report by the Association of Financial Companies in Poland and the Trampki na Giełdzie Foundation.
- “The Size of the Polish Financial Management Market” – a report published by the Association of Financial Companies in Poland.

Ongoing media monitoring conducted by KRUK Group companies enables the assessment and analysis of negative media coverage and public statements concerning the debt collection industry, including reports of unethical practices involving affected communities.

The KRUK Group regularly engages with industry associations and representatives of foundations and non-profit organisations supporting affected communities. This engagement facilitates ongoing monitoring and prompt response to emerging needs. The KRUK Group Charitable Sponsorship Policy provides a framework for supporting public benefit institutions and associations that assist the needy. By continuously reviewing the perspectives and views of affected communities, the KRUK Group ensures these insights are incorporated into initiatives that benefit these communities. Limited understanding of the debt collection industry, particularly among financially excluded groups, as well as misconceptions and stereotypes about the sector, underscore the need for broader financial education using various communication channels.

The KRUK Group develops press materials and educational campaigns to communicate educational messages to a broad audience, including affected communities, through mass media. Examples of such initiatives include the *Debt Collection? Everything Clear!* educational campaign led by the Association of Financial Companies in Poland, and the Kapitalni.org financial education platform.

Through engagement with industry associations, the KRUK Group actively addresses negative perceptions of the debt collection sector and responds to events that may impact affected communities. These efforts also allow the Group to advocate for regulatory or legislative changes. Such initiatives contribute to dispelling misconceptions and breaking down stereotypes about the debt management sector, equipping affected communities with essential knowledge about debt-related risks and opportunities. This, in turn, enables them to recognise and protect themselves from unethical practices, including so-called anti-collection schemes. Increasing public awareness of debt, its causes, and strategies for resolving financial issues also fosters greater trust in the KRUK Group and improves understanding of its operations.

Dialogue is maintained with selected associations and organisations engaged in supporting affected communities. This engagement takes place through email correspondence, organised meetings, and consultations. No specific groups within the defined affected communities face higher risks than others as a result of the Group's identified impacts. Consequently, the KRUK Group does not undertake additional initiatives to gather opinions from high-risk subgroups.

The highest governance level responsible for coordinating engagement with affected communities includes the Management Board of KRUK S.A. and the General Directors or management boards of KRUK Group companies. They collaborate with public relations, marketing, and other communication teams, which execute engagement efforts at the operational level.

## 8.4. PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR AFFECTED COMMUNITIES TO RAISE CONCERNS (S3-3)

[S3-3-27, S3-3-28 S3-3-29]

A material negative impact identified through the double materiality assessment concerns the protection of indebted persons' rights (failure by the KRUK Group to ensure fair treatment of financially excluded communities, promote transparency in debt collection practices across the industry, uphold human dignity, and comply with legal regulations).

A potential infringement of the rights of indebted persons may result from the KRUK Group's failure to ensure fair treatment of financially excluded communities, a lack of transparency in debt collection processes across the industry, or the promotion of practices that contribute to the unfair treatment of these communities. Remediation of negative impacts may involve several key initiatives:

- a. advocating for the cessation of unethical practices in the industry and promoting ethical standards that safeguard the rights of indebted persons,
- b. engaging in lobbying activities to support legislative changes aimed at eliminating unethical practices involving affected communities within the financial sector,
- c. reporting unethical market practices to relevant consumer protection authorities,
- d. implementing initiatives to support individuals facing financial exclusion, including financial education programmes, financial counselling, and legal assistance.

The KRUK Group does not have formal procedures explicitly dedicated to this issue.

Although the Group has not established dedicated procedures for preventing and remediating material negative impacts on affected communities, it has implemented other mechanisms contributing to these objectives. These mechanisms foster employees' awareness of the role of the debt collection industry in the economy and ethical business conduct, influencing their actions within the industry associations to which KRUK Group companies belong. Furthermore, the Group's Mission and Vision, along with policies such as the Code of Ethics and Human Rights Policy, define ethical conduct principles that all employees are required to follow. These policies also establish the expectation that employees contribute to externally directed initiatives that promote ethical and fair treatment of indebted persons in society.

During the reporting period, no activities undertaken by the KRUK Group were identified as infringing upon the rights of affected communities.

The KRUK Group does not provide affected communities with dedicated channels for raising concerns or submitting requests beyond publicly available contact forms on its websites. Individuals can submit their concerns (including anonymously) through the following means:

- a. in writing: by sending a letter to the registered office of the respective company,
- b. electronically – through the relevant company's designated channel:
  - KRUK S.A. via email: [info@kruksa.p](mailto:info@kruksa.p)
  - KRUK Italia: via email [info@it.kruk.eu](mailto:info@it.kruk.eu)
  - KRUK Romania: via email at [info@e-kruk.ro](mailto:info@e-kruk.ro) or through the contact form available at <https://ro.kruk.eu/clienti-plata>
  - KRUK España: via email: [info@es.kruk.eu](mailto:info@es.kruk.eu)
  - KRUK Česká a Slovenská republika: via email: [info@cz.kruk.eu](mailto:info@cz.kruk.eu) or by using the contact form available at <https://cz.kruk.eu/klienti/kontakt> and at <https://sk.kruk.eu/klienti/kontakt>
- c. in person: by visiting the registered office of the respective company.

Additionally, affected communities can submit concerns to industry organisations operating in each country where KRUK Group companies conduct business.



The abovementioned communication channels are promoted on the respective companies' websites. KRUK Group employees responsible for handling these communications receive training to ensure they respond effectively, professionally, and with empathy to the needs of those submitting concerns.

Furthermore, all submissions are recorded to facilitate accurate tracking, monitor progress in resolving issues, and support data analysis.

The KRUK Group ensures that individuals who submit concerns or requests are not subject to any adverse treatment as a result of their submissions.

There is no process in place within the Group to assess whether affected communities are aware of the aforementioned channels and whether they trust them.

## **8.5. ACTIONS TAKEN TO MANAGE MATERIAL IMPACTS AND RISKS AND PURSUE MATERIAL OPPORTUNITIES RELATED TO AFFECTED COMMUNITIES, AND THE EFFECTIVENESS OF THOSE ACTIONS (S3-4)**

### **8.5.1. Actions taken to prevent, mitigate or remediate material negative impacts on affected communities, and remedies provided.**

[S3-4-32 a-b, S3-4-33-b, S3-4-33-c, S3-4-35, S3-MDR-A]

As part of the 2024 double materiality assessment, the KRUK Group identified a material negative impact on affected communities related to the protection of the rights of indebted persons. The Group's efforts to promote fair treatment of financially excluded communities, ensure transparency in debt collection processes across the industry, uphold human dignity, and comply with legal provisions concerning affected communities focus primarily on the areas outlined below.

#### **Partnerships with industry associations**

KRUK Group companies are members of industry associations That require their participants to adhere to ethical debt collection principles, promote responsible practices across the industry, and identify unfair practices. By promoting ethical conduct, member companies set benchmarks for the industry, helping to raise ethical standards across the sector. These partnerships contribute to mitigating unethical debt collection practices, fostering public trust, and protecting the rights of indebted persons. Organisations belonging to these associations commit to complying with their codes of ethics and good practices, and in cases where deviations from these standards are identified, corrective actions are mandated.

In Poland, KRUK S.A. is a member of the Association of Financial Companies in Poland (ZPF). As part of its membership, company experts participate in issuing opinions on legislative proposals concerning debt management, credit information exchange, the lending sector, and consumer rights protection. The Association promotes ethical standards in the financial sector, contributing to the protection of the rights of indebted persons. KRUK S.A. actively participates in the Association's industry campaign *Debt Collection? Everything Clear!*, Which aims to educate the public on debt collection processes and promote ethical and responsible practices within the industry. The campaign provides practical information on debt collection, helping individuals understand how the process works and what the rights and obligations of debtors are. Through educational materials such as videos and articles, the initiative seeks to dispel negative stereotypes about debt collection, demonstrating that the process can be fair and transparent. These efforts emphasise the importance of adhering to ethical standards in the industry, thereby building public trust and improving the industry's reputation. The Association of Financial Companies in Poland collaborates with media outlets and independent experts to increase awareness of debt collection and promote best practices in the field. In addition to educational objectives, the campaign actively challenges stereotypes and misconceptions about the industry, often perpetuated by certain groups that spread misinformation and mislead indebted persons. The initiative also serves as a countermeasure against the so-called anti-collection companies, which frequently engage in deceptive communication strategies, particularly in online media, to discredit professional debt collection companies.

Additionally, the Association operates an Ethics Committee, of which a KRUK S.A. representative is a member. The Committee reviews reports concerning unethical conduct by member companies and takes appropriate actions to address them. It also conducts regular audits to ensure member companies comply with established ethical standards. The Committee works to raise ethical standards in the financial sector through education and collaboration with member

companies, providing advisory support in implementing and maintaining ethical business practices. Notably, at the end of 2024, the Group Head of Compliance at KRUK S.A. was appointed Chair of the Ethics Committee.

KRUK Romania, as a member of Asociația de Management al Creanțelor Comerciale (AMCC), the Romanian association for debt management, KRUK Italia, as a member of Unione Nazionale Imprese a Tutela del Credito (UNIREC), and KRUK España, as a partner of Asociación Nacional de Entidades de Gestión de Cobros (Angeco), engage in discussions on legal and regulatory solutions impacting financially excluded communities, promote transparency and ethical behaviour in debt collection processes, and work towards establishing best industry standards.

### Raising awareness of the rights of indebted persons through educational campaigns

The KRUK Group implements a range of educational initiatives aimed at raising financial awareness in society, promoting responsible money management, and advocating ethical debt collection practices. The most significant of these initiatives include the annual social campaign *Day Without Debt* and the educational platform Kapitalni.org.

The *Day Without Debt* campaign is a social initiative launched by KRUK S.A., observed annually on 17 November. The campaign's objective is to challenge stereotypes surrounding indebtedness, encourage household budget management, and increase awareness of the role of debt collection companies in the economy. As part of this initiative, various educational activities are conducted, including podcasts, radio broadcasts, and research on public attitudes toward debt in Poland. KRUK S.A. experts provide advisory sessions, responding to questions from the public on debt and finance management. The *Day Without Debt* campaign is observed not only in Poland but also in Romania and Italy, where KRUK conducted nationwide surveys during the reporting year to explore attitudes toward debt, personal finance management, and the financial condition of households. The surveys were also conducted in Spain. The goal of these studies is to promote discussions on personal finance management, responsible borrowing, and the destigmatisation of debt-related topics. As part of *Day Without Debt* in Poland, research findings were presented on popular radio stations in Poland, such as RMF FM and Radio Zet, as well as on various news portals and in the press. Radio Zet listeners could also benefit from free legal consultations with KRUK's representative and expert insights on financial education for both adults and children.

Kapitalni.org is a financial education platform in Poland that aims to facilitate household financial management and enhance financial awareness among users. The platform offers various tools, including financial calculators, budget planning templates, and expense-tracking forms, as well as educational trails. Operating Kapitalni.org is part of the KRUK Group's commitment to fostering financial and digital skills development. The platform publishes educational articles on personal finance topics, such as retirement planning, employee expense reimbursements, and the electronic court system. Kapitalni.org is visited by users seeking to expand their financial knowledge.

The expected outcomes of these initiatives include increased financial literacy and awareness among affected communities, particularly regarding their rights as debtors and the role of debt collection companies in the economy, strengthened standards for protecting the rights of indebted persons, and elimination of unethical market practices within the industry.

Time horizon: ongoing initiatives.

## 8.5.2. Actions implemented to advance positive impacts for affected communities

[S3-4-32-c-d]

The positive impacts on affected communities primarily include ensuring financial literacy among individuals experiencing financial exclusion.

Adequate financial knowledge within these communities reduces the likelihood of falling into a cycle of debt and insolvency, protects against unethical debt collection practices, and increases awareness of the role of professional debt collection companies in the economy. Through financial education, affected communities gain a clearer understanding of financial and debt collection processes, fostering greater trust in debt collection companies as organisations that help reintegrate indebted persons into the economy.

Actions undertaken by the KRUK Group to advance the positive impacts:

### Developing and providing educational materials

The KRUK Group's websites in Poland, Romania, Italy, and Spain offer educational resources, including guides on household budgeting and debt collection mechanisms. These materials equip indebted persons with essential knowledge, helping them avoid further financial difficulties.

### Partnerships with social organisations

- a. Collaboration with the Ogólnopolski Operator Oświaty foundation in Poland.

Since September 2024, KRUK S.A. has been working with the Ogólnopolski Operator Oświaty Foundation on the *Learning About Finances with OOO* project, aimed at providing financial education to preschool and early primary school children. The initiative seeks to instil financial literacy from an early age. As part of this initiative, the foundation conducted a financial literacy survey among preschool and primary school children (grades 1–3), which revealed that parents, schools, and kindergartens play a crucial role in shaping financial awareness. A key focus of the programme is fostering responsibility and developing healthy habits related to borrowing and repayment. Learning these principles early on may help children develop financial responsibility in adulthood. Under the project, children, guided by teachers, created educational booklets promoting responsible borrowing and repayment. The booklets, promoted by the foundation, are freely available to both individuals and educational institutions wishing to integrate financial education into their curricula. To further enhance engagement, the project also utilises Photon AI educational robots, making financial education more appealing to young learners. KRUK S.A. has sponsored 10 Photons – one for each participating institution. The programme has been officially recognised as part of the 2024 Financial Education Year initiatives and is scheduled to continue until the end of the 2024/25 school year. An additional benefit of this initiative is that financial education for children naturally involves their parents in financial discussions. This holistic approach engages entire families in financial education, significantly increasing its effectiveness.

- b. Collaboration with NGOs in Romania

In 2024, KRUK Romania continued its long-standing collaboration with non-governmental organisations, including Junior Achievement Romania (JAR) and MERITO.

- Junior Achievement Romania (JAR): In 2024, KRUK Romania continued its financial education efforts through the Smart Loans programme, led by dedicated volunteers from the company. This initiative aims to improve financial awareness among young people and prepare them for responsible finance management in the future. Launched eight years ago, the initiative has already reached over 12,000 beneficiaries, including students and teachers. In 2024 alone, the number of participants was 1,600. The initiative plays a crucial role in advancing financial literacy in Romania.
- MERITO: KRUK Romania continued its support for teachers through the MERITO project, which recognises and rewards outstanding contributions to financial education.

### Educational campaigns

The KRUK Group organises educational campaigns targeted at affected communities, including *Day Without Debt* (an initiative launched by KRUK S.A. and observed in Poland, Romania, and Italy) and the Kapitalni.org educational platform. Further details on these initiatives are disclosed in the section 8.5.1 'Actions taken to prevent, mitigate or remediate material negative impacts on affected communities, and remedies provided' of this Statement.

During the reporting year, KRUK Romania actively promoted financial education for children aged 6 to 13 at the *RUBIK SCHOOL Festival*, an event dedicated to fostering financial literacy among young learners and encouraging responsible money management. KRUK Romania also supported the first edition of the *Love for Science Festival*, an initiative promoting alternative teaching methods for children.

### Integrating financial education with charitable and sponsorship initiatives

The KRUK Group advances its positive impacts by combining financial education with charitable and sponsorship initiatives. This approach allows the Group to reach diverse social groups, support them in acquiring financial knowledge, and contribute to reducing social inequalities. These initiatives not only educate but also provide assistance to communities in difficult situations, promoting financial responsibility, social inclusion, and cooperation. In 2024, KRUK S.A. joined the Fundacja Dobrych Inicjatyw foundation's *First Star of Independence* project, which supports young people in transitioning from institutional care (such as orphanages and foster care) into independent adulthood. As part of the initiative, a selected participant will receive a one-year scholarship, essential home furnishings, and participation in financial education workshops. According to the "Starting Adulthood" report by the Fundacja Dobrych Inicjatyw foundation, young

people leaving foster care and institutional childcare often lack family role models and adequate support during their initial transition into adulthood and professional life. As a result, they face the risk of over-indebtedness or even homelessness.

The expected outcomes of these actions include the strengthening of financial literacy among affected communities and enhancing the reputation of the debt management industry.

Time horizon: ongoing initiatives.

### Tracking the effectiveness of actions and initiatives

In the short term, the effectiveness of actions aimed at mitigating negative impacts and advancing positive impacts on affected communities is tracked by monitoring the media, legislative developments, and societal responses to the debt collection industry. Media monitoring, conducted by the KRUK Group across all countries, indicates that the vast majority of publications and media coverage related to the Group's activities are neutral. This suggests a shift in public perception compared to the Group's early years, driven by transparent operations, regular educational initiatives, and corporate social responsibility efforts.

Financial index studies commissioned by Group companies also reflect a gradual increase in trust toward debt collection companies. In 2024, 43% of Poles reported having at least some level of trust in debt collection companies, compared to 36% in 2022. In Romania, 65% of respondents stated that the recovery of unpaid debts by debt collection companies is a natural process within society. The increased trust in professional debt collection companies may indicate growing public awareness of debt recovery processes.

#### 8.5.3. Process to identify what action is needed and appropriate in response to a particular actual or potential negative impact on affected communities

[S3-4-33-a, S4-4-32-b]

As outlined above, an effective response to negative impacts involves promoting fair debt collection practices, particularly through partnerships with industry associations and educational initiatives targeting affected communities. These initiatives are carried out directly or in collaboration with industry organisations and non-profit entities.

Members of industry organisations, including KRUK Group companies, participate in discussions as part of their efforts to monitor regulatory and legislative developments, and conduct research and analysis work. These discussions focus on necessary initiatives and actions to protect the rights of individuals within affected communities, with the aim of promoting the highest ethical standards and eliminating unfair practices.

Before launching an educational initiative, the Group conducts an assessment of educational needs to ensure its activities are effective. This process includes:

- a. dialogue with representatives of non-profit organisations with whom the company plans to collaborate, discussing identified needs,
- b. analysis of reports and social research findings related to selected groups, including affected communities,
- c. meetings with industry association representatives to assess current educational needs.

Membership in industry associations requires companies to adhere to ethical principles, contributing to the elevation of standards across the sector. Through publishing educational materials on the industry and finances in general and through participating in awareness campaigns, the Group fosters critical thinking within communities, encouraging reliance on credible sources of information when forming opinions about the debt management industry. The KRUK Group's educational initiatives also help counteract misinformation about the sector. Promoting critical thinking further protects affected communities from unethical debt collection practices and increases awareness of the role professional debt collection companies play in the economy. Over the long term, these actions can enhance public perception of the debt management industry while also strengthening engagement with individuals who may find themselves in debt. Through financial education, affected communities gain a clearer understanding of financial and debt collection processes, fostering greater trust in the Group as a financial partner and influencing potential future cooperation. Raising financial awareness and knowledge, particularly among affected communities or those at risk of indebtedness, helps prevent individuals from falling into a cycle of debt. In some cases, it may also reduce the risk of homelessness. Furthermore, engaging in educational initiatives for preschool and early school-age children helps instil responsible financial habits from an early age. Through social research, the KRUK Group can better identify educational gaps among affected or debt-vulnerable

communities, understand their attitudes and habits regarding household finance management, and develop or support financial education projects tailored to their specific needs.

#### 8.5.4. Actions taken to manage material risks

[S3-4-34-a]

The KRUK Group undertakes a range of actions to mitigate material risks in relation to affected communities, as detailed below. In 2025, the Group plans to fully integrate risks related to financial exclusion into its formalised risk management system, enabling more effective tracking and oversight of these risks.

To ensure effective risk management in the material area of protecting the rights of indebted persons, the Group undertakes the following actions:

##### Key risk mitigation actions:

- a. promoting fair debt collection practices, particularly within industry organisations where KRUK Group companies hold membership, by adhering to and advocating for codes of conduct and best practices in order to foster a positive perception of debt collection companies as entities that operate lawfully and uphold the highest ethical standards,
- b. organising educational campaigns to help communities understand debt collection procedures and their obligations. Early financial education initiatives, such as those introduced in schools, contribute to establishing a strong foundation of financial literacy,
- c. partnering with non-profit organisations, educational and financial institutions, to jointly implement educational programmes and share costs,
- d. conducting external audits, such as those performed by the Ethics Committee of the Association of Financial Companies in Poland, to ensure that all Group activities align with its declared values and ethical standards,
- e. promptly and effectively responding to feedback from affected communities as part of the efforts undertaken by industry associations to verify reported concerns and eliminate unethical practices within the sector,
- f. lobbying activities undertaken by the KRUK Group, presenting its position on laws, industry regulations, and standards. The objective is to promote transparent, ethical and fair principles in finance management, debt servicing, and debt recovery,
- g. ensuring transparency through open communication with affected communities regarding the Group's initiatives to protect their rights and promote ethical debt collection practices. Collaborating with media outlets to highlight the Group's efforts in debtor rights protection. Regular publications, interviews, and articles help strengthen the Group's reputation.

##### Methods for tracking the effectiveness of the above actions:

- a. verification of regulatory provisions after their implementation: The Group continuously analyses draft resolutions and regulations affecting the industry. By presenting its position, the Group contributes to shaping regulations in line with transparent and ethical principles. Reviewing legal acts after they come into force allows for an assessment of the effectiveness of the actions taken in this area,
- b. social research: The Group monitors the level of societal indebtedness in each country where it operates through social research studies. These studies provide insights into the effectiveness of educational and public awareness initiatives,
- c. evaluation of educational projects: upon completion of selected educational initiatives, data is collected on participant numbers;
- d. media analysis: The Group tracks media interest in topics related to financial education and ethical debt collection practices. By analysing media coverage and content reach, the Group assesses how effectively key messages are disseminated to a broader audience.

**The expected outcomes** include reducing the costs of implemented actions, ensuring consistency between public commitments and actual actions, enhancing engagement with affected communities (who may become KRUK Group clients in the future), and strengthening the Group's reputation.

All actions related to managing the material risks are carried out on an ongoing basis.

### 8.5.5. Actions undertaken to pursue material opportunities

[S3-4-34-b]

The Group has not identified any material opportunities in relation to affected communities.

### 8.5.6. Resources allocated to the management of material impacts

[S3-4-38]

No separate organisational units have been established within the KRUK Group for managing material impacts on affected communities. These matters fall within the responsibilities of local PR, marketing, and communications teams.

These departments carry out their tasks using internally available IT tools, such as the educational platform and research commissioned by the KRUK Group or external entities.

[MDR-A-69]

The implementation of these actions did not require significant operating or capital expenditures in the reporting year. The Group has not developed detailed action plans. Therefore, operating expenditure (OpEx) and capital expenditure (CapEx) are not disclosed.

## 8.6. METRICS AND TARGETS (S3-5)

[S3-5-MDR-M, S3-5-MDR-T]

The double materiality assessment identified two material matters related to affected communities that, despite the Group's ongoing management efforts, have not yet been quantified into measurable targets and metrics, as described in ERS 2 MDR-T and MDR-M.

This is due to the fact that the double materiality assessment was conducted in the fourth quarter of 2024. The Group will take steps to define measurable targets for the identified impacts, risks, and opportunities as part of the update to its ESG Strategy, scheduled for 2025.

However, it is important to note that the Group has continuously undertaken actions to manage impacts, risks and opportunities, and to track the effectiveness of policies and actions with respect to its clients, as disclosed in section 8.5 'Actions taken to manage material impacts and risks and pursue material opportunities related to own workforce, and the effectiveness of those actions (S3-4)' of this Statement.

Additionally, in 2024, the Group pursued the targets outlined in its ESG Strategy, as detailed in section 3.1.2 'Strategy' of this Statement.

## 9. CONSUMERS AND END-USERS (S4)

### 9.1. CLIENTS (S4-SBM-3)

[S4-SBM-3-10-a-b, S4-SBM-3-11-1]

The core business activity of the KRUK Group consists of investing in and managing consumer debt portfolios. This has a direct impact on indebted persons whose debt is managed by KRUK Group companies, namely KRUK S.A., Kancelaria Prawna RAVEN, KRUK Romania, KRUK Italia, and KRUK Česká a Slovenská republika. Therefore, for the purpose of sustainability reporting, the consumers and end-users are clients – indebted individuals whose creditor is an entity within the KRUK Group and whose debt is managed by a KRUK Group company.

A distinct subgroup comprises “vulnerable clients” (that is clients facing financial or social hardship), who are identified as a group that may be exposed to higher risk. This includes individuals experiencing a lowered mood, clients impacted by macroeconomic and social events, those requiring discretion and tailored approaches, and clients who need support through modern self-service tools or are at risk of digital or economic exclusion. Such individuals require empathy and tailored debt collection practices that address their specific needs, support their money management skills, facilitate an effective exit from indebtedness, reduce social exclusion, and mitigate the adverse health impacts associated with breaking free from the cycle of debt.

The Group reached its conclusions through the analysis of several key factors:

1. **Grievance and complaints monitoring:** The Group analyses incoming client complaints and grievances to identify recurring issues, behavioural patterns and root causes of financial problems among clients. By leveraging these insights, the KRUK Group can better understand why certain client groups struggle with debt repayment, implement appropriate corrective measures, and refine its debt collection strategies to align more effectively with the financial situation and needs of different consumer groups.
2. **General observation of client behaviour:** The Group monitors client behaviours, including payment delays, frequency of interactions with the KRUK Group, and responses to debt collection efforts.
3. **Collaboration with social organisations:** The Group partners with social organisations and charitable institutions that offer valuable insights into vulnerable social groups. Through these partnerships, the Group gains a deeper understanding of the specific needs and risks associated with vulnerable clients.

The above analysis does not assess the situation of individual clients but rather provides a broader reflection on social processes and macroeconomic phenomena that may arise from adverse economic conditions or social trends, potentially affecting clients’ financial capacity and overall circumstances.

The services provided by the KRUK Group, due to the need to process clients’ personal data, may potentially have a negative impact on the right to privacy and client personal data protection. The KRUK Group’s services and products are not inherently harmful to individuals, do not increase the risk of chronic illnesses, and do not require user manuals or labelling.

The negative material impacts identified through the double materiality assessment relate to insufficient actions taken with respect to the following matters:

1. Client voice: feedback from KRUK Group clients on service quality and products offered
2. Ethical debt collection
3. Cybersecurity
4. Client personal data protection
5. Ensuring the operational continuity of client communication tools and systems (entity-specific disclosure)

Given that the KRUK Group actively addresses these negative impacts, implements mitigation measures, and monitors their effectiveness, any negative occurrences can be considered isolated incidents resulting from shortcomings in collecting and incorporating client feedback, upholding ethical debt collection practices, maintaining cybersecurity and data protection standards, or ensuring the availability of the Group’s systems.

## **Brief description of activities resulting in positive impacts on clients**

[S4-SBM-3-10-c]

The double materiality assessment conducted by the KRUK Group in 2024 identified material positive impacts on consumers and end-users in relation to the following material matters:

1. Accessibility of KRUK Group services and improvement of client experience by ensuring accessible and user-friendly interfaces.
2. Individual approach to vulnerable clients (experiencing financial or social hardship): adjusting debt collection practices and communication strategies to their specific circumstances while respecting their dignity and rights.

The KRUK Group identifies the following activities that result in positive impacts:

### **Accessibility of KRUK Group services and improvement of client experience by ensuring accessible and user-friendly interfaces**

One of the key initiatives in this area is further development of the e-kruk platform, which enables clients to manage their debt online. The platform provides features such as checking outstanding debt, making online payments, signing

settlement agreements, and tracking progress in debt repayment. It allows clients to manage their finances easily and intuitively, anytime and anywhere. The KRUK Group allocates resources and establishes organisational structures to implement Group-wide initiatives aimed at enhancing the experience of clients using the e-kruk platform in Poland, Romania, Italy, and Spain. The platform is developed following the User-Centered Design approach, focusing on the needs, preferences, and limitations of users throughout the design process. Additionally, the *Test for KRUK* programme enables clients to actively participate in the design and improvement of services, ensuring that the delivered solutions are intuitive, user-friendly, and better tailored to client needs, ultimately enhancing client satisfaction and experience. In 2024, several features were introduced or improved within the e-kruk system, including introduction of secure and widely recognised payment methods (Blik in Poland, PayPal in Italy, and Paymefy in Spain), automatic recurring payments, and simplification of the settlement agreement signing process. The KRUK Group also implements and enhances its chatbots, which assist in resolving issues quickly and increase clients' autonomy in managing their debt. These efforts facilitate decision-making for clients regarding debt repayment (particularly for individuals with limited digital competencies or experiencing financial difficulties), allowing them to better manage their personal finances and improve their overall situation. These initiatives also contribute to improving the perception of the industry and raising standards in debt management.

All actions resulting in positive impacts in this area (which are further detailed below) are undertaken in relation to all client groups identified in section 9.1 '*Clients (S4-SBM-3)*' of this Statement and cover all geographical regions where the Group conducts operational activities.

### Individual approach to vulnerable clients (experiencing financial or social hardship)

Key initiatives aimed at supporting vulnerable clients facing financial or social hardship include individual debt collection strategies tailored to their financial situation, enabling flexible repayment terms. The process for handling enquiries from vulnerable clients ensures a compassionate approach and personalised solutions. The KRUK Group also places a strong emphasis on employee training in both soft and technical skills to enhance understanding of client needs. Additionally, KRUK S.A. implements transparent communication practices, certifying employees in plain language usage to facilitate clients' understanding of their rights and obligations. Support for clients with limited digital skills includes training and instruction, while financial education initiatives help clients manage their finances more effectively. The client service process in extraordinary situations, along with psychological assistance for vulnerable clients, provides a sense of security and emotional well-being, fostering trust in the KRUK Group and elevating industry standards.

All actions resulting in positive impacts in this area (which are further detailed below) are undertaken in relation to vulnerable clients (experiencing financial or social hardship) identified in section 9.1 '*Clients (S4-SBM-3)*' and cover all geographical regions where the Group conducts operational activities.

## Material risks and opportunities arising from impacts and dependencies on clients

[S4-SBM-3-10-d, S4-SBM-3-12]

As part of the double materiality assessment in the area of consumers and end-users, the following material matters give rise to material risks identified by the KRUK Group:

1. Ethical debt collection
2. Cybersecurity
3. Client data protection
4. Ensuring the operational continuity of client communication tools and systems (entity-specific disclosure)

### Ethical debt collection

#### Risks:

#### Reputational risks:

- a. Negative media coverage: reports of unethical collection practices may attract negative media attention, particularly in the era of social media, damaging the KRUK Group's reputation.
- b. Criticism from social organisations: consumer protection organisations may publicly criticise the KRUK Group's practices, further exacerbating reputational challenges.

#### Legal and regulatory risks:

- a. Client claims: unethical practices may lead to legal claims from clients who feel mistreated, resulting in litigation costs and compensation payments.



- b. Regulatory sanctions: violations of consumer protection laws or debtor rights regulations may result in significant financial penalties and restrictions on business operations in certain markets.
- c. Increased regulatory pressure: incidents involving unethical debt collection may prompt regulators to introduce stricter industry regulations, leading to higher compliance and operating costs.

#### Financial risks:

- a. Loss of clients: unethical debt collection practices may discourage clients from engaging with the KRUK Group, reducing debt recovery rates.
- b. Higher operating costs: managing grievances, complaints, disputes, and legal claims resulting from unethical practices generates additional administrative and legal costs.
- c. Loss of investors: sustainability-focused investors may withdraw support if the Group is associated with unethical practices.
- d. Limited access to financing: unethical debt collection practices hinder the Group's ability to secure financing from lenders that adhere to principles of social responsibility.

## Cybersecurity

### Risks:

#### Operational risks:

- a. Compromised IT system integrity: cyberattacks, malware (ransomware, etc.), or technical failures may disrupt IT systems, leading to operational downtime, delays in debt collection processes, and revenue loss.
- b. Loss of critical business data: security breaches may result in the loss, damage, or theft of essential business data, including client information, transaction details, and analytical reports. Without adequate data backups or disaster recovery procedures, a cybersecurity incident may cause permanent data loss, operational disruptions, and significant recovery costs.
- c. Operational downtime: a failure or unavailability of critical IT systems due to a cyberattack, security vulnerabilities, or inadequate incident response procedures may disrupt KRUK Group's operations, affecting efficiency and its ability to meet obligations to clients and business partners.
- d. Increased incident response costs: cybersecurity incidents necessitate costly system restoration, audits, corrective measures, and engagement with cybersecurity specialists, placing an additional financial burden on the Group.
- e. Operational losses due to human error: employees may unintentionally facilitate cyberattacks by clicking on malicious links, opening fraudulent attachments, or failing to adhere to security protocols, leading to serious breaches and operational disruptions.
- f. Outdated or insufficient security measures: failure to regularly update systems, reliance on outdated technologies, or inadequate IT infrastructure security increase vulnerability to cyberattacks and operational disruptions.
- g. Ransomware attacks may force the Group to pay a ransom to regain access to encrypted data, resulting in significant financial losses.
- h. Prevention costs: minimising risks related to data breaches, leaks, or loss may require significant investments in advanced security technologies, employee training, internal audits, and the development of policies and procedures to strengthen KRUK Group's cybersecurity. These additional expenditures may place a strain on the operational budget.
- i. Third-party supplier risks: reliance on third-party IT service providers may expose the KRUK Group to risk if they fail to uphold adequate security standards.
- j. Data exfiltration by employees: unauthorised copying or transfer of data by employees may lead to security breaches, compromising operations and damaging the Group's reputation.
- k. Legal and regulatory compliance risks: non-compliance with cybersecurity regulations may result in financial penalties, or legal action.

#### Reputational risks:

- a. Cybersecurity incidents may attract negative media attention, eroding trust among stakeholders, clients, and investors.
- b. Loss of business partner trust: inadequate cybersecurity measures may erode business partners' trust in the KRUK Group, making them less inclined to collaborate.

- c. Access to finance: a lack of robust cybersecurity measures may negatively impact investors' and lenders' decisions, potentially limiting access to capital and financing.

## Client personal data protection

### Risks:

#### Operational risks:

- a. Operational downtime: data security breaches may lead to operational downtime, impacting the Group's day-to-day operations and resulting in revenue losses.
- b. Higher operating costs: managing the consequences of data breaches, including costs related to system restoration, crisis communication, and legal proceedings, may lead to higher operating costs. Ensuring compliance with data protection regulations and mitigating risks may require investment in advanced security technologies, employee training, internal audits, and the development of data management policies and procedures. These additional expenditures may place a strain on the operational budget.
- c. Risk of human error: improper data processing by employees, such as accidental disclosure of personal data, inaccurate data entry, or failure to comply with security protocols, may result in serious data protection violations and potential regulatory penalties.

#### Regulatory risks:

- a. Violations of data protection regulations may result in financial penalties.
- b. Regulatory orders to halt data processing: in cases of severe violations, regulatory authorities may require the suspension of data processing for certain operations or mandate the deletion of specific data, potentially disrupting the KRUK Group's business operations.

#### Legal risks related to litigation:

- a. Risk of civil lawsuits: individuals affected by data breaches may file compensation claims, leading to substantial financial and legal costs. Breaches of personal data security may result in lawsuits for violations of personal rights, further impacting the Group's financial and reputational standing.
- b. Risk of criminal proceedings: in cases of serious data protection violations, the KRUK Group may face criminal proceedings, potentially leading to sanctions.

Risk of loss of trust due to inadequate personal data protection: loss of trust among clients, business partners, employees, stakeholders, and shareholders may lead to a decline in KRUK Group's value.

#### Reputational risks:

- a. Brand damage: non-compliance with data protection policies may undermine the Group's reputation as a responsible and trustworthy organisation.
- b. Risk of public relations crises: insufficient personal data protection increases the risk of reputational crises caused by data breaches.

## Ensuring the operational continuity of client communication tools and systems (entity-specific disclosure)

### Risks:

- a. Reputational damage: system availability issues may damage the Group's reputation, leading to negative perceptions among stakeholders and media.
- b. Legal and regulatory sanctions: failure to meet business continuity obligations may result in financial penalties and regulatory sanctions.
- c. Financial losses: system downtime may result in direct financial losses, both due to lost revenue and costs associated with resolving the issues.

- d. Increased operational risk: the lack of reliable communication tools, reliance on third-party suppliers, human errors, natural disasters, insufficient system scalability, or delays in system updates and maintenance may cause IT system failures, disrupting debt management operations and leading to further operational challenges.
- e. Risk of loss of client trust: disruptions in system and tool availability may frustrate clients, reduce their willingness to cooperate, and negatively impact KRUK Group's reputation.

Within the identified material risks, the KRUK Group has not observed any that would be more material for a specific group of clients.

The double materiality assessment identified no material matters that would result in material opportunities in the area of consumers and end-users.

## 9.2. IMPACT, RISK AND OPPORTUNITY MANAGEMENT POLICIES RELATED TO CLIENTS (S4-1)

[S4-1-MDR-P-65]

The actions undertaken by the KRUK Group to effectively manage the identified material impacts, risks, and opportunities related to clients are outlined in the policies and regulations applicable within the Group, as indicated below.

### Code of Ethics

The Code of Ethics covers the impacts and risks identified in the following material matters: client voice, accessibility of KRUK Group services and enhancing client experience, ethical debt collection, individual approach to vulnerable clients (experiencing financial or social hardship), and client personal data protection.

The Code of Ethics defines the principles of responsible conduct, behaviour, and ethical decision-making within the KRUK Group. Providing clarification and guidance on issues that may give rise to ethical dilemmas. The Code of Ethics is a set of principles rooted in the law and in the system of ethical values, Mission, Vision and Values of the KRUK Group that underpin employees' ethical behaviour and conduct across the organisation in relation to all stakeholders, including the Group's clients. The Code sets out the principles governing the KRUK Group's interactions with its clients, including, but not limited to, the following areas:

- a. Responsibility for personal data: as an organisation that processes personal data, including information on clients' financial situation, and as a publicly listed company, the KRUK Group acknowledges the significant impact that proper data protection has on various stakeholder groups. Ensuring the highest standards of secure data processing and data protection against unlawful disclosure or misuse form the foundation upon which the KRUK Group builds its processes and services for clients. The Group continuously refines its data protection risk management process, supporting informed decision-making and fostering stable, sustainable operations. The KRUK Group places strong emphasis on raising employee awareness regarding data protection and business confidentiality, highlighting their critical importance. To this end, the Group implements a range of internal educational and awareness-raising initiatives.
- b. Conflicts of interest: the KRUK Group takes appropriate steps to identify and manage potential and actual conflicts of interests related to its clients, ensuring that all actions adhere to the highest ethical standards.
- c. Responsible client relationships: employees, associates, and members of the governing bodies of the KRUK Group are required to build business relationships with clients and business partners in a professional manner, in full compliance with applicable legal regulations, particularly in the area of personal data protection, internal policies, and the Group's established codes of conduct and ethical standards. The KRUK Group recognises that its adopted standards of conduct shape market practices and that its decisions impact a significant number of clients. Therefore, in conducting its operations, the KRUK Group is committed to:
  - fostering mutually beneficial relationships,
  - appreciating client loyalty,
  - listening to clients to enhance service quality,
  - ensuring personalised client service,
  - advising on solutions that facilitate responsible debt resolution,
  - maintaining confidentiality and security,
  - providing user-friendly products and services, and
  - keeping its commitments.

- d. Ethical and responsible debt collection: the KRUK Group actively works to combat financial exclusion and provides indebted persons with a pathway out of debt. The Group's operations are guided by good practices developed by national industry associations, which set clear standards for responsible debt collection that respect human rights. At the same time, the KRUK Group establishes its own operational standards and processes to support the development of responsible debt collection practices, ensuring full compliance with both external and internal laws, regulations, and ethical guidelines, and building its interactions with clients on the principles of fairness, impartiality, and professionalism to guarantee that all decisions are made ethically and with respect for clients.
- e. Responsible communication: in its communication with clients, the KRUK Group:
  - uses plain and comprehensible language,
  - avoids industry jargon or complex legal terminology (and, when necessary, ensures that any legal terms used are clearly explained to the client),
  - recognises the importance of respecting consumer protection rights and ensuring that clients fully understand the consequences of their decisions,
  - adheres to the following principles when formulating messages and communications for clients:
    - ensuring equal treatment of clients while considering their diversity and specific needs,
    - creating transparent, clear, and easily understandable content,
    - relying on facts rather than opinions and avoiding judgment of the recipient or their situation,
    - maintaining a consistent flow of information.
- f. Financial education: as a socially responsible organisation, the KRUK Group acknowledges the impact of its decisions and activities, as well as the scale of its impact on clients, and assumes responsibility in this regard. The Group's contribution to social development extends beyond its core operations and assisting clients with debt repayment. It also involves conducting business in a way that aligns economic objectives with the well-being of society. Committed to sharing its expertise, the KRUK Group organises financial education initiatives aimed at improving clients' awareness and knowledge relating to money management and the consequences of taking on debt, empowering them to make informed and responsible financial decisions.

The Code of Ethics has been adopted by KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **KRUK Group Anti-Corruption Policy**

The KRUK Group Anti-Corruption Policy covers the impacts and risks identified within the material matter of ethical debt collection.

The Policy outlines the anti-corruption framework in place within the KRUK Group, including the adopted measures, mechanisms, and complementary regulations aimed at identifying and preventing corruption, and it establishes the principles that employees, associates, and members of the governing bodies of individual companies within the Group are required to adhere to, including the obligation to refrain from any actions that could compromise the Group's zero-tolerance policy for corruption in dealings with clients. The Compliance Area in each KRUK Group company serves both an administrative role (maintaining a register of corruption-related incidents) and an advisory role (analysing reported incidents and issuing recommendations on the appropriate course of action).

The Policy applies to KRUK S.A., KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **KRUK Group Human Rights Policy**

The KRUK Group Human Rights Policy covers the impacts and risks identified in the following material matters: client voice, ethical debt collection, individual approach to vulnerable clients (experiencing financial or social hardship), client personal data protection, and cybersecurity.

The KRUK Group, through its processes and internal documents, exercises due diligence to prevent any direct contribution to human rights violations affecting clients in the course of its business activities. The purpose of the Human Rights Policy in relation to clients is to:

- a. ensure respect for human rights as the foundation of the KRUK Group's processes and operations, and implement measures to identify and mitigate the risk of human rights violations within its operations,
- b. ensure compliance with the highest ethical standards and good practices,
- c. protect clients from human rights violations through the implementation of policies and procedures that formalise the Group's ethical approach to client interactions, including the Code of Ethics, and that define the principles of data protection and information security (Personal Data Management Policy and Information Security Policy),
- d. recognise and value the voice of stakeholders, incorporating their perspectives into the Group's actions.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Group Cloud Security Standard**

The Group Cloud Security Standard covers the impacts and risks identified in the following material matters: client personal data protection, cybersecurity, and ensuring the operational continuity of client communication tools and systems.

The purpose of the document is to define security requirements for cloud environments.

The Standard applies to KRUK S.A.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Information Security Policy**

The Information Security Policy covers the impacts and risks identified in the following material matters: client personal data protection, and cybersecurity.

The purpose of the Policy is to define responsibilities and objectives related to information security and to protect data from unauthorised access, loss, theft, or damage while ensuring the confidentiality, integrity, and availability of information within the organisation. The document establishes a formal basis for undertaking all necessary actions within a company to maintain a high level of information security, ensuring the appropriate priority and effectiveness of these actions.

The Policy applies to KRUK S.A., KRUK Romania, and KRUK España.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Privacy Policy**

The Privacy Policy covers the impacts and risks identified within the material matter of client personal data protection.

The purpose of the Policy is to define the principles for collecting, using, sharing, and storing personal data, including clients' personal data, by a company. The Privacy Policy also aims to ensure transparency in personal data processing. In particular, it provides information on the purposes, duration, scope, and principles of data processing, including the transfer of data to third parties where necessary and in compliance with applicable law.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Personal Data Management Policy**

The Personal Data Management Policy covers the impacts and risks identified in the following material matters: client personal data protection, and ethical debt collection.

The purpose of the Policy is to formalise the principles and procedures governing the processing of personal data, ensuring the implementation of appropriate technical and organisational measures to maintain data security in in-house or

outsourced data processing while respecting the rights of data subjects. The Policy establishes regulations concerning the principles of personal data processing, data subject rights, data security, rules for entrusting and sharing personal data, data breach management, and defines the tasks and responsibilities of the data controller, data processors, and the data protection officer.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Business Continuity Management Policy**

The Business Continuity Management Policy covers the impacts and risks identified in the material matter of ensuring the operational continuity of client communication tools and systems.

The purpose of the Policy is to ensure that business continuity management for communication tools and systems across KRUK Group companies is conducted within a structured management system, with clearly defined responsibilities.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to the downstream segment of the value chain, as well as to the Group's own operations.

### **Risk Management System Policy**

The Risk Management System Policy covers the impacts and risks identified in the following material matters: ethical debt collection, cybersecurity, client personal data protection, and ensuring the operational continuity of client communication tools and systems.

The purpose of the Policy is to define the principles and responsibilities for managing non-financial risks. The Policy applies to processes related to risk management in operational activities, organisational units forming the second line of defence, and the internal audit unit.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Legal Risk and Personal Data Processing Risk Management Policy**

The Legal Risk and Personal Data Processing Risk Management Policy covers the impacts and risks identified in the following material matters: ethical debt collection, client personal data protection, cybersecurity, and ensuring the operational continuity of client communication tools and systems.

The Policy defines the approach to managing personal data processing and other risks in the course of the KRUK Group's operations within the second line of defence, in accordance with the Risk Management System Policy. The purpose of the Policy is to ensure that legal risk and personal data processing risk are effectively identified, assessed, controlled, monitored, and reported. It establishes the principles and responsibilities related to managing these risks and defines the powers and duties of individuals responsible for these areas.

The Policy applies to KRUK S.A., KRUK Romania, KRUK Italia, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **KRUK Group Compliance Risk Management Policy**

The KRUK Group Compliance Risk Management Policy covers the impacts and risks identified in the following material matters: client voice, accessibility of KRUK Group services and enhancing client experience, ethical debt collection, individual approach to vulnerable clients (experiencing financial or social hardship), client personal data protection, and cybersecurity.

The Policy defines the approach to managing compliance risk in the course of the KRUK Group's operations. It supports the development and promotion of a compliance culture, establishes principles and responsibilities related to the compliance process, and defines the duties and powers of individuals responsible for compliance.

The Policy applies to KRUK S.A., KRUK Romania, KRUK Italia, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Internal Control System Policy**

The Internal Control System Policy covers the impacts and risks identified in the following material matters: client voice, accessibility of KRUK Group services and enhancing client experience, ethical debt collection, individual approach to vulnerable clients (experiencing financial or social hardship), client personal data protection, cybersecurity, and ensuring the operational continuity of client communication tools and systems.

The Policy defines the principles and responsibilities related to the internal control system. Its purpose is to ensure operational effectiveness and efficiency, adherence to risk management principles, and compliance with legal and regulatory requirements.

The Policy applies to KRUK S.A., KRUK Romania, KRUK Italia, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to the Group's own operations.

### **Procedure: Opinion Issuance Standard**

The Procedure: Opinion Issuance Standard covers the impacts and risks identified in the following material matters: client voice, accessibility of KRUK Group services and enhancing client experience, ethical debt collection, individual approach to vulnerable clients (facing financial or social hardship), and client personal data protection.

The purpose of the Standard is to define the principles governing the process of issuing opinions on new products and modifications to KRUK Group's existing product offerings for clients. Under the Standard, the Compliance Area and the Personal Data Protection Area assess products and communications to identify potential compliance risks and risks associated with personal data processing.

The Standard applies to KRUK S.A. and Kancelaria Prawna RAVEN. In the case of opinion issuance by the Compliance Area, it also applies to KRUK Italia, KRUK Romania, and KRUK España.

The document applies to the downstream segment of the value chain, as well as to the Group's own operations.

### **Incident Management Procedure**

The Incident Management Procedure covers the impacts and risks identified in the following material matters: ethical debt collection, cybersecurity, client personal data protection, and ensuring the operational continuity of client communication tools and systems.

The Procedure sets out the principles for handling incidents to ensure early response to emerging threats, effective management of such incidents, minimisation of negative impact on clients and risks to the organisation, and the planning and implementation of corrective actions to prevent similar incidents in the future.

The Procedure applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Procedure for Managing Relationships with Entities Entrusted with Data Processing**

The Procedure for Managing Relationships with Entities Entrusted with Data Processing covers the impacts and risks identified within the material matter of client personal data protection.

The Procedure establishes the process for managing relationships with entities to which a company has entrusted personal data processing and managing relationships with entities that have entrusted the KRUK Group with personal data processing.

The Procedure applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Procedure for Managing Personal Data Breaches**

The Procedure for Managing Personal Data Breaches covers the impacts and risks identified in the following material matters: cybersecurity, personal data protection, and ethical debt collection.

The Procedure establishes the process for reporting and managing personal data breaches within a company to accelerate corrective actions, minimise the negative effects of breaches, prevent recurrence, and ensure compliance with the applicable legal framework.

The Procedure applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Procedure for Registration and Handling of GDPR Requests**

The Procedure for Registration and Handling of GDPR Requests covers the impacts and risks identified in the following material matters: client personal data protection, and ethical debt collection.

It describes the activities related to identifying and handling GDPR requests submitted by clients, including the interdependencies between the GDPR request handling process and the complaints handling process.

The Procedure applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to the downstream segment of the value chain, as well as to the Group's own operations.

### **Procedures and manuals governing personal data protection**

Procedures and manuals governing personal data protection, including conducting data protection impact assessments, drafting and verifying privacy notices and consent clauses for data processing, drafting and verifying data processing agreements, conducting legitimate interest assessments, and ensuring information security and data protection in remote work settings.

These regulations cover the impacts and risks identified in the following material matters: client personal data protection, and ethical debt collection.

The purpose of these procedures and manuals is to ensure compliance with legal regulations, safeguard the privacy of individuals whose data is processed, and minimise risks associated with personal data breaches.

These regulations apply to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The documents apply to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Procedure for Monitoring Regulatory Guidelines and Case Law**

The Procedure for Monitoring Regulatory Guidelines and Case Law covers the impacts and risks identified in the following material matters: ethical debt collection, and individual approach to vulnerable clients (experiencing financial or social hardship).

The purpose of the document is to ensure that KRUK S.A. operates in compliance with regulatory guidelines and case law, taking into account court and tribunal rulings related to consumer protection rights.

The Procedure applies to KRUK S.A. and Kancelaria Prawna RAVEN.S.A.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.



## Procedure for Monitoring Changes in Legislation

The Procedure for Monitoring Changes in Legislation covers the impacts and risks identified in the following material matters: ethical debt collection, individual approach to vulnerable clients (experiencing financial or social hardship), client personal data protection, cybersecurity, and ensuring the operational continuity of client communication tools and systems.

The purpose of the document is to ensure compliance with applicable laws within KRUK Group companies operating in Poland (including regulations concerning clients), identify opportunities, and assess potential risks arising from proposed and enacted changes in legislation.

The Procedure applies to KRUK S.A. and Kancelaria Prawna RAVEN.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

## Procedure for Handling Exceptional Situations

The Procedure for Handling Exceptional Situations covers the impacts and risks identified in the following material matters: ethical debt collection, and individual approach to vulnerable clients (facing financial or social hardship).

The purpose of the Procedure is to define the approach that Contact Centre advisers and Field Advisers should follow when dealing with exceptional situations concerning clients. The Procedure takes into account local conditions and legal requirements applicable to KRUK Group companies.

The Procedure applies to KRUK S.A., KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to the downstream segment of the value chain, as well as to the Group's own operations.

## Complaints Handling Manual

The Complaints Handling Manual covers the impacts and risks identified in the following material matters: client voice, ethical debt collection, individual approach to vulnerable clients (facing financial or social hardship), client personal data protection, and ensuring the operational continuity of client communication tools and systems.

The purpose of the document is to establish the principles and approach KRUK Group companies should follow in receiving and processing complaints.

The Manual applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to the downstream segment of the value chain, as well as to the Group's own operations.

## Procedure for Handling Client and Institutional Requests

The Procedure for Handling Client and Institutional Requests covers the impacts and risks identified in the following material matters: ethical debt collection, and individual approach to vulnerable clients (experiencing financial or social hardship).

The Procedure defines the approach to follow in managing individual client requests and needs that do not fall within the scope of standard complaints.

The Procedure applies to KRUK S.A., KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

The policies and regulations outlined in this disclosure cover all individuals within the KRUK Group companies where these regulations apply.

The aforementioned regulations cover all client groups specified in section 9.1 'Clients (S4-SBM-3)' of this Statement, except for the Procedure for Handling Exceptional Situations and the Procedure for Handling Client and Institutional Requests, which apply to vulnerable clients.

Policies within the KRUK Group companies are adopted by resolution of the Management Board of KRUK S.A. and, in other Group companies, by their respective General Directors or management boards. In Kancelaria Prawna RAVEN, policies are adopted by the general partner of the company.

An exception applies to the Privacy Policy, which has not been formally adopted by resolution of the Management Board of KRUK S.A. or the General Directors/management boards of other Group companies. However, it has been published on the websites of KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK España, and KRUK Česká a Slovenská republika as an official statement outlining the principles for the collection, use, sharing, and storage of personal data by each company. The KRUK Group is committed to adhering to the Privacy Policy, and its principles are reflected and further detailed in internal policies and procedures.

Other regulations concerning specific processes or areas are approved on a case-by-case basis by process owners, who report – depending on the organisational structure – to the Management Board of KRUK S.A., or the competent General Director, management board/general partner, or senior manager.

The KRUK Group aims to harmonise corporate governance principles across the entire organisation. Given the diversity of activities, the size of individual companies, and the available resources, not all regulations are implemented uniformly across all companies. The key companies are those engaged in debt collection operations for purchased portfolios (KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika), which are required to implement uniform standards derived from Group policies. The KRUK Group Human Rights Policy, which has not yet been implemented in KRUK Romania, is scheduled for implementation in 2025. Other regulations are implemented based on local legal and organisational conditions.

As a general rule, all the aforementioned policies and regulations undergo periodic reviews to ensure their alignment with applicable legal requirements and internal regulations within KRUK Group companies. The effectiveness of policies and regulations is also assessed through internal audits.

## Making policies and regulations available to stakeholders

[S4-1-MDR-P-65-f]

Excerpts from the KRUK Group Code of Ethics, Anti-Corruption Policy, and Human Rights Policy are available on both the Polish and English versions of the KRUK S.A. website at the following addresses: <https://pl.KRUK.eu/esg/polityki> and <https://en.kruk.eu/esg/policies>.

The Privacy Policy has been published on the websites of KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK España, and KRUK Česká a Slovenská republika.

The documents are thus made available to stakeholders across both the upstream and downstream value chain.

All policies and other internal regulations are also accessible to employees and associates of the companies where they apply via the internal communication portal or designated shared folders. The documents are provided in local languages in the countries where they apply.

For the implementation of these policies and regulations, expert support is provided by the document owner specified in each respective document.

## Third-party standards or initiatives the undertaking commits to respect through policy implementation

[S4-1-MDR-P-65-d]

In addition to the aforementioned regulations, KRUK Group companies adhere to industry codes of conduct established by debt collection industry associations in the countries where they operate. These include ethical standards and standards of conduct aimed at ensuring lawful, ethical, and professional debt management. These standards are either applied directly or incorporated into the internal policies and regulations in force within the KRUK Group.

Below is a list of industry associations and their respective codes of conduct:

- a. KRUK S.A.: Principles of Good Practice in Debt Collection issued by the Association of Financial Companies in Poland (Związek Przedsiębiorstw Finansowych - ZPF).

KRUK S.A. has been a ZPF member since 2004.

- b. KRUK Česká a Slovenská republika:

- Czech Republic: Code of Ethics of the Association of Debt Collection Companies (Asociace inkasních agentur - AIA).

KRUK Česká a Slovenská republika has been a member of AIA since 2014.

- Slovakia: Code of Ethics of the Slovak Association of Debt Collection Companies (Asociácia slovenských inkasných spoločností - ASINS).

KRUK Česká a Slovenská republika has been a member of ASINS since 2015.

- c. KRUK España: Code of Ethics and Conduct issued by the National Association of Debt Management Companies (Asociación Nacional de Entidades de Gestión de Cobro - ANGECEO).

KRUK España joined ANGECEO in 2022.

- d. KRUK Italia: Code of Conduct of the National Association of Debt Collection Companies (Unione Nazionale Imprese a Tutela del Credito - UNIREC).

KRUK Italia has been a member of UNIREC since 2017.

- e. KRUK Romania: Code of Conduct of the Commercial Claims Management Association (Asociația de Management al Creanțelor Comerciale - AMCC).

KRUK Romania has been a member of AMCC since 2009.

## Consideration given to the interests of key stakeholders in setting the policies

[S4-1-MDR-P-65-e]

Among the key stakeholders of the above policies and regulations are clients.

While these documents were not directly consulted with clients, the KRUK Group considered clients' interests in developing them, drawing on the following sources:

- a. Applicable international and national regulations,
- b. Guidelines from regulators, such as national consumer protection authorities and national data protection authorities,
- c. Best market practices which KRUK Group companies commit to following by joining international organisations (United Nations Global Compact, among others),
- d. Best market practices which KRUK Group companies commit to following by joining industry associations (Principles of Good Practice of the Association of Financial Companies in Poland (ZPF), among others).

The other key stakeholders who influence the development of policies concerning consumers and end-users include regulators, business partners, service providers, investors, and financing banks.

### 9.2.1. Clients and human rights

[S4-1-16, S4-4-35]

In line with the KRUK Group Human Rights Policy, the Group is committed to adhering to international human rights standards as defined by the United Nations (UN). These include:

- a. International Bill of Human Rights, including the Universal Declaration of Human Rights,
- b. International Covenant on Economic, Social and Cultural Rights,
- c. International Covenant on Civil and Political Rights,
- d. UN Guiding Principles on Business and Human Rights,
- e. The Ten Principles of the UN Global Compact.

The KRUK Group also endorses and complies with the human rights provisions of both international and local legislation applicable in countries where it operates, including:

- a. International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work,
- b. OECD Guidelines for Multinational Enterprises.

In fulfilling its obligations under international and local legal frameworks, the KRUK Group complies with applicable human rights laws in relation to its clients. The Group also recognises that causing or contributing to human rights violations should be regarded as a breach of legal provisions. Therefore, it undertakes proactive measures to prevent and mitigate any adverse impacts on human rights that may arise as a result of its business activities.

As part of its commitment to respecting human rights in relation to clients, the KRUK Group has developed and implemented not only the Human Rights Policy but also complementary regulations, including the Code of Ethics, the Personal Data Management Policy, and other regulations governing client service and client relations, as disclosed in section 9.2 *'Impact, risk and opportunity management policies related to clients (S4-1)'* of this Statement.

The Code of Ethics defines an ethical approach to clients and reflects the KRUK Group's commitment to building relationships based on trust and respect, ensuring transparency and integrity. The Code also guarantees that all debt collection activities are conducted with respect for the dignity and rights of clients. As part of its ethical debt collection practices, the KRUK Group adheres to the following principles:

- a. **Respect for clients' rights:** the KRUK Group is committed to operating in compliance with applicable laws and respecting consumer rights. This means that all debt collection activities are conducted fairly and transparently, providing clients with accurate information about products and services to enable them to make informed and responsible decisions regarding debt management.
- b. **Individual approach:** the KRUK Group adopts an individual approach to each client, offering flexible repayment terms. Clients have the option to negotiate instalment amounts and payment deadlines, allowing them to tailor repayment plans to their current financial situation. This approach fosters financial responsibility and encourages a culture of timely debt repayment.
- c. **Competent and reliable actions:** employees engaged in client service and debt collection at the KRUK Group receive appropriate training to act professionally and respectfully. The objective is not only to recover outstanding debts but also to assist clients in resolving their financial difficulties.
- d. **Clear and understandable communication:** all communications to clients are clear and understandable to them. The use of plain language principles ensures that clients fully understand their financial situation and the available options for resolving their debt.
- e. **Avoiding excessively burdensome actions:** the KRUK Group avoids actions that could be excessively burdensome for clients.

The KRUK Group upholds its clients' human rights by implementing processes that govern client service and complaint handling in compliance with regulatory requirements. Complaints are processed in a timely manner and with due regard for client rights, and, when necessary, the Compliance, Legal, and Personal Data Protection Areas are engaged in the resolution process. Employees receive regular training, and processes are subject to both internal and external controls, ensuring continuous improvements in efficiency and quality.

The KRUK Group manages incidents, including those related to compliance and personal data protection, to minimise adverse impacts on clients and mitigate future risks of human rights violations. Additionally, the Compliance and Personal Data Protection Areas monitor and support the implementation of strategies, as well as policies and procedures that may affect the human rights of the Group's clients.

No significant human rights violations have been identified within the value chain. The only recorded cases of violations in 2024 pertained to personal data protection (privacy) breaches.

The KRUK Group's approach to remediation in cases where it has caused or contributed to a material negative impact on consumers or end-users is described in detail in section 9.4 *'Processes to remediate negative impacts and channels for clients to raise concerns (S4-3)'* of this Statement.

### **9.3. PROCESSES FOR ENGAGING WITH CLIENTS AND THEIR REPRESENTATIVES (S4-2)**

[S4-2-20, S4-2-21]

The KRUK Group considers client perspectives to continuously improve service quality, tailor its activities to client needs, and effectively manage actual and potential impacts. This engagement occurs through direct interaction with clients or other mechanisms that ensure their perspectives are taken into account, as outlined below.

The KRUK Group places significant importance on listening to clients, directly engaging them in testing new products and services, and reviewing existing offerings. The method of engagement depends on the specific project and client availability.

Engagement primarily takes place during the development and maintenance of the e-kruk online platform, which enables clients to manage their debt in a simple, convenient, and secure manner from any place and at any time, without the need to contact the call centre. Users have full access to their debt status, payment schedules, and repayment progress.

Client engagement in this process is facilitated through the proprietary *Test for KRUK* programme (providing fast and reliable consumer feedback on planned changes to the e-kruk platform) or in collaboration with research agencies. The research, conducted through individual interviews, aims to explore client needs and expectations and to test proposed solutions. These meetings are not held on a regular basis, but their frequency depends on the needs arising during project implementation.

Additionally, when designing new solutions, representatives of end-users who are not KRUK Group clients may also be involved. These representatives include frontline employees who interact directly with consumers. Leveraging their expertise and experience, they can provide valuable insights into client needs, enhancing the design and testing processes.

To enhance service accessibility and improve client experience on the e-kruk platform, engagement is carried out in a structured manner at key stages of interface and solution development. The method of engagement and research used depends on the specific design phase in which clients and other stakeholders are involved. In Poland, Romania, and Italy, client experience surveys related to the e-kruk platform are conducted on a quarterly basis.

In addition, the Group conducts client opinion surveys that measure satisfaction levels and allow clients to provide feedback and comments based on their individual experiences when interacting with KRUK Group companies outside the e-kruk platform. Client opinion surveys are conducted on a daily basis through telephone conversations.

The KRUK Group also analyses client feedback online and on social media and, where appropriate, prepares responses. Committed to transparency, the Group frequently responds to online comments by clarifying its actions and, where necessary, taking corrective measures. This client feedback monitoring is carried out on an ongoing basis.

The effectiveness of client engagement in the maintenance and development of digital and other tools, such as the e-kruk platform, is gauged based on the project's scope and objectives. The key indicators include an analysis of whether the implemented changes improve process efficiency, as well as client satisfaction surveys conducted after the initial use of a product or service.

Client research is conducted at varying intervals, depending on the topic and scope of the project. In Poland, a dedicated team is responsible for analysing the results of such research. In other countries, the Group collaborates with local research agencies, which, due to their language proficiency and deep understanding of the local culture, provide valuable and contextually relevant insights. The collected data plays a key role in the decision-making process, enabling better adaptation of products to client needs and local market conditions.

The KRUK Group identifies a group of clients who may be particularly vulnerable to impacts or marginalisation (vulnerable clients experiencing financial or social hardship). This includes individuals experiencing a lowered mood, clients impacted by macroeconomic and social events, those requiring discretion and tailored approaches, and clients who need support in using modern self-service tools or are at risk of digital or economic exclusion.

Such individuals require empathy and tailored debt collection practices that address their specific needs, support their money management skills, facilitate an effective exit from indebtedness, reduce social exclusion, and mitigate the adverse health impacts associated with breaking free from the cycle of debt.

As part of efforts to gain insight into the perspectives of these individuals – and considering that they, like all other clients of the Group, are protected by privacy regulations – the Group does not conduct separate studies or activities specifically targeting them. In isolated cases, such clients voluntarily share information (for example, when submitting complaints or requests or during conversations with Contact Centre staff or Field Advisers). The Group's actions in this area are informed by a broader reflection on its own operations, an analysis of social processes and macroeconomic phenomena that may arise from adverse economic conditions or social trends, potentially affecting clients' financial capacity and overall circumstances.

The Group Head of E-commerce Area (Customer Service Platform Tribe Lead since December 2024) is responsible for the operational coordination of client engagement in the design and implementation of digital products, including the e-kruk platform across all markets. This role includes the development, implementation, and maintenance of digital products dedicated to clients using KRUK Group services. The Customer Service Platform Tribe Lead reports directly to the Management Board member serving as Chief Operational Officer.

At KRUK S.A., operational responsibility for client opinion research outside the e-kruk platform, brand monitoring, tracking consumer feedback online, and integrating the results of these efforts into business processes lies with the Director of Retail Debt. The responsibilities of this role include ensuring adequate resources and expertise for conducting consumer research, monitoring consumer feedback and responding to enquiries, and maintaining information continuity regarding the integration of client voices into the design of new processes and services. In KRUK Romania and KRUK Italia, equivalent managerial roles within the respective organisational units are responsible for ensuring this cooperation. At the local level, individuals holding these positions report to the General Directors or the management boards of the respective companies.

## 9.4. PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CLIENTS TO RAISE CONCERNS (S4-3)

[S4-3-25, S4-3-26]

To identify and remediate the negative impacts of its processes and actions on clients, the KRUK Group has established the following procedures and mechanisms:

**1. Complaints handling process** (implemented in KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika)

Its objectives are to:

- a. handle complaints and enquiries submitted by clients, their representatives, or third parties raising concerns about debt collection activities,
- b. handle requests from institutions and public authorities related to the debt collection operations of the Group,
- c. prepare and issue individualised correspondence to clients or their representatives, where required,
- d. support legal and compliance risk management by reporting incidents related to financial claims handling and complaints regarding a company's practices,
- e. assist with personal data protection management by handling client requests concerning the exercise of their data subject rights under data protection laws (including but not limited to requests for information on personal data processing, access to data, data rectification, data erasure, restriction of processing, data portability, objections to processing, exemption from automated decision-making),
- f. contribute to process optimisation by providing feedback and insights derived from the analysis of complaints.

Principles governing the handling of grievances, complaints, and requests:

- a. timeliness and effectiveness,
- b. respect for the rights of the complainant, in accordance with applicable legal regulations, ethical principles, social norms, and good practices,
- c. processing of personal data of the complainant or requesting party in compliance with applicable legal regulations.

The process of handling grievances, complaints, and requests is verified through internal audits and controls.

Acknowledgment of receipt is issued within seven (7) days of receiving a complaint, either by mail or email, confirming receipt but not constituting a response to the issues raised. During the complaint handling process, the complainant may be contacted to clarify concerns, specify expectations, or verify contact details necessary for providing a response.

Complaints are reviewed and addressed without undue delay, but no later than 30 days from the date of receipt. If it is not possible to resolve the complaint and provide a response within this standard timeframe, the complainant is informed about the actions taken to investigate the matter and the extended timeline for resolution. The extended response period may not exceed 60 days from the date of receipt.

Clients are informed in writing or by email about the resolution of their complaint, including a substantive response to the concerns and requests raised. In justified cases, this information may also be provided by phone. If the complaint is deemed valid, the response may include an apology or a statement regarding corrective actions taken concerning the client.

Additionally, the complaint handling process may result in the implementation of corrective actions where necessary following the complaint review. If a complaint is found to be justified and its root cause is related to debt management practices or the processing of client data, an internal incident report is submitted through a dedicated channel. As part of the incident management process, a remediation plan is developed for the specific complaint (involving relevant business

areas such as Compliance and Personal Data Protection). This plan includes measures to mitigate the risk of recurrence in the future.

Each complaint is recorded to ensure accountability and maintain continuity in case of potential appeals or further enquiries. If a complaint is rejected, the client is informed of their right to file a grievance with the relevant supervisory authority.

As a complement to the complaints handling process, KRUK S.A. and Kancelaria Prawna RAVEN have implemented a financial claims handling process as an additional remedial mechanism for addressing client complaints. This process enables companies to respond to client concerns regarding their practices, including human or procedural errors, potential or actual non-compliance with legal or regulatory requirements, and remedying negative impacts on clients.

If a complaint is deemed valid, a decision is made regarding the appropriate remedy, which may include providing explanations, issuing an apology, implementing other measures appropriate to the situation (for example, ceasing debt collection activities or modifying repayment terms), or offering financial compensation or redress.

The effectiveness of remedies for clients is assessed through continuous monitoring of key indicators in the complaint resolution process, such as the number and types of complaints received, recurring issues, response timeliness, and client reactions to the resolutions provided. Additionally, the number of internally reported incidents, financial and non-financial claims, and legal proceedings related to these matters against KRUK Group companies is monitored. The Group also tracks the number and nature of interventions by consumer protection authorities, data protection regulators, and other supervisory authorities regarding the remedies provided.

**2. Client personal data breach and incident management process** (implemented in KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika)

The KRUK Group adopts a responsible approach to managing incidents related to personal data protection, adhering to applicable regulations, as well as its own commitments to clients and established standards. The objective is to minimise negative impacts on clients (data subjects) and ensure a prompt, effective, and transparent remediation process. This applies particularly to incidents and breaches that pose a risk of non-compliance with data subjects' rights, potentially resulting in a negative impact on clients.

Each KRUK Group entity operates a system for detecting personal data breaches and incidents. Upon identifying an incident, a detailed analysis is conducted to determine its scope, root causes, and potential consequences for the client, as well as to assess whether the event constitutes a personal data breach. Measures are promptly implemented to mitigate further negative impacts and undertake remedial actions aimed at preventing similar occurrences in the future.

If it is determined that a breach may result in a high risk to the rights and freedoms of individuals, the respective companies report the incident to the relevant data protection authority within 72 hours and notify the affected individuals. Clear and comprehensible, the notification includes an apology, a description of the nature of the breach, its potential consequences, the scope of the remedial actions undertaken, and guidance on steps the affected individuals can take to mitigate further negative impacts.

Following the implementation of remedies, their effectiveness is assessed by analysing relevant indicators, such as the number and causes of similar incidents or breaches, response time to the identified event, etc. Internal inspections and process reviews are also conducted to identify areas for improvement, and employee training programmes and technological enhancements are introduced.

The effectiveness of remedies concerning clients is continuously monitored through incident and breach management indicators, including the number and types of reported incidents and breaches, the frequency of similar events, response times to identified breaches, and client reactions to breach notifications. The number of financial and non-financial claims and legal proceedings related to these matters against KRUK Group companies is monitored. The Group also tracks the number and nature of interventions by data protection authorities regarding the remedies provided.

**3. Response process for disruptions in client communication channels or issues with the e-kruk system**

The KRUK Group is committed to delivering high-quality services and minimising any inconvenience to clients resulting from service unavailability.

In the event of disruptions to client communication channels, the KRUK Group's primary objective is to restore availability as quickly as possible. To ensure transparency in cases of major Contact Centre outages, companies within the Group initiate client communications to inform them of the ongoing disruption in telephone-based customer service.

For issues with the e-kruk system that require extended resolution times, a notification is published on the e-kruk platform (in the local language), providing clients with information about the outage and alternative communication channels,

such as the helpline or email address, allowing for continued service access. Information about system maintenance or disruptions is also shared with Contact Centre teams and Field Advisers to ensure they can assist clients during periods of platform unavailability.

The KRUK Group evaluates the effectiveness of remedies provided in response to service disruptions by continuously monitoring indicators in the incident management process related to business continuity, such as the number and type of incidents, the frequency of recurring incidents, response time to identified issues, and client feedback regarding notifications about communication channel unavailability.

All employees across KRUK Group companies are required to take into account insights gained from complaints handling, incidents, breaches, and issues related to business continuity to optimise and enhance operational processes. This information also serves as a crucial resource for identifying, assessing, and monitoring risks within the KRUK Group's risk management system.

The KRUK Group ensures that clients can submit:

- a. complaints,
- b. requests that are not complaints,
- c. requests concerning the exercise of data subject rights in accordance with data protection regulations,
- d. reports of potential personal data breaches and concerns regarding data processing,
- e. any other enquiries or needs through all available communication channels:
  - in writing – by sending a letter to the registered office of the respective company,
  - electronically – through the relevant company's designated channel:
    - KRUK S.A. via email at [info@kruksa.pl](mailto:info@kruksa.pl), through chat with an adviser, or via the contact form available at <https://pl.kruk.eu/klienci/kontakt> and <https://e-kruk.pl/>. Additionally, if a client uses the chat function outside Contact Centre working hours, they receive an automated message with business hours and a request for follow-up contact. The client will then be assisted via email the following day,
    - KRUK Italia: via email at [servizioclienti@it.kruk.eu](mailto:servizioclienti@it.kruk.eu) or through the website Assistenza clienti | KRUK Italia,
    - KRUK Romania: via email at [info@e-kruk.ro](mailto:info@e-kruk.ro), through chat with an adviser or via the contact form available at <https://ro.kruk.eu/clienti-plata>,
    - KRUK España: via email: [info@es.kruk.eu](mailto:info@es.kruk.eu)
  - KRUK Česká a Slovenská republika: via email at [info@cz.kruk.eu](mailto:info@cz.kruk.eu), through chat with an adviser, or by using the contact form available at <https://cz.kruk.eu/klienti/kontakt/> and at <https://sk.kruk.eu/klienti/kontakt/>,
- By phone – through direct conversations with an adviser,
- In person – by visiting the company's office or meeting with the relevant company's Field Advisers. For field visits, a meeting time and location can be arranged at the client's convenience to ensure maximum comfort and privacy while accommodating individual needs and schedules.

Additionally, to streamline the process for reporting and identifying issues related to the e-kruk platform, a dedicated error reporting form has been implemented within the system for platform-related malfunctions.

For matters related to personal data protection, each KRUK Group company has appointed a Data Protection Officer (DPO), whom any individual, including clients, may contact directly regarding personal data protection issues via the following email addresses:

- KRUK S.A.: [dpo@kruksa.pl](mailto:dpo@kruksa.pl)
- Kancelaria Prawna RAVEN: [dpo@kancelariaraven.pl](mailto:dpo@kancelariaraven.pl)
- KRUK Romania: [client@kruk.com.ro](mailto:client@kruk.com.ro)
- KRUK Italia: [dpo@it.kruk.eu](mailto:dpo@it.kruk.eu)
- KRUK España: [dpo@es.kruk.eu](mailto:dpo@es.kruk.eu)
- KRUK Česká a Slovenská republika: [DPO@cz.kruk.eu](mailto:DPO@cz.kruk.eu)

Acting in accordance with ethical principles and decision-making guidelines outlined in documents such as the Code of Ethics, the KRUK Group ensures that individuals who submit concerns or requests are not treated unfairly. Access to products, services, amicable solutions, and tools remains unaffected by any assessment of the client relationship.

All the communication channels listed above are actively promoted in outbound communications to clients, including letters, emails, text messages, corporate websites and the e-kruk online platform.



KRUK Group employees responsible for managing the above communication channels, as well as those in direct contact with clients, receive training to ensure they respond professionally, effectively, and empathetically to client needs. This guarantees high-quality service and the quick and efficient resolution of issues.

Client feedback is also collected and used to continuously improve services, including enhancing the quality of client service channels.

The effectiveness of communication channels is ensured through the monitoring of key performance and quality indicators (such as response time for handling complaints and other client submissions, the quality of responses provided, etc.). These channels are continuously optimised. In 2024, the form available on e-kruk.pl was upgraded to improve transparency in submission management, enabling digital solutions teams to implement remedies faster. Additionally, in Poland, a real-time translation feature was introduced for the chat function to facilitate support for non-native speakers.

The KRUK Group tracks submitted and resolved complaints as well as other client submissions and gauges the effectiveness of these processes, allowing for continuous improvement in client service and the enhancement of service quality.

All complaints and requests are recorded to facilitate accurate tracking, monitor progress in resolving issues, and support data analysis. The complaints handling process is monitored through indicators described above.

In Poland, the complaints handling team also reports on a monthly basis key risk indicators (KRIs) to the Risk Management and Compliance functions.

Internal inspections are conducted to assess compliance with formal requirements, including adherence to established complaint handling procedures (timeliness, format, and communication channels), criteria for evaluating the validity of complaints, the adequacy of internal regulations governing the complaints handling process.

Where a complaint is found to be justified and its root cause is related to debt management practices or the processing of client data, and a remediation plan has been developed (to minimise the impact on the client and prevent similar incidents in the future), the progress and timeliness of implementation of this plan is monitored.

For client reports concerning personal data breaches and incidents, the KRUK Group takes additional monitoring and issue resolution measures, including:

- a. recording all reports,
- b. tracking response time to potential incident or breach report,
- c. monitoring key indicators, such as the number and type of reports received, average response time, time taken to report a breach to the relevant data protection authorities, etc.,
- d. monitoring the progress of implementation of remediation plans following a confirmed incident or breach.

Issues related to accessibility of communication tools and systems reported via available channels are processed in line with internal incident management standards. Incident management includes monitoring key indicators and issue frequency, which may determine the effectiveness of remedial and preventive actions.

The KRUK Group does not conduct large-scale research explicitly measuring client trust in its communication channels and issue resolution processes, nor does it verify whether clients are aware of the existence of these channels. However, the Group analyses client feedback and views collected via contact forms, direct conversations with clients, and social media interactions. Additionally, during client opinion surveys, clients can share feedback on their individual experiences, including their assessment of available communication channels and issue resolution processes. Drawing insights from this data, implementing corrective actions, transparent communication, and employee training contribute to building client trust through a professional and empathetic approach to resolving client concerns.

## **9.5. ACTIONS TAKEN TO MANAGE MATERIAL IMPACTS AND RISKS AND PURSUE MATERIAL OPPORTUNITIES RELATED TO CLIENTS, AND THE EFFECTIVENESS OF THOSE ACTIONS (S4-4)**

### **9.5.1. Actions taken to prevent, mitigate or remediate material negative impacts on KRUK Group clients, and remedies provided**

[S4-4-31-a-b, S4-4-32-c, S4-4-34, MDR-A]

The negative material impacts identified through the double materiality assessment relate to insufficient actions taken with respect to the following matters:

- a. Client voice

- b. Ethical debt collection
- c. Cybersecurity
- d. Client personal data protection
- e. Ensuring the operational continuity of client communication tools and systems (entity-specific disclosure)

The KRUK Group takes the following actions to prevent, mitigate or remediate the material negative impacts on clients:

### Client voice

- [Ensuring an organisational structure](#)

KRUK S.A., KRUK Romania, and KRUK Italia have established dedicated organisational units responsible for monitoring and managing client voice. These units are tasked with monitoring client feedback and responding to client concerns, ensuring information continuity in incorporating client voice into the design of new processes and services, providing measurement and research results to relevant departments, and providing clients with information on products and services.

The expected outcomes of these actions include enhanced specialisation and efficiency in client voice management, improved coordination of activities related to client voice, strengthened accountability and control, faster response to market developments, and innovations. These initiatives contribute to a deeper understanding of client needs and expectations, process enhancements, higher client satisfaction, and the development of long-term trust-based relationships.

These actions are ongoing.

- [Managing requests resulting from client feedback](#)

KRUK S.A., KRUK Romania, and KRUK Italia conduct ongoing measurements to monitor client satisfaction levels. To ensure diversity in the feedback collected, these measurements are carried out both internally and externally, in collaboration with a market research agency. Clients of KRUK S.A. and KRUK Romania can not only indicate their satisfaction levels but also share comments and observations regarding their individual experiences with KRUK Group companies handling their debt. Low satisfaction scores in client voice surveys, as well as requests for contact or additional information, are monitored to enable a prompt response to negative experiences or reported needs. When a negative comment regarding a product or service is received, the feedback is reviewed, and if the client has consented to being contacted, an attempt is made to reach out to clarify the issue and offer an apology. Each identified issue is referred to the relevant departments responsible for the specific process or product. As a result, processes and services may be improved, and additional training for advisers may be implemented. In cases where recurring negative feedback is received regarding the same issue, the client voice management team conducts an in-depth analysis to identify the root cause.

- [Brand research](#)

As part of external research, the KRUK Group monitors the Net Promoter Score (NPS). To mitigate negative impacts on clients and the debt collection industry, the Group continued to monitor perceptions of various debt collection brands, including the KRUK brand, not only among its own clients but also among indebted persons in general. Additional indicators measure how past experiences with different debt collection companies influence an individual's willingness to cooperate with particular companies, including those within the KRUK Group.

- [Monitoring and responding to online comments](#)

As part of its efforts to manage its impact on clients, in previous years KRUK S.A. implemented a system for monitoring and analysing online comments and social media discussions. Committed to transparency, the Company frequently responds to online comments by clarifying its actions and, where necessary, taking corrective measures. This approach helps build trust among clients, demonstrating that their opinions matter to the Company. These indicators are directly linked to client experiences and opinions about the KRUK Group as well as the public perception of the debt collection industry as a whole.

- [Managing requests collected through the complaints handling process](#)

The existing process for handling client complaints, grievances, and requests within KRUK Group companies serves as a valuable source of insights into client opinions regarding service quality. By analysing recurring issues, the KRUK Group can identify areas for improvement, thereby enhancing client service quality. Comparing the number of complaints before and after process adjustments allows for an assessment of the effectiveness of the implemented changes and helps drive further service enhancements.

The expected outcomes of the actions outlined in items 2–5 include the prompt identification of areas for improvement, process optimisation and adaptation of services to client needs, increased client satisfaction and trust, alleviating clients' financial distress, and building trust in the debt management industry among clients and regulators.

These actions are ongoing.

- [Actions based on positive client experiences to strengthen relationships](#)

During the reporting year, the Group organised the following initiatives aimed at strengthening client relationships:

- a. *Repayment in Your Hands*: in 2024, KRUK S.A. launched a multi-channel campaign entitled *Repayment in Your Hands*, aimed at highlighting positive client experiences with the Company. The campaign was widely promoted through digital channels, including social media, Google Ads, and video content.
- b. *Your Story with KRUK*: the competition, held by KRUK S.A. in 2024, aimed to gather client perspectives on their relationship and cooperation with the Company. Participants were invited to share their personal experiences, providing valuable insights into the impact of client service interactions on debt repayment decisions.
- c. *The Road to Becoming Debt-Free – My Story*: the competition collected over 200 client testimonials in which participants shared their journey to becoming debt-free with KRUK. These insights serve as a foundation for shaping client communication strategies in the coming years.

The expected outcomes of these actions include adaptation of services to client needs, increased client satisfaction and trust, alleviating clients' financial distress, and building trust in the debt management industry among clients and regulators.

These actions were implemented in 2024.

In 2024, KRUK S.A.'s client voice management initiatives were recognised at the Kotler Awards Poland in the Large Enterprise category and featured as a case study in the publication "Fundamentals of Modern Marketing" ("Podstawy nowoczesnego marketingu").

In 2024, KRUK S.A. received multiple awards for service quality and client communication, including consumer-voted accolades such as Consumer Quality Leader, Consumer's Laurel, and Service Quality Star.

In 2024, KRUK S.A.'s client experience management experts actively participated in the Customer Experience in Debt Collection Conference, reinforcing positive industry engagement.

## **Ethical debt collection**

- [Application of industry codes of conduct](#)

KRUK Group companies adhere to industry codes of conduct established by debt collection industry associations in the countries where they operate. These include norms and standards of conduct aimed at ensuring lawful, ethical, and professional debt management.

The expected outcomes of these actions include the protection of client rights, enhancement of ethical standards, strengthening of the corporate culture based on ethics and respect for clients, improvement of the industry's public perception, and reduction of regulatory pressure.

These actions are ongoing.

- [Compliance risk management process](#)

The compliance risk management process in place at KRUK Group companies ensures oversight of business processes, particularly those related to the design of debt collection processes, client relations, and communication. Its purpose is to identify and mitigate risks associated with unethical conduct, which could negatively impact KRUK Group clients. Proactive and preventive measures may help reduce Compliance incidents, client complaints and grievances submitted to supervisory authorities, thereby alleviating regulatory pressure and protecting the industry's reputation.

To minimise or eliminate identified negative impacts, appropriate remedies are developed and implemented in proportion to the level of risk to clients.

Furthermore, the risk management actions related to ethical debt collection, disclosed later in this Statement, contribute to the minimisation of negative impacts on clients.

The expected outcomes of these actions include fair treatment of indebted persons, ensuring respect for their rights and dignity, mitigation of compliance risks, particularly those impacting clients and related to unethical, non-transparent, or unfair practices, raising ethical standards across the industry, and reduction of regulatory pressure.

These actions are ongoing.

- [Compliance incident management process and related complaints handling process](#)

The compliance incident management process implemented in KRUK Group companies serves to identify actions towards clients that have been or could be deemed unethical. As part of incident management, measures are planned and implemented to mitigate the effects of incidents on clients and to minimise the likelihood of similar occurrences in the future. Employees undergo training in incident management, which not only raises awareness of the incident management process but also reduces the time needed to identify and respond to events with negative impacts on clients.

The compliance incident management process within KRUK Group companies is closely linked to the complaints handling process. Complaints are reviewed for validity, and if the underlying cause of a justified complaint is determined to be an internal issue (such as erroneous or unethical practices within a KRUK Group company), the complaints handling process automatically triggers an internal incident report.

In cases where a valid complaint identifies unethical conduct, a remediation plan is developed with the participation of relevant business areas and the Compliance area. The Compliance Area also monitors the implementation of the remediation plan.

Integrating the complaints handling process with the incident management process allows for better identification of issues and negative impacts on clients, including unethical or unfair practices or products, while enabling a broader response. This, in turn, enhances processes (especially mass-scale processes) and products to ensure clients have a positive experience when interacting with the KRUK Group.

The complaints handling process, including remedies aimed at mitigating negative impacts on clients, is detailed in section 9.4 'Processes to remediate negative impacts and channels for clients to raise concerns (S4-3)' of this Statement.

- [Compliance assurance process](#)

All communications and marketing materials directed at clients are submitted to the Compliance Area for opinion prior to publication. When issuing an opinion, Compliance Area employees consider regulatory requirements (including decisions issued by regulators that are relevant to KRUK Group companies), market and ethical standards (ensuring alignment with local industry codes of organisations in which KRUK Group companies hold membership, and with values and principles set out in the KRUK Group Code of Ethics), and compliance with applicable laws.

Employees responsible for developing marketing communications apply established standards and requirements during the design phase to ensure that clients receive accurate and non-misleading information and that marketing content does not create a false impression that terms, conditions, or products are more favourable than they actually are. This ensures that clients receive reliable and transparent information. This helps reinforce transparency and integrity in the KRUK Group's debt collection practices towards clients.

- [Legal and regulatory environment monitoring process](#)

The process of monitoring changes in the legal and regulatory environment that is in place in KRUK Group companies, ensures compliance with applicable laws, particularly those related to consumer rights, and guarantees that all operations are conducted lawfully and ethically. Regulatory guidelines concerning client relations and debt management serve as critical references for ethical debt collection. The ongoing monitoring of regulatory positions and decisions affecting financial and non-financial market participants allows the KRUK Group to understand regulators' expectations, recognise their stance on specific issues, and identify practices considered unfair or harmful to consumer interests. The Group assesses whether its activities align with these regulatory decisions and, if any non-compliance is identified, corrective actions are taken.

The expected outcomes of the actions outlined in items 3–5 include fair treatment of indebted persons, respecting their rights and dignity, strengthening an organisational culture founded on ethics and respect, reducing emotional stress experienced by clients during the debt collection process, and raising industry standards.

These actions are ongoing.

- [Submission to procedures of the Association of Financial Companies in Poland's Ethics Committee](#)

as a member of the Association of Financial Companies in Poland (ZPF), KRUK S.A. has committed to submitting to the procedures of the Ethics Committee operating within the Association. The Committee fulfils its role by issuing decisions in grievance proceedings concerning violations of the Principles of Good Practice by Association members. Any individual or legal entity, as well as entities authorised to represent consumers, may report cases of violations of the Principles of Good Practice by an Association member, including KRUK S.A., to the Ethics Officer and the Ethics Committee of the Association of Financial Companies in Poland. The Ethics Committee is empowered to impose sanctions and require members of the Association to eliminate the causes of identified violations of the Principles of Good Practice.

The procedures of the Ethics Committee ensure that any breaches of the Principles of Good Practice are effectively identified and rectified, minimising the negative impact on clients in terms of unethical conduct towards them. Furthermore, KRUK S.A.'s commitment to submitting to the Ethics Committee's procedures demonstrates its dedication to

maintaining high ethical standards and corporate social responsibility. This provides reassurance to financially excluded individuals that they will be treated fairly and ethically throughout the debt resolution process.

Expected outcome: fair treatment of indebted persons, respecting their rights and dignity, strengthening an organisational culture founded on ethics and respect, raising market standards, and reducing regulatory pressure on the industry.

These actions are ongoing.

- [Channels for submitting complaints and requests](#)

The KRUK Group has implemented channels for submitting complaints and requests, allowing clients to obtain comprehensive information about their debts, their rights and obligations, and to report any errors related to improper or unethical handling of their cases.

The expected outcomes of these actions include ensuring compliance with legal regulations, increasing client trust, and raising ethical standards within the industry.

These actions are ongoing.

## Cybersecurity

- [Cybersecurity risk management process](#)

The existing cybersecurity risk management process within KRUK Group companies ensures oversight of IT assets using client information and data, and the assessment of threats and vulnerabilities to minimise risks associated with potential breaches of data availability, integrity, and confidentiality, which, if materialised, could negatively impact clients. Proactive and preventive measures in this area also help reduce the number of cybersecurity incidents.

To minimise or eliminate identified negative impacts, appropriate remedies are developed and implemented in proportion to the level of risk to clients.

Furthermore, the risk management actions related to cybersecurity, disclosed later in this Statement, contribute to the minimisation of negative impacts on clients.

The expected outcomes of these actions include ensuring a high level of client data security and mitigating cybersecurity-related risks, including privacy breaches, data theft, and even financial losses resulting from the illegal use of data in financial operations, while also raising security standards in the industry.

These actions are ongoing.

- [Incident response plans and client communication](#)

The cybersecurity incident response plan in place ensures prompt and effective action in the event of an incident. The process is supported by advanced IT tools, dedicated cybersecurity teams and specialists. As part of incident management, targeted actions are planned and implemented to minimise the impact on clients, and to reduce the likelihood of similar events occurring in the future.

When an incident involves personal data, the relevant Data Protection Officer is immediately informed to enable them to manage the data breach in accordance with applicable data protection regulations. If necessary and as required by the circumstances, clients will be informed about the incident, its potential impact, and the steps being taken to remedy the situation.

Actions will be taken to restore normal system operation and recover any lost data. Employees undergo training in incident management, which not only raises awareness of the incident management process but also reduces the time needed to identify and respond to cybersecurity incidents at Group KRUK companies that may have negative impacts on clients.

The expected outcomes of these actions include enhancing client data security, ensuring a prompt response to cybersecurity incidents, and minimising their adverse impacts on clients.

These actions are ongoing.

## Client personal data protection:

- [Data Protection Officer \(DPO\)](#)

A Data Protection Officer has been appointed within KRUK Group companies engaged in purchased debt collection, acting as a point of contact for internal departments, regulators, and clients submitting requests regarding the processing of their personal data and the exercise of their rights.

The role of the DPO includes informing and advising the company where they have been appointed (as the data controller or processor) and the employees processing personal data about their obligations under data protection regulations. The DPO also monitors the organisation's compliance with data protection laws, conducts training sessions, and provides relevant recommendations.

The expected outcomes of these actions include ensuring compliance with data protection regulations, raising employee awareness, and increasing client trust through effective management of risks related to the Group's potential negative impacts.

These actions are ongoing.

- [GDPR Strategy](#)

The KRUK Group has implemented the GDPR Strategy to support stable and responsible business operations while upholding data subjects' rights. The Strategy serves to mitigate risks, particularly those associated with privacy breaches and data security threats that could adversely affect data subjects.

The key pillars of the GDPR Strategy include:

- a. Strengthening the principles of privacy by design and privacy by default, especially in projects related to new technologies and digitalisation,
- b. Engaging in dialogue with external industry organisations and supervisory authorities to promote high standards of GDPR compliance and protect the rights and freedoms of data subjects,
- c. Promoting a culture of data privacy protection,
- d. Effectively ensuring the implementation of the Privacy Protection Programme,
- e. Continuously improving the risk-based approach, particularly in managing the risk of non-compliance with the GDPR and other personal data protection regulations, and managing the risk of violating data subjects' rights and freedoms.

The GDPR Strategy is available on KRUK S.A.'s website in Polish: <https://pl.kruk.eu/esg/lad-korporacyjny> and in English: <https://en.kruk.eu/esg/governance>.

The implementation of the GDPR Strategy is further discussed in section 3.1.2 'Strategy' of this Statement.

The expected outcomes of these actions include strengthening the organisational culture based on high standards of data processing security, ensuring compliance with data protection regulations, improving the industry's reputation, and increasing client trust through effective data processing risk management and collaboration with industry organisations.

These actions are ongoing.

- [Personal data processing risk management process](#)

The personal data processing risk management process in place within KRUK Group companies ensures oversight of business processes and tools used for processing and handling client personal data to minimise the risks associated with potential breaches of data security, which, if materialised, could have negative impacts on clients. Proactive and preventive measures in this area help reduce personal data protection incidents and breaches, client complaints, grievances, and regulatory intervention, thereby alleviating regulatory pressure and protecting the industry's reputation.

In line with the risk-based approach, the personal data processing risk management process comprises: risk identification, encompassing a review of data processing activities; gap analysis of applied technical and organisational measures; implementation of privacy by design principles (ensuring data protection is embedded at every stage of developing technologies, systems, applications, or services – Privacy by Design); Data Protection Impact Assessments (DPIAs); and compliance assessment.

To minimise or eliminate identified negative impacts, appropriate organisational and technical measures are developed and implemented in proportion to the level of risk to clients (data subjects).

Furthermore, the risk management actions related to cybersecurity, disclosed later in this Statement, contribute to the minimisation of negative impacts on clients.

The expected outcomes of these actions include ensuring a high level of data security for clients and mitigating risks associated with personal data breaches, including privacy violations, data theft, and even financial losses, while also raising personal data protection standards within the industry.

These actions are ongoing.

- [Personal data protection incident management process and related complaints handling process](#)

The personal data protection incident management process in place within KRUK Group companies is designed to identify situations that may compromise the security of client data processing. As part of management of incidents, particularly those that may impact clients and their personal data, actions are planned and implemented to mitigate the effects of incidents on clients and to reduce the likelihood of similar occurrences in the future. Procedures also include cooperation with cybersecurity teams when a personal data protection incident falls within their scope.

The personal data protection incident management process within KRUK Group companies is closely linked to the complaints handling process. Complaints are reviewed for validity, and if the underlying cause of a justified complaint is determined to be an internal issue (improper processing of personal data), the complaints handling process automatically triggers an internal incident report.

In cases where a valid complaint identifies improper processing of personal data or a data breach, a remediation plan is developed with the participation of relevant business areas and the personal data protection area. The latter is also responsible for monitoring the implementation of the remediation plan. Integrating the complaints handling process with the incident management process allows for better identification of issues and negative impacts on clients, while enabling a broader response. This, in turn, enhances processes (especially mass processes) and products, ensuring a high standard of personal data protection for all clients.

The expected outcomes of these actions include enhanced client personal data security, prompt response to incidents that may negatively impact clients, and minimisation of negative impacts resulting from data protection incidents.

These actions are ongoing.

- [Personal data breach response mechanisms](#)

The KRUK Group has established mechanisms for responding to personal data breaches, ensuring prompt action in the event of an incident, timely reporting to the relevant supervisory authorities, and notification of affected clients whose data has been compromised.

Once a breach is identified, its nature, source, scope, and potential consequences for the data subject are assessed. The process ensures the development, implementation, and monitoring of a remediation plan tailored to the severity, scale, and impact of the breach on clients. Where applicable, clients affected by a data breach are notified of the incident, its potential consequences, and the necessary steps they should take to safeguard their privacy from further risks. Additionally, notifications of data breaches are submitted to the competent supervisory authorities (the Polish Data Protection Authority – UODO) within the required 72-hour timeframe.

The expected outcomes of these actions include enhanced client trust, prompt incident response, and minimisation of the negative impacts of data breaches on KRUK Group clients, and ensuring compliance with legal and regulatory requirements.

These actions are taken in response to personal data breaches.

- [Transparent communication and channels for submitting complaints and requests](#)

The KRUK Group employs transparent communication mechanisms to ensure that clients are informed about how their data is processed and about their rights, including the right of access and the right to erasure (this information is provided through privacy notices published on the websites of KRUK Group companies and in written communications with clients).

Furthermore, the GDPR Strategy and progress in its implementation are disclosed in periodic public reports, allowing clients to understand how the Group executes its GDPR commitments.

The KRUK Group has established channels for submitting complaints, requests concerning the exercise of clients' data subject rights in accordance with data protection regulations, and grievances related to personal data processing, which enable clients to obtain comprehensive information about the processing of their personal data and to report any irregularities associated with such processing.

- [Partnerships with external experts and industry organisations](#)

KRUK Group companies collaborate with external firms and experts specialising in personal data protection, particularly in areas involving new technologies and specialised knowledge, to ensure the highest standards of data protection within the organisation.

KRUK Group companies also engage with industry organisations and actively participate in working groups dedicated to data protection, which provides the Group with access to best industry standards and guidelines on personal data

protection. These partnerships facilitate the regular exchange of knowledge and experience among companies, enabling member organisations, including the KRUK Group, to learn from one another, identify effective solutions, and avoid mistakes made by others. By participating in industry partnerships and implementing best practices in data protection, the KRUK Group fosters trust among its clients. This reassures clients that their data is secure and processed in accordance with the highest standards.

The expected outcomes of the actions outlined in items 5–7 include ensuring compliance with legal regulations, increasing client trust, and raising data protection standards within the industry.

These actions are ongoing.

In addition to the key technical and organisational measures outlined above, the KRUK Group also employs other methods to ensure the highest level of personal data protection and manage the risks associated with the processing of clients' data by KRUK Group companies. It is worth noting, for instance, the measures implemented to mitigate negative impacts related to cybersecurity, as previously mentioned, which are also applicable to the impacts identified in the context of personal data protection. The personal data protection area directly benefits from the initiatives undertaken within cybersecurity impact management, particularly when personal data is the subject of an incident or issue addressed by cybersecurity teams.

### **Operational continuity of client communication tools and systems (entity-specific disclosure)**

- **Operational risk management process**

The operational risk management process in place within KRUK Group companies ensures oversight of activities aimed at minimising risks related to downtime of client communication tools and systems. The implementation of disaster recovery plans, including Disaster Recovery Center (DRC) solutions, was completed in 2024. These measures are implemented to mitigate the negative impact on clients, who may encounter difficulties in managing their obligations to the KRUK Group when such systems are unavailable. This could result in additional legal consequences due to repayment delays caused by technical issues or an inability to contact the KRUK Group. Proactive and preventive measures in this area also help reduce the number of business continuity incidents.

To minimise or eliminate identified negative impacts, appropriate remedies are developed and implemented in proportion to the level of risk to clients.

Furthermore, the risk management actions related to ensuring the operational continuity of communication tools and systems, disclosed later in this Statement, contribute not only to risk mitigation for the KRUK Group but also to the minimisation of negative impacts on clients.

The expected outcomes of these actions include minimising negative impacts on clients in the event of communication tool or system downtime, ensuring the operational continuity of these systems and tools, mitigating risks associated with downtime and failures, and enabling clients to meet their financial obligations on time.

These actions are ongoing.

- **Operational incident management process and client communication**

The operational incident management process in place within KRUK Group companies is designed to identify downtimes and failures affecting the tools and systems clients use to communicate with the KRUK Group. As part of management of incidents, particularly those that may impact clients, actions are planned and implemented to mitigate the effects of incidents on clients and to minimise the likelihood of similar occurrences in the future. A Service Downtime Management process has been implemented to ensure prompt restoration of normal service operations. Employees undergo training in incident management, which not only raises awareness of the incident management process but also reduces the time needed to identify and respond to events with negative impacts on the operational continuity of communication tools and systems.

In the event of major Contact Centre failures, clients attempting to reach advisers by phone are provided with an automated message informing them of a temporary service disruption. If the e-kruk system is unavailable, a notification about the outage is displayed on the platform. Transparent communication ensures that clients can take appropriate steps to contact the KRUK Group through alternative channels.

The expected outcomes of these actions include ensuring business continuity, minimisation of negative impacts on clients in the event of communication tool or system downtime, enabling clients to meet their financial obligations on time, and enhancing client trust.



These actions are ongoing.

When the KRUK Group's activities result in actual negative impacts on clients, it is essential to implement appropriate remedies. Such negative impacts may include unsatisfactory client experiences resulting from improper case handling (for instance, due to human error or inappropriate or unethical employee conduct), issues related to the offered product, risks to client data security stemming from cybersecurity incidents, breaches of personal data protection, or the inability to settle outstanding debts due to the unavailability of tools and systems provided by KRUK Group for client communication.

The Group has implemented a number of processes to identify, assess, and implement appropriate remedies for actual negative impacts on clients. The response may include enhancing client service and products, training employees, optimising communication tools, and notifying clients of personal data breaches, etc. The key processes already described in this report that contribute to remedying negative impacts include:

- a. Prompt response to negative client experiences or needs,
- b. Actions taken as part of the complaints handling process,
- c. Measures implemented as part of the incident management process,
- d. Response to personal data protection breaches and remediation of their negative effects.

The effective implementation of remedy procedures and processes is ensured through clearly defined responsibilities, assigned roles, and tasks, and progress monitoring. Key procedures are developed in line with industry best practices and regulatory requirements, standardised, documented, and easily accessible to employees, ensuring clarity and compliance at all organisational levels. Regular training sessions are conducted, providing employees with the necessary knowledge and guidance on how to correctly apply the procedures in daily operations.

Internal audits and inspections are conducted to verify the implementation and effectiveness of these processes and procedures. Key performance indicators (KPIs) are established to track the current status and evaluate progress, while reporting systems facilitate continuous monitoring and analysis of non-compliance instances, enabling swift intervention and necessary corrective actions.

The KRUK Group's organisational culture encourages strict adherence to procedures. Employees are actively engaged in the implementation process and recognise the value of effective remedies, fostering a shared commitment to responsibility and compliance with established standards. The effectiveness of implemented procedures is continuously assessed and tested, with improvements introduced as needed, allowing the Group to adapt flexibly to changing conditions, emerging needs, and industry standards.

### **9.5.2. Actions implemented to advance positive impacts for clients**

[S4-4-31-c]

The material positive impacts identified through the double materiality assessment relate to the following material matters:

- 1. Accessibility of KRUK Group services and improvement of client experience by ensuring accessible and user-friendly interfaces**
- 2. Individual approach to vulnerable clients (experiencing financial or social hardship)**

The most significant actions addressing the first material matter – accessibility of KRUK Group services and improvement of client experience by ensuring accessible and user-friendly interfaces – focus on the development of the e-kruk platform and chatbots.

E-kruk is an online platform developed by KRUK S.A. that enables clients to manage their debt easily and intuitively, from any location and at any time, without the need for direct contact with a KRUK Group company. Through e-kruk, clients can:

- a. Check their outstanding debt: clients have access to up-to-date information on their financial obligations,
- b. Make online payments: the platform facilitates convenient and secure payments, including automated recurring payments,
- c. Sign settlement agreements: clients can electronically sign agreements related to their debt repayment plans,
- d. Track repayment progress: the platform allows clients to monitor their repayment progress and participate in loyalty programmes.

Considering the above, the following initiatives and processes have been implemented:

- [Ensuring an organisational structure](#)

The development of digital communication tools for clients within the KRUK Group is primarily carried out by KRUK S.A., with other Group companies benefiting from these advancements. To ensure accessible and user-friendly interfaces within the e-kruc system, KRUK S.A. has established a dedicated team responsible for designing intuitive solutions in line with the User-Centered Design (UCD) approach. The team works closely with local teams and specialists across Group companies, ensuring that the tool is also developed in accordance with the specific needs of other markets.

The expected outcomes of these actions include specialisation and increased efficiency in advancing the positive impact related to accessibility of KRUK Group services and improvement of client experience, improved coordination of efforts in this area, and increased accountability.

These actions are ongoing.

- [Designing intuitive solutions and creating value through client insight and engagement](#)

The platform is developed following the User-Centered Design approach, focusing on the needs, preferences, and limitations of users throughout the design process. This approach ensures that the solutions delivered are highly intuitive and user-friendly, leading to positive client experiences and increasing their ability to manage their finances independently. The developed and maintained interfaces are available on the e-kruc platform in Poland, Romania, Italy, and, as of 2024, also in Spain. The development strategy for e-kruc systems in each country is directly derived from the Group's overall strategy, while also taking into account market trends and technological advancements.

- [Development programme enabling client feedback during the design phase](#)

To advance the positive impact of incorporating client feedback in the design and improvement of digital solutions in KRUK S.A., the *Test for KRUK* programme was established. The initiative allows clients to actively participate in the development of new solutions, the implementation of system enhancements, and the evaluation of services and processes. By engaging clients in the design phase, the programme provides valuable client insights, helping to identify its strengths and weaknesses to deliver solutions that are better aligned with client needs.

- [Implementation and enhancement of e-kruc features](#)

The e-kruc system is continuously improved, with new features introduced to enhance user experience. Key improvements include the integration of secure and widely recognised payment methods (Blik in Poland, PayPal in Italy, and Paymefy in Spain), streamlined registration processes for new clients, optimised personal data management features, and simplified system navigation.

The expected outcomes of the actions outlined in items 2–4 include improved client service quality within the e-kruc platform, enhanced client satisfaction, simplified debt repayment processes, improved client autonomy, improved perception of the debt management sector, and enhanced industry standards.

These actions are ongoing.

- [Launch of e-kruc in Spain](#)

In 2024, the KRUK Group launched the e-kruc platform in KRUK España, providing Spanish clients with a user-friendly digital solution for managing their financial obligations.

The expected outcome of these actions includes enhanced client service quality in Spain, increased client satisfaction, enhanced client ability to manage financial obligations, improved client autonomy, higher industry standards in the Spanish debt management sector, and a strengthened market position of the KRUK Group in Spain.

These actions are ongoing.

- [Chatbot development and expansion](#)

The KRUK Group continues to develop and enhance chatbot solutions, which provide instant responses to frequently asked questions, allowing for faster and more efficient issue resolution through digital channels. This enables Contact Centre advisers to focus on more complex enquiries that require a personalised approach.

KRUK Romania launched its chatbot in 2023, and in 2024, efforts were undertaken to enhance response accuracy for Romanian clients. In the same year, KRUK S.A. introduced a chatbot for Polish clients, and KRUK Italia commenced initial testing of a chatbot for Italian clients.

In 2024, KRUK S.A. received an award for its Chatbot Emilia in the “Best Supporting Technology” category at the Polish Contact Center Awards, the most prestigious competition in Poland's contact centre and customer service industry,

organised by the Polish Marketing Association SMB. The competition promotes best practices and seeks to elevate industry standards, enhancing the prestige and professionalism of remote customer service.

The expected outcomes include improved client service quality, enhanced client satisfaction, simplified debt repayment processes, improved client autonomy, improved perception of the debt management sector, and enhanced industry standards.

These actions are ongoing.

Key actions aimed at advancing positive impacts within the material matter of an individual approach to vulnerable clients (experiencing financial or social hardship) focus on the following:

- [Tailored debt collection strategy aligned with clients' individual situation and capacity](#)

The KRUK Group applies tailored strategies for clients in different financial circumstances, ensuring that repayment terms are adjusted to their individual situation. Clients, whether using online or offline communication channels, can choose from a range of solutions, such as partial debt relief or instalment plans structured to match their financial capacity. During repayment negotiations, clients have the flexibility to propose a payment date that aligns with their income schedule. Clients who experience a deterioration in their financial, social, or personal circumstances during the repayment period may request an amendment to their repayment terms, provided it is deemed justified. The KRUK Group may also temporarily suspend debt collection activities (if a legitimate and material reason exists) or offer special conditions or tailored support. Additionally, the Group proactively responds to macroeconomic and social developments, such as natural disasters or pandemics, by offering affected individuals the possibility of payment deferrals or modified repayment terms.

- [Handling requests and enquiries from vulnerable clients that do not constitute formal complaints](#)

The KRUK Group has implemented a process for handling client requests that do not qualify as formal complaints, allowing vulnerable clients to submit individual requests that fall outside the standard complaints handling procedure. While these enquiries are generally reviewed under the same principles as formal complaints, their unique nature requires in-depth interdisciplinary and case-specific analysis. Each response is tailored to the individual circumstances of the client. Decisions on such cases, including those related to debt, are issued by an employee from the relevant business area. This approach ensures an individual, case-by-case assessment, taking into account the client's specific needs and circumstances. As a result, the process not only meets quality standards but also fosters client trust and satisfaction, which is essential for building long-term client relationships.

- [Employee education](#)

The KRUK Group places strong emphasis on enhancing employee competencies, focusing on both technical and soft skills. Training programmes are designed not only to keep employees up to date on products, processes, and relevant legal frameworks but also to develop their ability to actively listen, maintain an assertive approach, and respond effectively to client needs. This ensures that requests from vulnerable clients are handled with greater understanding and care.

- [Ensuring transparent communication](#)

KRUK S.A. continuously certifies its employees in the principles of plain language, ensuring that client communications – especially with vulnerable clients – are clear and easy to understand. This approach helps clients better understand their rights and obligations, reducing the likelihood of miscommunication and errors. Using plain language also strengthens trust between the company and its clients, demonstrating KRUK's commitment to transparency and fairness. As a result, clients are more likely to engage in constructive dialogue and take proactive steps to settle their financial obligations.

- [Supporting clients with limited digital skills](#)

To assist digitally excluded clients, the KRUK Group has implemented measures that not only ensure access to alternative, non-digital communication channels but also promote digital inclusion through targeted education. As the Group integrates new technologies into its processes, employees undergo training to equip them with the skills needed to educate clients in using digital tools effectively. Instructional materials, including video tutorials and guides, are developed to help clients set up and navigate their e-KRUK accounts or interact with automated chatbots. Additionally, field advisers conducting in-person visits provide support and practical guidance, including assistance with account setup on the e-kruk platform.

- [Financial education for clients](#)

The KRUK Group implements financial education initiatives for clients, particularly those facing financial or social hardship, publishing articles on company websites and social media, offering both practical guidance on debt management and expert advice on financial planning, household budgeting, and responsible use of financial instruments.

Educational activities and topics are informed by research findings, financial indices, and reports on client attitudes and behaviours. The objective is to dispel misconceptions and stereotypes surrounding the debt collection industry, assist

clients in better understanding financial management principles, and enable them to navigate their financial obligations more effectively. By promoting financial literacy, clients can prevent future debt-related issues, strengthening their financial stability. Enhanced financial awareness also empowers clients to make informed decisions regarding debt repayment, fostering greater confidence and a sense of support. Additionally, the KRUK Group prioritises clear and transparent communication regarding each step of the debt collection process, ensuring clients are fully informed about the consequences of non-payment and the benefits of repayment.

The expected outcomes of the actions outlined in items 1–6 include enhancing the financial management capabilities of vulnerable clients, facilitating effective debt resolution, reducing social exclusion, raising industry standards, minimising consumer complaints, and strengthening regulatory trust in the industry.

These actions are ongoing.

- [Client support process in exceptional situations](#)

The KRUK Group has implemented a client support process designed to address exceptional situations (for example, clients experiencing emotional difficulties) to ensure that advisers respond appropriately to such cases and take necessary actions when clients exhibit signs of potential personal hardship. Employees undergo mandatory training, equipping them with structured conversation models, response techniques, and escalation procedures.

- [Psychological support for vulnerable clients](#)

KRUK S.A. provides psychological support for indebted persons, recognising that financial hardship can lead to serious emotional crises. The company's collaboration with the Psychological Assistance Centre underscores its commitment to client well-being. Qualified external specialists offer professional assistance in managing anxiety, depression, and feelings of hopelessness, which often accompany financial difficulties. This support helps clients cope with the stress of indebtedness and make more informed decisions regarding debt repayment. Moreover, psychological support fosters more effective communication between clients and company employees. By promoting mutual understanding and respect, clients are encouraged to explore viable solutions to their financial challenges.

The expected outcomes of the actions outlined in items 7–8 include ensuring client safety and support, strengthening trust in the KRUK Group, and raising industry standards.

These actions are ongoing.

### **9.5.3. Tracking the effectiveness of actions and initiatives**

[S4-4-31-d]

The KRUK Group regularly tracks and assesses the effectiveness of its actions and initiatives aimed at mitigating negative impacts and advancing positive impacts through numerous activities:

1. Monitoring and analysis of performance indicators such as the debt recovery rate and the number of signed settlement agreements.
2. Collection of client feedback regarding their experience with the KRUK Group's debt collection process and their level of understanding of the language used, and analysing reported issues and identifying the root causes of negative client experiences.

Internal tracking mechanisms monitor consumer sentiment following interactions via both digital platforms (e-kruk) and offline channels (Contact Centre advisers, virtual assistants, and field visits).

In 2024, 98% of KRUK S.A. clients who engaged with Field Advisers expressed satisfaction or high satisfaction, while 94% of clients interacting with Contact Centre advisers reported the same. In KRUK Romania, 89% of clients (including both field and phone interactions) were satisfied with the service provided. After engaging with the virtual assistant (voice bot), 82% of KRUK S.A. clients and 90% of KRUK Romania clients reported being satisfied or highly satisfied in 2024. Regarding the online repayment agreement process, 86% of KRUK S.A. clients found it easy or very easy to complete, compared to 65% of KRUK Romania clients and 88% of KRUK Italia clients.

3. Analysing reports to identify recurring issues and inefficiencies in processes.
4. Post-implementation assessment of client feedback following process, product, or communication changes to evaluate their effectiveness, identify areas for further improvement, and close the PDCA (Plan-Do-Check-Act) cycle, thus ensuring continuous process improvement.
5. Periodic brand perception studies.

6. Ongoing monitoring of social media, forums, and other online platforms.
7. Tracking indicators related to the complaints handling process, including service quality, the number of complaints regarding employee conduct, service or process deficiencies, and the timeliness of responses to complaints or requests, etc.
8. Tracking requests from vulnerable clients by monitoring the volume and nature of such requests.
9. Identifying, managing, and reporting compliance, cybersecurity, operational, and personal data protection incidents (including personal data breaches) to management (and, where applicable, to data protection authorities), while also tracking established effectiveness and risk indicators.
10. Monitoring the performance of digital systems and tools through dedicated applications, including tracking key indicators such as system downtime frequency and duration.
11. Analysing the results of simulated phishing campaigns.
12. Conducting internal process inspections and audits to assess the efficiency, effectiveness, and compliance of practices, processes, and products with legal requirements, internal policies and regulations, ethical standards, and data protection policies.
13. External auditing: KRUK S.A. collaborates with non-governmental and industry organisations, such as the Association of Financial Companies in Poland (ZPF), to promote high ethical standards in the debt management industry. As a member of the Association, KRUK S.A. is required to undergo an annual ethics audit based on principles and a questionnaire developed by ZPF. The ZPF Ethics Committee evaluates the extent to which KRUK S.A.'s procedures and practices align with the ethical standards outlined in the ZPF Principles of Good Practice, based on the answers and information provided.
14. Ongoing monitoring of the volume and nature of complaints submitted to supervisory authorities, the number of proceedings initiated against KRUK Group entities regarding service deficiencies or poor client service quality, and the number of complaints filed with industry associations to which KRUK Group companies belong.
15. Monitoring the effectiveness of employee training programmes (covering topics such as incident management, compliance, cybersecurity, personal data protection, and client service).
16. Monitoring and periodic reviews of the compliance of internal regulations and policies with legal requirements, and national and European regulatory guidelines.
17. Developing and implementing a set of indicators (KPIs and KRIs, where applicable) to monitor the effectiveness of actions aimed at mitigating negative impacts and advancing positive impacts. This includes reporting relevant areas within KRUK Group companies to KRUK S.A. and analysing these reports.
18. Assessing the effectiveness of client education initiatives by observing whether clients demonstrate an improved understanding of money management and the role of debt management companies. For online educational content, analytical tools are used to track data such as page visits, user engagement, and time spent on the site. Analysing this data helps identify the most effective content and determine which initiatives yield the best results.

#### **9.5.4. Process to identify what action is needed and appropriate in response to a particular actual or potential negative impact on clients**

[S4-4-32-a, S4-4-32-b]

The KRUK Group implements a range of measures to determine the appropriate response for managing the aforementioned negative impacts on its clients:

1. Risk management process: the compliance, cybersecurity, personal data protection and operational risk management process in place at KRUK Group companies ensures oversight of business processes, particularly those related to the design of debt collection processes, client relations, and communication. Its purpose is to identify and mitigate risks which could negatively impact KRUK Group clients. To minimise or eliminate identified negative impacts, appropriate remedies are developed and implemented in proportion to the level and type of risk and impact on clients.
2. Incident management process: the existing incident management process within KRUK Group companies encompasses compliance, cybersecurity, personal data protection, and operational incidents. Under the process, events classified as incidents are categorised based on their negative impact on clients, among other factors. In addition to assessing the nature and materiality of the incident, its recurrence is also examined. Based on the

data, recommendations are issued for actions aimed at remedying negative impacts on clients and preventing similar incidents in the future. Progress in implementing these actions is tracked and reported, and their effectiveness is assessed through incident recurrence analysis, internal inspections, and audits.

3. Breach management process: the KRUK Group has established mechanisms to respond to incidents involving personal data breaches affecting its clients. Once a breach is identified, its nature, source, scope, and potential consequences for the data subject are assessed. The process ensures the development, implementation, and monitoring of a remediation plan proportionate to the materiality, scale, and impact of the breach on clients. Additionally, it serves as a source of insights into necessary actions to minimise the negative impact of personal data processing by KRUK Group companies on their clients in the future.
4. Legal and regulatory environment monitoring process: through its established legal and regulatory monitoring process, KRUK Group companies collect information on proposed and enacted legislative changes and regulatory guidelines, including those issued by personal data protection authorities that may impact the Group's client relationships. These developments are subject to internal analysis, followed by a review of business practices, processes, products, policies, and internal regulations to ensure compliance. Appropriate adjustments are made, where necessary. Legal and regulatory obligations imposed on KRUK Group companies towards their clients, as well as the rights of clients protected under these laws and regulations, are also considered in the design, monitoring, and oversight of new products and processes.
5. Compliance and personal data protection opinion process: the adopted process focuses on issuing opinions by the Compliance or personal data protection areas, as applicable, on practices, processes, products, and internal regulations governing client relations, as well as templates for mass-process client communications and individual case correspondence. Through this mechanism, risks with an actual or potential negative impact on clients are identified before implementing any new solution, and recommendations for necessary adjustments are provided to ensure full compliance with legal and regulatory requirements, market standards, ethical principles, and good business practices.
6. Complaints handling process: the process is detailed in section 9.4 '*Processes to remediate negative impacts and channels for clients to raise concerns (S4-3)*' of this Statement. It serves as a key source of insights into the actions necessary to mitigate the negative impacts of the KRUK Group's activities on its clients and provides the foundation for implementing corrective or remedial actions.
7. Penetration tests identify security vulnerabilities that could be exploited by cybercriminals: based on the findings, appropriate remedial measures are implemented to minimise potential negative impacts on clients arising from cybersecurity deficiencies.
8. Simulated phishing attacks: KRUK Group companies conduct controlled phishing simulations to assess and enhance employee awareness of phishing threats. These exercises educate employees on how to recognise and appropriately respond to real phishing attempts. Insights gained from these activities inform targeted training programmes and awareness campaigns designed to address identified knowledge gaps.
9. Monitoring and auditing of data processors: the KRUK Group has established mechanisms for monitoring key entities processing client personal data on its behalf, which include security audits. These mechanisms facilitate the continuous identification and mitigation of potential risks to the rights and freedoms of data subjects (clients) in outsourced data processing activities.
10. Client voice analysis: the process for collecting client feedback provides essential insights into the actions that are appropriate to mitigate identified negative impacts.
11. Internal inspections and audits: internal inspections and audits are planned and conducted to assess the effectiveness of adopted policies and regulations, evaluate implemented security measures, and identify potential or actual issues. The findings provide valuable insights that enable the implementation of necessary adjustments and improvements to processes and procedures, helping to mitigate the negative impacts of KRUK Group companies' activities on their clients. This approach also supports the continuous enhancement of the management system and reduces the risk of negative impacts occurring in the future.
12. External audits: as a member of the Association of Financial Companies in Poland (ZPF), KRUK S.A. is required to undergo an annual ethics audit based on principles and a questionnaire developed by ZPF. Audit results

provide the company with key insights into the appropriate actions needed to mitigate or eliminate the negative impacts of KRUK S.A.'s debt collection activities on its clients.

13. Analysis of business partner expectations and ongoing analysis of press and media materials: KRUK Group's business partners often require high ethical, security, and personal data protection standards, which drives the organisation to maintain and enhance its operational standards and safeguard its systems and data, while also serving as a source of insight into potential areas for improvement. Regular reviews and analyses of available information and market trends enable the early identification and resolution of vulnerabilities and the continuous enhancement of business practices.

### 9.5.5. Actions taken to manage material risks

[S4-4-33-a]

The Group has identified risks in the following material matters:

- a. Ethical debt collection
- b. Cybersecurity
- c. Client personal data protection
- d. Ensuring the operational continuity of client communication tools and systems (entity-specific disclosure)

The KRUK Group undertakes a range of actions to mitigate these material risks, as detailed below. Risks related to these material matters are integrated into the risk management system in place within the KRUK Group.

#### Ethical debt collection

##### Key risk mitigation actions:

- **Ensuring an organisational structure:** the Compliance Area was established within KRUK S.A., playing a key role in shaping the KRUK Group's strategy and activities related to ethical debt collection, including managing Compliance risks associated with ethical debt collection, which, if materialised, could have significant consequences for the organisation. The Compliance Area works closely with local Compliance teams across Group companies, providing guidance, coordination, and alignment of activities.
- **Compliance risk management process:** the Compliance risk management process in place at KRUK Group companies ensures oversight of business processes, particularly those related to the design of debt collection processes, client relations, and communication. Its purpose is to identify and mitigate reputational, financial and legal risks associated with unethical conduct, which, if materialised, could negatively impact KRUK Group companies. Proactive and preventive measures help reduce Compliance incidents, client complaints and grievances submitted to supervisory authorities. To minimise or eliminate identified risks, appropriate remedies are developed and implemented in proportion to the level of risk to the organisation. Responsibility for managing Compliance risk is also clearly defined and assigned directly to business process owners responsible for the design of debt collection processes and client relations and client communication.
- **Compliance incident management process and related complaints handling process:** the existing compliance incident management process within KRUK Group companies serves to identify actions towards clients that have been or could be deemed unethical. The incident management process includes the planning and implementation of actions designed to mitigate the impacts of incidents on the organisation (including litigation, regulatory actions, liability for damages or compensation, and reputational harm) and to reduce the likelihood of similar occurrences in the future. The compliance incident management process within KRUK Group companies is closely linked to the complaints handling process. In cases where a valid complaint identifies unethical conduct, a remediation plan is developed with the participation of relevant business areas and the Compliance Area. The Compliance Area also monitors the implementation of the remediation plan. Integrating the complaints handling process with the incident management process allows for better identification of issues and risks, while enabling a broader response. In turn, this contributes to the improvement of processes (particularly mass-scale processes) and products to mitigate risks that could materialise in multiple areas across the organisation.
- **Legal and regulatory environment monitoring process:** the process of monitoring changes in the legal and regulatory environment that is in place in KRUK Group companies, ensures compliance with applicable laws, particularly those related to consumer rights, and guarantees that all operations are conducted lawfully and ethically, thus reducing legal risks associated with client claims or regulatory sanctions.

- **Compliance process:** all communications and marketing materials directed at clients are submitted to the Compliance Area for opinion prior to publication. When issuing an opinion, Compliance employees consider regulatory requirements (including decisions issued by regulators that are relevant to KRUK Group companies), market and ethical standards (ensuring alignment with local industry codes of organisations in which KRUK Group companies hold membership, and with values and principles set out in the KRUK Group Code of Ethics), and compliance with applicable laws.
- **Financial claims handling process** (for compensation or damages) within KRUK S.A. and Kancelaria Prawna RAVEN addresses claims that may arise, among other reasons, from the methods employed by KRUK Group companies, including process or human errors, or non-compliance with legal requirements or regulatory guidelines. The purpose of this process is to ensure that client financial claims are reviewed professionally and objectively, while also minimising the risk of financial or reputational losses for the KRUK Group.
- **Training and educational initiatives:** the Group conducts regular training and educational initiatives for employees on compliance matters, including the identification and prevention of compliance-related incidents. Compliance employees across KRUK Group companies continuously enhance their knowledge and competencies, thereby increasing awareness of compliance risks and their management.
- **Partnerships with industry organisations:** KRUK Group companies actively collaborate with industry organisations, which facilitates the regular exchange of knowledge and experience among companies, enabling organisations, including the KRUK Group, to learn from one another, identify risks and effective solutions, and avoid mistakes made by others.

#### Methods of monitoring the effectiveness of actions:

- **Audits:** audits conducted by the internal audit area help assess the effectiveness of adopted policies and procedures, including those related to compliance risk management, facilitating the implementation of remedial actions that strengthen the risk management framework and mitigate identified risks.
- **Internal inspections:** internal inspections verify whether the designed control mechanisms have been properly implemented and are effectively applied, and whether they sufficiently mitigate compliance risks in an appropriate and efficient manner. Insights from internal inspections serve as a key data source for identifying gaps, irregularities, and deviations from the expected ethical and legal standards at every stage of interactions with clients.
- **Tracking key performance indicators (KPIs) and key risk indicators (KRIs),** such as the number and nature of incidents, the number of regulatory and legal proceedings involving KRUK Group companies, and financial losses resulting from inadequate risk management, enables the assessment of the effectiveness of mitigation efforts while helping to minimise future risks. This facilitates ongoing monitoring of progress and the implementation of necessary adjustments.
- **Monitoring the completion of mandatory training:** analysing the number of employees assigned to mandatory training (as part of onboarding or within the recurring training cycle) who have successfully completed the required courses.
- **Documenting and analysing compliance incidents** and monitoring the implementation of remedial and preventive actions following audits, internal inspections, and incidents to identify areas requiring improvement and evaluate the overall effectiveness of the measures taken.

**Expected outcomes:** minimising reputational risk, reducing financial claims from clients who may feel harmed by unethical practices within the Group, mitigating the risk of financial penalties or operational restrictions on KRUK Group in a given market due to regulatory sanctions, alleviating regulatory pressure, lowering the costs of handling complaints and grievances, and reducing the risk of losing investors or access to financing due to concerns about engaging with or supporting an organisation associated with unethical practices.

## Cybersecurity

#### Key risk mitigation actions:

- **Ensuring an organisational structure:** a dedicated area was established within KRUK S.A., playing a key role in shaping the KRUK Group's cybersecurity strategy, including managing risks which, if materialised, could have significant consequences for the organisation. The area works closely with local cybersecurity specialists across individual companies, ensuring support, coordination, and alignment of activities. The team leverages advanced tools and technologies to monitor, detect, and respond to threats, enabling prompt identification and mitigation of potential risks.
- **Cybersecurity risk management process:** the cybersecurity risk management process within KRUK Group companies ensures oversight of IT assets using client information and data, and the assessment of threats and vulnerabilities, to minimise the risk of breaches affecting data availability, integrity, and confidentiality, which, if materialised, could



result in client claims, regulatory penalties, or ransom demands to regain access to encrypted data, etc. To minimise or eliminate identified risks, appropriate remedies are developed and implemented in proportion to the level of risk to the organisation. Responsibility for cybersecurity risk management is clearly defined and assigned directly to business process owners and IT system owners.

- **Incident response plans and cybersecurity incident management:** a cybersecurity incident response plan has been developed to ensure prompt and effective action in the event of an incident. The process is supported by advanced IT tools, dedicated cybersecurity teams and specialists. As part of incident management, targeted actions are planned and implemented to minimise the impact on the company, its systems, and data, and to reduce the likelihood of similar events occurring in the future.
- **Training and educational initiatives:** the Group conducts regular training and educational initiatives to enhance employee awareness of cyber threats and encourage proactive risk mitigation. These initiatives include a regularly published newsletter, specialised training sessions – covering topics such as phishing identification and password management, also with the participation of external experts – as well as a video podcast series on cybersecurity, featuring engagement from senior management.
- **Implementation of security technologies:** in addition to previously deployed antivirus software, KRUK companies have implemented the Endpoint Detection and Response (EDR) Solution, which monitors and analyses activity on endpoints, such as computers, laptops, virtual machines, and other devices, to detect threats and generate automated responses and alerts.
- **Continuous incident monitoring and response:** the Group continuously monitors infrastructure events that may indicate potential threats, ensuring real-time threat response, and it proactively addresses potential incidents using dedicated security tools. Measures are also taken to safeguard the network, servers, workstations, mobile devices, and cloud services. This enables the swift detection and mitigation of potential cyberattacks, strengthening data security and protection while reducing cybersecurity risks.
- **Supplier risk management:** the Group has implemented procedures for managing outsourcing processes and risks associated with external suppliers (with the procedures requiring suppliers to be prepared to respond to incidents), ensuring that all key services are delivered in compliance with KRUK Group's standards.
- **Access control and security vulnerability management:** the Group employs data encryption tools and access control mechanisms to safeguard client information against unauthorised access. Devices and systems undergo regular vulnerability scans to identify and remediate security gaps, ensuring maximum protection against potential threats while maintaining data integrity and confidentiality.
- **Collaboration with external service providers:** certain cybersecurity functions are outsourced to specialised firms, providing a cost-effective alternative to maintaining in-house teams or dedicated experts for specific areas. These firms offer advanced technologies and expertise that may be difficult to develop internally.
- **Monitoring legal and regulatory developments:** the KRUK Group monitors national and EU legislation, as well as regulatory guidelines, to ensure compliance with evolving legal requirements and supervisory authorities' expectations concerning ICT security.
- **Partnerships with cybersecurity firms:** the KRUK Group collaborates with cybersecurity firms to strengthen data protection measures and mitigate security risks.

#### Methods of monitoring the effectiveness of actions:

- **Audits and penetration testing:** audits conducted by the internal audit area help assess the effectiveness of adopted policies and procedures, including those related to cybersecurity risk management, facilitating the implementation of remedial actions that strengthen the risk management framework and mitigate identified risks. External specialists are engaged to conduct penetration testing, ensuring the regular evaluation of implemented security measures. Insights from these tests provide key data for identifying security gaps, irregularities, and deviations from established cybersecurity standards.
- **Monitoring of key performance indicators (KPIs) and key risk indicators (KRIs),** such as incident response times, the number of detected threats, and the number and resolution time of security vulnerabilities, helps assess the effectiveness of response actions and proactive risk mitigation. This facilitates ongoing monitoring of progress and the implementation of necessary adjustments.
- **Monitoring the completion of mandatory training:** analysing the number of employees assigned to mandatory training (as part of onboarding or within the recurring training cycle) who have successfully completed the required courses.
- **Simulated phishing attacks are conducted** to assess whether employees apply the knowledge gained from training in real-world scenarios.

- **Documenting and analysing cybersecurity incidents** and monitoring the implementation of remedial and preventive actions following audits, tests, and incidents to identify areas requiring improvement and evaluate the overall effectiveness of the measures taken.

**Expected outcomes:** minimising operational and reputational risks, limiting financial claims and costs associated with preventive measures, mitigating the risk of regulatory penalties, and reducing the risk of losing investors or access to financing due to concerns about engaging with or supporting an organisation that fails to implement effective cybersecurity measures.

#### Client personal data protection:

##### Key risk mitigation actions:

- **Ensuring an organisational structure:** a dedicated personal data protection team has been established within KRUK S.A., which plays a key role in shaping the Group's GDPR Strategy and managing personal data protection risks, which, if materialised, could have significant consequences for the organisation. The team works closely with local data protection teams within individual companies, ensuring support, coordination, and alignment of activities.
- **Personal data processing risk management process:** the personal data processing risk management process in place within KRUK Group companies ensures oversight of business processes and tools used for processing and handling client personal data to minimise the risks associated with potential breaches of data security, which, if materialised, could have negative impacts on the KRUK Group (regulatory penalties, financial claims by clients, operational downtime, reputational damage, etc.). Proactive and preventive measures in this area help reduce personal data protection incidents and breaches, client complaints, grievances, including those reported to supervisory authorities. To minimise or eliminate identified risks, appropriate remedies are developed and implemented in proportion to the level of risk to the organisation. Responsibility for managing personal data processing risks is clearly defined and assigned directly to business process and tool owners.
- **Data protection incident management process and related complaints handling process:** the personal data protection incident management process within KRUK Group companies is designed to identify situations that may compromise the security of client data processing. As part of incident management, actions are planned and implemented to mitigate the effects of incidents on the organisation and to minimise the likelihood of similar occurrences in the future. The personal data protection incident management process within KRUK Group companies is closely linked to the complaints handling process. In cases where a valid complaint identifies improper processing of personal data or a data breach, a remediation plan is developed with the participation of relevant business areas and the personal data protection area. The latter is also responsible for monitoring the implementation of the remediation plan. Integrating the complaints handling process with the incident management process allows for better identification of issues and risks, while enabling a broader response. In turn, this contributes to the improvement of processes (particularly mass-scale processes) to mitigate risks that could materialise in multiple areas across the organisation.
- **Personal data breach response mechanisms:** the KRUK Group has established mechanisms for responding to personal data breaches, ensuring prompt action in the event of an incident, timely reporting to the relevant supervisory authorities, and notification of affected clients whose data has been compromised. The process ensures the development, implementation, and monitoring of a remediation plan. The measures taken by the Group aim to mitigate regulatory and legal risks, particularly client claims related to personal data breaches.
- **Managing risks related to client personal data processors:** the Group has implemented risk management procedures governing the outsourcing of client personal data processing (including requirements for service providers to ensure readiness to respond to incidents and data breaches), ensuring that personal data processing activities are conducted in full compliance with legal regulations and KRUK Group standards.
- **Financial claims handling process** (for compensation or damages) within KRUK S.A. and Kancelaria Prawna RAVEN addresses claims that may arise, among other reasons, from the methods employed by KRUK Group companies, including process or human errors, or non-compliance with legal requirements or regulatory guidelines. The purpose of this process is to ensure that client financial claims are reviewed professionally and objectively, while also minimising the risk of financial or reputational losses for the KRUK Group.
- **Legal and regulatory environment monitoring process:** the process of monitoring changes in the legal and regulatory environment that is in place in KRUK Group companies, ensures compliance with applicable laws, particularly those related to personal data protection, and guarantees that all operations are conducted lawfully, thus reducing legal risks associated with client claims or regulatory sanctions. The monitoring of positions and decisions of personal data protection authorities allows the KRUK Group to understand regulators' expectations, recognise their stance on specific issues, and identify practices deemed inappropriate or non-compliant with personal data protection regulations. The Group ensures that its activities align with these regulatory decisions and, if any non-compliance is identified, corrective actions are taken.

- **Channels for submitting requests and grievances:** the Group has established channels for submitting requests and grievances related to personal data processing (such as the complaint channel or direct communication with the respective Data Protection Officer), which enable the Group to gather information on client-reported irregularities in data processing and implement remedial actions to mitigate risks, including those impacting the organisation.
- **Training and educational initiatives:** The Group provides regular training and educational programmes for employees on personal data processing policies and security measures, identifying and preventing data protection incidents, and ensuring compliance with security procedures. These preventive measures help mitigate risks associated with client data protection.
- **Partnerships with external experts and industry organisations:** the KRUK Group collaborates with external firms and experts specialising in personal data protection to ensure the highest standards of security, regulatory compliance, and risk mitigation, particularly in areas involving new technologies and specialised knowledge. KRUK Group companies also engage with industry organisations and actively participate in working groups dedicated to data protection, which provides the Group with access to best industry standards and guidelines on personal data protection, and enabling organisations, including the KRUK Group, to learn from one another, identify risks and effective solutions, and avoid mistakes made by others.
- **Other risk mitigation measures:** in addition to the key technical and organisational measures outlined above, the KRUK Group also employs other methods to ensure the highest level of personal data protection and manage data protection risks. It is worth noting, for instance, the measures implemented to manage cybersecurity risks, as previously mentioned, which are also applicable to personal data protection. The personal data protection area directly benefits from the initiatives undertaken within cybersecurity risk management, particularly when personal data is the subject of an incident or issue addressed by cybersecurity teams.

#### Methods of monitoring the effectiveness of actions:

- **Audits:** audits conducted by the internal audit area help assess the effectiveness of adopted policies and procedures, including those related to personal data protection risk management, facilitating the implementation of remedial actions that strengthen the risk management framework and mitigate identified risks.
- **Internal inspections:** internal inspections verify whether the designed control mechanisms have been properly implemented and are effectively applied, and whether they sufficiently mitigate personal data protection risks. Insights from internal inspections serve as a key data source for identifying gaps, irregularities, and deviations from the expected legal compliance standards and internal policies at every stage of interactions with clients.
- **Processor monitoring and auditing procedures:** procedures for the regular monitoring of key personal data processors to identify and eliminate potential risks associated with entrusted data processing on an ongoing basis.
- **Tracking key performance indicators (KPIs) and key risk indicators (KRIs),** such as the number and nature of incidents and breaches, the number of regulatory and legal proceedings involving KRUK Group companies, and financial losses resulting from inadequate risk management, enables the assessment of the effectiveness of mitigation efforts while helping to minimise future risks. This facilitates ongoing monitoring of progress and the implementation of necessary adjustments.
- **Monitoring the completion of mandatory training:** analysing the number of employees assigned to mandatory training (as part of onboarding or within the recurring training cycle) who have successfully completed the required courses.
- **Documenting and analysing personal data protection incidents and breaches,** and monitoring the implementation of remedial and preventive actions following audits, inspections, incidents and breaches to identify areas for improvement and evaluate the overall effectiveness of the measures taken.

**Expected outcomes:** minimising reputational risk, reducing financial claims from clients who may feel harmed due to inappropriate data processing practices by the Group, mitigating risks related to financial penalties or orders to cease personal data processing, and lowering operating costs associated with the consequences of breaches and incidents.

#### Ensuring the operational continuity of client communication tools and systems (entity-specific disclosure)

##### Key risk mitigation actions:

- **Ensuring an organisational structure:** specialised organisational units have been established, with teams possessing the necessary expertise to ensure high availability and operational continuity of IT infrastructure and services, including client communication tools and systems. Additionally, a dedicated team has been established within KRUK S.A., which plays a critical role in managing business continuity risks, which, if materialised, could have significant consequences for the organisation. The team works closely with local teams within individual companies, ensuring support, coordination, and alignment of activities.

- **Operational risk management process:** the operational risk management process in place within KRUK Group companies provides oversight of the activities of owners of communication systems and tools to minimise operational, reputational, and financial risks, as well as the risk of losing client trust due to potential system downtime or service disruptions. To minimise or eliminate identified risks, appropriate remedies are developed and implemented in proportion to the level of risk to the organisation. Responsibility for managing risks related to potential downtime of client communication systems and tools is clearly defined and assigned directly to the owners of these systems and tools.
- **Operational incident management process:** the operational incident management process in place within KRUK Group companies is designed to identify downtimes and failures affecting the tools and systems clients use to communicate with the KRUK Group. As part of incident management, actions are planned and implemented to minimise the impacts of incidents (such as financial losses due to lost revenue or remediation costs, operational disruptions, and reputational damage) on the affected company, as well as to reduce the likelihood of similar incidents occurring in the future.
- **Service Downtime Management process:** the Group has implemented a Service Downtime Management process to minimise the impact of IT service unavailability on operations and ensure the prompt restoration of normal service functionality.
- **Educational initiatives:** employees across Group companies participate in incident management training, which reduces incident identification and response times.
- **Failover mechanism:** an automated failover process has been implemented, enabling seamless switching to a backup internet connection in the event of a primary connection failure, ensuring business continuity and minimising downtime for client communication tools.
- **Disaster Recovery Center (DRC) solutions:** the Group has deployed systems and procedures to ensure the continuity of key Contact Center processes in the event of prolonged IT system unavailability, safeguarding uninterrupted telephone-based client service.
- **IT infrastructure improvement projects:** the Group collaborates with external service providers to implement business continuity management solutions.
- **System scalability risk management:** to mitigate risks related to insufficient system scalability, the Group utilises IT performance monitoring software, enabling prompt detection of deviations and preventing system failures. As part of its digital transformation strategy, the KRUK Group has adopted cloud-based solutions, enhancing service availability, reliability, scalability, and flexibility.
- **Reliability of communication systems through internal infrastructure:** the Group's client communication systems are hosted within KRUK Group's internal infrastructure, reducing the risk of service disruptions caused by third-party providers. To ensure continuity of critical systems, KRUK S.A. has developed business continuity plans for critical service providers. As part of the Group's initiative to implement a comprehensive business continuity management system, further business continuity planning is being developed across other KRUK Group companies.
- **Risk management related to delays in system updates and maintenance:** KRUK S.A. has implemented a vulnerability management process within its end-user environment to identify and remediate security vulnerabilities in IT systems. This measure reduces the risk of cyberattacks, which, if materialised, could negatively impact the availability of communication systems. Additionally, the Group has implemented update and change management processes. Regular IT infrastructure upgrades enhance system reliability, security, and performance. These measures enable the organisation to better adapt to growing technological requirements and to minimise the risk of system failures.

#### Methods of monitoring the effectiveness of actions:

- **Audits:** audits conducted by the internal audit area help assess the effectiveness of adopted policies and procedures, including those related to operational risk management, facilitating the implementation of remedial actions that strengthen the risk management framework and mitigate identified risks. Insights from these audits provide key data for identifying security gaps, irregularities, and deviations from established cybersecurity standards.
- **Internal inspections:** internal inspections verify whether the designed control mechanisms have been properly implemented and are effectively applied, and whether they sufficiently mitigate operational risks in an appropriate and efficient manner. Insights from these inspections also serves as a data source for identifying gaps, irregularities, and deviations in the performance of systems and tools used for client communication.
- **Monitoring key performance indicators (KPIs) and key risk indicators (KRIs),** such as the frequency and duration of system downtimes and the financial losses resulting from the unavailability of systems and client communication tools, enables the assessment of the effectiveness of implemented measures and supports risk mitigation. This facilitates ongoing monitoring of progress and the implementation of necessary adjustments.
- **Monitoring the completion of mandatory training:** analysing the number of employees assigned to mandatory training, who have successfully completed the required courses.

- **Documenting and analysing operational incidents** and monitoring the implementation of remedial and preventive actions following audits and incidents to identify areas requiring improvement and evaluate the overall effectiveness of the measures taken.

**Expected outcomes:** reducing financial losses, minimising operational, reputational, legal, and regulatory risks by ensuring the continuity of client communication systems and tools, reducing the number of incidents, and shortening periods of unavailability for these systems and tools.

Regardless of the processes and measures outlined above, additional initiatives were undertaken in 2024 to further strengthen and professionalise the management of the stated risks:

#### **Development of tools supporting risk management and monitoring:**

- an IT tool has been developed to support the integration of privacy protection principles into the design of systems, products, and services at every stage,
- incident and breach management processes were optimised and automated through the implementation of JIRA, a system enabling task and workflow management, and progress tracking across multiple teams and individuals,
- a new system was purchased to enhance the management of personal data processing risks (including risks related to potential violations of data subjects' rights and freedoms),
- work commenced on the development of an internal Governance, Risk, and Compliance (GRC) system, which will support the KRUK Group in managing processes related to risk and regulatory compliance.

The automation of risk management and compliance processes will enable the Group to optimise time and resource allocation, strengthen the implementation and monitoring of policies and procedures, and improve reporting and activity tracking in these areas.

#### **AI Governance:**

In response to the rapidly evolving technological landscape and the growing importance of artificial intelligence (AI) in the financial and debt collection sectors, the Group has decided to establish an AI Governance framework. This initiative aims to ensure that the development and deployment of AI technologies within the Group adhere to the highest ethical, legal, and operational standards. The implementation of AI Governance is also essential for personal data protection management. As AI technologies advance, regulatory compliance becomes an integral aspect of their use. Establishing AI Governance will enhance the Group's ability to manage risks associated with ethical debt collection, cybersecurity, and personal data protection, which will become increasingly significant as AI is further integrated into business processes. The implementation of AI Governance is being carried out by a multidisciplinary team of experts from the KRUK Group, in collaboration with an external firm providing expertise in AI governance and data protection. These efforts will continue into 2025. The KRUK Group believes that this initiative will not only ensure regulatory compliance but also reinforce its position as an industry leader in innovation, promoting the responsible and transparent use of AI in the financial sector.

### **9.5.6. Actions taken to pursue material opportunities for the KRUK Group**

[S4-4-33-b]

The Group has not identified any material opportunities in relation to consumers and end-users.

### **9.5.7. Resources allocated to the management of material impacts**

[S4-4-37]

The key resources allocated to the management of material impacts primarily consist of human resources organised within the Compliance, cybersecurity and IT, personal data protection, operational risk, digital product development and implementation, and client voice monitoring areas and organisational units. At the KRUK S.A. level, these teams play a critical role in shaping strategies for action, and they work directly with their counterparts or specialists in local subsidiaries. The activities and initiatives carried out by these teams are supported by relevant central or local functions, including legal (providing legal expertise and support in mitigating legal and regulatory risks), PR (managing corporate reputation, crisis communication, and communication strategy), HR (overseeing educational initiatives and fostering organisational culture), or internal communications specialists.

As clients are at the core of impact management efforts, the operations and marketing areas also play a pivotal role, taking responsibility for client communication, debt collection strategies, developing new products and services, and handling complaints and requests.

These dedicated areas and specialists execute their tasks using internally available IT tools, including the operating system, data analysis tools, modern office work tools, and other specialised IT solutions that support workflow and ensure system and data security. When specific expertise or tools are not available within the Group, external providers are engaged to address these needs.

[MDR-A-69]

The implementation of these actions did not require significant operating or capital expenditures in the reporting year. The Group has not developed detailed action plans. Therefore, operating expenditure (OpEx) and capital expenditure (CapEx) are not disclosed.

## 9.6. METRICS AND TARGETS (S4-5)

[S4-5-MDR-M, S4-5-MDR-T]

The double materiality assessment identified seven material matters related to consumers and end-users that, despite the Group's ongoing management efforts, have not yet been quantified into measurable targets and metrics, as described in ESRS 2 MDR-T and MDR-M.

This is due to the fact that the double materiality assessment was conducted in the fourth quarter of 2024. The Group will take steps to define measurable targets for the identified impacts, risks, and opportunities as part of the update to its ESG Strategy, scheduled for 2025.

However, it is important to note that the Group has continuously undertaken actions to manage impacts and risks, and to track the effectiveness of policies and actions with respect to its clients, as disclosed in section 9.5 'Actions taken to manage material impacts and risks and pursue material opportunities related to own workforce, and the effectiveness of those actions (S4-4)' of this Statement.

Additionally, in 2024, the Group pursued the targets outlined in its ESG Strategy, as detailed in section 3.1.2 'Strategy' of this Statement.

## Section 10 of the statement



# 10. BUSINESS CONDUCT (G1)

## 10.1. BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE (G1-1)

### 10.1.1. Material matters in business conduct

In the area of business conduct, the double materiality assessment has identified the following three material matters:

1. **Lobbying for fair financial practices:** the Group actively engages in initiatives that serve the interests of clients and investors, including providing opinions on and consulting regulatory frameworks, legislative proposals, and industry standards. These efforts promote transparency, ethical conduct, and fair principles in financial management, customer service, and debt recovery, and they help combat aggressive and unethical collection practices.
2. **Ethical business practices:** the KRUK Group's commitment to integrity, transparency, and accountability, upholding the rights of business partners, suppliers, and investors while ensuring compliance with applicable laws and ethical standards.
3. **Responsible portfolio and client selection (entity-specific disclosure):** verifying transactions and partnerships with service providers, clients and business partners for compliance with applicable legal regulations, including sanctions lists.

As part of the above material matters, the Group identified impacts and opportunities described in detail in section 3.3 'Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)' of this Statement.

## 10.1.2. Policies with respect to business conduct and corporate culture

### [G1-1-7-MDR-P]

The actions undertaken by the KRUK Group to effectively manage the identified material impacts, risks, and opportunities related to business conduct and corporate culture are outlined in the following policies and regulations applicable within the Group:

#### Code of Ethics

The Code of Ethics addresses the impacts and opportunities identified in the following material matters: lobbying for fair financial practices, ethical business practices, and responsible portfolio and client selection.

It establishes the principles of responsible conduct, behaviour, and ethical decision-making within the KRUK Group, providing clarification and guidance on issues that may give rise to ethical dilemmas. All employees, associates and members of the governing bodies are required to read and comply with the Code, and to cooperate in order to facilitate its implementation across the Group. This also includes reporting any violations through a dedicated channel. The Code of Ethics is an integral part of all other regulations governing the KRUK Group's business operations.

The document primarily focuses on ethics, compliance, and corporate governance. It aims to reinforce a culture of compliance within the KRUK Group and further develop ethical standards in alignment with the Group's core values. Internal policies, procedures, and adopted measures ensure the Group's compliance with internal and external standards and support effective risk management.

The Code sets out the actions undertaken within the KRUK Group in the following areas:

- a. Responsibility for personal data and confidential information – by ensuring the highest standard of secure data processing and protection against unlawful disclosure or misuse.
- b. Competitive activities – by prohibiting employees, associates, and members of governing bodies from engaging in any competitive business activities or providing paid or unpaid work or services to any entity operating in direct competition with the KRUK Group.
- c. Prevention of conflicts of interest – by properly identifying and managing both potential and actual conflicts of interest to ensure that the KRUK Group operates with the highest ethical standards, in a transparent and professional manner, and in the best interests of the Group.
- d. Anti-corruption measures – by adhering to a zero-tolerance policy for any form of corruption within the KRUK Group. The Group actively raises awareness of ethical conduct and corruption risks among employees and associates, provides clear guidelines, and conducts training to help identify and prevent corruption risks in business relationships.
- e. Responsible business relationships with clients and business partners – by ensuring professional engagement in compliance with applicable legal regulations, business conduct standards, and ethical principles. These relationships are built on the principles of respect, integrity, responsibility, and adherence to best practices.

The Code of Ethics applies to KRUK S.A., KRUK Italia, KRUK Romania, KRUK España, KRUK Česká a Slovenská republika, Wonga, Kancelaria Prawna RAVEN, Novum, and InvestCapital.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

#### KRUK Group Anti-Corruption Policy

The Anti-Corruption Policy covers the impacts and opportunities identified in the following material matters: ethical debt collection, and responsible portfolio and client selection.

The Policy outlines the anti-corruption framework in place within the KRUK Group, including the adopted measures, mechanisms, and complementary regulations aimed at identifying and preventing corruption, and it establishes the principles that employees, associates, and members of the governing bodies of individual companies within the Group are required to adhere to, including the obligation to refrain from any actions that could compromise the Group's zero-tolerance policy for corruption in dealings with clients. The Compliance Area in each Group company serves both an administrative role (maintaining a register of corruption-related incidents) and an advisory role (analysing reported incidents and issuing recommendations on the appropriate course of action).

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, KRUK Česká a Slovenská republika, and Wonga.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Anti-Corruption Procedure**

The Anti-Corruption Procedure covers the impacts and opportunities identified in the following material matters: ethical debt collection, and responsible portfolio and client selection.

The purpose of the Procedure is to describe corrupt activities that any employee may potentially encounter, as well as to outline procedures to be followed in such cases and the preventive measures adopted by the company.

The Procedure applies to Wonga.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **KRUK Group Human Rights Policy**

The Human Rights Policy covers the impacts and opportunities identified in the following material matters: lobbying for fair financial practices, ethical business practices, and responsible portfolio and client selection.

The KRUK Group, through its processes and internal documents, exercises due diligence to prevent any direct contribution to human rights violations affecting clients in the course of its business activities. The purpose of the Policy is to:

- a. Ensure that respect for human rights serves as a fundamental principle guiding the Group's operations and processes, implement measures to identify and mitigate the risk of human rights violations,
- b. Ensure compliance with the highest ethical standards and good practices,
- c. Recognise and value the voice of stakeholders, incorporating their perspectives into the Group's actions.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK España, KRUK Česká a Slovenská republika, and Wonga.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Personal Data Management Policy**

The Personal Data Management Policy covers the impacts and opportunities identified in relation to the material matter of ethical business practices.

The purpose of the Policy is to formalise the principles and procedures governing the processing of personal data, ensuring the implementation of appropriate technical and organisational measures to maintain data security while respecting the rights of individuals whose data is processed or entrusted for processing. The Policy establishes regulations concerning the principles of personal data processing, data subject rights, data security, rules for entrusting and sharing personal data, data breach management, and defines the tasks and responsibilities of the data controller, data processors, and the data protection officer.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK TFI, KRUK Italia, KRUK Romania, KRUK España, KRUK Česká a Slovenská republika, KRUK Tech, RoCapital, and Biroul de Detectivi Particulari Corbul.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Risk Management System Policy**

The Risk Management System Policy covers the impacts and opportunities identified in the following material matters: lobbying for fair financial practices, ethical business practices, and responsible portfolio and client selection.



The purpose of the Policy is to define the principles and responsibilities for managing non-financial risks. The Policy applies to processes related to risk management in operational activities, organisational units forming the second line of defence, and the internal audit unit.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Legal Risk and Personal Data Processing Risk Management Policy**

The Legal Risk and Personal Data Processing Risk Management Policy covers the impacts and opportunities identified in the following material matters: ethical business practices, and responsible portfolio and client selection.

The Policy defines the approach to managing personal data processing risk and other risks in the course of the KRUK Group's operations within the second line of defence, in accordance with the Risk Management System Policy. The purpose of the Policy is to ensure that legal risk and personal data processing risk are effectively identified, assessed, controlled, monitored, and reported. The Policy establishes the principles and responsibilities related to managing these risks and defines the powers and duties of individuals responsible for these areas.

The Policy applies to KRUK S.A., KRUK Romania, KRUK Italia, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **KRUK Group Compliance Risk Management Policy**

The Compliance Risk Management Policy covers the impacts and opportunities identified in the following material matters: lobbying for fair financial practices, ethical business practices, and responsible portfolio and client selection.

The Policy defines the approach to managing compliance risk in the course of the KRUK Group's operations. It supports the development and promotion of a compliance culture, establishes principles and responsibilities related to the compliance process, and defines the duties and powers of individuals responsible for compliance.

The Policy applies to KRUK S.A., KRUK Romania, KRUK Italia, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Internal Control System Policy**

The Internal Control System Policy covers the impact and opportunities identified in the following material matters: lobbying for fair financial practices, ethical business practices, and responsible portfolio and client selection.

The Policy defines the principles and responsibilities related to the internal control system. Its purpose is to ensure operational effectiveness and efficiency, adherence to risk management principles, and compliance with legal and regulatory requirements.

The Policy applies to KRUK S.A., KRUK Romania, KRUK Italia, KRUK España, and KRUK Česká a Slovenská republika.

The document applies to the Group's own operations.

### **KRUK Group Conflict of Interest Management Policy**

The Conflict of Interest Management Policy covers the impacts and opportunities identified in the following material matters: ethical business practices, and responsible portfolio and client selection.

The Policy sets out the process of preventing and managing conflicts of interest, including the rules for disclosing potential and actual conflicts of interest, methods for resolving such conflicts, and the management of related risks.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika. In Wonga, conflict of interest management is governed by the applicable provisions of the Anti-Corruption Procedure.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **KRUK Group Gift Policy**

The Gift Policy covers the impacts and opportunities identified within the following material matters: ethical business practices, and lobbying for fair financial practices.

The Policy sets out the rules for giving and receiving gifts by employees and members of the governing bodies, as well as the principles and procedures, including the resolution of any doubts, regarding the acceptance of gifts.

The Policy applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, KRUK Česká a Slovenská republika, and Wonga.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

### **Internal Whistleblowing Procedure**

The Internal Whistleblowing Procedure regarding the offering and accepting of gifts within the KRUK Group covers the impacts and opportunities identified within the following material matters: ethical business practices, and responsible portfolio and client selection.

The Procedure defines actions taken to uphold the highest ethical standards, full integrity and transparency in both internal and external relations within the KRUK Group, aiming to ensure that business activities are conducted in compliance with applicable laws, internal regulations and ethical standards. It sets out the guidelines for reporting any misconduct and abuses, steps taken to investigate and mitigate the consequences of any identified violations, and measures to enhance the effectiveness of detecting misconduct, implementing appropriate corrective actions, and ensuring prevention and risk mitigation at all organisational levels.

The Procedure applies to KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, KRUK Česká a Slovenská republika, Wonga, and InvestCapital.

The document applies to the upstream segment of the value chain, as well as to the Group's own operations.

### **Training Policy**

The Training Policy covers the impacts and opportunities identified in relation to the material matter of ethical business practices.

The Training Policy helps advance the Group's business strategy by fostering employee development, which in turn enhances the organisation's growth, innovation, and competitive strength. Through participation in training, employees can develop their professional knowledge and skills, but also receive guidance on ethical conduct and values they should uphold in daily work.

The Procedure applies to KRUK S.A., Kancelaria Prawna RAVEN, Novum, and KRUK TFI.

The document applies to the Group's own operations.

### **Employee Development Procedure**

The Employee Development Procedure covers the impacts and opportunities identified in relation to the material matter of ethical business practices.

The Procedure supports employee development by ensuring that they acquire the skills necessary to achieve established objectives in alignment with the Company's strategy. Through participation in training, employees can develop their professional knowledge and skills, but also receive guidance on ethical conduct and values they should uphold in daily work. A deep understanding of these principles fosters a strong and responsible organisational culture.

The Procedure applies to KRUK Romania.

The document applies to the Group's own operations.

## Trade Partner Screening Procedure

The Trade Partner Screening Procedure covers the impacts and opportunities identified in relation to the material matter of ethical business practices.

The Procedure sets out the process for the assessment and classification of trade partners prior to entering into transactions with them. Based on the collected information and the conducted risk assessment, the business owner decides whether or not to establish a business relationship with the trade partner.

The Procedure applies to Wonga.

The document applies to the upstream segment of the value chain, as well as to the Group's own operations.

## Procurement Policy of KRUK Group Companies in Poland

The Procurement Policy covers the impacts and opportunities identified in the following material matters: ethical business practices, and responsible portfolio and client selection.

The Policy defines the principles governing the procurement process, including contracting obligations on behalf of and for KRUK Group companies in Poland. It sets forth supplier selection criteria, ensuring the best price-to-quality ratio for purchased goods and services while maintaining alignment with the Group's Values, Mission, Vision, and strategic objectives.

The Procedure applies to KRUK S.A., Kancelaria Prawna RAVEN, Novum, and KRUK TFI.

The document applies to the upstream segment of the value chain, as well as to the Group's own operations.

## Procurement, Payments and Cost Control Procedure

The Procurement, Payments and Cost Control Procedure covers the impacts, risks, and opportunities identified in the following material matters: ethical business practices, and responsible portfolio and client selection.

The Procedure establishes principles for the procurement process, conditions for order placement and approval, and payment terms. Before entering into a contract, potential suppliers undergo a trade partner screening process, which includes verification against sanctions lists and publicly available registers, such as insolvency declarations.

The Procedure applies to KRUK España.

The document applies to the upstream segment of the value chain, as well as to the Group's own operations.

## Product and Service Procurement Procedure

The Product and Service Procurement Procedure covers the impacts and opportunities identified in the following material matters: ethical business practices, and responsible portfolio and client selection.

The Procedure ensures that before entering into a contract, potential suppliers undergo a comprehensive screening process, including verification against sanctions lists and public registers, as well as an assessment of financial standing, potential, competence, experience, and service quality. Suppliers must also comply with ethical standards, anti-corruption policies, and conflict-of-interest prevention measures. For service outsourcing services, a mandatory risk assessment questionnaire evaluates operational, data processing, physical, information security risks, and risks related to cloud-based solutions. The final decision on cooperation with a supplier is based on this assessment.

The Procedure applies to KRUK Romania.

The document applies to the upstream segment of the value chain, as well as to the Group's own operations.

## Procurement Procedure

The Procurement Procedure covers the impacts and opportunities identified in the following material matters: ethical business practices, and responsible portfolio and client selection.

The Procedure defines the principles governing the procurement process, commercial terms and conditions, supplier selection criteria, and the acceptance of contractual obligations by the companies. Before entering into a contract,

potential suppliers undergo a trade partner screening process, which includes verification against sanctions lists and publicly available registers, such as insolvency declarations.

The Procedure applies to KRUK Italia.

The document applies to the upstream segment of the value chain, as well as to the Group's own operations.

#### **Procurement Process for Goods and Services Policy**

The Procurement Process for Goods and Services Policy covers the impacts and opportunities identified in the following material matters: ethical business practices, and responsible portfolio and client selection.

The Policy defines the principles governing the procurement of goods and services, supplier selection processes, and employee responsibilities in procurement activities. Before entering into a contract, potential suppliers undergo a trade partner screening process, which includes verification against sanctions lists and publicly available registers, such as insolvency declarations.

The Policy applies to KRUK Česká a Slovenská republika.

The document applies to the upstream segment of the value chain, as well as to the Group's own operations.

#### **Procedure for Monitoring Changes in Legislation**

The Procedure for Monitoring Changes in Legislation covers the impacts and opportunities identified in the following material matters: lobbying for fair financial practices, ethical business practices, and responsible portfolio and client selection.

The Procedure outlines the process for monitoring and communicating legislative changes relevant to debt management operations, in order to ensure compliance with legal requirements across KRUK Group companies in Poland, assess potential risks, and identify opportunities arising from proposed and enacted changes in legislation.

The Procedure applies to KRUK S.A. and Kancelaria Prawna RAVEN.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

#### **Procedure for Monitoring Regulatory Guidelines and Case Law**

The Procedure for Monitoring Regulatory Guidelines and Case Law covers the impacts and opportunities identified in the following material matters: lobbying for fair financial practices, ethical business practices, and responsible portfolio and client selection.

The Procedure defines the process for monitoring and communicating regulatory positions, decisions, and judicial rulings relevant to debt management operations, in order to ensure the compliance of KRUK S.A.'s and Kancelaria Prawna RAVEN's operations with regulatory guidelines and case law (taking into account court and tribunal rulings related to consumer protection rights).

The Procedure applies to KRUK S.A. and Kancelaria Prawna RAVEN.S.A.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

#### **KRUK Group Procedure on Anti-Money Laundering, Counter-Terrorist Financing, and Sanctions Risk Management**

The Procedure covers the impacts and opportunities identified in the following material matters: ethical business practices, and responsible portfolio and client selection.

It establishes the principles applied within the KRUK Group to fulfil the obligations imposed on the Group and its constituent entities under anti-money laundering and counter-terrorist financing legislation, including the principles governing the exchange and protection of information shared for the purpose of fulfilling anti-money laundering and counter-terrorist financing obligations between KRUK S.A. and other Group entities.

The Procedure applies to KRUK S.A., KRUK TFI, Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, KRUK Česká a Slovenská republika, and InvestCapital.

The document applies to both the upstream and downstream segments of the value chain, as well as to the Group's own operations.

All individuals within the KRUK Group companies where these regulations apply are subject to the policies and regulations outlined in this disclosure, to the extent necessary for the proper performance of their duties.

Policies within Group companies are adopted by resolution of the Management Board of KRUK S.A. and, in other companies, by their respective General Directors or management boards. In Kancelaria Prawna RAVEN, policies are adopted by the general partner of the company.

Other regulations concerning specific processes or areas are approved on a case-by-case basis by process owners, who report – depending on the organisational structure – to the Management Board of KRUK S.A., or the competent General Director, management board/general partner, or senior manager.

The KRUK Group aims to harmonise corporate governance principles across the entire organisation. Given the diversity of activities, the size of individual companies, and the available resources, not all regulations are implemented uniformly across all companies. The key companies are those engaged in debt collection operations for purchased portfolios (KRUK S.A., Kancelaria Prawna RAVEN, KRUK Italia, KRUK Romania, KRUK España, and KRUK Česká a Slovenská republika), which are required to implement uniform standards derived from the corporate governance framework established by KRUK S.A. as the parent company. The KRUK Group Human Rights Policy, which has not yet been implemented in KRUK Romania, is scheduled for implementation in 2025. In the other companies regulations are implemented based on local legal and organisational conditions.

As a general rule, all the aforementioned policies and regulations undergo periodic reviews to ensure their alignment with applicable legal requirements and internal regulations within KRUK Group companies. The effectiveness of policies and regulations is also assessed through internal audits.

For the implementation of these policies and regulations, expert support is provided by the document owner specified in each respective document.

## **Making policies and regulations available to stakeholders**

[G1-1-7-MDR-P-65-f]

Excerpts from the KRUK Group Code of Ethics, Anti-Corruption Policy, Conflict of Interest Management Policy, Human Rights Policy, and Gift Policy are available on both the Polish and English versions of the KRUK S.A. website at the following addresses: <https://pl.KRUK.eu/esg/polityki> and <https://en.kruk.eu/esg/policies>. The documents are thus made available to stakeholders across both the upstream and downstream value chain.

All policies and other internal regulations are also accessible to employees and associates of the companies where they apply via the internal communication portal or designated shared folders. The documents are provided in local languages in the countries where they apply.

For the implementation of these regulations, expert support is provided by the document owner specified in each respective document.

## **Consideration given to the interests of key stakeholders in setting the policies**

[G1-1-7-MDR-P-65-e]

During the development of policies and other regulations, these documents were not directly consulted with stakeholders. However, in drafting policies and regulations, the KRUK Group considered stakeholder interests based on:

1. Applicable international and national regulations,
2. Guidelines from regulators, such as national consumer protection authorities and national data protection authorities,

3. Best market practices which KRUK Group companies commit to following by joining international organisations (United Nations Global Compact, among others),
4. Best market practices which KRUK Group companies commit to following by joining industry associations (Principles of Good Practice of the Association of Financial Companies in Poland (ZPF), among others).

In this context, the key stakeholders are employees, clients, business partners, investors, regulators, and industry organisations.

### 10.1.3. Corporate culture

[G1-1-9]

The KRUK Group fosters an organisational culture based on the Mission, Vision, and Values established by the Management Board of KRUK S.A., as well as the ethical principles outlined in its Code of Ethics.

The KRUK Group's Values are as follows:

RESPECT	COOPERATION	ACCOUNTABILITY	SIMPLICITY	DEVELOPMENT
Mutual respect is the cornerstone of our business. We treat everyone the way we want to be treated.	Together we can do more. We build relationships based on partnership, and clear rules. We call things by their name.	Everyone is responsible for their decisions, actions or inaction and their consequences.	Simplicity is beautiful. We simplify our processes and eliminate waste. Done is better than perfect.	We are committed to continuous improvement. We have an incessant inner drive to progress, even when we succeed.

The Mission, Vision, and Values, along with the Code of Ethics, serve as a guiding framework for all KRUK Group employees in their daily activities and decision-making. They establish consistent standards for responsible conduct, behaviour, and ethical decision-making across all locations where the Group operates. The Management Board periodically reviews and updates the Mission, Vision, and Values as needed. The Code of Ethics provides further elaboration on these principles.

The Mission, Vision and Values are described in section 6.2 'Strategic plan 2025–2029' of the Directors' Report.

The organisational culture is reinforced through training programmes covering the Mission, Vision, and Values, the Code of Ethics, and other courses outlined in section 10.1.6 'Training on business conduct and organisational culture' of this Statement. These training sessions enhance employee awareness of shared values and principles that should guide their daily work. They also provide employees with a clear understanding of expected behaviours and standards of conduct. Additionally, information regarding the Mission, Vision, and Values is available to employees within the internal resources of each respective company.

The organisational culture of the KRUK Group is also promoted through:

1. Communication conveyed to employees (through written materials and videos), outlining the principles of the organisational culture and reinforcing its values,
2. Leadership engagement demonstrated through the conduct and actions of management, which align with the defined values and principles, serving as an example for employees and affirming their importance in daily operations and decision-making.
3. Holding employees accountable for behaviours that do not align with the organisational culture.

A key element in strengthening and promoting the KRUK Group's organisational culture is the implementation of the KRUK\_up competency model – a universal framework for all employees that enhances efficiency and engagement while supporting the execution of the business strategy and adherence to the Group's core values.

## 10.1.4. Mechanisms for identifying, reporting and investigating concerns about unlawful behaviour or behaviour in contradiction of the Code of Ethics or similar internal rules

[G1-1-10 a-b]

A confidential and anonymous communication channel has been established to facilitate the identification and reporting of incidents that violate legal regulations, standards of conduct, including the Code of Ethics and the applicable policies and internal regulations of KRUK Group companies. Employees, associates, members of the governing bodies, witnesses to misconduct, or individuals with knowledge of violations or irregularities, including business partners and suppliers, may submit a report in accordance with the Whistleblowing Channel Procedure or Whistleblowing Policy adopted by the respective company. These regulations are designed to encourage the reporting of violations and irregularities in good faith within a reprisal-free environment, allowing the organisation to effectively deal with misconduct, protect affected individuals, and implement corrective actions to prevent or minimise the impact of similar incidents in the future.

A whistleblower can report a violation, also anonymously, through the following channels:

- a. Electronically, via the whistleblowing system available at the following links or email addresses:
  - KRUK S.A. and Kancelaria Prawna RAVEN: <https://whistlekruksa.vco.ey.com/>
  - KRUK Italia: <https://it.kruk.eu/whistleblowing/>
  - KRUK España: <https://canaletico.es/es/kruk/>
  - KRUK Česká a Slovenská republika: <https://cz.kruk.eu/vnitrnioznamovaci-system/>
  - Wonga: [https://app.sygnanet.pl/wonga\\_pl/pl](https://app.sygnanet.pl/wonga_pl/pl)
  - InvestCapital: <https://investcapital.com.mt/en/pages/whistleblowing/>
  - KRUK TFI S.A.: <https://kruktfi.pl/zglos-naduzycie/>
  - KRUK Romania: via email to [avertizor@kruk.com.ro](mailto:avertizor@kruk.com.ro)
  - Novum: via the contact form available at [www.pozyczkinovum.pl/](http://www.pozyczkinovum.pl/)
- b. By sending a report in paper form via traditional mail to the address specified in the internal regulations.

Additional channels for reporting irregularities, violations, or misconduct include:

- KRUK S.A.: via email to [whistleblowing.rn@kruksa.pl](mailto:whistleblowing.rn@kruksa.pl) (for reports concerning the Management Board), or via email to [wpm@kruksa.pl](mailto:wpm@kruksa.pl) (for reports related to conflicts, bullying, harassment, sexual harassment, or discrimination and unequal treatment).
- InvestCapital: via email to [whistleblowing@investcapital.com.mt](mailto:whistleblowing@investcapital.com.mt)
- KRUK Romania: via the website at <https://ro.kruk.eu/raportarea-abuzurilor>

All reports received are reviewed with due diligence, ensuring confidentiality and protection through the implementation of appropriate technical and organisational measures. Access to report details is restricted, and data protection policies and procedures are in place to prevent data loss, misuse, or unauthorised disclosure. All materials and documents collected during the investigation process following a report are archived in accordance with data protection and confidentiality principles in a designated secure location (with access granted only to formally authorised personnel). The Compliance Area is an independent and impartial organisational unit responsible for receiving and verifying reports, assessing the credibility of reported information, initiating and coordinating investigations, and maintaining communication with the reporting party. Additionally, a report review team is established to conduct the investigation, with its composition determined based on several criteria, such as independence, impartiality, placement within the company's organisational structure, competency, and expertise (multidisciplinary knowledge base). Depending on the type and nature of the case, the team may engage representatives from other areas that are not part of the core team.

The follow-up actions undertaken in response to a reported violation may include:

1. Implementing or amending internal regulations applicable within the given company,
2. Conducting internal audits, followed by appropriate post-audit steps,
3. Issuing recommendations for a specific course of action,
4. Providing targeted training sessions,
5. Raising employee awareness of applicable policies and regulations,
6. Applying disciplinary measures, including those arising from labour law provisions,
7. Implementing additional preventive measures to minimise the risk of similar violations in the future.

In Wonga, which has a separate internal regulation governing this area, reports of violations may be submitted in accordance with the Whistleblowing Procedure (Internal Reporting Procedure) to the Investigation Group, which is responsible

for gathering information and conducting investigations. Reporting violations in Wonga can be done through multiple channels, including:

1. Directly reporting the violation to the line manager,
2. Direct contact with members of the Investigation Group,
3. Contacting a Supervisory Board member,
4. Submitting a report via the designated Reporting Box available in the Wonga office.

Additional mechanisms for identifying and reporting incidents that violate legal regulations and standards of conduct include the following:

1. Conflict of Interest Management Policy, which includes:

- a. Obligation to report to the Compliance Area identified potential or actual cases of conflict of interest or concerns about circumstances that may lead to a conflict between the interests of the company in question and the interests of employees, associates and members of governing bodies. If a potential or actual conflict of interest is identified, the Compliance Area provides recommendations for action and subsequently monitors their implementation.
- b. Annual conflict of interest review in Poland and Italy: the review applies to all employees, associates, and members of governing bodies. Its purpose is to identify and verify whether a conflict of interest exists or could arise (whether actual or potential).

2. Anti-Corruption Policy, which includes:

- a. Obligation to report potential or actual corruption-related incidents or concerns to the Compliance Area. If a corruption-related incident is identified, the Compliance Area provides recommendations for action and subsequently monitors their implementation.
- b. Mandatory inclusion of an anti-corruption clause in contracts with business partners and suppliers, ensuring they are informed of the KRUK Group's zero-tolerance policy towards corruption.

### **10.1.5. Whistleblower protection**

[G1-1-10-c]

The KRUK Group companies are committed to protecting all employees who report concerns in good faith, ensuring that such individuals do not face retaliation or other adverse consequences for submitting a report. In accordance with applicable national legislation, whistleblowers are afforded protection provided they had reasonable grounds to believe that the reported information was accurate at the time of submission and that it falls within the definition of a violation or irregularity. Maintaining confidentiality is a key measure to ensure a sense of security and minimise the risk of retaliation. The anonymous whistleblowing channel enables employees, associates, members of the governing bodies, witnesses to misconduct, or individuals with knowledge of violations or irregularities, including business partners and suppliers, to submit a report in accordance with the Whistleblowing Channel Procedure or Whistleblowing Policy adopted by the respective company. For a description of these policies, please refer to section 10.2 '*Business conduct policies and corporate culture*' of this Statement.

The Group ensures that the identity of the whistleblower, as well as any information that could reveal their identity, will not be disclosed to the individuals concerned by the report, third parties, or other employees and associates of the company unless the whistleblower consents to such disclosure. This does not apply where disclosure is a necessary and proportionate legal obligation under applicable law in the context of investigative, pre-trial, or judicial proceedings conducted by public authorities or courts.

False accusations, the dissemination of misleading information, or allegations lacking factual basis can harm an employee's reputation, affect the company's commercial standing, and expose it to financial losses. It is prohibited to pressure a whistleblower or coerce them into revealing their identity if they have chosen to report anonymously. Personal data and all other information related to the report are stored in compliance with data protection laws, ensuring adherence to data processing policies.

The Compliance Area is an independent and impartial organisational unit responsible for receiving and verifying reports, assessing the credibility of reported information, initiating and coordinating investigations, and maintaining communication with the reporting party. Additionally, a report review team is established to conduct the investigation, with its composition determined based on several criteria, such as independence, impartiality, placement within the company's



organisational structure, competency, and expertise (multidisciplinary knowledge base). Depending on the type and nature of the case, the team may engage representatives from other areas that are not part of the core team.

Detailed information regarding the established internal whistleblowing channels is disclosed in section 10.1.4 'Mechanisms for identifying, reporting and investigating concerns about unlawful behaviour or behaviour in contradiction of the Code of Ethics or similar internal rules' of this Statement.

Individuals responsible for handling reports undergo standard training, consistent with the training requirements applicable to all employees.

### 10.1.6. Training on business conduct and organisational culture

[G1-1-10-g]

Since 2023, KRUK S.A. has implemented a Training Policy Designed to support the Company's business strategy by fostering employee development, driving business growth, innovation, and competitiveness.

In KRUK Romania, the Employee Development Policy, in effect since 2022, focuses on supporting employee growth to ensure they acquire the necessary skills to achieve the company's strategic objectives.

While other subsidiaries do not have dedicated regulations in this area, employee training and development remain a priority, including training on the KRUK Group's business conduct principles and corporate culture.

To ensure employees are familiar with the principles of ethical business conduct and decision-making aligned with legal requirements, market standards, best practices, and KRUK Group values, the Group has established a Compliance Training Programme. Depending on the market in which a KRUK Group company operates, the programme includes both general compliance training and specialised training on compliance-related topics.

#### List of key training programmes on business conduct and corporate culture

##### 1. Straightforward About the Process – Training on Debt Acquisition and Management

- a. The training provides a concise overview of the debt acquisition and management process, covering both amicable and enforced collection stages, with a focus on unsecured retail debt collection. New hires also gain insights into the purpose of individual KRUK Group companies, significant interrelations between them, a bird's-eye view of the organisational structure, key business units, and key process representatives.
- b. Companies where new employees are covered by the training: Kruk S.A, Kancelaria Prawna RAVEN, Kruk TFI, and Novum.
- c. Duration: 1 hour 30 minutes.
- d. Delivery method: in-person, workshop format.
- e. In 2024, **100%** of newly hired employees required to complete the training successfully participated.

##### 2. Mission, Vision, and Values

- a. The workshop presents the KRUK Group's short-term and long-term goals. During the session, employees become familiar with the Mission and Vision of the Group, the core values that should guide their daily work, and the concept of continuous improvement, serving as an introduction to the Lean methodology.
- b. Companies where new employees are covered by the training: Kruk S.A, Kancelaria Prawna RAVEN, Kruk TFI, and Novum.
- c. Duration: 3 h
- d. Delivery method: in-person, workshop format.
- e. In 2024, **100%** of newly hired employees required to complete the training successfully participated.

##### 3. Code of Ethics

- a. The training reinforces employees' knowledge of KRUK Group's Mission, Vision, Values, and the principles that shape the Group's corporate culture and work environment. The programme covers:
  - values, including the importance of cooperation,
  - conflicts of interest,
  - professional secrecy,

- personal data protection,
  - gift acceptance rules,
  - anti-corruption policy,
  - anti-money laundering and counter-terrorism financing,
  - responsible communication,
  - environmental and social responsibility.
- b. The training is mandatory for all employees of KRUK S.A., Kancelaria Prawna RAVEN, and Novum. Employees must complete the course within 60 days of hiring or assignment.
  - c. Duration: 60 minutes.
  - d. Delivery method: online, via e-learning platform.
  - e. Completion rate in 2024: **91%**.

In 2025, the KRUK Group plans to expand the Code of Ethics training to other subsidiaries involved in debt collection operations for purchased portfolios.

#### 4. Anti-Corruption

- a. The training educates employees on how to manage and prevent corruption risks, as well as where and how to report instances of corruption and misconduct.
- b. The training is available in KRUK S.A., Kancelaria Prawna RAVEN, Novum, and KRUK TFI and is mandatory for all employees, Management Board members, and Supervisory Board members.
- c. Duration: the training is combined with the Gifts and Hospitality Culture training and has a total duration of 45 minutes.
- d. Delivery method: online, via e-learning platform.
- e. Completion rate in 2024: **92%**.

In KRUK Romania, the training is voluntary, available online to all employees, with a duration of 30 minutes and a completion rate of **25.7%** in 2024.

#### 5. Gifts and Hospitality Culture

- a. The training familiarises employees with the rules governing the acceptance and offering of gifts, including examples of permitted and prohibited gifts. Employees also learn about procedures to follow when accepting a gift that exceeds the allowed thresholds or when participating in conferences and seminars sponsored by business partners, suppliers, etc.
- b. The training is available in KRUK S.A., Kancelaria Prawna RAVEN, Novum, and KRUK TFI and is mandatory for all employees, Management Board members, and Supervisory Board members.
- c. Duration: the training is combined with the Anti-Corruption training and has a total duration of 45 minutes.
- d. Delivery method: online, via e-learning platform.
- e. Completion rate in 2024: **92%**.

In KRUK Romania, the training is voluntary, available online to all employees, with a duration of 30 minutes and a completion rate of **25.7%** in 2024.

#### 6. Managing Conflicts of Interest

- a. The training explains the concept of conflicts of interest, how to identify potential and actual cases, and how to manage and prevent them. Employees learn about circumstances that may lead to conflicts between corporate interests and the personal interests of employees, associates, and members of governing bodies, as well as the role of the Compliance Area in managing these risks.
- b. The training is available in KRUK S.A., Kancelaria Prawna RAVEN, Novum, and KRUK TFI and is mandatory for all employees, Management Board members, and Supervisory Board members. Duration: 45 minutes.
- c. Delivery method: online, via e-learning platform.
- d. Completion rate in 2024: **92%**.

#### 7. Everyday Compliance

- a. The training provides an overview of the role of the Compliance Area within the organisation, introduces principles of compliance, and promotes a culture of compliance in daily operations.

- b. The training is available in KRUK S.A. for all employees, Management Board members, and Supervisory Board members. Duration: 45 minutes.
- c. Delivery method: online, via e-learning platform.
- d. Completion rate in 2024: **88%**.

In KRUK Romania, the training is mandatory, available online to all employees, with a duration of 30 minutes and a completion rate of **89%** in 2024.

Additional training programmes in other companies:

#### **KRUK España:**

##### **Criminal Prevention Model**

- a. The training covers issues related to the establishment of rules that contribute to mitigating legal and criminal risks and limiting the company's liability for employees' actions in the event of committing an offence. Its objective is to provide information on the corporate criminal liability system in Spain, in accordance with the Spanish Criminal Code.
- b. The training is mandatory for all employees and the General Director. Delivery method: online, via e-learning platform.
- c. Duration: 30 minutes.
- d. Completion rate in 2024: **98%**.

##### **Corporate Compliance**

- a. The training covers compliance-related topics, including the Code of Ethics, conflicts of interest, bribery and corruption, gift and hospitality policies, whistleblowing channels, and the anti-harassment policy.
- b. The training is mandatory for all employees and the General Director. Delivery method: online, via e-learning platform.
- c. Duration: 45 minutes.
- d. Completion rate in 2024: **90%**.

#### **KRUK Italia:**

##### **NPL Market**

- a. The training provides information on the securitisation market, Group structure, concept of debt, and consumer rights.
- b. The training is mandatory for new employees, but it is also available to all interested employees. Delivery method: in-person or online via e-learning platform.
- c. Duration: 60 minutes.
- d. Completion rate in 2024: **100%**.

##### **General Compliance**

- a. The training provides information on compliance definitions, compliance risks, risk mapping, compliance incidents, compliance policies (Code of Ethics, anti-corruption and anti-bribery, conflicts of interest, gift policy), sanctions, whistleblowing, AML, UNIREC Code of Conduct, and client interaction guidelines.
- b. The training is mandatory for new employees, but it is also available to all interested employees. Delivery method: in-person or online via e-learning platform. The training is mandatory for the members of the Management Board of KRUK Italia.
- c. Duration: 60 minutes.
- d. Completion rate in 2024: **100%**.

## Criminal Compliance

- a. The training provides information on civil and criminal law aspects that may impact the debt collection process, whistleblowing procedures, and anti-money laundering.
- b. The training is mandatory for all employees. Delivery method: in-person or online via e-learning platform. The training is mandatory for the members of the Management Board of KRUK Italia.
- c. Duration: 90 minutes.
- d. Completion rate in 2024: **100%**.

## Agecredit

### Introduction, Fundamentals, Regulations, Code of Ethics, GDPR, and Code of Conduct

- a. The training covers applicable regulations and codes, anti-corruption measures, and the whistleblowing process.
- b. The training is mandatory for all employees. Delivery method: in-person.
- c. Duration: 6 hours.
- d. Completion rate in 2024: **100%**.

## 10.1.7. List of functions most at risk of corruption and bribery

[G1-1-10-h]

The KRUK Group does not maintain a formalised list of functions most at risk of corruption and bribery. The catalogue of high-risk functions has been defined based on expert assessment, drawing on the list of situations identified in section 4 of the Anti-Corruption Policy as potential sources of corruption risks, as well as situations in which conflicts of interest may arise, in accordance with the principles defined in the Conflict of Interest Management Policy.

The risk of corruption is chiefly identified in processes where, due to their nature, there exists an inherent possibility for promising, offering, or giving any financial benefit or personal advantage in return for: selecting a bid in a pending procurement process; offering employment or hiring; engaging in conduct that violates the law or internal regulations of a company, or refraining from pursuing a claim or unjustifiably waiving part of an obligation.

Potential sources of corruption-related incidents also include situations where an employee, associate, or member of the governing bodies of a KRUK Group company subject to the Anti-Corruption Policy:

1. Accepts a gift or training sponsorship in violation of or with disregard to the KRUK Group Gift Policy,
2. Receives promises of, is offered, or is given a financial or personal benefit, regardless of whether it is accepted,
3. Is a victim of a corruption offence,
4. Solicits financial or personal benefits in exchange for performing or refraining from performing job duties,
5. Proposes, promises, or offers financial or personal benefits in exchange for performing or refraining from performing an action,
6. Participates in any other way in an event that could raise concerns regarding compliance with the Policy.

Functions most exposed to potential corruption and bribery risks depend on the role within the organisation and the scope of powers and responsibilities. These include employees involved in the KRUK Group's procurement processes, business areas responsible for establishing business relationships with partners, and management personnel influencing the Group's governance and decision-making processes. All individuals in positions exposed to corruption and bribery risks are subject to dedicated training programmes in this area.

In the KRUK Group companies where anti-corruption training has been implemented, all employees, associates and members of management bodies are subject to a uniform e-learning programme on anti-corruption principles, with the same scope of content provided to all recipients.

## 10.2. SUPPLIER RELATIONSHIP MANAGEMENT AND PAYMENT PRACTICES (G1-2, G1-6)

### 10.2.1. Relationships with suppliers

[G1-2-15]

In line with the principles and values adopted by the KRUK Group to support corporate social responsibility, the Group companies place particular emphasis on ethical standards, fair competition, labour rights, human rights, social responsibility, and environmental protection in their relationships with suppliers.

Under the internal regulations governing procurement processes, expense approvals, and cost management, potential suppliers undergo an assessment to determine their eligibility for cooperation before entering into a contract, with the assessment including screening against sanctions lists and public registers, such as those indicating bankruptcy status.

Additionally, in Polish companies (KRUK S.A., Kancelaria Prawna RAVEN, Novum, and KRUK TFI S.A.), where necessary, an evaluation is conducted of the supplier's financial condition, potential, competencies, and resources allocated for contract performance. Suppliers are assessed based on references, service quality, certifications, relevant surveys, competitive offer assessments, conflict of interest risk analysis, and an assessment of the supplier's business size in the context of compliance with the Late Payment Act. As part of the offer evaluation criteria, suppliers are required to adhere to ethical business practices, avoid conflicts of interest, and comply with anti-corruption regulations.

As part of the contracting process, suppliers are required to sign an anti-corruption clause and, where applicable, a sanctions clause. In justified cases, to secure data access, trade secrets, and corporate interests, a non-disclosure agreement is also signed before finalising the contract.

For KRUK S.A. and KRUK Romania, suppliers providing outsourcing services must additionally complete a mandatory risk assessment questionnaire covering the following areas:

- a. operational risks (including any ongoing court proceedings involving the supplier, regulatory sanctions and penalties, and the risk management framework),
- b. personal data processing risks,
- c. physical risks,
- d. information security,
- e. applied cloud computing solutions.

Based on the results of the assessment, a decision is made regarding whether to proceed with the supplier relationship.

In the procurement process at KRUK S.A., when the estimated expenditure related to a supplier contract exceeds PLN 100,000, the supplier is required to complete the 'Sustainability (ESG) Survey for Potential Suppliers of KRUK Group Companies', also known as the ESG survey. The purpose of the survey is to assess the supplier's sustainability management practices, promote responsible business conduct, and ensure due diligence in supplier selection. It assesses the supplier's sustainability initiatives and good practices, with a particular focus on labour rights, occupational health and safety (OHS) standards, and human rights. The survey verifies the existence of anti-bullying policies, procedures ensuring workplace equality and diversity, and access to whistleblowing channels for reporting irregularities in these areas, as well as violations of the law, internal procedures, and ethical standards.

The ESG survey also assesses:

- a. the supplier's commitment to a zero-tolerance policy on corruption and adherence to ethical business principles, (including the presence of relevant codes of ethics and codes of conduct),
- b. the supplier's environmental impact, including its carbon footprint,
- c. whether the supplier's products or services covered by the procurement process meet the requirements of making a substantial contribution to environmental objectives (assessment of compliance with the EU taxonomy).

Based on the survey findings, KRUK S.A. makes a decision on whether to proceed with or decline cooperation with the supplier.

In 2025, the ESG survey is planned for implementation across other KRUK Group companies engaged in debt collection operations involving purchased portfolios.

In Wonga, the Trade Partner Screening Procedure requires that before entering into a purchase transaction, every trade partner undergoes a screening process and is classified into one of three risk categories – green, orange, or red – based

on the risk of non-compliance with legal regulations and internal policies. A designated representative must complete an initial trade partner screening form, and the collected general data is subsequently reviewed by the Compliance team. If a trade partner is classified in the red category, a further screening form must be completed, containing additional industry-specific questions (for example, what products and services are offered and which are subject to purchase). Regardless of the category assigned to the trade partner, the company may request references (a recommendation letter) from the trade partner. Based on the collected information and screening results, a decision is made on whether to proceed with or terminate the business relationship. If the trade partner fails the screening process, the business owner must obtain approval from the company's Management Board before proceeding with cooperation.

## Prevention of late payments to suppliers

[G1-2-14]

The Group has processes in place to ensure timely payments, and in most companies (KRUK S.A., Kancelaria Prawna RAVEN, KRUK TFI, Novum, Prokura, Presco NS FIZ, KRUK ITALIA, KRUK Romania, Corbul, KRUK Tech, InvestCapital, KRUK Investimenti, and Itacapital), these processes are documented in payment procedures. The key aspects covered by these procedures include the following:

1. The Banking Specialist is responsible for ensuring the timely, accurate, and proper processing of payments in accordance with source documents.
2. Payments are executed in line with the terms specified in source documents, including payment dates, amounts, and bank account details.
3. Supplier invoice payments are processed daily or weekly, depending on the transaction volume in a given company.

In KRUK S.A., Novum, KRUK TFI, KRUK Romania, KRUK España, KRUK Italia, Kancelaria Prawna RAVEN, and Zielony Areał, payments are made using a report generated from the accounting system, which retrieves invoices that have been verified and recorded in the general ledger.

Some companies with material liabilities (KRUK S.A., Kancelaria Prawna RAVEN, KRUK Romania, KRUK Italia, KRUK España) monitor the On-Time Invoice Payments KPI, which is tracked monthly to assess the proportion of invoices paid within the due date.

### 10.2.2. Standard payment terms and payments to suppliers

[G1-6-33]

The KRUK Group distinguishes between two types of suppliers:

- Business partners from whom Group companies acquire debt portfolios: for these obligations, standard payment terms are the contract signing date or, in the case of the Romanian market, up to 30 days after contract signing.
- Suppliers from whom the Group companies purchase goods and services: for these obligations, standard payment terms of 14 or 30 days apply.

Due to the absence of a clearly defined methodology for calculating the average time the undertaking takes to pay an invoice from the date when the contractual or statutory term of payment starts to be calculated, in number of days, the KRUK Group has, to the best of its knowledge, conducted an analysis of the time it takes to fulfil its payment obligations. This analysis concluded that, as a general rule, 95% of supplier invoices are paid 12 days before the due date. In other cases, payments are made up to 12 days after the due date, mainly because of the delayed receipt of invoices by the Group companies.

The KRUK Group will take steps to align with observed market practice in relation to the above disclosure.

During the reporting period, no legal proceedings were recorded against KRUK Group companies in relation to late payments.

## 10.3. PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY (G1-3, G1-4)

### 10.3.1. Preventing, detecting, and addressing allegations or incidents of corruption and bribery

[G1-3-18-a]

KRUK Group upholds a zero-tolerance policy on corruption. To maintain the highest standards of transparency in its operations and ensure compliance with the law and ethical standards, the Group has implemented a range of measures and regulations to identify and prevent incidents of corruption. These include:

1. The implementation of the Anti-Corruption Policy as a compliance management tool facilitates the identification of circumstances that constitute or may lead to incidents of corruption. All employees, associates and members of the governing bodies of the Group companies are required to refrain from any activity that could result in a violation of the policy. The Anti-Corruption Policy is an integral part of the wider compliance system, aiming to ensure compliance with legal and ethical standards in preventing corruption and to uphold the highest standards of transparency in business operations.
2. Assignment of responsibility to a dedicated organisational unit (Compliance Area) for monitoring the application of the Anti-Corruption Policy, maintaining a register of corruption-related incidents, issuing recommendations for mitigating the impact of such incidents, and reducing their likelihood in the future. The structural and organisational independence of the Compliance Area ensures a clear separation of functions responsible for receiving and investigating reports of corruption incidents from other organisational units in a company, including the management bodies (the Management Board of KRUK S.A., the relevant General Director or management board of a given company, or the general partner).
3. Establishing an appropriate organisational structure, including the division of key functions and responsibilities, as well as a remuneration system designed to prevent incidents of corruption.
4. Defining the roles and responsibilities of employees, associates, and members of governing bodies in each Group company, including with respect to access to trade secrets, confidential information, and legally protected professional or privileged information.
5. Establishing the principles of conflict-of-interest prevention, including recruitment procedures, through the implementation of the Conflict of Interest Management Policy across the KRUK Group.
6. Establishing the principles of accepting gifts through the implementation of the KRUK Group Gift Policy.
7. Building awareness of ethical attitudes and corruption risks among employees and associates by providing appropriate guidance and compliance training to identify and prevent incidents of corruption in relations with business partners or suppliers.
8. Implementing mechanisms for reporting and investigating incidents of corruption and for enforcing disciplinary measures against individuals who violate the Anti-Corruption Policy.
9. Introducing transparent procedures for expense verification and approval and for collaboration with third parties, to eliminate potential opportunities for granting financial benefits through the misuse of KRUK Group assets.
10. Applying anti-corruption clauses: KRUK Group companies include anti-corruption clauses in agreements with business partners, wherein both parties declare their commitment to ethical conduct and explicitly prohibit corrupt practices, which reflects the KRUK Group's approach to ethical values and principles.
11. Identification and assessment of corruption incidents: if an incident of corruption is identified or its occurrence is deemed probable, an internal investigation is conducted. The purpose of the investigation is to gather information necessary to determine the circumstances of the incident. The Compliance Area is responsible for conducting this analysis.

The KRUK Group has implemented a corruption and bribery monitoring system comprising several key components:

1. The Compliance Area is responsible for managing compliance risk, monitoring adherence to the Anti-Corruption Policy and the KRUK Group Gift Policy, maintaining a register of corruption incidents, and issuing recommendations to mitigate the consequences of such incidents and reduce the likelihood of their recurrence.
2. The whistleblowing system enables anonymous reporting of corruption-related incidents through dedicated communication channels.
3. Regular employee training programmes aim to raise awareness of corruption risks, provide guidance on how to handle corruption-related situations, and ensure compliance with policies governing the offering and accepting of gifts.
4. Internal audits and controls designed to detect and prevent corruption-related incidents.

### **10.3.2. Reporting incidents of corruption and bribery**

[G1-3-18-c, G1-4-25-d]

Particularly complex corruption-related incidents are escalated to the General Director/Managing Director/Management Board of the respective KRUK Group company. Based on the information provided, the General Director/Managing Director/Management Board decides on the appropriate recommendations for handling the corruption-related incident.

In 2024, no instances of corruption or bribery were identified, nor were there any legal proceedings related to corruption or bribery initiated against KRUK Group companies or their employees.

### **10.3.3. Internal communication related to anti-corruption and anti-bribery**

[G1-3-20]

The Anti-Corruption Policy and the Gift Policy have been communicated to employees in accordance with the procedures in place within each company, and they are accessible through the companies' internal resources.

Employees acquire knowledge of anti-corruption and anti-bribery measures and the applicable internal regulations through compliance training sessions. Additionally, key aspects of these policies and regulations are highlighted in internal communication channels to ensure broad awareness.

In February 2024, to mark No Bribery Day, KRUK S.A. published an internal communication reaffirming the Group's commitment to combating corruption, accompanied by information on the conclusions of the 2023 Corruption Perceptions Index.

In December 2024, to mark International Anti-Corruption Day, an article referencing the findings of the Ipsos and EY survey on integrity in business was published. Access to this communication channel is available to all employees of the KRUK Group's Polish companies, except for Wonga.

### **10.3.4. Training for employees and members of management and supervisory bodies**

[G1-3-21-a-b]

Within KRUK S.A., Kancelaria Prawna RAVEN, Novum, and KRUK TFI, members of the governing bodies are required to complete training on anti-corruption and gift-giving within 30 days of employment or within 30 days of the course launch. The e-learning sessions on anti-corruption and gift-giving are also available for members of the Management Board and Supervisory Board of KRUK S.A. and have a total duration of 45 minutes. The course is delivered online via the e-learning platform.

Details regarding the scope of training and the percentage of individuals who have completed the course, including Management Board and Supervisory Board members and General Directors of local subsidiaries, are provided in section 10.1.8 'Training on business conduct and organisational culture' of this Statement.

During the reporting year, the Group measured the overall percentage of employees who completed the aforementioned training without focusing specifically on those holding positions at higher risk, as described in section 10.1.9 'List of functions most at risk of corruption and bribery' of this Statement.



## 10.4. POLITICAL INFLUENCE AND LOBBYING ACTIVITIES (G1-5)

[G1-5]

In the area of business operations and conduct, the double materiality assessment has identified lobbying for fair financial practices as a material matter. Lobbying for fair financial practices is understood as the Group's proactive engagement in the interests of its clients and investors, including:

- providing opinions on and consulting regulatory frameworks, legislative proposals, and industry standards to promote transparency, ethical conduct, and fair principles in financial management, customer service, and debt recovery,
- combating aggressive and unethical collection practices.

Oversight of these activities is the responsibility of the Management Board of KRUK S.A.

The Company engages in lobbying through collaboration with industry organisations such as the Association of Financial Companies in Poland (ZPF), Polish Confederation of Private Employers Lewiatan, and Employers of Poland, which facilitate the Group's participation in reviewing industry-related legislation.

Beyond this collaboration, the Group does not engage in any other lobbying activities, such as political party financing or providing financial or in-kind contributions for political causes. Additionally, no KRUK Group company is registered in the EU Transparency Register or any equivalent national register.

Key legislative proposals reviewed by KRUK S.A. for the aforementioned organisations in 2024:

1. Bill on credit servicers and credit purchasers, which, if implemented in its original form, would have a negative impact on KRUK S.A.'s business model. While the proposed regulation aims to strengthen the debt trading market by establishing formal, organisational, and capital requirements for credit servicing entities, certain provisions – such as deadlines for actions in client relations and the scope of reporting obligations – could generate additional costs. It is important to note that the regulation ultimately does not apply to KRUK Group's operations in Poland, as it exempts the management of own debt fund portfolios handled by KRUK S.A. under Art. 192.1 of the Polish Investment Funds Act, as well as the servicing of debts on behalf of banks.
2. Draft amendment of the Accounting Act, the Act on Statutory Auditors, Audit Firms, and Public Oversight, and certain other acts. The proposed regulation lacked sufficient clarity regarding the method, procedure, and scope of consultations with employee representatives, as it did not incorporate the wording of Article 19a(5) of Directive (EU) 2022/2464 of the European Parliament and of the Council amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.
3. Draft amendment of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, and the Act on Implementation of Certain EU Regulations on Equal Treatment. According to KRUK S.A., the proposed regulation did not sufficiently align with Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures, particularly regarding gender quota requirements for underrepresented genders on corporate boards.

## 10.5. RESPONSIBLE PORTFOLIO AND CLIENT SELECTION

[G1-MDR-A]

The double materiality assessment conducted by the KRUK Group in 2024 revealed that material positive impacts related to business conduct also concern the matter of responsible portfolio and client selection, understood as the verification of compliance of transactions and relationships with business partners, service providers, and clients with applicable legal regulations, including sanctions lists.

The debt management sector plays a crucial role in fostering sustainable economic growth and enhancing the stability of the financial sector. Engaging in economic and business relationships responsibly requires compliance with laws designed to prevent money laundering and the financing of terrorism, alongside adherence to international sanction regimes.

KRUK Group companies (KRUK S.A., KRUK TFI, Kancelaria Prawna RAVEN, KRUK Romania, KRUK España, KRUK Italia, KRUK Česká a Slovenská republika, and InvestCapital) have implemented anti-money laundering and counter-terrorist

financing procedures to the extent required under local legislation applicable to these companies as obligated entities or financial market institutions.

In addition, the Group companies (except for KRUK España and InvestCapital) have implemented controls to mitigate client and transaction risks, applying diligent efforts to screen entities, including clients, which they should not engage with, such as those from countries with opaque legal and political environments, entities that could pose a risk to their reputation, or those operating in violation of generally applicable laws or regulations or placed under international sanctions. The outcome of the verification may result in a decision not to enter into a relationship or to notify the relevant administrative authorities of a match with sanctions lists. Additionally, clauses are incorporated into existing and new contracts whereby both parties confirm their commitment to complying with international sanctions.

By managing impacts through the responsible selection of trade partners and clients, and analysing them not only from a financial perspective (in the case of trade partners) but also from ethical and reputational standpoints and in terms of consumer rights and sanctions compliance, the KRUK Group reinforces material opportunities by mitigating the risk of engaging with entities whose activities may be in breach of legal regulations, and minimises the risk of negative consequences such as reputational damage and loss of trust among other trade partners, clients, and investors.

In 2024, KRUK S.A. developed a risk map to monitor matters related to anti-money laundering, counter-terrorist financing, and sanctions compliance. The map identifies control mechanisms that mitigate the identified risks, and daily reports on the outcomes of client screening against sanctions lists are analysed.

The expected benefits of these actions include ensuring compliance with applicable regulations, raising ethical standards in business operations, strengthening the KRUK Group's position as a reliable business partner, increasing the trust of clients and investors, reducing legal and financial risks, improving cooperation with financial institutions, and facilitating access to capital.

These actions are ongoing. In addition, existing processes and systems undergo continuous improvement.

## 10.6. METRICS AND TARGETS

[G1-MDR-M, G1-MDR-T]

The double materiality assessment identified three material matters related to business conduct that, despite the Group's ongoing management efforts, have not yet been quantified into measurable targets and metrics, as described in ESRS 2 MDR-T and MDR-M:

This is due to the fact that the double materiality assessment was conducted in the fourth quarter of 2024. The Group will take steps to define measurable targets for the identified impacts, risks, and opportunities as part of the update to its ESG Strategy, scheduled for 2025.

In 2024, the Group pursued the targets outlined in its ESG Strategy, as detailed in section 3.1.2 'Strategy' of this Statement.

## 11. LIST OF ESRS DATAPOINTS

### List of datapoints in cross-cutting and topical standards that derive from other EU legislation (ESRS 2 Appendix B)

Disclosure Requirement	ESRS datapoint	Reference to other EU legislation
ESRS 2 GOV 1	Board's gender diversity paragraph 21 (d)	Delegated Regulation (EU) 2020/1816, Annex II
ESRS 2 GOV 1	Percentage of board members who are independent paragraph 21 (e)	Delegated Regulation (EU) 2020/1816, Annex II
ESRS 2 SBM 1	Involvement in activities related to chemical production paragraph 40 (d) ii	Delegated Regulation (EU) 2020/1816, Annex II
ESRS 2 SBM 1	Involvement in activities related to controversial weapons paragraph 40 (d) iii	Delegated Regulation (EU) 2020/1818, Article 12(1), Delegated Regulation (EU) 2020/1816, Annex II
ESRS 2 SBM 1	Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	Delegated Regulation (EU) 2020/1818, Article 12(1), Delegated Regulation (EU) 2020/1816, Annex II
ESRS E1 1	Transition plan to reach climate neutrality by 2050 paragraph 14	Regulation (EU) 2021/1119, Article 2(1)
ESRS E1 1	Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2
ESRS E1 4	GHG emission reduction targets paragraph 34	Delegated Regulation (EU) 2020/1818, Article 6
ESRS E1 6	Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)
ESRS E1 6	Gross GHG emissions intensity paragraphs 53 to 55	Delegated Regulation (EU) 2020/1818, Article 8(1)
ESRS E1 7	GHG removals and carbon credits paragraph 56	Regulation (EU) 2021/1119, Article 2(1)
ESRS E1 9	Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II
ESRS E1 9	Degree of exposure of the portfolio to climate-related opportunities paragraph 69	Delegated Regulation (EU) 2020/1818, Annex II
ESRS S1 1	Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 21	Delegated Regulation (EU) 2020/1816, Annex II
ESRS S1 14	Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Delegated Regulation (EU) 2020/1816, Annex II
ESRS S1 16	Unadjusted gender pay gap paragraph 97 (a)	Delegated Regulation (EU) 2020/1816, Annex II
ESRS S1 17	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)

ESRS S3 1	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)
ESRS S4 1	Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)
ESRS G1 4	Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Delegated Regulation (EU) 2020/1816, Annex II

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## GLOSSARY OF TERMS

<b>Agecredit</b>	Agecredit S.r.l. of Cesena
<b>Articles of Association</b>	Articles of Association of the Company
<b>Auditor</b>	PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. of Warsaw
<b>Bonds Act</b>	Polish Act on Bonds of 15 January 2015 (Dz.U. of 2022, item 2244)
<b>CAGR</b>	Compound Annual Growth Rate
<b>cash EBITDA</b>	Profit (/loss) before tax plus finance costs, amortisation, depreciation and cash recoveries from purchased debt portfolios, less revenue from purchased debt portfolios and revaluation gains on assets other than purchased debt and consumer loans advanced, if their total amount in the last 12 months exceeds PLN 5 million; Cash EBITDA is computed for the KRUK Group for the last twelve months
<b>Catalyst</b>	Bond market operated by the Warsaw Stock Exchange
<b>Company; KRUK; Issuer</b>	KRUK S.A. of Wrocław
<b>Consolidated financial statements</b>	Consolidated financial statements of the Group for the reporting period ended 31 December 2024, prepared in accordance with the IFRS
<b>Corbul, Corbul S.r.l.</b>	Biroul de Detectivi Particulari Corbul S.r.l. of Bucharest
<b>Corporate Sustainability Reporting Directive, CSRD Directive</b>	Directive (EU) 2022/2464 of the European Parliament and of the Council as regards corporate sustainability reporting
<b>CSDP</b>	Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A. of Warsaw)
<b>CZK</b>	Czech koruna
<b>Deviation between actual and projected recoveries</b>	The figure includes the deviation between actual and projected recoveries, decreases on early collections in collateralised cases, and payments from the original creditor. The percentage deviation is determined as the ratio of 'deviation between actual and projected recoveries' to the difference between 'actual recoveries' and 'deviation between actual and projected recoveries'
<b>EBIT</b>	Operating profit
<b>EBITDA</b>	Operating profit before depreciation and amortisation
<b>EPS</b>	Earnings per share
<b>ESRS</b>	European Sustainability Reporting Standards, developed by EFRAG (European Financial Reporting Advisory Group). Applicable to entities subject to the CSRD Directive.
<b>EUR</b>	Euro

## Financial Liabilities

Total financial liabilities under:

- bonds or other similar debt securities; or
- non-bank borrowings; or
- bank borrowings; or
- finance leases; or
- promissory notes issued by way of security for liabilities of non-KRUK Group entities; or
- guarantees or sureties provided in respect of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or
- accession to debt owed by non-KRUK Group entities under bank non-bank borrowings, finance leases, bonds or other similar debt securities; or
- assumption of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or
- liabilities arising under derivatives contracts;

**FMCG**

Fast Moving Consumer Goods

**GDP**

Gross Domestic Product

**GDPR**

Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)

**General Meeting**

General Meeting of the Company

**GHG Protocol**

Greenhouse Gas Protocol – carbon footprint calculation standard including requirements and guidelines for estimating Scopes 1, 2 and 3 GHG emissions

**The Group, the KRUK Group**

The Company as the Parent along with its subsidiaries and Non-Standardised Securitisation Closed-End Investment Funds

**InvestCapital:**

InvestCapital Ltd. of San Gwann

**ItaCapital**

ItaCapital S.r.l of Milan, Italy

**Kancelaria Prawna RAVEN**

Kancelaria Prawna RAVEN P. Krupa sp. k. of Wrocław

**KRS**

Polish National Court Register (Krajowy Rejestr Sądowy)

**KRUK; Issuer; Company**

KRUK S.A. of Wrocław

**KRUK Česká a Slovenská republika:**

KRUK Česká a Slovenská Republika s.r.o. of Hradec Kralove

**KRUK España**

KRUK España S.L. of Madrid, Spain

**KRUK Italia**

KRUK Italia S.r.l of Milan, Italy

**KRUK ROMANIA**

KRUK Romania s.r.l of Bucharest, Romania

**KRUK TECH**

KRUK TECH s.r.l of Bucharest



<b>KRUK TFI</b>	KRUK Towarzystwo Funduszy Inwestycyjnych S.A. of Wrocław
<b>IAS</b>	International Accounting Standards as endorsed by the European Union
<b>IFRS</b>	International Financial Reporting Standards as endorsed by the European Union, including International Accounting Standards, International Financial Reporting Standards and related Interpretations endorsed by the European Union
<b>Management Board</b>	Management Board of KRUK S.A.
<b>Nasdaq Stockholm</b>	Stockholmsbörsen; Securities trading market in Stockholm, Sweden
<b>NBP</b>	National Bank of Poland
<b>Non-Standardised Debt Closed-End Investment Funds</b>	Prokura NFW FIZ, Presco NFW FIZ and Bison NFW FIZ
<b>Novum</b>	NOVUM FINANCE sp. z o.o. of Wrocław
<b>Paris Agreement</b>	The agreement concluded at the 21st UN Climate Change Conference in 2015
<b>PLN</b>	Polish złoty
<b>2021-2024 Incentive Scheme</b>	An incentive scheme for 2021–2024 implemented by the Company for the Management Board Members, selected employees of the Company and selected members of the management boards and employees of the subsidiaries, under which up to 950,550 registered subscription warrants will be issued, conferring the right to subscribe for a total of 950,550 ordinary bearer shares issued as part of a conditional share capital increase
<b>2025–2028 Incentive Scheme</b>	An incentive scheme for 2025–2028 implemented by the Company for the Management Board members, selected employees of the Company and selected members of the management boards and employees of the subsidiaries, comprising the issue of up to 775,264 registered subscription warrants conferring the right to subscribe for a total of 775,264 ordinary bearer shares issued as part of a conditional share capital increase
<b>PFSA</b>	Polish Financial Supervision Authority (Komisja Nadzoru Finansowego)
<b>Prokura NFW FIZ</b>	Prokura Non-Standardised Debt Closed-End Investment Fund
<b>Regulation on current and periodic information</b>	Polish Minister of Finance’s Regulation of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Dz.U.2018.757 ze zm.) of 2018, item 757, as amended)
<b>RoCapital</b>	RoCapital IFN S.A. of Bucharest

<b>ROE</b>	Return on equity, computed as the ratio of consolidated net profit to equity as at the end of period
<b>RON</b>	Romanian leu
<b>SeCapital Luksemburg</b>	SeCapital S.à.r.l. (Luxembourg)
<b>Statement</b>	Consolidated sustainability statement of the KRUK Group
<b>Subsidiaries</b>	The Company's subsidiaries, as defined in the Polish Accounting Act, and Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa
<b>Supervisory Board</b>	Supervisory Board of the Company
<b>Total revenue</b>	Operating income including gain or loss on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios including other income
<b>UOKiK</b>	Polish Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów)
<b>UOKiK President</b>	President of the Office of Competition and Consumer Protection
<b>USD</b>	US dollar
<b>Wonga</b>	Wonga.pl Sp. z o.o. of Warsaw
<b>WSE</b>	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)
<b>ZPF</b>	Association of Financial Companies in Poland of Gdańsk

The Directors' Report on the operations of the KRUK Group and KRUK S.A. in 2024 is presented by the Company's Management Board, consisting of the following Members:

<b>Piotr Krupa</b>	<b>Urszula Okarma</b>	<b>Piotr Kowalewski</b>	<b>Adam Łodygowski</b>	<b>Michał Zasepa</b>
President of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board