



KRUK Group Sustainability Report

2023



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[2-22]

Ladies and Gentlemen,

It is my pleasure to present to you the Sustainability Report of the KRUK Group in 2023.

2023 was a successful year, marking KRUK's 25th anniversary. For me, these past 25 years have been a period of intense work, consistent organic growth, continuous improvement and – in recent years – strides in Lean and digital transformation. We continued to advance our integrated business and ESG strategies as well as executing numerous corporate social responsibility initiatives. These encompassed empowering our employees, enhancing our governance measures, and reducing our environmental footprint.

I'm delighted to say that as a result of our efforts, we have achieved a net profit exceeding PLN 980m for the first time in our history. Strong recoveries surpassing PLN 3bn resulted in a cash EBITDA of PLN 2.1bn.

These record results highlight KRUK's solid business foundations and strong market position. We capitalised on a favourable economic environment in the debt market, investing nearly PLN 3bn last year. The majority of our investments and recoveries, i.e. as much as 74% and 56%, respectively, originated from foreign markets, highlighting the international reach of our operations. We saw particularly strong growth in KRUK's activities in the Italian and Spanish markets throughout the year. In 2023, KRUK's international potential was duly recognised, as evidenced by successful issues of EUR-denominated bonds under Swedish law, KRUK's expanding presence in the unsecured retail debt market beyond Poland, as well as the highest market capitalisation among all listed industry peers globally at the close of 2023.

Over the past three years, we have acquired portfolios totalling PLN 7bn, essentially doubling KRUK's investments from the initial purchase in 2003 to 2020, reaching a total of PLN 14.7bn invested in portfolios with a nominal value of PLN 118bn by the close of 2023. At the same time, total recoveries over the last two decades have amounted to close PLN 19bn. The cash we generate, along with access to bank loans and bond issues both in Poland and abroad, have enabled us to execute our ambitious growth plans in recent years. This also led to our net debt to cash EBITDA ratio rising to 2.4 at the end of 2023. While this ratio could increase with further investments, we aim to keep it significantly below our covenants.

Such remarkable results would not have been possible without our exceptional team of 3,400 dedicated KRUK employees. Our committed and supportive organisation encourages us to focus on continuous improvement and the enhancement of our operations in the core business line of unsecured retail debt, drawing valuable insights from our past experiences. In line with this approach, we signed our first debt portfolio purchase agreement in France towards the end of 2023. As an initial step, we are keen on observing and learning, reserving further expansion decisions until we ascertain the market's potential.

Like me, KRUK is committed to long-term objectives. We invest and refine our operations for the years and decades ahead, recognising that our assets yield results over the long term. The investments made at KRUK's inception, still generating cash after 20 years, stand as a testament to our strategic foresight. The substantial purchases we have made in recent years are also set to be reflected in our performance going forward.

Our mission to safeguard compliance with social and legal norms requiring that everyone fulfil their obligations, while always being respectful to people, is the essence of our client-focused approach. We prioritise reliable and consistent communication with our clients, developing tools to facilitate debt management and repayment, and spearheading various initiatives aimed at improving financial literacy within society. These efforts contribute to fostering trust among our clients and business partners, enhancing recognition of the KRUK brand.

For investors, since our stock exchange debut, the rate of return on KRUK S.A. shares has exceeded 1,100%. KRUK has also regularly distributed dividends, which have already totalled PLN 1.1bn. We are in it for the long haul, both reflecting on the past 25 years, including our 12 years on the Warsaw Stock Exchange, and looking ahead to the next quarter of a century.

I encourage you to read our 2023 Sustainability Report.

Respectfully yours,
Piotr Krupa



BUSINESS MODEL AND KEY FINANCIAL AND NON-FINANCIAL INDICATIONS

KRUK S.A.

celebrated its 25th anniversary in 2023

Record high cash EBITDA

PLN 2.1bn

in 2023

PLN 9.2bn

KRUK ranks as the world's largest debt collection company in terms of market capitalisation¹

International expansion

74% of investments and 56% of recoveries in markets outside Poland

Credit rating

Ba1 from Moody's from S&P BB- – one of the best credit ratings among listed debt collection companies worldwide

26%

highest ROE among the world's largest listed debt collection companies

Technology development

digital transformation at KRUK Group including through Discovery

Employee turnover at

11.1%

in 2023 – one of the lowest turnover rates in the financial sector

Women hold

58%

of senior managerial positions at KRUK Group

¹ Source: stooq.pl as at 31 December 2023.

1.1 Business model, key financial and non-financial indicators

[2-1] [2-2] [2-6]

The KRUK Group comprises KRUK S.A. as the parent, 22 subsidiaries with cross-equity links and two entities controlled through personal links. The Group's principal business is the management of debt purchased for the Group's own account and management of debt for institutional clients in three segments:

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

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.

The KRUK Group includes Wonga.pl, a company operating on the open consumer loan market in Poland. The Group also offers loan products under the NOVUM brand, primarily targeting clients who make regular repayments or have paid off their debts to the Group in Poland and Romania.

Since 2011, KRUK S.A. shares have been traded on the Warsaw Stock Exchange, and since November 2022 the Company has been part of the WIG20 blue chip index. Bonds issued by the Company are traded on the Catalyst bond market in Poland and (since 2023) on Nasdaq in Sweden.

The KRUK Group is one of Europe's largest debt management companies. It operates in Poland, Romania, the Czech Republic, Slovakia, Italy and Spain, and has assets in Germany and (since January 2024) also in France. In 2023, the Group managed total assets of PLN 8.7bn and earned a profit of PLN 984m.

The structure of the KRUK Group as at 31 December 2023 and KRUK S.A.'s ownership interests in the subsidiaries are presented below.

On 3 January 2023, negotiations were concluded and an agreement was signed for the sale by the Company of all shares in ERIF Biuro Informacji Gospodarczej S.A. and ERIF Business Solutions sp. z o.o. The ownership title to the shares was transferred on the date on which the Company's bank account was credited with the selling price, i.e. on 24 January 2023.

Following the liquidation process launched on 30 December 2022, the voluntary liquidation of ProsperoCapital S.à.r.l. of Luxembourg was completed on 31 March 2023.

On 17 May 2023, the articles of association of KRUK Immobiliare S.r.l. of Milan were executed, and on 19 May 2023 the company was entered in the commercial register. The principal business activities of KRUK Immobiliare S.r.l. consist in buying and managing of real estate. KRUK holds 100% of shares in the newly incorporated company.

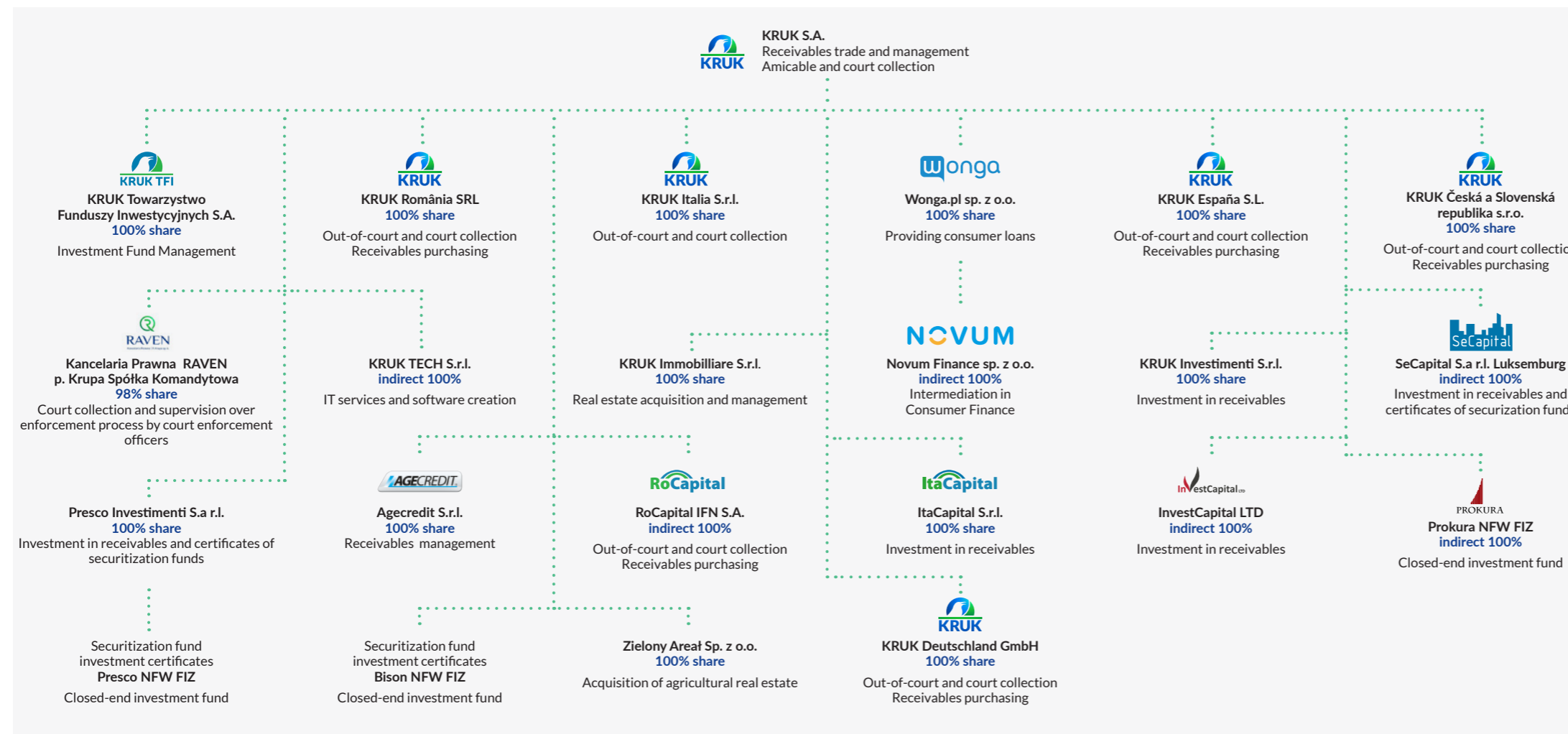
On 20 September 2023, KRUK Italia S.r.l., a wholly-owned subsidiary of KRUK S.A., sold all shares in Elleffe Capital S.r.l.

Following the passage into law of the Act to Amend Certain Acts to Ensure Development of the Financial Market and Protection of Investors on That Market, dated 16 August 2023, on 29 September 2023 the names of the KRUK Group investment funds were changed to:

- Prokura Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty (non-standardised debt closed-end investment fund). The fund may use the following abbreviated names: Prokura Niestandaryzowany Fundusz Wierzytelności FIZ or Prokura NFW FIZ.
- Bison Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty (non-standardised debt closed-end investment fund). The fund may use the abbreviated name of Bison NFW FIZ.
- Presco Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty (non-standardised debt closed-end investment fund). The fund may use the following abbreviated names: Presco Niestandaryzowany Fundusz Wierzytelności FIZ or Presco NFW FIZ.

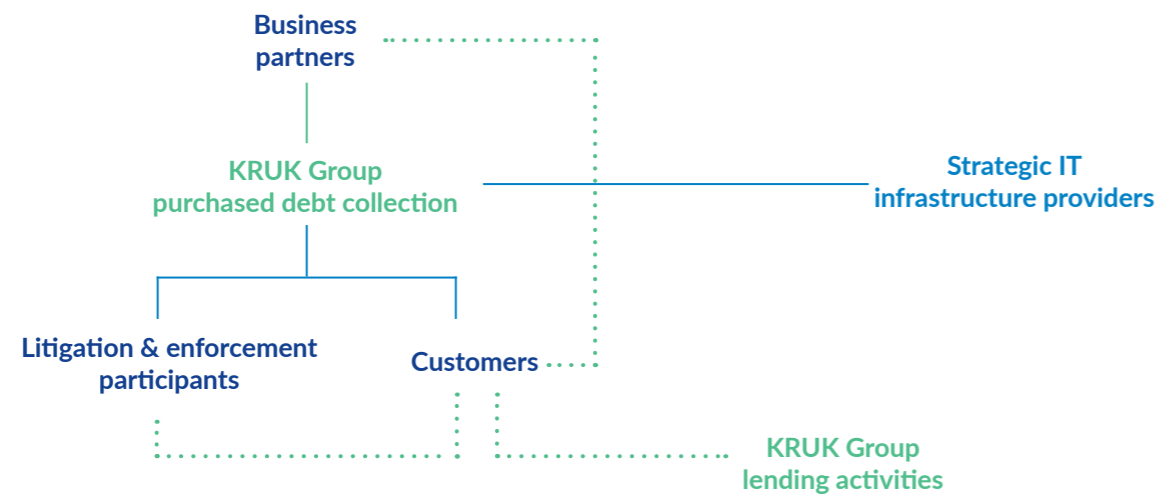
The KRUK Group's upstream value chain encompasses a network of business partners such as banks, loan originators, insurers, leasing companies, telecoms and other utility providers. The Group's business is based on long-term relationships with key partners, with a primary focus on the bank market.

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 competent debt enforcement officers. 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 other entities. Clients

who have paid off their liabilities towards KRUK have access to consumer loans, which can aid in rebuilding their credit history. The KRUK 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.



- Overview of the KRUK Group's business in 2023:
- PLN 3.0bn – recoveries from debt portfolios purchased by the KRUK Group
 - PLN 3.0bn – investments in debt portfolios with a nominal value of almost PLN 14.5bn
 - 90% of all purchases involved unsecured retail debt
 - 74% of investments were made outside Poland
 - PLN 984m – KRUK Group's net profit
 - PLN 2.1bn – KRUK Group's cash EBITDA
 - 3,426 – the size of the KRUK Group workforce.

[2-28] We share our experience and best practice with other market participants working with us in industry organisations and associations. For example, KRUK S.A. is a member of the Association of Financial Companies in Poland and the Lewiatan Polish

Confederation of Private Employers, with the memberships allowing us to provide feedback on draft legislation pertaining to our industry.

- Furthermore, the KRUK Group companies are members of:
- ACA International (KRUK Ceska a Slovenska Republika S.R.O.),
 - Asociácia Slovenských Inkasných Spoločností (KRUK Ceska a Slovenska Republika S.R.O.),
 - Asociace Inkasních Agentur (KRUK Ceska a Slovenska Republika S.R.O.),
 - Asociatia De Management Al Creantelor Comerciale (KRUK România S.R.L.),
 - Angeco (KRUK Espana),
 - Unione Nazionale Imprese A Tutela Del Credito (KRUK Italia),
 - Confindustria – La Spezia (KRUK Italia).

1.2 Responsible governance

1.2.1 Sustainability priorities and contribution to achieving Sustainable Development Goals

[3-3]

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 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.

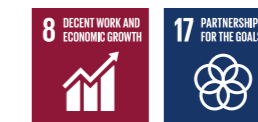
In line with its corporate governance principles, the KRUK Group is committed to growing sustainably. Its activities are grounded in the three fundamental pillars of responsible governance and social and environmental responsibility. Oversight of environmental, social, and governance (ESG) matters is entrusted to the ESG Strategy Manager, reporting directly to the President of the Management Board.

RESPONSIBLE GOVERNANCE

It is about supporting the economy by helping to restore liquidity in the market. Acting fairly and openly, the Group provides consumers with knowledge related to debt, which is recovered in compliance with the law and the Group's best practice, with due respect for clients. The KRUK Group operates transparently and in compliance with law. The KRUK Group companies also collaborate

with organisations and associations that are committed to sustainable and ethical economic growth.

The Sustainable Development Goals we support:



SOCIAL RESPONSIBILITY

It focuses on:

- Fostering partner relations with employees, promoting workplace diversity and providing opportunities for professional development. The KRUK Group fully respects the rights of its employees and abides by the provisions of the Declaration of Human Rights. It supports the integration of people processes, strengthens its organisational culture and develops leadership to be an employer of choice.

- Running awareness-raising campaigns that highlight the social norm of debt repayment. The KRUK Group strengthens the public awareness of being responsible for one's debt and of the consequences of non-payment, and clearly explains the debt collection process.

The Sustainable Development Goals we support:



ENVIRONMENTAL RESPONSIBILITY

Our environmental responsibility consists in taking pro-environmental measures geared towards climate change adaptation. Through financial education activities, the KRUK Group seeks to raise public awareness of excessive consumption, point-

ing out that by curbing consumerism we help the natural environment.

The Sustainable Development Goals we support:





TOMASZ KURR
GENERAL DIRECTOR KRUK ITALIA

In line with previous years, the daily endeavours of KRUK Italia over the past year were dedicated to supporting ecosystems, biodiversity, and local communities. Notably, we expanded the ZeroCo2 project to include an initiative of planting one tree per employee. Through this initiative, KRUK planted 400 trees across 7,900 square metres of forest land in Liguria, Lombardy, Emilia-Romagna, and Sicily. Additionally, the Mobility Programme was launched to encourage environmentally conscious behaviour among employees. In 2023, we also engaged in the 9th Run for Children charity event, with nearly 100 participants from KRUK running or walking in support of the La Spezia hospital on a beautiful sunny day. Finally, we place significant emphasis on diversity and inclusion. At KRUK Italia, we continuously strive to cultivate an inclusive work environment where all individuals feel empowered to participate and voice their opinions. This integrative environment is also reflected in gender diversity, with KRUK Italia standing out for having 60% of management positions held by women, despite the male-dominated financial sector in Italy, particularly evident in our industry.

As a member of the United Nations Global Compact (UNGC) since 2019, KRUK S.A. consistently reports on the progress made in implementing the 10 Global Compact principles. The Communication on Progress (CoP) report details the measures taken and results achieved, drawing from information provided in the Directors' Report on the operations of the KRUK Group and KRUK S.A., the KRUK Group's Sustainability Report, and internal documentation. KRUK S.A.'s status is publicly accessible on the UNGC website.

1.2.2 Governance

[2-9] [2-10] [2-11]

The Management Board of KRUK S.A. consists of Piotr Krupa (President of the Management Board, Chief Executive Officer (CEO)), Piotr Kowalewski (Member of the Management Board, Chief Operational Officer (COO)), Adam Łodygowski (Member of the Management Board, Chief Data & Technology Officer (CDTO)), Urszula Okarma (Member of the Management Board, Chief Investment Officer (CIO)) and Michał Zasepa (Member of the Management Board, Chief Financial Officer (CFO)).

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.

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.

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.

Throughout 2023, the KRUK Supervisory Board was composed of the following seven Members:

Composition of the KRUK Supervisory Board in the period 1 January – 31 December 2023 and as at the issue date of this Report

Name and surname	Position
Piotr Stępnik	Chair of the Supervisory Board
Krzysztof Kawalec	Deputy Chair of the Supervisory Board
Katarzyna Beuch	Member of the Supervisory Board
Izabela Felczak-Poturnicka	Member of the Supervisory Board
Ewa Radkowska-Świętoń	Member of the Supervisory Board
Beata Stelmach	Member of the Supervisory Board
Piotr Szczepiórkowski	Member of the Supervisory Board

By the date of this Report, there had been no changes in the composition of the Supervisory Board. 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.

As at the date of this Report, the Company did not have in place a diversity policy that would be directly applicable to Members of its Management or Supervisory Board. However, work to establish such policy is under way. A noteworthy fact is that five out of the 12 positions on the KRUK Management Board and Supervisory Board are filled by women, which represents an increase to almost 42%, from 25% in 2021.

1.2.3 ESG management

[2-12] [2-13]
 KRUK's mission, vision and values underpin our foundation, setting up a framework of action to address the key questions:

- MISSION – why we exist as an organisation, what our role in the broader environment is

- VISION – what kind of organisation we want to be, what is important to us
- VALUES – what drives our actions, what is our business DNA

	<p>MISSION We uphold the social and legal norms of debt repayment, always with respect for the people that we cooperate with.</p>
<p>Values</p> <p>People</p> <p>Lean</p>	<p>VISION: VALUES – PEOPLE – LEAN</p> <p>No matter what we do, we stand up for our values.</p> <p>We want to attract people who share our values and believe that the need to progress goes on no matter the circumstances, even when we succeed.</p> <p>We believe in the ongoing improvement of our processes. We do not hesitate to call problems by their name and seek optimum solutions for their solving.</p>
<p>Respect</p> <p>Cooperation</p> <p>Responsibility</p> <p>Development</p> <p>Simplicity</p>	<p>VALUES</p> <p>Mutual respect is the foundation of our business. We treat everyone as we would like to be treated.</p> <p>Together we achieve more. We build partner relationships based on transparent rules. We call things by their name.</p> <p>Everyone is accountable for one's decisions, actions or negligence and their consequences.</p> <p>We constantly grow. Our inner need to progress goes on under any circumstances, even when we achieve success.</p> <p>Simple is beautiful. We simplify our processes and eliminate waste. Done is better than perfect.</p>

Responsibility for developing, approving and updating the Group's sustainable development objectives, strategies and policies rests with the Management Board of KRUK S.A. The responsibility of the President of the KRUK S.A. Management Board for ESG and impact management at the head-office level is defined in internal regulations, such as the Environmental Policy, the Human Rights Policy, the Code of Ethics and the organisational rules of KRUK S.A.

ESG management at the Group is supported by KRUK S.A.'s dedicated employees: the ESG Strategy Manager, the Environmental Specialist and the ESG Reporting and Communication Specialist. Outside of Poland, in other countries where KRUK operates, there are designated persons responsible for the ESG area(s) and decisions on their scopes of responsibility are made by General Directors.

[2-16]

The designated Member of the KRUK S.A. Management Board is updated on the ESG performance during meetings held every two weeks. Issues related to environmental, human and economic impacts are discussed as needed when planning strategic goals and at the start of new projects. Every quarter, formal meetings are also held with the Management Board. In 2023, they covered the four critical areas of the Group's ESG Strategy (governance, people, society and the environment), along with indicators reflecting progress towards the strategic goals.

[2-22] [2-23]

We adopted the ESG Strategy for 2023–2040 in December 2022, as a vital and integral part of KRUK's business strategy for 2019–2024. Among the identified areas of impact are those pertaining to governance, employees, society and the environment. The strategic objectives for employee and social matters defined in the ESG Strategy include gender equality in access to promotion and equal remuneration, as well as work on advancing financial and digital integration. The KRUK Group seeks to maintain decent working conditions and ensure respect for employee rights through such initiatives as development of a long-term Group-wide DEI (Diversity, Equality, Inclusion) programme, continued dialogue with local communities, and offering financial and digital education to the Group's clients and people in financial distress.

[2-24]

As regards corporate governance, the ESG Strategy aims to ensure that the highest standards of responsible debt collection are maintained. Areas of focus include:

- Compliance – we aim to continually build the compliance culture underpinned by shared values, beliefs, attitudes and expectations, through measures such as fostering compliance with laws applicable in each of the countries where the KRUK Group operates and with the Group's internal rules and procedures, adhering to the principles of ethics and integrity, and preventing unethical practices.

- GDPR – we intend to support the organisation's sustainable development in data protection through such measures as strengthening privacy by design and privacy by default, particularly for projects related to new technologies and digitalisation.
- Cybersecurity – we intend to ensure that 90% of our staff undergo cybersecurity training by 2025 and that engagement in the existing training programme is maintained at 80%.
- ESG risks and opportunities.

The environmental matters dealt with in the Company's ESG Strategy include management objectives and methods, a plan to develop appropriate processes to cut down Scope 1, Scope 2 and Scope 2 CO₂ emissions in accordance with the GHG Protocol, as well as a plan for climate change adaptation. As of 2022, we undergo CDP audits to check the organisation's maturity in environmental management.

In 2023, a study was carried out to examine selected potential climate and environmental risks associated directly with KRUK's operations or operating regions. It was carried out jointly with local experts, based on maps predicting climate change and its effects. Climate risks that could result in business disruption or lack of access to the organisation's resources will be added to the already defined operational risks, slightly affecting their previous assessment. However, climate risks not previously identified within the non-financial risk management system have been defined and will be covered by the system as new risks starting from 2024.

At this stage, no items of the statement of financial position have been identified that could be significantly affected by the examined climate risks. However, in the context of a review of the secured portfolios, given the short property management period (usually not exceeding 18 months for each real property), relevant controls will be put in place, allowing the Company to determine whether a discount would be required affecting total assets if any unpredictable phenomena were to occur in the future.

[3-3]

ESG TARGETS TO BE ACHIEVED IN THE COMING YEARS
 Maintaining a high ESG standard is at the top of KRUK's agenda

KRUK's UN Development Goal focus areas

TARGETS 2023-2025

- Keep gender equality – not less than 50% women
- Gender equality pay gap 0% by 2025
- Employees with disabilities – 4% by 2025
- Women representation on boards – not less than 40%
- Employee turnover 16% – annually
- Diversity, equality and inclusion – dedicated program



TARGETS 2023-2025

- KRUK act to increase financial and digital inclusion by increasing:
- Financial and digital literacy
 - Behaviour change
 - The company want to support employees' local engagement on matters that are important for their communities – volunteering program



TARGETS 2023-2027

- **Cybersecurity**
90% of employees to complete cybersecurity online courses and trainings by 2025
- **GDPR**
Strengthening of principles of privacy by design and privacy by default and continuous improvement of the risk-based approach
- **Compliance**
Building Compliance Culture by being compliant with legal regulations and internal policies and procedures



TARGETS 2023-2040

- Decarbonization in Scope 1, 2 70% reduction by 2040
- Scope 3 management and lowering emissions
- Providing education on climate change and environmental challenges



[2-24] The ESG Strategy was adopted at the head-office level. Its implementation at the Group companies in individual markets is adapted to local business plans and complies with the guidelines adopted at the head-office level. Strategy execution lies within the remit of strategic area owners at the central and local levels.

[2-17] KRUK S.A. Management Board's understanding of sustainable development matters is broadened thanks to, among other things, the CEO's participation in the United Nations Global Compact Network Poland and active involvement of the CFO in environmental responsibility management events, such as the 11th

World Urban Forum and its Business Council. KRUK S.A. participates in UNGC's Business and Human Rights and Climate Positive programmes. In addition, KRUK S.A. has completed the Target Gender Equality programme. TGE focuses on the implementation of UN Sustainable Development Goal 5 Gender equality and Goal 8 Decent work and economic growth. The programme aims primarily to strengthen the participation and leadership of women in business. In preparing to implement human rights due diligence processes in 2023, the KRUK Group also took part in the International Human Rights Accelerator initiative of the United Nations Global Compact.

- regulators and supervisory authorities,
- industry associations,
- shareholders, investors, stock analysts,
- suppliers,
- competitors,
- financial institutions,
- social organisations,
- market regulators,
- the media.

[2-24] Regular ESG training is organised at KRUK S.A. locally for General Directors and managers. In 2023, KRUK S.A. organised a series of 'ESG Academy' training sessions, providing each employee with the opportunity to participate in webinars led by internal and external experts on sustainability topics relevant to the KRUK Group's ESG Strategy.

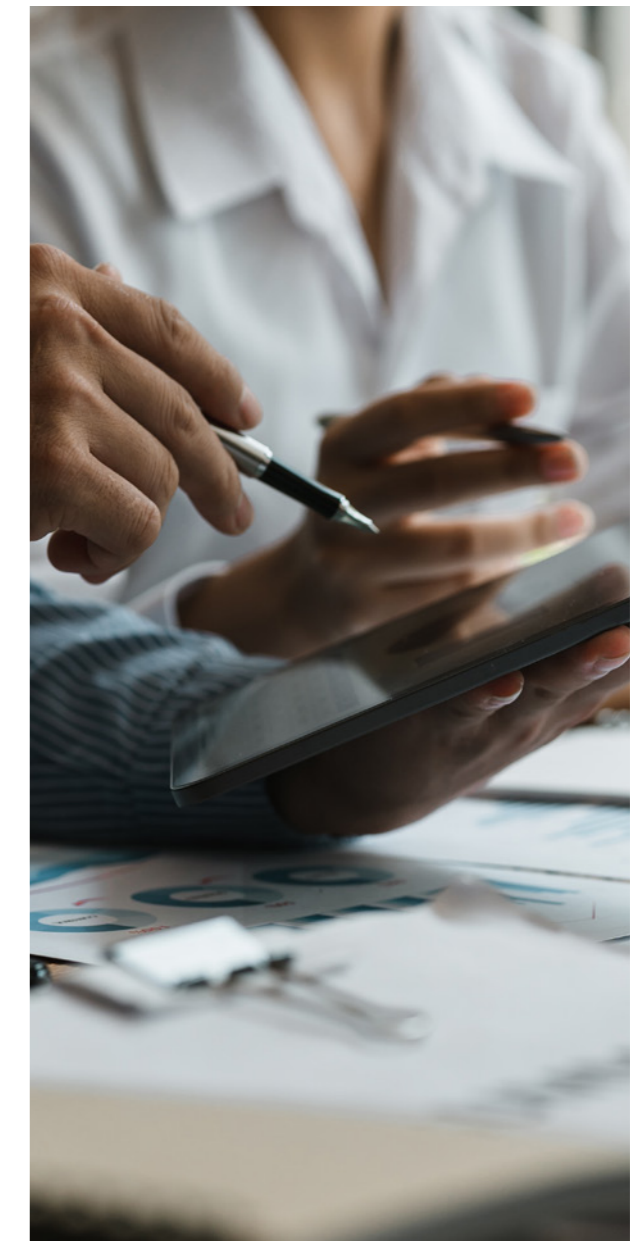
1.2.4 Process for defining materiality

[2-29] The KRUK Group provides its stakeholders with accurate and reliable information about its organisation – both the measures taken and changes planned. The Group gives priority to dialogue as the basis for mutual understanding in a changing environment. The form and frequency of the stakeholder dialogue are adapted to the characteristics of a given stakeholder group as well as to the expectations of and problems pertaining to both parties.

KRUK also reviewed the key stakeholder groups based, among other things, on an internal analysis of entities interacting with KRUK's individual departments, as well as social research and client satisfaction surveys.

Stakeholders of the KRUK Group:

- employees,
- clients (indebted persons and persons using services offered by KRUK Group companies),
- SMEs (indebted companies),
- business partners (large corporations and institutions providing services to mass-market clients, such as banks, loan providers, insurance companies, leasing and factoring companies, telecoms),



Forms and frequency of dialogue with KRUK Group stakeholders

Stakeholder groups engaged	Purpose of stakeholder engagement	Description of stakeholder engagement
Employees	Ensuring the best possible working conditions, tailored to specific employee groups. Creating a safe and inclusive working environment. As a result, wellbeing and health promotion programmes are developed to meet the needs identified among the KRUK Group's employees.	<ul style="list-style-type: none"> • employee forum • employee surveys, meetings, events, whistleblowing channels
Shareholder	Ensuring quality, transparent and reliable information that supports decision-making processes.	<ul style="list-style-type: none"> • current, quarterly, interim, annual and sustainability reports • periodic earnings conferences • face-to-face and online meetings, phone calls • website dedicated to investors https://pl.KRUK.eu/relacjeinvestorskie • General Meeting • mailing, press releases • participation in industry conferences
Clients/consumers, including indebted persons, borrowers and SMEs with debts	With a better understanding of client needs, we can consistently improve our solutions to meet client expectations. For this reason, we simplify the language we use in our client-oriented communications and make our services more accessible, for instance through the launch of the e-KRUK platform.	<ul style="list-style-type: none"> • the e-KRUK.pl platform and other websites operated by different KRUK Group companies • face-to-face and telephone conversations with KRUK advisers, and consultations through chat bots • client feedback surveys
Business partners (large corporations and institutions providing services to mass-market clients, such as banks, loan providers, insurance companies, leasing and factoring companies, telecoms)	Business partners represent an important part of KRUK's business model. By engaging its Partners, the KRUK Group is able to better deliver its own business strategy. At the macroeconomic level, the collaboration helps drive economic growth in the markets where the strategy is pursued.	<ul style="list-style-type: none"> • trading partner satisfaction survey • face-to-face meetings, phone calls, e-mails

Suppliers

Building lasting and quality relations with suppliers. Transparency in defining the rules applicable to the procurement process and in incurring obligations for and on behalf of the KRUK Group companies – all in keeping with the KRUK Group's values, mission, vision and strategic objectives – is described in the Procurement Policy.

- face-to-face meetings, phone calls, e-mails

Competitors

Supporting the development of the entire industry and educating the society together with competitors on how debt collection fosters sustainable economic growth and liquidity of the entire economy.

- participation in discussions on how to improve the image of the entire debt management industry in Poland (in a working group set up by the Association of Financial Companies in Poland)
- cooperation between credit reference agencies and non-banking consumer lending companies
- participation in industry conferences in the countries where the KRUK Group operates

Non-profit organisations

Supporting social initiatives consistent with the identified impacts of the KRUK Group.

- participation in financial education events and various charitable and philanthropic initiatives
- participation in surveys and reports at the invitation of non-profit organisations

General public

Improving the quality of and access to sound financial education for the general public. The kapitalni.org website and educational campaigns such as the 'Day Without Debt' event are among initiatives that the KRUK Group uses to prevent educational exclusion in the field of money management.

- social surveys on matters related to finance and debt
- financial education workshops and training
- press materials, awareness campaigns run through the press, internet, radio and TV channels

Regulators and industry associations

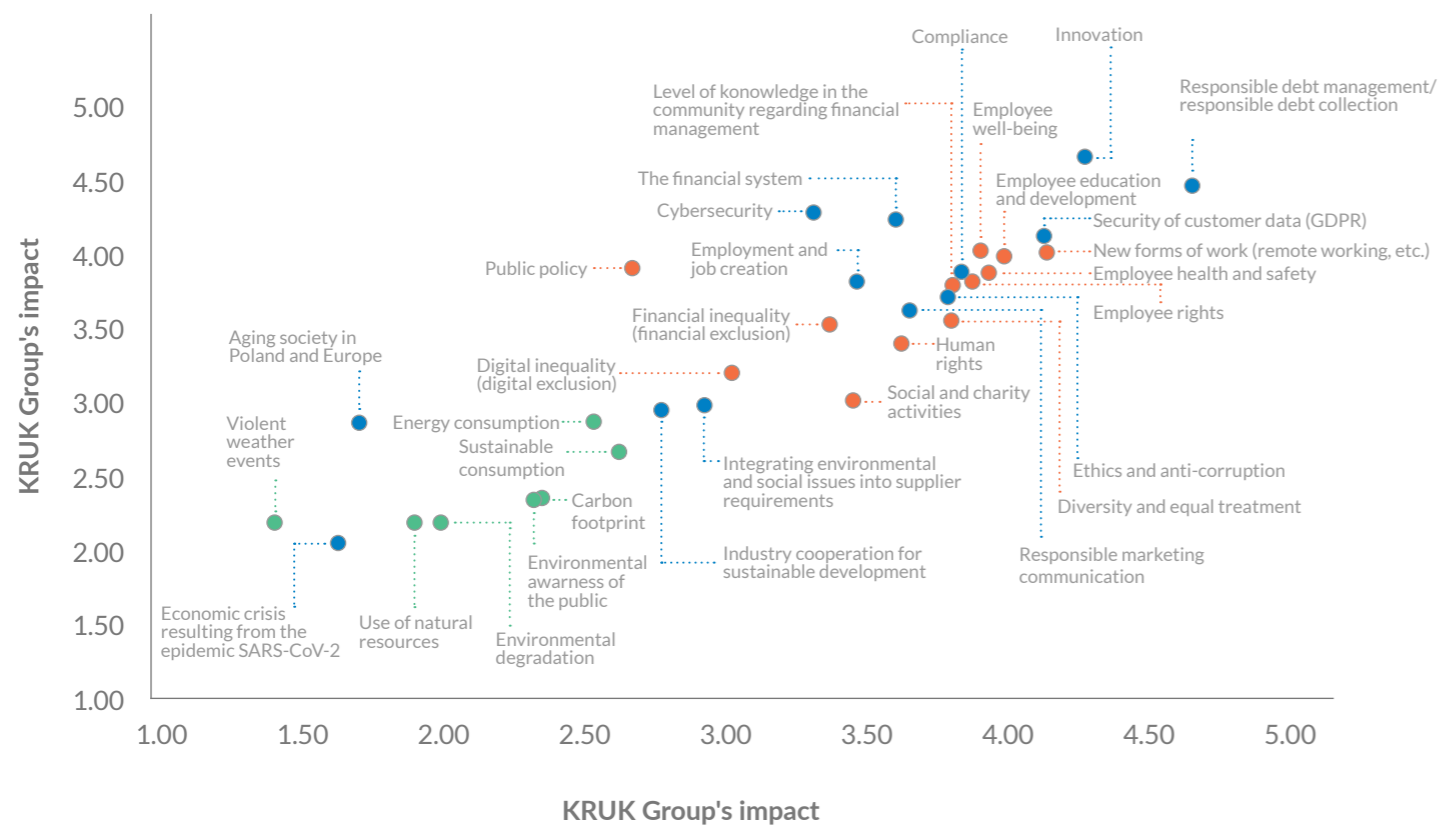
Developing and promoting high standards in Compliance, GDPR and rights and freedoms of data subjects.

- participation in issuing opinions on new regulations, draft laws and standards (in working groups appointed when and as needed)

[3-1] The KRUK Group has adopted the ESG Strategy, being an integral part of its business strategy. Among the identified areas of impact are environmental, employee, social and governance matters.

The Group has also drawn up a list of 32 impacts, comprising its actual and potential, both negative and positive impacts on the economy, environment and people, including human rights, across the whole range of the organisation's activities and business

relationships. It was determined on the basis of stakeholder expectations, legal regulations, international standards, industry guidelines, as well as the mission, vision and values guiding the KRUK Group's activities. In 2023, the survey was updated by probing a selected group of internal stakeholders, yielding results consistent with those obtained in 2022. While the list of potential and actual material topics remained unchanged, the importance of innovation and cybersecurity increased. Conversely, the impact of the COVID-19 pandemic decreased.



Both these processes, namely the assessment of the materiality of sustainability topics and the development of the ESG Strategy, were used to identify material topics.

[3-2] List of material topics

Environmental aspects	Social aspects	Governance aspects
<ul style="list-style-type: none"> • Carbon footprint, including energy consumption • Building the awareness of environmental issues among employees, suppliers, and clients 	<ul style="list-style-type: none"> • Employee matters • Social responsibility towards clients and the broader community 	<ul style="list-style-type: none"> • Compliance • Cybersecurity and GDPR

1.2.5 Risk management system

At the KRUK Group, non-financial risks are managed in accordance with the standards laid down in the Risk Management System Policy. This Policy is a set of rules and mechanisms related to decision-making processes and assessment of the Group's operations in terms of the risks involved. The system operates on the basis of the risk management strategy, policies and instructions, its effectiveness being monitored and assessed by the Supervisory Board, in accordance with 'Best Practice for GPW Listed Companies'.

The non-financial risk management system in place ensures identification, analysis, assessment and monitoring of non-financial risks, supports decision-making processes, and increases safety of operations. 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 of defence within these systems:

1. 1st line of defence – All Operational Units as Risk Owner
2. 2nd line of defence – Compliance Area, Legal and Data Protection Area, Cybersecurity Area
3. 3rd line of defence – Internal Audit Area

The Company monitors the emerging risks to enhance its operational security, ensure the reliability of its processes, and achieve specific business objectives.

In 2023, the existing non-financial risk management system was reviewed. As at the date of this Report, the following risks were identified:

- operational risk
- ICT risk,
- legal risk
- compliance risk,
- personal data protection risk.

NON-FINANCIAL RISK MANAGEMENT FRAMEWORK AT THE KRUK GROUP

risk identification, analysis and assessment



risk monitoring



risk controls



reporting of risks as part of the management reporting system supporting the decision-making process



defining and implementing risk management strategies

In 2023, efforts were initiated to incorporate ESG risks (including social, management, and environmental risks) into the non-financial risk management system. These initiatives are set to continue through 2024.

[2-25]

Across all its geographies, the KRUK Group has established processes to manage and address client complaints, inquiries, and requests for all its debt management business lines. Complaints are processed according to the regulatory requirements specific to each market, ensuring timeliness and respect for the rights of the complainant. The review process of a complaint involves subject matter experts from the relevant business line or product area, with the Compliance function and relevant legal services unit contributing as necessary. The procedures for receiving and addressing complaints are detailed in internal policies, and employees processing them are regularly trained. Furthermore, in 2023 a system was introduced for reporting justified complaints, i.e. where the underlying issue was caused by a deficiency in the methods or practices of a KRUK Group company, to a dedicated incident reporting channel. This approach allows for an in-depth analysis of complaint causes and associated risks and for the development of mitigation and prevention strategies. The complaint management process undergoes regular internal audits and may also be reviewed by duly authorised third parties, which ensures continuous enhancement of its efficiency and overall quality.



OUR ROLE IN THE FINANCIAL SYSTEM

2.1 Restoring financial liquidity in the market

The debt management market contributes significantly to the proper flow of money and thus to fostering economic prosperity. According to the Association of Financial Companies in Poland, of which KRUK S.A. is a member, key impacts of debt management companies include¹¹:

- clearing payment bottlenecks between businesses, enhancing financial liquidity, and reducing the level of bad debt provisions. Thanks to organisations like the KRUK Group, other businesses can often proceed with their investments and face a reduced risk of bankruptcy;
- raising payment morality and stabilisation of the market where other enterprises operate alongside debt management companies;
- increasing confidence in business transactions;
- increasing productivity in the economy and allowing companies to focus on expansion and revenue growth rather than dealing with the consequences of a growing volume of overdue receivables;
- supporting price stability by ensuring proper financial flows;
- unlocking resources for companies, which then can be applied to create new jobs, etc.

KRUK has been present on the Polish market for nearly a quarter of a century, witnessing and participating in the transformation of the financial industry in Poland. Today, KRUK is one of the most experienced players in Europe in terms of debt purchase and collection. KRUK has helped millions free themselves of debt, while simultaneously aiding numerous businesses in bolstering their financial liquidity.



TOMASZ IGNACZAK
GENERAL DIRECTOR KRUK S.A.

For more than 25 years, KRUK S.A. has been in dialogue with indebted persons about their options to become debt free and has also been running various educational activities. They are intended to raise financial awareness among the general public and to promote secure use of digital tools that can facilitate debt repayment. In our awareness-raising campaigns, we explain how important professional debt management companies are to business transactions. As the leader of Poland's debt management market, we are committed to upholding the highest standards and service quality for both our business partners and our clients, who are indebted persons. Furthermore, we continually strive to set industry trends in keeping with current social norms, ethical standards, legal and regulatory requirements, and our core values. Importantly, many of our efforts in Poland support the sustainability goals and the KRUK Group's ESG projects.

¹¹ https://zpf.pl/pliki/stanowiska/stanowisko-zpf-w-sprawie-projektu-ustawy-o-dzialalnosci-windykacyjnej-i-wodzie-windykatora_241022.pdf.



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, KRUK strives to establish consistent operational standards for all debt management companies and harmonise the interpretation of the applicable laws and regulations. KRUK is part of a working group set up by the Association of Financial Companies in Poland, participating in discussions on how to improve the perception of the industry in our country.

For years, KRUK S.A. has been actively engaged in the 'Debt Collection? Everything Clear!' campaign run by the Association of Financial Companies in Poland. The initiative is dedicated to raising consumer awareness that professional debt collection companies operate in accordance with the principles of ethics and the Code of Best Practice, which are reviewed by the Association. In 2023, 523 publications were issued as part of the campaign, reaching over 5.2 million people.

The organisation's technological advancement has allowed us to robotise amicable and enforced collection processes and interactions with business partners. Digital transformation is crucial to building KRUK's sustainable competitive advantage. Digital transformation raises the organisation's ability to deliver added value by harnessing technology. The objective is to

increase process efficiency (to handle a much larger volume of cases and thus increase recoveries without a significant headcount addition), improve client experience by providing user-friendly solutions (such as e-kruc), and build a modern and growth-inspiring organisation for employees.

The transformation is being coordinated at the Group level under the Discovery programme, designed to ensure a comprehensive and consistent transition encompassing processes, tools and people (staff competencies and organisational culture). As a result, KRUK is seeing additional benefits from synergies (including best practice sharing and standardisation), cost optimisation, upscaling and acceleration of projects.

In 2023, a number of initiatives were under way as part of the Discovery programme, both Group-wide and focused on individual markets. Selected initiatives are described below (under the respective strategic directions).

The three months to 31 December 2023 were an important period marked by particularly intensive work. In-depth analysis was carried out to assess the organisation's digital and lean maturity against current technology development trends and best lean practices. The analysis covered key processes spanning business operations, IT, no/low code technologies, analytics and human resources (HR processes,

competencies). Its findings informed the formulation of roadmaps for the following years, setting development directions and concrete initiatives for the entire Group, while taking into consideration the specific needs and challenges of each local market. The roadmaps will also serve as the basis for defining the Group's strategic vision for further years.

To ensure smooth execution of these initiatives, an analysis was performed to assess current working methods pertaining to the delivery of technology solutions and management of projects. On this basis, an action plan was defined to improve efficiency through wider adoption of the Agile approach.

Another vital element of the Discovery programme consisted in fostering the organisation's ability to create and deploy innovations. To this end, appropriate structures and cooperative links with third parties were built on each market.

[207-1] [207-2]

The KRUK Group operates across European Union member states in compliance with all applicable local tax laws and regulations. Exercising due care in its tax filings and seeking to mitigate tax risks, KRUK S.A. monitors tax authorities' approach to issues of importance to the Company and analyses the potential tax consequences of any legislative changes. The Company employs qualified personnel, including a tax adviser responsible for monitoring changes in the law and analysing the Ministry of Finance's clarifications and tax rulings. The impact of new regulations on current business transactions is monitored by dedicated teams. Where necessary, KRUK implements appropriate procedures to harmonise internal processes and ensure proper fulfilment of our tax obligations. KRUK S.A. has a Tax Committee in place, who meet as needed to make decisions on tax issues that require consultation or adjustment in accordance with the process described in the Tax Policy.

Our tax strategy was adopted by a resolution of the KRUK S.A. Management Board, with annual updates on its implementation published on the Company's website.

The tax function control procedures adopted by KRUK S.A. comprise internal procedures and controls as well as internal and external audits. The results of external audits are implemented to improve the effectiveness of internal controls.



2.2 Responsible debt management

[3-3 Social Responsibility]

Responsible debt management involves recognising the ramifications of debt and taking steps to either prevent or mitigate its adverse effects. It addresses the implications of debt for economic transactions as well as its impact on individuals. Additionally, it entails an understanding of the current state of societies, the level of global polarisation, and the dynamics of trends swiftly turning future prospects into present realities. Ultimately, responsible debt management incorporates this understanding into the company's actions, aiming to benefit and provide comfort to all involved in the debt collection process.

The KRUK Group understands its role in the financial system and economies of democratic countries. Its intention is to counter financial exclusion and offer indebted persons an opportunity to become debt free. The Group's activities are guided by, among other things, the Code of Ethics and best practices developed by national industry associations, which set out the principles of responsible debt collection in a precise and specific way, with due respect for human rights.

At the same time, the Group creates standards of conduct and processes that support the development of responsible debt collection, taking care to comply with applicable laws and regulations, both external and internal. Conduct based on the principles of integrity, impartiality and professionalism guarantees that any decisions made are ethical and that our employees remain respectful of the Group's internal and external stakeholders.

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.

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 oversee 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 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.

As a debt management organisation with more than 25 years of operating history and the market leader in Poland and Romania with a strong presence in Spain and Italy, we recognise that our attitudes and decisions influence the situation of many people. Top standards of conduct followed at the Group are meant to build a sense of stability and safety among the recipients of its services.

The KRUK Group's mission, values and standards require employees to apply an individual approach to each client and show respect and understanding of their situation. Operating in the debt management market, the Group safeguards compliance with social and legal norms dictating that debt incurred must be repaid. Clients are informed of their liabilities and the consequences of non-payment in an ethical, clear, lawful, and transparent manner. When contacting a client by telephone, in writing, online or at direct meetings, the Group's employees always present the possible debt repayment options. The Group monitors the quality of its services and client service standards. The process is refined on the basis of client satisfaction surveys, social research and market needs. At a broader level, this translates

into increased public confidence in business at large, raising expectations for companies to engage more actively in enhancing existing systems and assuming greater social responsibilities. Helping individuals navigate through debt crises and advocating for the fulfilment of financial obligations in keeping with the fundamental social norms are the cornerstones to the KRUK Group's mission.

In 2023, the daily reality of the Group's clients was largely dominated by the mounting economic crisis due to high inflation, persistent digital inequalities both in terms of access to technology and the ability to use it in practice, as well as various mental health problems, especially among indebted persons.

In 2023, the KRUK Group helped more than 250,000 individuals across Europe to free themselves of debt, providing assistance to its clients by developing online debt management tools, offering financial education, and consistently examining their problems, needs, and motivations to better tailor the Group's product offering.

The e-KRUK online platform allows clients to manage their debts easily and comfortably. As debt can lead to feelings of shame or embarrassment, the platform is continuously improved to meet the needs of clients seeking to manage their liabilities with minimal interaction with the debt collection company.

In one of the KRUK Group's geographies operates, more than 50% of clients in 2023 entered into repayment agreements through the e-KRUK online platform. The Customer Effort Score (CES) for self-managed agreements was 4.8/5, and 4.7/5 for those facilitated by a KRUK adviser. Furthermore, a vast majority of clients reported that reaching an agreement with an adviser's assistance did not demand any extra effort on their part. Eight out of ten surveyed clients had initially expected that arranging payment terms with KRUK would be more challenging.

Managing personal finances can be quite challenging, particularly in today's fast-paced world that demands swift and consequential decisions. Recognising this challenge, the KRUK Group facilitates the decision-making process of its clients by integrating the principles of plain language into all communications. In 2023, this approach was extended to educational



campaigns and partnerships with financial experts and influencers, who provided our clients with actionable insights for better financial management in their everyday lives.

The KRUK Group is committed to building its brand and managing risks in a conscious manner as well as ensuring that all our advertising messages comply with the applicable legal and regulatory requirements and the highest ethical standards. The Group aims to inform its clients about available services lawfully and with maximum clarity and transparency, avoiding any misleading information. Both prior to and after its release, any communication intended for clients is carefully reviewed and monitored for compliance risks, with established processes in

place to swiftly address and remedy any issues that may arise.

Paying off debt is the first step to regaining control of one's finances and building financial stability, which manifests itself also in regaining access to financial services available on the market. KRUK S.A. confirms each timely repayment in the Credit Reference Agency.

To help clients build creditworthiness after debt repayment, Novum offers up to PLN 14,000 loans, tailored to individual needs and debt servicing capacity of the borrower. A key feature of this solution is the availability of only one active loan per client. This protects clients from having to service multiple debts that are ill-adjusted to their household budgets.

In 2023, KRUK S.A. was awarded yet another Service Quality Star, a title also voted on by clients, who rate over 40 thousand companies in more than 200 industries every year online, recognising their reliability, service quality, etc. Central to the survey is the service quality index, which gauges the overall degree of client satisfaction with the service quality offered by a company on a scale from 0% (completely dissatisfied) to 100% (fully satisfied). KRUK S.A. achieved a score of 64.7% in 2023, outperforming the industry average by 0.6 percentage point. The Service Quality Stars survey is run by the Polish Quality Service Programme in collaboration with SecretClients.

2.3 Psychological assistance for clients – indebted persons

[2-25]

Some of the KRUK Group's clients face financial hardships and life difficulties, health conditions, family issues, or problems at work. People going through a mental health crisis are also among the KRUK Group's clients. According to studies, people struggling to pay off their debts are more likely to suffer from mental health problems such as depression and anxiety. Researchers also cite feelings of extreme helplessness and severe anxiety caused by debt.

Acknowledging these challenges, since 2014 KRUK S.A. has worked with the Psychological Assistance Centre, whose experts provide assistance to persons experiencing a mental health crisis. It is an independent unit staffed by qualified psychologists experienced in supporting a diverse range of individuals in need. The psychologists working with indebted persons have received regular induction training that covers relevant legal knowledge, enforcement rules, and procedures for collaboration with KRUK S.A. They have also participated in the general training course 'Working with an indebted person – Indebted Person Support in Practice Programme'.

Initiatives designed to support people in distress are also run in the Czech Republic and Italy. A special support protocol for people experiencing a mental health crisis has been launched in Italy. In the Czech Republic, a free hotline is available to people in need of psychological assistance.

2.4 Ethics at the KRUK Group

[2-23]

The KRUK Group's values, combined with our dedication to upholding market and ethical standards, guide our everyday decisions vis-à-vis clients, business partners, and employees. The Group places significant emphasis on fostering an ethical and stable environment for all stakeholders, ensuring that responsible actions, adherence to social norms, and compliance with legal requirements and the highest standards of business conduct are practiced

daily. These efforts position us as a trustworthy and reliable partner.

The KRUK Group has committed to adhering to the International Bill of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the UN Guiding Principles on Business and Human Rights, and the Ten Principles of the UN Global Compact. The Group also endorses and complies with the provisions laid down in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and local legislation in force in the countries where it operates.

Selected initiatives taken in the reporting period to enhance the KRUK Group's ethical approach:

- In an effort to strengthen the Group's Compliance culture, a set of training materials was developed for the implementation of the Compliance Training Programme. Currently, work is underway in Poland to introduce mandatory staff training, covering in particular conflicts of interest, anti-corruption measures, and gift policy. 2023 saw the launch of Compliance training across Group companies in Romania, Spain, and Italy.
- On the International Anti-Corruption Day celebrated on 9 December, a Compliance message was published across the Group to draw attention to our anti-corruption efforts, highlight the implications of corruption for the financial system at large, and to remind of the KRUK Group's principles.
- Employees also received regular communications on Compliance topics such as incident management, gift acceptance rules, and international measures targeting 'dark patterns'.

Awareness of Compliance principles and the role of the Compliance function was continuously built through workshops attended by members of operational units under dedicated projects, as well as in meetings devoted to discussing our Compliance culture.



Selected documents forming part of the KRUK Group's ethical conduct system:

- **Code of Ethics**

[3-3 Compliance]

The Code of Ethics was approved by the Management Board of KRUK S.A. in 2022 and took effect across from 1 January 2023. The Code sets out the principles and standards of responsible action, conduct and decision-making applicable at all Group companies. The document also provides clarification and guidance on issues that may give rise to ethical dilemmas. The Code has been adopted across all of the KRUK Group's markets, incorporating specific local legal and regulatory requirements.

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 KRUK Group. This includes reporting any breaches of the Code they become aware of through a dedicated whistleblowing channel. The Code forms an integral part of the KRUK Group's internal regulatory framework governing or informing its business operations. Train-

ing on the Code of Ethics principles is a strategic performance indicator of the Compliance function and plays a crucial role in fostering a sound organisational culture, including a culture of Compliance, across Group companies. The Code of Ethics training was initiated within the KRUK Group's Polish companies in January 2024, with plans to extend it to other markets.

The Code of Ethics governs such matters as:

- responsibility for personal data and confidential information,
- competitive activity,
- conflicts of interest,
- accepting and presenting gifts,
- prohibition of any form of corruption,
- relations with clients and business partners,
- responsible debt collection standards,
- responsibility towards clients and business partners,
- responsible communication,
- environmental responsibility.

A part of the Code deals with employee matters. The Code provides for, among other things, equal opportunity and career development options, work and life balance, and zero tolerance for workplace bullying or discrimination. The practice of responsible debt management followed by the Group for years has been reflected also in the Code of Ethics. In accordance with its provisions, in their interactions with clients the Group employees encourage them to: comply with social norms and take responsibility for their decisions, including their debts; make a decision concerning their existing debt with the KRUK Group that would be favourable for the client and would not expose them to consequences they would face when avoiding contact with us; and opt for amicable settlement and repay their debt in instalments.

- **The KRUK Group's Mediation Policy** – this policy fosters positive relations between employees and prevents conflicts and workplace bullying and discrimination. It sets out principles and rules intended to shield employees from conflicts, discrimination, mistreatment, bullying, or harassment, whether in the workplace or in relation to their work. Should such issues occur, the Policy outlines a review process and the formulation of corrective measures. 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.

- [2-15] **The KRUK Group's Conflict of Interest Policy** – this policy defines the rules for disclosing and resolving potential and actual conflicts of interest, including managing related risks. All employees are required to report any conflicts of interest. The Compliance function within each Group company fulfils both an administrative role, by keeping records of conflicts of interest, and an advisory role, by offering recommendations on how to address each disclosed conflict.
- **The KRUK Group's Compliance Risk Management Policy** – this policy defines Compliance-related rules and responsibilities, including in relation to ensuring Compliance and managing Compliance risk, as well as the mission, objectives, responsibilities, and powers of the Compliance Area and its employees. The Compliance Risk Management

Policy is implemented through specific procedures issued thereunder. Compliance is also part of the ESG Strategy for 2023–2027.

- **The KRUK Group's Risk Management System Policy** – this policy sets out the rules and scope of responsibilities for non-financial risk management and the rules of procedure for the Risk Monitoring Committee, which is a collective body whose primary role is to formulate and issue opinions in order to monitor the level of financial and non-financial risks.
- **The KRUK Group's Gift Policy** – this policy regulates how employees and members of the Company's governing bodies may give and receive gifts. This policy provides clear guidelines and procedures for decision-making on accepting gifts, in particular in unclear cases. KRUK S.A.'s Compliance Department fulfils both an administrative role, by keeping gift records, and an advisory role, by offering recommendations on the appropriate course of action.

- **The KRUK Group's Anti-Corruption Policy** – this policy sets forth principles that all employees, associates, and members of governing bodies of all Group companies are obliged to follow, emphasising a strict no-tolerance stance towards any corrupt activities. KRUK S.A.'s Compliance Department fulfils both an administrative role, by keeping records of any corruption incidents, and an advisory role, by reviewing reported incidents of corruption and offering recommendations on the appropriate course of action.
- **The KRUK Group's Whistleblowing Policy** – this policy details the whistleblowing process, including defining the rules for managing reported irregularities or misconduct and protecting whistleblowers. The Compliance Department coordinates investigations into any reported irregularities or misconduct, while such reports are inquired into by locally formed Irregularity and Misconduct Investigation Teams.
- **Compas Compliance Management Policy at Wonga.pl sp. z o.o.** – Wonga has in place mechanisms designed to address the risk of non-compliance with the rules of ethical business conduct. The underlying principle of Wonga's compliance culture is that every employee should be guided by the highest ethical standards in performing their duties. The Compas Policy is primarily focused on preventing, detecting and responding adequately to any non-compliance with laws, internal regulations or generally accepted ethical standards.
- **Procedure for Issuing and Monitoring Compliance Recommendations** – this document outlines the specific issues and areas in which Compliance recommendations are issued and monitored. This is intended to address, mitigate, or minimise the impact of any Compliance risks that may materialise. Furthermore, it ensures that modifications to processes and products are implemented on schedule.
- **Procedure for Managing Regulatory Audits and Criminal Proceedings** – this document governs the conduct of KRUK S.A.'s employees in case of audits by regulatory bodies (Office of Competition and Consumer Protection, Polish Financial Supervision Authority, Personal Data Protection Office), assigning specific powers to the company's authorised

representatives and defining tasks for individual employees to ensure that inspections are carried out in compliance with law.

- **Procedure for Managing Legislative Changes** – this document outlines the process of monitoring and communicating any relevant changes in applicable laws or regulations and of their implementation in KRUK S.A.'s internal policies and practices.
- **Compliance Monitoring Procedure** – this document establishes the methodology for assessing the compliance of KRUK S.A.'s processes and practices with the applicable legal requirements, regulatory guidelines, and authoritative interpretations of laws and regulations, as well as market and ethical standards, including the adherence to the adopted best debt collection practices.
- As a company listed on the Warsaw Stock Exchange, KRUK S.A. also complies with the **Best Practice for GPW Listed Companies**.
- **Human Rights Policy.**

[2-23]

The KRUK Group, committed to respecting human rights, decided to adopt and implement a Human Rights Policy. The Policy was drawn up following a human rights due diligence review concerning the policies and procedures in place at the KRUK Group.

The KRUK Group also endorses and complies with the provisions laid down in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and international and local legislation in force in the countries where it operates.

[2-26]

Each employee may securely and anonymously report instances of human rights violations through the channels specified in the KRUK Group's Whistleblowing Policy and Mediation Policy. KRUK S.A. has also appointed a Mediation and Consultation Team to handle complaints concerning conflict situations, discrimination, or unequal treatment. A complaint may be lodged by an employee who has been involved in a conflict situation or has been affected by inappropriate behaviour, as well as by a witness to and anyone

who becomes aware of such situations. To facilitate confidential and anonymous reporting of irregularities/misconduct (whistleblowing) by employees, associates, business partners, suppliers, and other stakeholders, a “Report Misconduct” form has been made available on KRUK Group companies’ websites at the following addresses:

- in Poland – <https://pl.KRUK.eu/zglos-naduzycie;wpm@KRUKsa.pl>;
- in Romania – [https://pl.KRUK.eu/zglos-naduzycie, link https://ro.KRUK.eu/raportarea-abuzurilor](https://pl.KRUK.eu/zglos-naduzycie;linkhttps://ro.KRUK.eu/raportarea-abuzurilor);
- in Italy – <https://it.KRUK.eu/whistleblowing>;
- in Spain – <https://canaletico.es/es/KRUK>;
- in the Czech Republic and Slovakia – <https://cz.KRUK.eu/> (tab: ‘Nahlášení zneužití’), <https://sk.KRUK.eu/>.

All whistleblowers are protected against retaliation, discrimination, violation of the equal treatment principle, or other types of mistreatment. No form of discrimination, mistreatment, or workplace bullying is accepted at the Group. The Mediation Policy details the procedures for dealing with any reported incidents, and every KRUK Group employee is required to undergo workplace bullying prevention training. In 2023, no instances of discrimination, mistreatment, or workplace bullying were recorded.

KRUK S.A. has also established a Mediation and Consultation Team to handle complaints concerning workplace conflicts and instances of mistreatment. A complaint can be filed by any person who has witnessed, has been affected by, or knows about inappropriate behaviour. In 2023, one complaint related to harassment and workplace bullying was filed with the Mediation and Consultation Team. The case was investigated, but the allegations were not confirmed.

The Polish language versions of the KRUK Group’s Anti-Corruption Policy, Conflict of Interest Management Policy, and Gifts Policy are available at <https://pl.KRUK.eu/esg/polityki>.

In its efforts towards responsible debt management, the KRUK Group is supported by its compliance strategy and the compliance culture that is being built on its basis. It encompasses the following principles:

- compliance with local regulations in each country where the KRUK Group operates and with internal policies and procedures in place at the Group;
- adherence to standards of ethics and integrity and prevention of unethical practices as the basic principles guiding the KRUK Group
- adherence to the principles of professional conduct, transparency, and responsibility towards clients, institutions, and other stakeholders;
- compliance training for executives, managers, and other employees;
- development and improvement of communication on compliance matters with the goal of integrating the compliance culture into day-to-day activities across the organisation.

[417-2] [417-3]

No incidents of non-compliance concerning product or service information and labelling were recorded in 2023. However, three customer-service incidents were reported, none with any impact on the operations of KRUK Group companies.



KRUK S.A., as a member of the Association of Financial Companies in Poland (ZPF), undergoes a yearly ethical audit to verify compliance with the Code of Best Practice. On positive verification, a certificate of compliance is issued for the preceding year at the end of the first quarter of the year in which the audit is conducted. In 2022, we received a certificate of compliance with the standards and principles of ethics for 2021, and in 2023 we received a certificate for 2022.

In 2023, a single complaint against KRUK was brought before the ZPF Ethics Commission by a client. The investigation into the complaint identified that the underlying issue had not been resolved in a timely manner due to a mistake by an individual employee. In response, KRUK has introduced additional measures to prevent similar occurrences in the future.

The ZPF Ethics Commission concluded that there was no violation of the Code of Best Practice in KRUK’s relations with the complainant. The deci-

sion’s rationale highlighted the nature of the responses provided to the client, underscoring the Company’s commitment to the highest standards of care for the rights of indebted persons and issued corresponding recommendations.

[2-25] [2-27] [205-1] [205-3]

The cornerstone of responsible debt management and foundation of reliability and trust in the KRUK Group employees’ relations with clients and business partners is zero tolerance for any form of misconduct, including corruption. The Group has put in place mechanisms to prevent the abuse of power associated with one’s position for private gain. No corruption incidents or cases of non-compliance punishable by pecuniary or other sanctions were recorded at the KRUK Group in 2023. The Anti-Corruption Policy is fundamental to fostering the Company’s Compliance culture. To prevent corrupt activities, this policy requires every employee and associate to report any actual or suspected corruption, whether they are directly involved in or have become aware of such incidents.

The Company also actively builds awareness of ethical attitudes and corruption risks among its employees and associates by providing employees with appropriate guidance and training to identify and prevent the risk of corruption in relations with business partners.

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 an pending procurement process; offering employment acting against the law or the Company’s policy, or failing to pursue a debt or unjustifiably retiring part of a liability. The KRUK Group also holds its business partners to the same standards of corruption prevention. Each of the Company’s service providers is required to sign an ‘anti-corruption clause’.

In 2023, a total of 15 potential and actual conflicts of interest were identified. These cases were thoroughly analysed and found to have no impact on the operational activities of the KRUK Group companies.

2.5 Client personal data security

[3-3 Cybersecurity and GDPR]

Client personal data is essential to debt management and lending processes. Being a large organisation, the KRUK Group processes substantial volumes of personal data on a daily basis. We consider data protection as a cornerstone of responsible and secure business conduct. Upholding privacy standards is essential for cultivating clients' and business partners' confidence not only in our organisation but in the debt management industry at large. Accordingly, KRUK places a high emphasis on adherence to all the applicable legal and regulatory requirements.

The KRUK Group's personal data protection efforts are driven by a risk-based approach, are fully compliant with the relevant laws, regulatory guidelines, and principles of ethical conduct, and are tailored to match the scale and complexity of its operations. The Group identifies, analyses, evaluates, and monitors risks associated with personal data protection to protect data subjects against any adverse impacts of data breaches and the organisation against any related losses or business continuity disruptions. This approach also minimises reputational risks and the risk of financial penalties.

Tools are also applied to enable quick and effective response to data breach events or other incidents.

The KRUK Group keeps track of the number of personal data processing complaints and procedures enabling data subjects to exercise their rights under the GDPR. All personal data requests and complaints are thoroughly analysed to determine whether they are valid and can be satisfied.

The KRUK Group has implemented a Personal Data Management Policy to ensure effective protection of the rights and freedoms of individuals through formalised personal data processing procedures. This guarantees implementation of appropriate technical and organisational measures.

In response to the challenges of conducting business responsibly in the digital era, in 2023 the KRUK Group initiated the development of a framework to identify and manage risks associated with the potential use of artificial intelligence. This includes risks like discrimination or lack of transparency. Also in this case, ensuring privacy and safeguarding the rights of data subjects remains a top priority.

Personal data protection is embedded in the KRUK Group's ESG Strategy for 2023–2027, and we consider it a key element supporting our organisation's sustainable growth. The strategy defines five GDPR goals for 2023–2027:



GDPR STRATEGY 2023–2027 SUPPORTING COMPANY'S SUSTAINABLE DEVELOPMENT IN THE FIELD OF DATA PRIVACY

1

Strengthening the principles of privacy by design and privacy by default, particularly for projects related to new technologies and digital transformation.

2

Engaging dialogue with industry organisations and authorities in order to develop and promote high standards in the field of GDPR compliance and rights and freedoms of data subjects.

3

Fostering a culture of data privacy and data protection.

4

Effective execution of the Data Privacy Programme.

5

Continuous improvement of the risk-based approach, particularly in:

- managing the risk of non-compliance with GDPR,
- managing the risk of violating rights and freedoms of data subjects.

Within the GDPR strategy for 2023–2027, specific indicators have been established to track progress on the achievement of the five GDPR goals.

A fundamental element of the strategy is enhancing the principle of data protection by design. 2023 saw a range of efforts to heighten the organisation's awareness of the significance of the privacy-by-design approach and of engineering systemic solutions incorporating it to the widest extent possible.

In addition, throughout the year the KRUK Group was an active member of a number of local debt collection industry associations. Data Protection Officers from across the Group companies engaged in various projects concerning personal data protection in the debt collection sector. These initiatives were primarily conducted within dedicated working groups and spanned the entire year. The collaborative efforts resulted in the formulation of industry standards and guidelines, including protocols for cloud computing within the debt collection industry.

[418-1]
Justified complaints concerning client privacy breaches and data loss

In 2023, a total of 31 complaints alleging violations of personal data protection laws or regulations by KRUK Group companies were filed with local regulators. A further 16 data breaches were recorded that were reportable to data protection authorities, of which 15 classified as data leaks. None resulted in the data protection authorities fining any of the KRUK Groups companies.

The KRUK Group plans to continue building a multi-layered cybersecurity defence model that incorporates both global and local solutions. IT security is treated as a priority area due to its critical importance to clients, employees, and business partners.

The Group's management model for information security, including cybersecurity, is outlined in its Information Security Policy, which aims to ensure the confidentiality, integrity, and availability of informa-

tion. Its primary goal is to establish a formal framework for taking all necessary actions to maintain the highest degree of information security possible.

The key cybersecurity activities in 2023 included:

- development of the PAM system,
- penetration testing,
- development of the EDR system,
- development of the SIEM system,
- creation of new training materials for employees.

[2-24]
The KRUK Group trains employees on cybersecurity. The KRUK Group's new hires are required to complete mandatory training courses on information security, including cybersecurity. In 2023, we carried out regular controlled phishing attacks to test whether employees applied in practice the knowledge they had gained through training. In keeping with our strategic objectives, by 2026 90% of employees will undergo additional training and online courses on cybersecurity, and an 80% engagement in the existing awareness programme will be maintained. At KRUK S.A., 97% of the participants successfully completed their training.



3

RESPONSIBILITY FOR EMPLOYEES

3.1 Good workplace

[3-3 Employee matters]

In 2023, the KRUK Group's total headcount of employees was over 3.4 thousand. Employees are the Group's most precious resource, their everyday work, commitment and skills building the organisation's competitive advantage on many European markets. Seeking to attract and retain top talent, the Group offers a stable and supportive work environment, in which competence is essential. Appreciating the commitment and ambitions of its employees, the Group provides them with professional growth opportunities.

In 2023, it launched the KRUK_up competency model, encompassing a set of six competencies that all employees are encouraged to develop, regardless of their business area or position: goal orientation, curiosity, courage, problem solving, openness to change, and resilience. These are complemented by three managerial competencies: goal management, engagement building, and team development. The competencies are designed to be universal and enhance the organisation's potential for success and fulfilment, both professional and personal.

The educational process is focused primarily on aspects of diversity and inclusion, featuring live webinars and providing unlimited access to materials in various formats such as recordings, soundtracks, and presentations. Completion of these educational activities is scheduled for the second quarter of 2024. The degree to which employees have internalised this culture of achievement and satisfaction, as guided by the competency model, will be assessed by the KRUK Group through an annual engagement survey. Moreover, the competency model will be integrated into other HR processes along the employee experience journey.

Pivotal in shaping this model were findings of the Organisational Culture Inventory carried out in 2022 based on the Human Synergistics methodology. They helped define the desired Group-wide organisational culture and the actual cultures currently existing at all its local companies. An analysis of the gap between the current and ideal culture profiles allowed the Group to pinpoint the necessary levers for change focused on supporting specific behaviours to achieve its business goals, while ensuring that employees are satisfied and proud of being part of the Group. We worked out, among other things, a consistent ap-

proach to diversity, employee assessment, employee and manager competence model and the related communication and development efforts. Significant emphasis was also placed on the remuneration policy and employee benefits, as well as on improving the quality of HR analytics. These measures underpin the KRUK Group's position as an attractive employer fostering a constructive culture of achievement and satisfaction, with less emphasis on striving for perfectionism and dependence on others, and more on commitment and efficiency derived from empowerment, focus on ambitious goals, and awareness of individual potential and aptitude.

In 2024, our efforts will continue with a focus on effective team meetings, the feedback culture, and acknowledging employee contributions.

In response to the rapidly changing market environment and to better support strategic business development directions, in 2023 the KRUK Group commenced work on an advanced strategic action plan for human resources. This ambitious plan has been built around three key pillars addressing global trends in digital transformation and our own organisational needs:

- Improvement of HR processes and data using LEAN methodology and digitisation tools: the aim is to maximise operational efficiency and optimise HR data management, contributing to better decision-making and faster response to change.
- Reinforcement of the organisational culture, e.g. by promoting and entrenching the Group's values: we are focused on building a robust and coherent organisational culture that supports employee

engagement and development while fostering a diverse and inclusive work environment conducive to innovation and collaboration.

- Leadership development: our priority is to create development and training programmes for leaders across all management levels to equip them with the necessary skills to effectively manage teams, steering them through digital transformation and continuous change.

This strategy underscores the KRUK Group's commitment to ongoing improvement and adaptation to confront new challenges, both in the labour market and within our organisation. By consistently taking action based around these pillars, the Group strengthens its position as a market leader, fully prepared for the future, while retaining a focus on the development and well-being of its employees.

[2-19] [2-20]

Remuneration at the KRUK Group is determined based on internal policies and regulations, in accordance with the applicable laws. The Group regularly gathers information on market pay levels, reviewing it twice a year. Responsibility for determining remuneration amounts lies with the Central Human Resources Management Team and similar teams established locally. The ultimate decision-making body is the Management Board of KRUK S.A.

Matters related to determining the remuneration of the Group's directors are governed by the Remuneration Policy for Members of the Management Board and Supervisory Board of KRUK S.A. Under the Policy, remuneration is determined on the basis of the function performed, business scale, complexity of corporate design, and operational complexity of the company, comprising both fixed and variable components. The Policy provides that non-cash benefits may be granted to Management Board Members. The remuneration policy for Management Board Members and the amount of remuneration paid to the President of the Management Board are determined by the Supervisory Board. The amounts of remuneration for individual Management Board Members other than the President are determined by the Supervisory Board based on proposals submitted by the President of the Management Board. Notably, the Remuneration Policy for Members of the Management Board does not provide for any links between pay and achievement of the ESG Strategy objectives.



[2-18]

The Supervisory Board exercises supervision over each area of the Company's operations, which includes independent evaluation of how the organisation's impacts are managed.

[2-21]

Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)

KRUK Group ¹	Poland ²	Romania ³	Spain ³	Italy ³	Czech Republic and Slovakia ³
37.3	34.6	8.5	11.8	9.6	4.9

The annual total remuneration comprises base salary, bonuses and a range of other variable components, such as overtime payments, expert allowances, transport allowances, nutrition allowances, sickness allowances, and maternity allowances. The specific types of variable components included in the annual total remuneration may vary depending on the market.

¹ Highest-paid individual – President of the KRUK S.A. Management Board. Remuneration of employees based in countries other than the Company's head office was calculated taking into account the purchasing power parity of the respective local currencies in relation to the złoty.

² Highest-paid individual – President of the KRUK S.A. Management Board.

³ Highest-paid individual – General Director.

The ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the percentage increase in median annual total compensation for all employees (excluding the highest-paid individual) at the KRUK Group is 0,38^{III}.

[401-2]

In addition to the base pay, we offer a broad package of non-financial benefits to our Group employees, including:

KRUK Polska:

- Private medical care;
- Upskilling;
- Cafeteria benefits with additional Christmas/Easter bonuses;

- Co-financing of MultiSport cards;
- Preferential terms of group life insurance;
- Incentive scheme (KRUK S.A. shares) for the KRUK Group's key managers;
- Business car/car allowance for senior management;
- Company Social Benefits Fund (holiday allowance, Children's Day allowance for parents and other financial support);
- Development programme in the form of Inspirational Meetings;
- Health promotion programmes: Health at Work (Zdrowie na etacie), Health Academy (Akademia Zdrowia).

^{III} Remuneration of employees based in countries other than the Company's head office in both years of comparison was translated into the złoty at the weighted average annual exchange rates quoted by the NBP in 2022 and 2023, and then converted taking into account the purchasing power parity of the respective local currencies in relation to the złoty.

KRUK România:

- employees in Romania have discretion in deciding on how to use their monthly non-financial benefit budgets. They can choose from a range of benefits, including medical insurance, holiday vouchers, gift cards and vouchers for cultural events.

KRUK Italia:

- additional amount for employee benefits;
- Co-financing of employee lunches;
- 100% paid maternity leave (instead of 80% required by law).

KRUK España:

- Private medical care for employees and their families;
- Gift card scheme;
- Staff training;
- Co-financing of costs of remote work;
- Co-financing of transport costs.

KRUK Česká a Slovenská Republika:

- Cafeteria benefits;
- Old-age pension insurance.

Employees in all our markets can work both at the office and from home. The hybrid work model is a standard at the KRUK Group, refined by providing relevant tools to our managers and employees.

In 2023, KRUK S.A. completed work to align its internal regulations with the national legislation concerning remote work. The remote work agreement concluded with the trade union organisation was extended to cover employees whose place of residence is at least 100 km away from the Company's office and disabled employees.

Percentage of employees¹ working on fully remote basis [%]

	KRUK Group	Poland ²	Romania	Spain	Italy	Czech Republic and Slovakia
Percentage of employees working on fully remote basis ³	15%	23%	14%	1%	0%	0%

¹ Including both active and inactive employees under employment contracts.

² Data for the Polish market includes InvestCapital Ltd. and Wonga.pl.

³ Data as at 31 December 2023.



[2-7]
KRUK Group employees

Total number of employees, and breakdown by gender and region¹

	Gender	Number of employees	Poland ²		Romania		Spain		Italy		Czech Republic and Slovakia	
Number of all employees	Women	2,206	1,186	64%	453	70%	220	59%	277	63%	70	62%
	Men	1,220	661	36%	197	30%	155	41%	164	37%	43	38%
Number of permanent employees	Women	2,012	1,073	65%	418	69%	219	59%	241	63%	61	60%
	Men	1,109	586	35%	185	31%	155	41%	143	37%	40	40%
Number of temporary employees	Women	194	113	60%	35	74%	1	100%	36	63%	9	75%
	Men	111	75	40%	12	26%	0	0%	21	37%	3	25%
Number of full-time employees ³	Women	2,131	1,163	64%	452	70%	211	58%	241	60%	64	60%
	Men	1,208	652	36%	197	30%	153	42%	163	40%	43	40%
Number of part-time employees	Women	75	23	72%	1	100%	9	82%	36	97%	6	100%
	Men	12	9	28%	0	0%	2	18%	1	3%	0	0%
KRUK Group		3,426	1,847	54%	650	19%	375	11%	441	13%	113	3%

¹ Headcount of employees (active and inactive) under employment contracts as at 31 December 2023.

² Data for the Polish market includes InvestCapital Ltd. and Wonga.pl.

³ Employees under multiple contracts are considered full-time employees by combining their FTEs across different units at a single operating location.

[2-30]
12% of all KRUK Group employees are covered by collective bargaining agreements, including trade unions.

[2-8]
KRUK Group's workers who are not employees

Information on employees and other workers under contracts that are not employment contracts

Contract type	Gender	Number of persons	Poland ¹	Romania ²	Italy ³	Spain	Czech Republic and Slovakia ⁴
Managerial contract	Women	9	5	2	1	0	1
	Men	23	17	4	2	0	0
B2B cooperation (self-employment)	Women	67	43	14	0	0	10
	Men	146	134	10	0	0	2
Internship	Women	13	0	0	7	6	0
	Men	9	1	0	2	6	0
KRUK Group		267	200	30	12	12	13

¹ Data for the Polish market includes InvestCapital Ltd. and Wonga.pl. Members of the KRUK S.A. Management Board (one woman and four men) have been included under 'Managerial contracts'. One employee based in Poland has two contracts: a management services contract and a services contract – counted as a single person in the summation. Two divided managerial contracts relate to a single woman employed at NOVUM and Wonga.pl, reported as one employee in Poland in total. Two women and two men working under management services contracts have additional employment contracts with another entity on the Polish market. Two women and one man working under B2B contracts have additional employment contracts with another entity on the Polish market. One woman working under a civil-law contract has an additional employment contract with another entity on the Polish market. One woman under a managerial contract has an additional employment contract with another entity on the Polish market.

² In Romania, two men employed under management services contracts have additional employment contracts with another Group entity on the Romanian market.

³ In Italy, one woman under a managerial contract has an additional employment contract with another Group entity in the same location.

⁴ In the Czech Republic, currently eight women employed under temporary contracts also have employment contracts. This arrangement is compliant with local regulations permitting conclusion of short-term contracts for the duration of parental leave.

[401-1]
New employee hires and employee turnover

Employee satisfaction is one of the KRUK Group's key growth drivers. KRUK values the experience of its employees and provides them with opportunities for further career development. This is why it is important

to reduce employee turnover so that the knowledge and know-how are retained within the organisation to fuel its continued growth.

In 2023, the KRUK Group's employee turnover ratio was 11.1%, down 2.3pp year on year.

Total number and rate of new employee hires¹ by age group, gender and region

Break-down	Employees	Poland ²	Romania	Spain	Italy	Czech Republic and Slovakia
Women	245 11%	99 8%	16 3%	61 29%	60 23%	9 14%
Men	155 13%	57 9%	17 8%	46 31%	33 22%	2 5%
under 30 years old	136 25%	61 23%	18 11%	28 65%	27 46%	2 15%
30–50 years old	236 9%	91 6%	14 3%	63 26%	60 20%	8 10%
over 50 years old	28 8%	4 3%	1 3%	16 21%	6 10%	1 6%
KRUK Group	400 12%	156 8%	33 5%	107 30%	93 23%	11 10%

¹ Rate of new employee hires = total number of new employees hired under contracts of employment in 2023 for [age group or gender] / average number of employees employed under contracts of employment for [age group or gender], where the average number of employees employed under contracts of employment is equal to the total number of employees at the end of each month divided by 12.

² Data for the Polish market includes InvestCapital Ltd. and Wonga.pl.

Total number and rate of employee turnover¹ by age group, gender and region

Break-down	Employees	Poland ²	Romania	Spain	Italy	Czech Republic and Slovakia
Women	217 10.0%	93 8%	41 9%	34 16%	31 12%	18 27%
Men	157 13.0%	69 10%	29 14%	34 23%	20 13%	5 12%
Under 30 years old	86 15.6%	41 15%	24 14%	7 16%	9 15%	5 37%
30–50 years old	243 9.8%	103 7%	45 10%	43 18%	37 13%	15 20%
Over 50 years old	45 13.2%	18 12%	1 3%	18 23%	5 9%	3 18%
KRUK Group	374 11.1%	162 9%	70 11%	68 19%	51 12%	23 22%

¹ Employee turnover rate = total number of employees hired under contracts of employment in 2023 for [age group or gender] who left the organisation / average number of employees employed under contracts of employment for [age group or gender], where the average number of employees employed under contracts of employment is equal to the total number of employees at the end of each month divided by 12.

² Data for the Polish market includes InvestCapital Ltd. and Wonga.pl.

The KRUK Group adheres to the principle that parenthood does not exclude and maternity leave does not deprive employees of chances to get a pay rise. For this reason, employees who return to work after parental leave are assigned the tasks they had performed before or fill equivalent positions suited to their new circumstances. They can also work flexible hours or part time to achieve an even better work-life balance.

[401-3]

Parental leave at the KRUK Group in 2023 (total maternity and parental leave)¹

Breakdown	Gender	KRUK Group	Poland	Romania	Italy	Spain	Czech Republic and Slovakia
1. Employees entitled to parental leave ²	Men	100%	100%	100%	100%	100%	100%
	Women	100%	100%	100%	100%	100%	100%
2. Employees who took parental leave	Men	33	14	11	5	3	0
	Women	243	84	97	10	23	29
3. Employees who returned to work after parental leave	Men	27	11	10	4	2	0
	Women	93	34	33	3	14	9
4. Employees who returned to work after parental leave that were still employed 12 months after their return ³	Men	57	40	4	4	0	9
	Women	109	74	19	2	8	6
5. Return to work rate of employees who took parental leave	Men	82%	79%	91%	80%	67%	0%
	Women	38%	40%	34%	30%	61%	31%
6. Retention rate of employees that took parental leave	Men	98%	100%	80%	100%	0%	100%
	Women	87%	95%	70%	100%	100%	55%

¹ Number of persons employed under employment contracts.

² Because of GDPR restrictions, employees are not required to provide data of newborn babies, unless the labour law mandates provision of such data to obtain additional benefits. As at the issue date of this Report, 100% of employees were statutorily entitled to parental leave.

³ Data including persons on parental leave.

3.2 Diversity

[405-1] [406-1]

The diversity of employees within the KRUK Group is a significant asset. It is a source of our international success, which helps us to better understand and respond to client needs. Competence remains the key criterion for the Group. Other important considerations include engagement and a commitment to personal development. Gender, nationality or other extraneous factors do not limit opportunities for advancement, as evidenced by the fact that women represent 64% of the KRUK Group's total workforce. Notably, 58% of women hold senior managerial positions, representing 42% of all Company directors (Members of the Management and Supervisory Boards).



[405-1]

Total number of employees (active and inactive) by gender and age group

Percentage of individuals within the KRUK S.A. Management Board and Supervisory Board by gender

Women	42%
Men	58%

Percentage of individuals within the KRUK S.A. Management Board and Supervisory Board by age group

Under 30 years old	0%
30–50 years old	50%
Over 50 years old	50%



Percentage of employees holding managerial and non-managerial positions by gender and age group¹

Employee category	Market	Total	Women	Men	Under 30 years old	30–50 years old	Over 50 years old
Non-managerial positions	KRUK Group	84%	65%	35%	17%	72%	11%
Managerial positions ²		16%	58%	42%	4,5%	89%	6,5%
Non-managerial positions	Poland	87%	65%	35%	16%	75%	9%
Managerial positions		13%	60%	40%	4%	90%	6%
Non-managerial positions	Romania	87%	71%	29%	25%	69%	6%
Managerial positions		13%	60%	40%	6%	91%	3%
Non-managerial positions	Italy	87%	64%	36%	14%	71%	15%
Managerial positions		13%	52%	48%	10%	85%	5%
Non-managerial positions	Spain	87%	59%	41%	15%	64%	21%
Managerial positions		13%	53%	47%	0%	81%	19%
Non-managerial positions	Czech Republic and Slovakia	84%	64%	36%	12%	69%	19%
Managerial positions		16%	50%	50%	0%	100%	0%

¹ In 2023, the workforce structure was divided into two categories: managerial and non-managerial positions. In 2022, the division into other employees, specialists, experts and middle management and senior management did not reflect the actual structure of positions within the KRUK Group. Work is under way to map the structure of positions.

² The 'Managerial positions' category includes managers, directors and heads of organisational units under employment contracts. The data was derived from the organisation's own local HR and payroll systems – 'managerial position' 'yes'/'no'.

As at the end of 2023, the KRUK Group's team comprised employees of 22 different nationalities.

[406-1]

The KRUK Group supports diverse teams through its Diversity Policy updated in 2023, aimed at creating a diversified, multicultural workplace. In accordance with the Policy, all employees are required to respect their colleagues' right to privacy, must not interfere with their personal affairs, and must accept any existing differences. The Group ensures equal opportunity for promotion and professional development regardless of gender, age, disability, health, race, nationality, religion, beliefs, sexual orientation, family status, lifestyle or any other criterion that could cause an individual to be treated less favourably than others. In 2023, not a single instance of discrimination was recorded.

In 2023, mandatory diversity and inclusion training was implemented across all markets of the KRUK Group, and the completion rate reached 77% of the Group's employees.



ALINA GIURGEA
GENERAL DIRECTOR KRUK ESPAÑA

Supporting the KRUK Group's ESG strategy extends beyond sustainable development – it also embodies a commitment to creating a world where everyone has equal opportunity, irrespective of gender, disability, or origin. This commitment entails eliminating the pay gap between women and men, bolstering the position of disabled workers, fostering diversity, and enhancing financial and technological skills for all. KRUK España takes pride in being part of the leading ecosystem of companies and professionals in Spain dedicated to fostering a safe and respectful environment for the LGBT+ community. We further demonstrated our commitment to diversity by a 20% expansion of our #TeamWithPassion in 2023, as part of which we welcomed onboard individuals of different nationalities. This ensures the infusion of varied perspectives and experiences, fostering a more inclusive and dynamic workplace environment. As a debt collection company, we recognise the profound impact we have on people's lives. Our responsibility transcends financial matters, as we are dedicated to supporting individuals through challenging times and guiding them toward financial stability.

For the KRUK Group, non-discrimination also means equal pay. The ESG Strategy includes a commitment to ensuring full pay equality between women and men in similar job positions at the Group companies by 2025. To this end, the Group regularly assesses both the Gender Pay Gap and the Gender Equal Pay Gap, actively striving to reduce and ultimately eliminate these disparities.

Although the Gender Pay Gap (calculated for the average total pay) at the KRUK Group stands at 21.6% on account of the employment structure, the pay gap measured for identical job positions, both at the base salary level and for the total pay median, is only 1,2%^{IV}. This ratio remained unchanged relative to 2022. To achieve our objective of full pay equality between men and women performing similar work by 2025, the KRUK Group has outlined specific measures to be implemented in 2024:

- developing a comprehensive Comp&Ben strategy with a specific focus on ensuring equal pay;

- conducting communication and awareness raising initiatives targeted at managers;
- incorporating pay gap information into various HR processes, such as pay rise, promotion and recruitment practices, to ensure equitable remuneration decisions for all employees, including new hires

[405-2]

Ratio of remuneration of women to men by employee category

Ratio of base remuneration of women to men by employee category

Category	Poland ¹	Romania	Spain	Italy	Czech Republic and Slovakia
Senior management staff ²	9.7%	21.8%	-23.5%	-1.7%	34.9%
Other managerial positions	18.0%	27.0%	9.4%	7.3%	17.6%
Non-managerial positions	25.0%	21.0%	9.8%	9.0%	31.2%
All employees	23.8%	27.5%	9.7%	10.7%	33.2%

Base pay as at 31 December 2023. Total remuneration includes base pay as at 31 December 2023 and bonuses paid in 2023. The remuneration of part-time employees was calculated on an FTE basis. The remuneration of employees hired in 2023 was calculated on a full-year basis.

¹ Includes data of all KRUK Group companies in Poland.

² Excluding Members of the KRUK Management Board, employed under managerial contracts, whose data is published in Section 8.3.4 and General Directors, unless they are employees as defined by local laws.

^{IV} Gender Equal Pay Gap (GEPG) calculation methodology: 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. It is calculated as the weighted average of the pay gap in individual positions relative to the employment level in those positions. The calculation methodology for 2023 changed from that applied for 2022, when GEPG was calculated as the median of the results (pay gap size) for the analysed positions.

Ratio of total remuneration of women to men by employee category

Category	Poland ¹	Romania	Spain	Italy	Czech Republic and Slovakia
Senior management staff ²	9.3%	21.8%	-21.8%	-3.0%	34.9%
Other managerial positions	18.4%	27.0%	9.1%	8.2%	17.6%
Non-managerial positions	25.0%	21.0%	9.3%	12.3%	31.2%
All employees	23.9%	27.9%	9.4%	13.2%	33.2%

Base pay as at 31 December 2023. Total remuneration includes base pay as at 31 December 2023 and bonuses paid in 2023. The remuneration of part-time employees was calculated on an FTE basis. The remuneration of employees hired in 2023 was calculated on a full-year basis.

¹ Includes data of all KRUK Group companies in Poland.

² Excluding Members of the KRUK Management Board, employed under managerial contracts, whose data is published in Section 8.3.4 and General Directors, unless they are employees as defined by local laws.

Creating a diverse, equitable and inclusive workplace is an important goal for the KRUK Group, as we recognise that diversity is a source of strength that fosters innovation and creativity. We are dedicated to cultivating an organisational culture where all employees are respected and provided with equal opportunities for development.

The Group carried out surveys to assess the level of diversity and inclusivity within the organisation, which helped us better appreciate the risk of exclusion of certain employee groups and triggered the implementation of programmes dedicated to supporting them in line with the Group's diversity strategy.

Elements of the DEI strategy for 2023–2025 integrated into the KRUK Group's ESG Strategy include:

- maintaining gender equality,
- eliminating the pay gap,
- increasing the percentage of employees with disabilities.

Since 2013, KRUK S.A. has been a signatory of the Diversity Charter, an international initiative of the European Commission intended to promote social cohesion and equality. The fundamental principle of the Charter is non-discrimination in the workplace and recognising and promoting diversity in all areas of activity. The provisions of the Charter apply across the KRUK Group and are taken into account in various processes, including recruitment. Equal opportunities at the KRUK Group begin with the recruitment process and continue throughout the time of service at the Group companies.

To advance the representation of women in business, particularly within the financial sector, Urszula Okarma, Member of the KRUK S.A. Management Board, has taken on the role of a sponsor for DEI initiatives. In addition to supporting internal initiatives, she actively promotes a culture of inclusion by participating in various external events and conferences. As a panellist, she has contributed to discussions at forums such as the European Forum of New Ideas (EFNI), the UNGC Ring

the Bell for Gender Equality, and the 'Contemporary Woman – Leader, Partner, Mother' conference. Similar efforts to promote DEI were undertaken in 2023 by women leaders in the Romanian and Italian markets.

Having been covered by a Diversity IN Check survey, in 2023 KRUK S.A. was included on the list of top-ranking Polish employers in terms of diversity and inclusion management. Diversity IN Check is a research tool used to assess the maturity of employers in managing diversity and building inclusive organisations.

Additionally, KRUK S.A. was recognised by the DEI 30% Club Poland for its commitment to fostering an inclusive organisational culture. The competition was aimed at gathering and highlighting exemplary initiatives in Diversity, Equality, and Inclusion (DEI) implemented at various organisations to serve as a source of inspiration for others in creating more open and equitable workplaces. KRUK was recognised mainly for ensuring equal employment opportunities, high proportion of women in managerial positions across all hierarchy levels (including Executives and Top Management), fostering an inclusive work culture, and a low gender pay gap.

As part of a campaign celebrating the Women's Day, KRUK España promoted women in science and its four-year strategic plan for equal pay and career opportunities. The company also ran an educational campaign focused on promoting the rights of the LGBT+ community and formally joined REDI (Business Network for LGBT+ Diversity and Inclusion) in 2023, thereby affirming its commitment to advancing that community's rights within KRUK.

Equal opportunities to access various career paths are also created for people with disabilities. In 2023, an Ambassador for Disabilities was appointed at the central level alongside a network of local Ambassadors to coordinate and support the development of inclusive and accessible processes for employees with disabilities and those on the neurodiverse spectrum. This initiative was preceded by comprehensive educational activities, including training sessions for all employees, recruiters, and managers at KRUK S.A. In addition, surveys were conducted to assess sentiment towards disabilities in Poland and then in Romania. These insights were instrumental in shaping an action framework aimed at addressing the most pressing needs of employees with disabilities in the years to come. The framework for inclusion of people with disabilities and on the neurodiverse spectrum is centred around two core pillars: talent attraction and retention.

Key achievements in 2023:

- Development of a workplace accessibility audit manual for office jobs – regular audits of work conditions for individuals with disabilities to ensure accessibility, carried out by KRUK S.A.'s Occupational Health and Safety (OHS) team;
- Integration of considerations for individuals with disabilities into the guidelines for remote work;
- Revision of the training policy to better address the diverse needs of employees during training design;
- Establishment of dedicated communication channels in Poland, Italy and Spain, aimed at facilitating the exchange of information and providing support to employees interested in disability and accessibility issues.

Employment of individuals with disabilities at the KRUK Group

	KRUK Group	Poland ¹	Romania	Spain	Italy	Czech Republic and Slovakia
Headcount	3,426	1,847	650	375	441	113
Employees with disabilities	75	44	2	9	18	2
Percentage	2.2%	2.4%	0.3%	2.4%	4.1%	1.8%

In 2023, the headcount of employees with disabilities increased by 0.2pp year on year. In line with the KRUK Group's ESG Strategy, individuals with disabilities will represent 4% of the Group's workforce by 2025.

3.3 Employee education and development

We view employee development as an essential driver of the organisation's growth. We support professional ambitions of our employees and offer them a wide-ranging training programme for different job categories at all companies of the Group. Each newly recruited person completes a full cycle of induction training, while the Group's employees participate in specialist training.

[404-1]

Average hours of training per year per employee

Poland	Romania	Spain	Italy	Czech Republic and Slovakia
10.14	22.73	25.48	40.5	28.9

The KRUK Group prioritises a feedback culture designed to develop and empower its employees. Feedback serves as an internal mechanism to consolidate progress, guide action, and acknowledge dedica-

tion. Insights regarding an employee's work provided by their colleagues and managers are invaluable as personal development drivers.

[404-3]

Percentage of employees receiving regular performance reviews

	KRUK Group	Poland ¹	Romania	Spain	Italy	Czech Republic and Slovakia
Headcount	3,426	1,847	650	375	441	113
Percentage of employees receiving reviews	51%	8%	100%	100%	100%	100%

¹ Data for the Polish market includes InvestCapital Ltd. and Wonga.pl.

Since 2016, the KRUK Group has been developing a range of training options available on 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.

[404-2]

Selected employee training programmes:

Poland:

- Managerial Debuts – programme for persons starting their managerial careers
- Trainers Academy and Wonga Academy – programme where employees share their knowledge with colleagues
- Adviser Academy (since 2022) – series of training sessions for the best field advisers
- IT skills training platform – Enterprise Skills Initiative
- ESG Academy
- Leadership training
- IT skills courses

Romania:

- 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
- KRUK Legal Academy – specialised programme tailored for Contact Centre employees who aspire to begin their careers in the legal sector
- Courser Training – individual learning platform offering access to a range of technical and soft skills courses
- Management Skills Workshop – successor programme

Italy:

- Individual Training Plans defined at the end of each year, agreed with managers based on their HR needs and productivity assessments
- Courses in personal and teamwork efficiency through Insights Discovery, leadership skills and public speeches
- IT skills courses

Spain:

- Development of communication skills – speaking in public, leadership and change management
- Development of time management and prioritisation skills
- Training on strategic thinking
- BRIDGE talent development programme to identify talent in the organisation by creating space for creativity and proposing ideas for improvement

Czech Republic and Slovakia:

- Language courses
- Leadership Academy for Managers
- IT skills courses

3.4 Employee safety

[403-1] [403-3] [403-5] [403-6] [403-7] [403-8] [403-10]

The KRUK Group creates a safe working environment. It observes all the occupational health and safety regulations, and OHS matters are regulated based on the ISO 45001 guidelines. Every new employee receives mandatory general OHS instruction, followed by more detailed training related to their job position.

KRUK S.A. has set up an Occupational Health and Safety Team that runs an online OHS News channel for employees, delivering information on safety at work and guidance on disease prevention. Group companies have dedicated teams in place to ensure compliance with OHS regulations and conduct proper inquiries into any work-related accidents, handle any reports of suspected occupational disease, and carry out occupational risk assessments. In 2023, no occupational diseases were identified among employees.

KRUK S.A. has established a Health and Safety Committee, which comprises employees, employer representatives and an occupational physician. The Committee meets once a quarter to discuss measures that can improve occupational safety, etc.

In 2023, the KRUK Group implemented various initiatives to promote the mental and physical well-being of its staff. The key ones included:

- KRUK S.A. Health Academy: regular sessions featuring external experts to educate employees on various health-related topics;
- Pink Boxes Initiative: implemented to address the issue of 'pink tax' and combat menstrual poverty;
- Centralised Cancer Prevention Campaign: each employee could allocate two hours of working time to preventive health screenings;
- Health Week at KRUK Česká a Slovenská republika: offering opportunities for preventive health screenings to be conducted conveniently at the office.

Accidents at the KRUK Group in 2023

KRUK Group	28
Accidents related to performance of daily responsibilities	7
Road traffic accidents	8
Commuting accidents	2
Attack by customer or animal	3
Slip, trip, fall on a flat surface	6
Other	2

The KRUK Group's total accident rate was 0.76%.

The KRUK Group combines care for physical safety with care for mental well-being of our employees. Given the nature of the debt collection industry, our employees frequently come into contact with people in difficult personal circumstances. The Group is well aware that everyday interaction with such people and exposure to their financial problems can affect

the well-being of our employees. For this reason, every employee of KRUK S.A. can receive professional psychological assistance as part of the 'Together, Side by Side' Employee Support Programme. Run by the Psychological Assistance Centre, the programme draws on the experience and knowledge of the Indebted Persons Support Programme Association. KRUK România also offers free counselling sessions to employees.



4

SOCIAL RESPONSIBILITY



4.1 Financial education of the general public

[3-3 Social responsibility]

Every day, we at the KRUK Group can see how important financial education is. We talk daily to indebted individuals whose financial difficulties have not been brought about by external circumstances, but simply by a lack of adequate knowledge about responsible management of personal finances. Raising financial awareness among the general public is one of the KRUK Group's key social commitments. To meet this commitment, we harness our expertise, know-how, resources and scale of impact.

The KRUK Group's flagship programme addressing this issue is the 'Day Without Debt' campaign, run by KRUK S.A. since 2009 in Poland, but also in Romania, the Czech Republic and Slovakia. In Poland, on each 17 November, KRUK draws the public's attention to the problem of indebtedness, raising awareness of voluntary debt repayment benefits, and conducting extensive education on finance management via our own channels and in partnership with the media. In our materials, we explain how to responsibly control income and expenses, and how to reasonably assess one's financial capabilities. KRUK also focuses on buying habits and show how to safeguard against losing the source of income.



**JAROSLAVA
PAĽENDALOVÁ**

GENERAL DIRECTOR KRUK
ČESKÁ A SLOVENSKÁ REPUBLIKA

Working with indebted persons on a daily basis, we see what mistakes they make in their financial decisions and how ignorant they are of potential risks and consequences of imprudent debt management. We realise this problem affects not only the individuals concerned, but also the public at large. The Day Without Debt, an international educational project, was celebrated in the Czech Republic for the 13th time. Under this initiative, we partner with the Labour Office and a variety of non-profit organisations to offer free debt counselling focused on prevention and financial education, aiding people in navigating financial challenges.

In 2023 in Poland, the 'Day Without Debt' campaign was present in the main media with the largest coverage, including on the airwaves of RMF FM, TOK FM, Radio Żółte Przeboje, Radio Zet, and Radio Pogoda, as well as in print and online media. The message is estimated to have reached as many as 5 million people.

The KRUK Group conducts regular surveys to find out how indebted persons handle their finances, what their financial condition is, whether they think their economic knowledge is sufficient, what attitude they have to debt and debt repayment, etc. The surveys help us point to various financial matters and offer support in education and raising financial awareness.

As part of its educational activities in Poland, KRUK S.A. became a strategic partner of the Kapital-

ni.org website, operated by Wonga.pl. It was created in response to the low level of financial knowledge among Poles. Its purpose is to provide, on a continuous basis, financial education that can genuinely affect consumer behaviours and attitudes. Throughout 2023, the portal saw the publication of 121 new articles by renowned experts, journalists, and bloggers, covering essential topics like household budget management and the principles of responsible borrowing. Additionally, the launch of the mobile game PreKapitalni offers an engaging way for users to familiarise themselves with financial management concepts. Over the year, the Kapitalni.org website was accessed by over 524 thousand unique users seeking to expand their financial literacy.

Beyond Poland, in 2023, the KRUK Group participated in local financial education initiatives across the Czech Republic, Slovakia, Spain, and Italy, releasing educational content through both traditional and online media. The geography where the Group's engagement in such projects was the most extensive was Romania.

The promotion of financial education by KRUK România's has included the implementation of Credite inteligente™ (Smart Loans) programme in public schools. This initiative aims at teaching responsible use of financial services and is delivered through an e-learning platform targeting high school students. Its main purpose is to clarify the essentials of credit access and management with practical examples and exercises, helping students develop the ability to assess financial options and understand associated risks and thus fostering informed decision-making. Through engaging video materials, articles, and workbooks, as well as workshops led by volunteer KRUK Mentors, young people and their educators learn about prudent financial management and a secure pathway to obtaining financial loans. In 2023, the programme was adopted by 53 schools throughout Romania, enhancing the financial literacy of over 1,200 participants.

In partnership with the Social Incubator, KRUK România lends its support to the RĚsponsABIL financial education programme, now in its fifth edition. This initiative aims to empower young people aged 16–24 from disadvantaged backgrounds, fostering their financial independence and responsibility while enhancing their employment opportunities.

Since 2021, KRUK România has been a proud supporter of another essential aspect of financial education: teachers. This is achieved through the MERITO community, established by the Romanian Business Leaders (RBL). MERITO assembles esteemed Romanian teachers to promote excellence through change, innovation, and the transformation of the educational landscape. The MERITO project acknowledges the achievements of outstanding educators, including through financial support, while also helping disseminate their exemplary practices throughout the education system. Over 10,000 teachers in Romania have adopted the best practices from the MERITO community. In 2023, at the annual MERITO Gala, Cosmina Marinescu, General Director of KRUK România, awarded a prize for excellence and innovation in education.



COSMINA MARINESCU
GENERAL DIRECTOR KRUK ROMÂNIA

For us, committing to sustainable development within our industry goes beyond making responsible choices; it represents a strategic imperative for innovation. Incorporating environmental, social, and governance criteria into our decision-making process fosters long-term value for our partners, clients, and the broader community. We are dedicated to building economic resilience and embracing transformative opportunities, such as advancing financial education in Romania. Our goal to increase Romania's financial literacy rate from 8% to over 20% by 2030 also propels our efforts in financial mentoring and sustainable growth.

4.2 Environmental education

[3-3 Building the awareness of environmental issues among employees, suppliers, and clients]

At the KRUK Group, we are well aware that both financial debt and environmental debt have one thing in common: excessive consumerism. Buying unnecessary things can get many people in dire straits, and it certainly does lead to environmental debt. The KRUK Group believes that it takes responsibility to successfully tackle both economic and environmental debt. To that end, since 2019 we have worked to raise awareness of environmental debt and put the spotlight on curbing overconsumption as a key countermeasure.

Earth Overshoot Day serves as a critical reminder of this issue, marking the date each year when humanity's resource consumption surpasses the Earth's ability to regenerate those resources within the same year. In addition to implementing decarbonisation measures within its operations, the KRUK Group places a strong focus on environmental education. The Company seeks to engage both media outlets and its employees in discussions surrounding the climate crisis, environmental protection, and the impacts of overconsumption.

[Company indicator: surveying of environmental awareness]

In 2023, KRUK S.A., in collaboration with the Ariadna Nationwide Research Panel, conducted a survey to inform its media communication efforts aimed at increasing public awareness of the importance of environmental conservation. The survey revealed that, although 3% of Poles do not engage in any environmental conservation efforts, the overwhelming majority are committed to activities that protect the environment.

In Italy and the Czech Republic, KRUK Group companies are involved in environmental projects focused on tree planting and rebuilding damaged ecosystems. These initiatives are not only educational but also aim to increase employee engagement.

4.3 Sponsorship and other CSR activities

The KRUK Group is committed to thoughtful charity, providing immediate assistance where necessary and implementing systemic support where possible. Our charitable giving and sponsorship projects are targeted at those in need and the general public, including through financial and environmental education initiatives addressing excessive consumption.

Social engagement activities carried out across the KRUK Group's geographies are governed by the Charitable Sponsorship Policy. The Policy is managed by the President of the KRUK S.A. Management Board and KRUK S.A. General Director, assisted by persons they have designated.

It outlines the following types of support:

- events involving amateur physical activity which aim to provide financial or in-kind assistance for the most needy;
- projects implemented by public benefit institutions or associations aimed at supporting those most in need;
- organisations that support financial education and psychological or legal assistance to people struggling with financial or personal difficulties;
- CSR initiatives that seek to strengthen the processes of civic development, equality and tolerance;
- community and educational projects aimed at protecting the common good, such as the natural environment, with a particular focus on addressing the issue of overconsumption and its relation to excessive spending.
- In May 2023, the Cesena community in Italy, home to one of KRUK Italy's offices, was severely affected by a flood, causing considerable damage throughout the region. The KRUK Group responded to this disaster by donating EUR 30,000 to the Cesena municipality for the restoration of two culturally and socially significant locations: the San Carlo School and the Ex Pescheria Art Gallery.

In 2023, as part of its arts and culture support efforts, KRUK S.A. became a strategic partner in the Krupa

Gallery Foundation's Art Partner project. This visual arts-oriented initiative engages the business community in promoting art and supporting young artists. To date, Art Partner has gathered over 500 artworks and provided support to 80 talented individuals. The collection rented from the Krupa Gallery Foundation by KRUK is showcased within its Wrocław headquarters, which offers a unique opportunity to immerse in art daily through the permanent exhibition as well as host art viewings in the office.

Furthermore, KRUK S.A. is actively involved in establishing the Prophet Elijah Hospice in Poland's depopulating area of Podlasie. The hospice is dedicated to

providing home palliative care to ailing individuals and support for their families. For the past decade, Michał Zasepa, Member of the KRUK S.A. Management Board, has served pro bono on the Hospice Foundation Board.

[415-1]

The KRUK Group did not provide any financial or in-kind support to political causes or organisations in 2023.

At the same time, the KRUK Group increased its charitable and sponsorship spending by 29% relative to 2022.

Support provided in 2023 (figures in PLN)¹

Category	Poland ²	Romania	Spain	Italy	Czech Republic and Slovakia
Charitable and sponsorship support (including aid for Ukraine)	1,117,210	568,355	4,348	91,308	2,427
Financial education	656,300	10,874	-	-	-
Environmental education initiatives	-	5,403	-	43,480	11,258
Total	1,773,510	584,632	4,348	134,788	13,685
Total for KRUK Group	2,510,963				

¹ Translated into PLN at the mid exchange rate quoted by the NBP for 29 December 2023.

² Sponsorship expenses include sponsorship aimed at enhancing brand image and awareness, including of Wonga.pl.

Aid for Ukraine

Russia's invasion of Ukraine starkly conflicts with KRUK's core values. Since the outbreak of the war, the Group has made considerable aid efforts under the umbrella 'KRUK for Ukraine' initiative. To date, nearly PLN 986,000 has been donated to support Ukrainian citizens. Relief has been provided across all of the Group's geographies neighbouring Ukraine.

In 2023, KRUK S.A. supported Ukraine through selected projects and by donating PLN 108,000 to Poland-based aid organisations, including:

- the Loris Malaguzzi Villages Foundation, aimed at funding Polish language lessons to facilitate the integration of Ukrainians settling in Poland;
- the Pocięcha Foundation, engaged in organising summer camps for refugee children from Ukraine;
- the Towarzystwo Poligrodzianie society, focused on preserving Ukrainian art and culture.

In 2023, a project was executed in partnership with the Zi de Bine Association, which KRUK România had signed an agreement with in the previous year. The initiative aimed to support a multimedia platform for the Ukrainian community in Romania: www.warstreet-journal.eu.

The remaining budget allocated for relief projects for Ukraine will be spent throughout 2024, as the geopolitical tensions and the armed conflict in the region continue.

The employees of KRUK S.A. were encouraged to engage, during their working hours, in volunteer work for people affected by the war. In addition, an internal communication channel dedicated to aid to Ukraine

was launched, which was used by the employees to organise donation drives and disseminate information about local initiatives.

4.4 Cooperation with suppliers

[2-6] The KRUK Group is committed to building its supply chain in a responsible manner. In 2023, its supplier base comprised close to 3.4 thousand businesses across its markets. Wherever possible, the Group seeks to ensure that partnering with it supports the local labour market as well as local producers and service providers. More than 87% of the KRUK Group's suppliers come from the countries where the Group operates, i.e. from local markets.

[204-1] Percentage share of local suppliers

	Poland	Romania	Spain	Italy	Czech Republic and Slovakia
Number of suppliers	914	812	989	233	211
Percentage share of local suppliers	91%	94%	94%	79%	79%

[2-24] The KRUK Group is a large organisation, perceived as an attractive business partner by a great number of potential contractors. As such, it seeks to leverage that influence to promote its corporate standards and values. When selecting a business partner – especially for large contracts – KRUK evaluates the submitted bids, taking into account how each of the potential contractors manages its environmental, social, and economic impacts.

As part of our procurement activities in Poland, every company seeking the award of a contract worth more than PLN 100 thousand is required to complete a CSR questionnaire. The survey asks about solutions implemented by each bidder to benefit the local community, its employees and workplace, the mar-

ket, customers, and the environment. Based on the survey, suppliers are evaluated in terms of their environmental, social and economic ethics. The survey probes the transparency and legal compliance of a supplier's employment practices and respect for human rights, including its attitude to forced labour and child labour. It also allows the assessment of whether a potential business partner engages in dialogue with its employees, provides them with relevant OHS training, and runs initiatives to raise their health and safety awareness. In addition, respondents are asked about measures designed to reduce their consumption of raw materials, improve waste management and engage with the local communities. In 2023, completing the CSR survey was obligatory in the case of 81 contract award procedures and the survey was completed by 152 suppliers.



5

ENVIRONMENTAL RESPONSIBILITY

5.1 Environmental objectives

[2-24] [3-3 Carbon footprint, including energy consumption]

The KRUK Group is committed to minimising its environmental footprint, seeing this not just as a moral duty towards future generations but also as a key component of its credibility and a response to the expectations of its stakeholders. The importance we attach to environmental issues is evidenced by the ambitious environmental objectives we have embraced and incorporated into our ESG Strategy, which is an integral part of our business strategy. These objectives are based on the UN Sustainable Development Goals and on the European Green Deal.

[2-24]

In line with the Scope 1 and Scope 2 guidance of GHG Protocol, an action plan has been implemented in each country where the KRUK Group is present to achieve a 70% reduction in carbon emissions by 2040 relative to the baseline year of 2021. This target is to be met through a range of measures, e.g. by improving the efficiency of the car fleet, using renewable energy sources, and cutting energy consumption in office buildings. Furthermore, to satisfy the requirements of the Corporate Sustainability Reporting Directive (CSRD), the KRUK Group has extended its emission calculations to include its value chain, assessing its Scope 3 carbon footprint as specified in the GHG Protocol.

The Group is on track with its decarbonisation efforts, achieving a consistent reduction in its carbon footprint for Scopes 1 and 2 emissions according to the GHG Protocol. In 2023, the KRUK Group saw a 23% decrease in GHG emissions compared to 2022 and a 35% reduction from the baseline year. This reduction rate has surpassed the initial targets set in the Group's ESG Strategy.

In 2022, the KRUK Group signed in for the first time to complete the questionnaire offered by CDP (formerly the 'Carbon Disclosure Project'), which evaluates organisations on their climate action. CDP is a long-standing international standard surveying the level of corporate climate awareness. It provides an insight into the environmental impact of the surveyed entities, aiming to encourage a transition and fuel global progress towards building a truly sustain-

able economy that would have a positive long-term impact on the future of our planet.

In 2023, the KRUK Group once again submitted itself to the CDP's scrutiny, this time improving its rating to a "C". This grade reflects our organisation's consciousness of how climate change impacts its operations and the influence its activities have on the climate.



The KRUK Group aims to consistently enhance its CDP score in the years to come. Our ESG strategy provides for appraising the emissions of the Group's key business processes by 2026. Efforts to understand our supply chain support this goal. In order to achieve all of the strategic environmental objectives, we have committed to continuously raising the awareness of our employees, suppliers, and the public in the area of environmental protection and restoration.

Selected environmental projects in 2023:

- Working with an external partner, the KRUK Group developed a methodology to measure its Scope 3 carbon footprint in accordance with the GHG Protocol. This involved analysing the value chains of Group companies to identify the most relevant areas. Through organisation-wide collaboration, a dedicated tool was created, tailored to the Group's business, for the calculation of emissions across the value chain based on quantitative and financial data. For the first time, employees' commute to work was reviewed, which will facilitate carbon footprint measurement and decarbonisation planning.
- In 2023, the KRUK Group made its first substantial purchase of Guarantees of Origin for electricity on the Polish Power Exchange. This ensured that an equivalent amount of electricity generated from renewable sources was supplied to the Polish national grid. The Group also explored other renewable energy solutions to meet its electricity needs but found Guarantees of Origin to be the most fitting, given the electricity demand and the number of offices and energy suppliers of KRUK S.A.
- In Italy, the local Group companies' entire demand for electricity was met by signing renewable power purchase agreements. This translated into the decarbonisation of electricity consumption in KRUK's Milan and La Spezia offices.

- A majority of the KRUK offices in Poland, Spain, Italy, and Romania are now powered by renewable energy, a trend that will continue in the years ahead.
- In 2023, the Group signed its first-ever contract for the operational lease of 15 battery electric vehicles (BEVs). The lease will not only contribute to the decarbonisation of the Group's fleet but also provide invaluable insights into the operational use of electric vehicles. The vehicle procurement process also entailed signing an agreement with a nationwide charging infrastructure operator. The vehicles are primarily used in larger cities and urban areas where client visits do not require extensive travel. Early feedback indicates that such vehicles seamlessly integrate into the field advisers' daily routine. The transition of the KRUK Group's vehicle fleet is progressing, though limitations due to factors such

- as infrastructure inadequacies and the need for behavioural changes among drivers persist.
- In Italy, the Group added low-emission plug-in hybrid vehicles and a BEV to its fleet, as well as deploying a fast-charging station on the premises of its La Spezia office.

[302-1]

Energy consumption within the organisation

2023 saw a uptick in the KRUK Group's energy usage compared to previous years. This increase in fuel consumption is attributable to the rising number of managed cases, a reflection of the organisation's rapid growth. The growing caseload necessitates more extensive travel by field advisers, who rely on company vehicles to visit clients.

[204-1]

Total non-renewable energy consumption in 2022 by source (in joules or multiples thereof)

KRUK Group

	2023	2022	UoM	Change
Gasoline	23,932	18,984	GJ	26%
Diesel oil	6,253	5,669	GJ	10%
Natural gas	1,800 ¹	1,698	GJ	6%

¹ Gas consumption data for the Italian market is an estimate based on volumes consumed in previous years.

The share of renewable sources in total electricity consumption increased in connection with purchase by the Group companies of Guarantees of Origin for electricity consumed and conclusion of power purchase agreements directly with renewable energy producers and distributors.

	2023	2022	UoM	Change
Electricity	5,509	1,368	GJ	303%

The increase in electricity consumption at the Group was largely attributable to employees transitioning back to office work. Remote work on the Polish mar-

ket was downscaled with employees spending more time in the office, which resulted in higher usage of electricity and heating.

Total energy consumption within the organisation (in joules or KWh)¹

	2023	2022	UoM	Change
Electricity	7,008	6,021	GJ	16%
Heat	3,343	4,740 ²	GJ	-29%
Total	42,337	37,112	GJ	14%

[302-3]

In 2023, the organisation's energy intensity ratio, measured in joules of energy consumed per PLN of net revenue, was 37.8 kJ/PLN. Compared with 2022, the ratio decreased by 23%.

The energy intensity ratio was computed taking into account energy from fossil fuels, heat and electricity.

[305-1] [2-4]

Direct (Scope 1) GHG emissions³

Gross greenhouse gas emissions in tonnes (t) of CO₂ equivalent or an equivalent unit of measure

KRUK Group

	2023	2022	UoM	Change
Gross greenhouse gas emissions in tonnes (t) of CO ₂ equivalent or an equivalent unit of measure	2,110	2,262	tCO ₂	-7%

¹ In this Report, the total energy consumption table omits the cooling included in the Directors' Report on the operations of the KRUK Group and KRUK S.A. in 2022 - the item has been included in the consumption of electricity required to generate the cooling.

² The amount has been corrected relative to the KRUK Group's Sustainability Report for 2022. Previously, heat consumption data for one of the offices in Poland was overstated.

³ Standards, methodologies and emission factors used for the calculations included GHG Protocol and DEFRA 2023. Data on energy consumption within the organisation will change because the processing of accounting documents from December 2023 was still continuing at the Italian-based companies at the time of this statement. In their case, projected data was used.

Country

	2023	2022	UoM
Poland	1,006	1,116	tCO ₂
Romania	470	450	tCO ₂
Italy	358	437	tCO ₂
Spain	135	148	tCO ₂
Czech Republic and Slovakia	141	111	tCO ₂

Type of emission source

	2023	2022	UoM
Combustion in stationary sources	101	96	tCO ₂
Combustion in mobile sources	2,008	2,053	tCO ₂

Type of activities

	2023	2022	UoM
HFC - emissions from refrigeration systems	0 ¹	108	tCO ₂

Base year

2021²	2,126	tCO₂
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¹ During maintenance work on the air-conditioning systems managed by the organisation in 2023, there was no need to replenish refrigerant levels.

² In 2021, Group-wide emissions started to be measured according to uniform standards, consistent with GHG Protocol.

[305-2]

Energy indirect (Scope 2) GHG emissions¹

Gross market-based energy indirect (Scope 2) GHG emissions in tonnes (t) of CO₂ equivalent or an equivalent unit of measure

KRUK Group

	2023	2022	UoM	Change
Gross market-based energy indirect (Scope 2) GHG emissions in tonnes (t) of CO ₂ equivalent or an equivalent unit of measurej	531	1,158	tCO ₂ e	-54%

Market-based emissions in each country where the KRUK Group operates

	2023	2022	UoM
Poland	448	1,021	tCO ₂ e
Romania	75	100	tCO ₂ e
Italy	0 ²	28	tCO ₂ e
Spain	0	0	tCO ₂ e
Czech Republic and Slovakia	8	9	tCO ₂ e

¹ Standards, methodologies and emission factors used for the calculations included GHG Protocol and DEFRA 2023. The emission factors for electricity were sourced from the European Environment Agency (EEA), the National Centre for Emissions Balancing and Management, Tauron, ENEA and Veolia, while the emission factors for heat were sourced from the Energy Regulatory Office's report for 2022.

² The companies based in Spain and Italy, excluding AgeCredit, rely solely on renewable energy sources.

Energy type

	2023	2022	UoM
Electricity	200	690	tCO ₂ e
Heat	331	468 ¹	tCO ₂ e

Base year

2021	1,914.8	tCO ₂ e
------	---------	--------------------

Gross location-based energy indirect (Scope 2) GHG emissions in tonnes (t) of CO₂ equivalent or an equivalent unit of measure

KRUK Group

	2023	2022	UoM	Change
Gross location-based energy indirect (Scope 2) GHG emissions in tonnes (t) of CO ₂ equivalent or an equivalent unit of measure	1,349	1,326	tCO ₂ e	2%

[305-3]

Other indirect GHG emissions (Scope 3)

Other gross location-based energy indirect (Scope 3) GHG emissions in tonnes (t) of CO₂ equivalent or an equivalent unit of measurej

KRUK Group

	2023	UoM
Other gross location-based energy indirect (Scope 3) GHG emissions in tonnes (t) of CO ₂ equivalent or an equivalent unit of measure	27,876	tCO ₂

¹ The change in emissions from heat consumption relative to data disclosed in the KRUK Group's Sustainability Report for 2022 is due to incorrect reading of the heat volume consumed by one of the offices in Poland.

Having reviewed its value chain, in 2023 the KRUK Group extended the measurement of its Scope 3 carbon footprint to cover more categories based on The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition and Corporate Value Chain (Scope 3) Accounting and Reporting Standard. In determining the sources of greenhouse gas emissions from individual operations, quantitative approaches were favoured. Where possible, the inventory approach was used to calculate KRUK S.A.'s carbon footprint. In the absence of data enabling the inventory process, the spend-based screening method was adopted.

Currently, Scope 3 carbon emissions comprise the following categories under the GHG Protocol:

- Category 1. Purchased goods and services, including office supplies, utilities, cloud-based services and professional services;
- Category 2. Capital goods, including electronic equipment purchased during the accounting year;
- Category 3. Fuel- and energy-related activities (Well to Tank) (not included in Scopes 1 or 2), including business travel, employee commuting, fuel consumption and energy listed in Scopes 1 and 2;
- Category 4. Transport, including transport services performed by business partners;
- Category 5. Waste generated in operations, including recyclable paper, municipal waste and sewage from offices;
- Category 6. Business travel, based on aggregated distances travelled by various modes of transport;
- Category 7. Employee commuting, determined based on the frequency and modes of transport chosen by employees, as well as hybrid and remote work arrangements;
- Category 11. End-of-life emissions from real property sold during the reporting period. The KRUK Group manages debt portfolios secured by real property, which is foreclosed on and becomes the property of Group companies through successful litigation. Subsequently, such real property – which includes mainly residential dwellings (detached houses and apartments) and commercial property – is sold. Given its varying ages, standards of construction and heating systems, appropriate energy demand factors were used in the calculation. Based on information on the year of construction, heating system and floor area, emissions were calculated for a period of five years for the oldest buildings and 40 years for the youngest ones. Being unable to control emissions from such activities, the Group will disregard them in setting Scope 3 emission reduction targets.



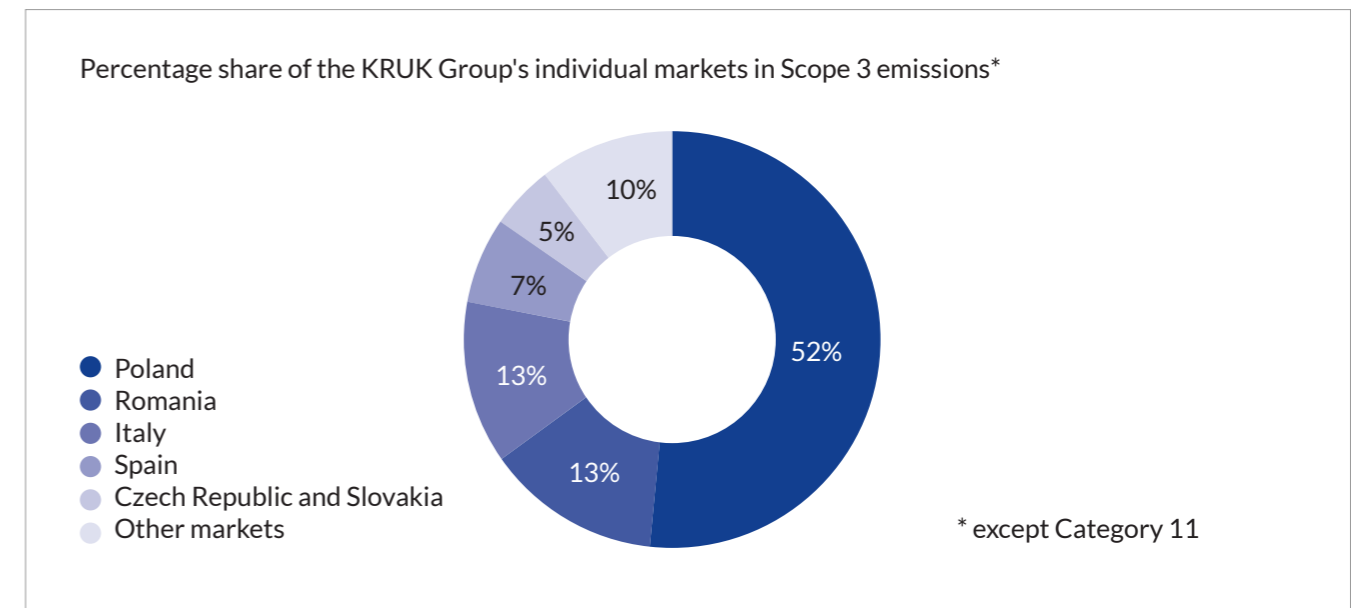
Country¹

	2023 ²	UoM
Poland	20,277	tCO ₂ e
Romania	2,125	tCO ₂ e
Italy	2,000	tCO ₂ e
Spain	1,059	tCO ₂ e
Czech Republic and Slovakia	785	tCO ₂ e
Other markets ³	1,632	tCO ₂ e

¹ The following companies were covered by the calculation of the Group's Scope 3 carbon footprint: KRUK S.A., Wonga.pl sp. z o.o., KRUK Espana S.L., KRUK Italia S.r.l, KRUK Romania SRL, KRUK Ceska a Slovenska republika S.r.o., Kancelaria Prawna RAVEN P. Krupa Spółka Komandytowa, Novum Finance sp. z o.o., Agecredit S.r.l., InvestCapital LTD, ItaCapital S.r.l., KRUK Deutschland GmbH, KRUK Investimenti S.r.l.

² Due to the change of methodology used for calculating Scope 3 emissions, data for 2023 and 2022 are not comparable.

³ Combined data for InvestCapital LTD and KRUK Deutschland GmbH.



Type of activities

	2023	UoM
Category 1	13,591	tCO ₂ e
Category 2	119	tCO ₂ e
Category 3	702	tCO ₂ e
Category 4	71	tCO ₂ e
Category 5	23	tCO ₂ e
Category 6	292	tCO ₂ e
Category 7	923	tCO ₂ e
Category 11	12,153	tCO ₂ e
Base year		
2022	3,374	tCO ₂ e

2022 is also the base year for Scope 3 emissions as the year when emissions falling under Scope 3 started to be measured.

[305-4]
GHG emissions intensity

GHG emissions intensity ratio for the organisation includes Scope 1 and 2 emissions under GHG Protocol

KRUK S.A.

	2023	2022	UoM
GHG emissions intensity ratio for the organisation	2.6	4.3	gCO ₂ e/PLN net profit

5.2 Taxonomy

In accordance with Article 8 of EU Regulation 2020/852 (Taxonomy), information is presented below on how and to what extent the KRUK Group's activities are associated with economic activities that qualify as environmentally sustainable (Taxonomy-aligned activities). Key performance indicators were prepared in accordance with the requirements outlined in Commission Delegated Regulation (EU) 2021/2178. Pursuant to Article 10 thereof, the KRUK Group, whose principal business activities are classified as activities of a non-financial undertaking, discloses key performance indicators in accordance with the scheme and scope of disclosures for non-financial undertakings as set out in Annex I and Annex II of Regulation (EU) 2021/2178.

In 2023, the Group analysed its procurement process and developed procedures to ensure high quality of data reporting with respect to capital and operating expenditures (CapEX and OpEX) on Taxonomy-eligible and aligned products and services, in accordance with EU Regulation 2020/852 and EU Delegated Regulations 2021/2178 and 2023/2486.

Procurement areas corresponding to the categories listed in the Delegated Regulations were identified,

based on which four categories with Taxonomy-eligible expenditures were pinpointed. The categories are listed below:

- 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.

Only within these categories, purchases contributing to one of the environmental objectives were identified. The alignment assessment consisted in asking suppliers whether their product or service was aligned with the Taxonomy, i.e. whether it contributed to one of the environmental objectives listed in the Regulation, while causing no significant harm to any of the other environmental objectives and complying with the minimum safeguards. Based on the responses received from suppliers, expenditure data was collected and used to calculate CapEX and OpEX KPIs.



5.2.1 Turnover KPI

Percentage of turnover from products or services associated with Taxonomy-aligned activities – disclosure does not account for 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria						Minimum safeguards	Share of Taxonomy aligned activities (A.1.) or Taxonomy eligible activities (A.2.) Turnover, year 2022	Category Enabling activities	Category Transitional activities	
	Economic activity	Code or codes	Turnover	Proportion of turnover, year 2023	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Pollution prevention and control	Transition to a circular economy	Protection and restoration of biodiversity	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Pollution prevention and control	Transition to a circular economy					Protection and restoration of biodiversity
Text		Currency	%	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	Y/N	%	E	Y
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover from environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0		
Of which enabling activities	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	N/A	
Of which transitional activities	0	0	0								N/A	N/A	N/A	N/A	N/A	N/A	N/A	0		N/A
A.2. Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned)																				
Turnover from Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned) (A.2)		0	0	0	0	0	0	0	0	0								0		
A. Turnover from Taxonomy-eligible activities (A.1+A.2)		0	0	0	0	0	0	0	0	0								0		

B. TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES

Turnover from Taxonomy-non-eligible activities	PLN 2,592,582,146	100%
TOTAL	PLN 2,592,582,146	100%

Accounting policies

The key performance indicator for turnover (Turnover KPI) was calculated based on the consolidated financial statements of the KRUK Group for 2023 prepared in accordance with International Reporting Standards (IFRS). Net revenue disclosed in those financial statements was used as the denominator of the KPI.

Assessment of compliance with Regulation (EU) 2020/852

The individual categories of the KRUK Group's revenue were analysed in terms of their eligibility for the

Taxonomy. The process included an analysis of taxonomy-eligible economic activities as defined in Regulation (EU) 2021/2139 and Regulation (EU) 2022/1214. Based on the analysis, no revenue from taxonomy-eligible economic activities was identified.

Contribution to multiple objectives, disaggregation of KPIs and contextual information

Not applicable No part of the KRUK Group's revenue for 2022 was identified as associated with environmentally sustainable economic activities (Taxonomy-aligned).

5.2.2 CapEx KPI

Percentage of capital expenditure on products or services associated with Taxonomy-aligned activities – disclosure for 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria						Minimum safeguards	Share of Taxonomy aligned activities (A.1.) or Taxonomy eligible activities (A.2.) Capital expenditure, 2022	Category Enabling activities	Category Transitional activities
	Economic activity	Code or codes	Capital expenditure	Percentage of capital expenditure, year 2023	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Pollution prevention and control	Transition to a circular economy	Protection and restoration of biodiversity	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Pollution prevention and control	Transition to a circular economy				
Text		Currency	%	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	T/N	%	E	Y
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Capital expenditure on environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.13	
Of which enabling activities	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	N/A
Of which transitional activities	0	0	0								N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	N/A
A.2. Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	PLN 1,625,248	2.43%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									0.99	
Capital expenditure on Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2) (A.2)		PLN 1,625,248	2.43%	2.43%	0	0	0	0	0									0.99	
A. Capital expenditure on Taxonomy-eligible activities (A.1+A.2)		PLN 1,625,248	2.43%	2.43%	0	0	0	0	0									1.12	
B. TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES																			
Capital expenditure on Taxonomy-non-eligible activities		PLN 65,326,208.17																	97.57%
TOTAL		PLN 66,951,456.00																	100%

Accounting policies

The CapEx KPI was calculated on the basis of capital expenditure recognised in the consolidated financial statements in accordance with the applicable International Financial Reporting Standards (IFRS). Costs accounted based on the following regulations were allocated to the CapEx KPI denominator:

- a. IAS 16 Property, Plant and Equipment, paragraph 73, (e), point (i) and point (iii);
- b. IAS 38 Intangible Assets, paragraph 118, (e), point (i);
- c. IAS 40 Investment Property, paragraph 76, points (a) and (b) (for the fair value model);
- d. IAS 40 Investment Property, paragraph 79(d), points (i) and (ii) (for the cost model);
- e. IAS 41 Agriculture, paragraph 50, points (b) and (e);
- f. IFRS 16 Leases, paragraph 53, point (h).

The KRUK Group did not earn any revenue from Taxonomy-aligned economic activities, therefore none of the costs included in the denominator were included in the numerator on account of association with Taxonomy-aligned economic activities. The KRUK Group does not have in place any CapEx plan^v referred to in Section 1.1.2.2. of Annex I to Regulation (EU) 2021/2178. Following analyses, costs related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions were identified. The activities from which the output was purchased were assessed based on the technical screening criteria set out in Regulations (EU) No 2021/2139 and

2023/2486. The results of the assessment were the basis for allocating certain costs to the numerator of the CapEx KPI.

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.

The basis for the assessment was a survey of the suppliers of products and services, who were requested to answer the following question:

- Is your economic activity to which this question refers aligned with the Taxonomy? (YES/NO/I DON'T KNOW). The 'I DON'T KNOW' response was regarded as non-alignment.

As no affirmative responses were received, none of the eligible capital expenditure was assessed as Taxonomy-aligned.

Contribution to multiple objectives

The activities do not contribute to multiple objectives.

Disaggregation of KPIs and contextual information

KPIs were not disaggregated. Capital expenditure within a single economic activity was included in the KPI's numerator. The KRUK Group does not have in place any CapEx plan referred to in Section 1.1.2.2. of Annex I to Regulation (EU) 2021/2178.

^v The CapEx plan referred to in the first paragraph of this point 1.1.2.2 must meet the following conditions:

- a. the plan aims either to expand the undertaking's Taxonomy-aligned economic activities or to upgrade Taxonomy-eligible economic activities to render them Taxonomy-aligned within a period of five years;
- b. the plan must be disclosed at economic activity aggregated level and be approved by the management body of non-financial undertakings either directly or by delegation.



5.2.3 OpEx KPI

Percentage of operating expenditure on products or services associated with Taxonomy-aligned activities – disclosure for 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria						Share of Taxonomy aligned activities (A.1.) or Taxonomy eligible activities (A.2.) Operating expenditure, 2022	Category	Enabling activities	Transitional activities
	Code or codes	Operating expenditure	Percentage of operating expenditure, year 2023	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Pollution prevention and control	Transition to a circular economy	Protection and restoration of biodiversity	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Pollution prevention and control	Transition to a circular economy	Protection and restoration of biodiversity				
Text		Currency	%	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	Y
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Operating expenditure on environmentally sustainable activities (Taxonomy-aligned (A.1))	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	
Of which enabling activities	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	N/A
Of which transitional activities	0	0	0								N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	N/A
A.2 Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	PLN 1,093,007.26	2.45%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									0	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	PLN 6,172.88	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									0.56	
Operating expenditure on Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned) (A.2)		PLN 1,099,180.14	2.46%	2.46%	0	0	0	0	0									0.56	
A. Operating expenditure on Taxonomy-eligible activities (A.1+A.2)		PLN 1,099,180.14	2.46%	2.46%	0	0	0	0	0									0.56	

B. TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES

Operating expenditure on Taxonomy-non-eligible activities	PLN 43,548,039	97.52%
TOTAL	PLN 44,647,219	100%

Accounting policies

The OpEx KPI was calculated on the basis of operating expenditure recognised in the financial statements in accordance with the applicable International Financial Reporting Standards (IFRS). The following direct, non-capitalised expenditure was allocated to the denominator of OpEx KPI:

- building renovation measures,
- maintenance and repair,
- any other direct expenditure relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.



ALIGNMENT WITH GRI STANDARDS 2021

No research and development costs or short-term rental expenses were identified within the KRUK Group's expenditure. The KRUK Group did not earn any revenue from Taxonomy-aligned economic activities, therefore none of the costs included in the denominator were included in the numerator on account of association with Taxonomy-aligned economic activities. The KRUK Group does not have in place any CapEx plan referred to in Section 1.1.2.2. of Annex I to Regulation (EU) 2021/2178. Following analyses, costs related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions were identified. The activities from which the output was purchased were assessed based on the technical screening criteria set out in Regulations (EU) No 2021/2139 and 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.

The basis for the assessment was a survey of the suppliers of products and services, who were requested to answer the following question:

- Is your economic activity to which this question refers aligned with the Taxonomy? (YES/NO/I DON'T KNOW). The 'I DON'T KNOW' response was regarded as non-alignment. As no affirmative responses were received, none of the eligible operating expenditure was assessed as Taxonomy-aligned.

Contribution to multiple objectives

Not applicable No expenditure associated with environmentally sustainable (Taxonomy-aligned) economic activities was identified within OpEx KPI.

Disaggregation of KPIs and contextual information

KPIs were not disaggregated. No operating expenditure associated with Taxonomy-aligned economic activities was included in the KPI numerator. The KRUK Group does not have in place any CapEx plan referred to in Section 1.1.2.2. of Annex I to Regulation (EU) 2021/2178.

5.2.4 Nuclear and gas activities

Nuclear 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

In 2023, the KRUK Group did not carry out any nuclear or fossil gas related activities, nor did it invest in such assets or incur any associated operating expenditure.

[2-1][2-2][2-3][2-4]

This Sustainability Report of the KRUK Group covers the period from 1 January 2023 to 31 December 2023 (unless stated otherwise). This statement was prepared in accordance with the GRI Standards 2021.

Non-financial statements and Sustainability Reports are prepared by the KRUK Group on an annual basis and relate to the parent KRUK S.A., of Wrocław, Wonga.pl Sp. z o.o. of Warsaw, KRUK România s.r.l of Bucharest, KRUK Italia S.r.l of Milan, KRUK Espana S.L. of Madrid, and KRUK Česká a Slovenská Republika s.r.o. of Hradec Králové as well as other entities of the Group, if specified therein.

The non-financial statement, which forms part of the Directors' Report on the operations of the KRUK Group and KRUK S.A., is prepared in accordance with the Polish Accounting Act. It is issued by 31 March. As for the KRUK Group's Sustainability Report, it is released within six months of the closing of a financial year. Sustainability-related information is also published in quarterly and half-year reports.

For a list of material reporting topics identified based on the GRI Standards guidance and information on the reporting process, see Section 10.2.4 *Process for defining materiality*.

In the reporting period, there were no significant changes to the organisation's structure, ownership or value chain. The statement includes corrected data on heat consumption and greenhouse gas emissions, as described in the 'Environmental responsibility' section, as well as changes to the GRI 405-1 disclosure in the 'Responsibility for employees' section related to the division of employees into different categories compared with 2022.

In the event of any queries, doubts or suggestions related to our Sustainability Report, as well as any kind of ESG information, please contact:

ESG Strategy Area
 KRUK S.A.
 ul. Wołowska 8
 51-116 Wrocław, Poland
 e-mail: esg@kruksa.pl
 Unless otherwise stated, the contact person is competent for all ESG matters.

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 Management Board and Chief Financial Officer. Our Sustainability Report is not independently assured. However, the Directors' Report on the operations of the KRUK Group and KRUK S.A. containing the non-financial statement is assured by an independent auditor.

6.1 GRI content index

Statement of use	The KRUK Group has reported in accordance with the GRI Standards for the period 1 January–31 December 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	Not applicable

GRI standard/ other source	Disclosure	Localisation and page number	Reasons			GRI sector standard ref. no.
			Requirements (omitted)	Omissions	Explanation	
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	8, 86				
	2-2 Entities included in the organisation's sustainability reporting	8, 86				
	2-3 Reporting period, frequency and contact point	86				
	2-4 Restatements of information	68, 86				
	2-5 External assurance	86				
	2-6 Activities, value chain and other business relationships	8, 64				
	2-7 Employees	44				
	2-8 Workers who are not employees	46				
	2-9 Governance structure and composition	12				
	2-10 Nomination and selection of the highest governance body	12				
	2-11 Chair of the highest governance body	12				
	2-12 Role of the highest governance body in overseeing the management of impacts	14				
	2-13 Delegation of responsibility for managing impacts	14				

2-14 Role of the highest governance body in sustainability reporting	86				
2-15 Conflicts of interest	32				
2-16 Communication of critical concerns	15				
2-17 Collective knowledge of the highest governance body	16				
2-18 Evaluation of the performance of the highest governance body	42				
2-19 Remuneration policies	41				
2-20 Process to determine remuneration	41				
2-21 Annual total compensation ratio	42				
2-22 Statement on sustainable development strategy	3, 15				
2-23 Policy commitments	15, 30, 33				
2-24 Embedding policy commitments	15-17, 38, 64, 66				
2-25 Processes to remediate negative impacts	22, 30, 35				
2-26 Mechanisms for seeking advice and raising concerns	33				
2-27 Compliance with laws and regulations	35				
2-28 Membership of associations	10				
2-29 Approach to stakeholder engagement	17				
2-30 Collective bargaining agreements	46				

MATERIAL TOPICS	
GRI 3: Material Topics 2021	3-1 Process to determine material topics 3-2 List of material topics
SUSTAINABLE CONSUMPTION AND PUBLIC AWARENESS OF ENVIRONMENTAL ISSUES	
GRI 3: Material Topics 2021	3-3 Management of material topics Company indicator: surveying of environmental awareness
CARBON FOOTPRINT, INCLUDING ENERGY CONSUMPTION	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 302: Energy 2016	302-1 Energy consumption within the organisation 302-3 Energy intensity
	305-1 Energy direct (Scope 1) GHG emissions
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect GHG emissions (Scope 3) 305-4 GHG emissions intensity
EMPLOYEE MATTERS	
GRI 3: Material Topics 2021	3-3 Management of material topics
GRI 401: Employment 2016	401-1 Total number and rate of new employee hires and employee turnover during the reporting period 401-2 Benefits provided to full-time employees 401-3 Parental leave
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system 403-3 Entity responsible for the management of occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts 403-8 Workers covered by an occupational health and safety management system 403-10 Work-related ill health
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee 404-2 Programs for upgrading employee skills 404-3 Percentage of employees receiving regular performance reviews

GRI 405: Diversity and equal opportunity 2016	405-1 Composition of governance bodies and breakdown of employees by employee category according to gender, age group, minority group membership, and other indicators of diversity 405-2 Ratio of basic salary and remuneration of women to men by employee category
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GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken
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SOCIAL RESPONSIBILITIES

GRI 3: Material Topics 2021	3-3 Management of material topics
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GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers
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G3-3RI 417: Marketing and labelling 2016	417-2 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling 417-3 Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications
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GRI 415: Public policy 2016	415-1 Total monetary value of financial and in-kind political contributions
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COMPLIANCE

GRI 3: Material Topics 2021	3-3 Management of material topics
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GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption 205-3 Confirmed incidents of corruption and actions taken
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GRI 207: Tax 2016	207-1 Approach to tax 207-2 Tax governance, control and risk management
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CYBERSECURITY AND GDPR

GRI 3: Material Topics 2021	3-3 Management of material topics
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GRI 418: Customer privacy	418-1 Total number of substantiated complaints concerning breaches of client privacy and losses of client data
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