

ESG REPORT

2022



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[Letter from the President of the Management Board]

Dear Sir/Madam,

I am pleased to present, for the fifth time in a row, a report on non-financial data (ESG report) of the BEST Group and BEST S.A. For us, this is not so much about fulfilling a statutory obligation, but rather having an opportunity to talk about our business in a broader way, from a perspective that is much closer to many of our stakeholders than the one standardised in financial reporting. This perspective of looking at our business is at the same time crucial to understanding BEST's competitive advantage.

2022 was a challenging year for the BEST Group. In January, we were concerned about the impact of the COVID-19 pandemic. The economy started to slow down. Companies were reducing their growth projections, consumers were losing optimism and inflation was kicking in. February came with another shock: Russia's aggression against Ukraine. Our belief in order and security in Europe was shattered. The social and economic consequences of this war will take its toll for years to come. In such unstable and turbulent times, precise planning is unfortunately more difficult and any decision is riskier. As a result, some entrepreneurs and consumers may get into financial trouble, having difficulties paying their obligations on time. Companies such as BEST will thus play a crucial role in economy. On a macro level, we help creditors to maintain economic equilibrium, reducing the risk of payment bottlenecks and

a domino effect of unpaid obligations. On a micro level, by restructuring liabilities, we support those in debt in regaining their financial stability, often protecting them from falling into a debt spiral. We help them find the best solution to repay their debt.

Despite the numerous challenges, 2022 was a successful year for the BEST Capital Group, both in terms of the balance of operating activities and in terms of financial performance. Repayments from the debt portfolios managed by the BEST Capital Group increased to PLN 420 million in 2022, up from PLN 399 million in 2021. This is the highest result in the history of our company. Although we have been operating in an increasingly cost-intensive economic environment, our financial position is good. We are responsible for more than 700 people. We want our employees to feel secure, both in terms of the financial health of the company and decent employment conditions, so we make every effort to inspire this feeling in them. We want them to feel safe when making important life decisions, such as establishing a family. The latter is particularly important to us in view of the fact that around 75% of our Employees and managers are women. Motherhood should give them joy, free of any fear about continued employment. Our Employees appreciate this policy, as evidenced by the results of the latest satisfaction survey.

Last year we celebrated the 25th anniversary of BEST being listed on the Warsaw Stock Exchange and at the same time 28 years of BEST's operating on the market. My Deputy, Marek Kucner, and I had also our 20th anniversary of serving on the Company's Management Board. This is something to take note of. During this time the market has changed, the industry has changed and Poland has changed. I am extremely proud of our achievements. BEST has been developing dynamically throughout all these years, maintaining its position as one of the leaders on the Polish claims management market. We are the only company among the leaders that has been growing organically, without external capital. We have excellent financial results, we make good transactions, we have effective operations and we invest a lot in technology and customer-friendly solutions. We have created an Organisation based on values and relations. For many of our staff, we are the first-choice employer, a reliable counterparty and business partner, a good advisor for our Customers, an active issuer of bonds and a respected market participant. And we want it to stay that way.

Yours faithfully,
Krzysztof Borusowski
President of the Management Board of BEST S.A.

BEST Group in a nutshell

We are one of the leading debt collection companies on the Polish financial services market. We effectively restructure our Customers' personal and corporate debt, investing actively in non-performing claims portfolios.

BEST S.A., the parent company of the BEST Group, was established in 1994 as a loan brokerage company. Since 1997, we have been listed on the Warsaw Stock Exchange. In 2002, having already gained experience and knowledge of the lending market, the Company switched its business focus to debt collection activities and debt portfolio management. In 2005, BEST established one of the first securitisation fund in the market, that is BEST I NSFIZ, and in 2007 a daughter company to manage the investment funds, i.e. BEST TFI S.A. In 2010, **the company obtained a licence of the Polish Financial Supervision Authority (KNF) to manage securitised assets of securitisation funds as the first player to do so in the Polish market.** In 2017, the BEST Capital Group expanded its operations beyond Poland and entered the Italian market, where it actively acquires claims portfolios and participates in their restructuring. BEST S.A., as a member and co-founder of the Association of Financial Companies in Poland, and a co-founder and moderator of the *ZPF Good Practice* actively contributes to

the development and shaping of the claims market in Poland. We employ nearly 700 people, building a dynamic organisation based on many years of market experience, innovative solutions and a friendly corporate culture.

In addition to BEST S.A., our Capital Group comprises, inter alia, BEST Towarzystwo Funduszy Inwestycyjnych S.A., Kancelaria Radcy Prawnego Rybszleger Sp. K., five investment funds and our Milan-based companies, BEST Capital Italy and BEST Italia, which are developing on the Italian market.



25th anniversary of BEST S.A. on the Warsaw Stock Exchange

In 2022, BEST S.A. celebrated its 25th year on the stock exchange market. The anniversary gala, which took place in the Warsaw Stock Exchange building on 30 May 2022, was attended by many prominent guests, including the representatives of the leading institutions on the Polish financial market, local government authorities, business partners of the Group and experts in the field of economics, law, economy, etc.

“28 years of BEST on the market, 25 years on the Warsaw Stock Exchange, 20 years in the Company’s Management Board. Three important dates. When we transformed BEST in a claims management company in 2002 with Marek Kucner, the debt collection industry in Poland was barely taking off. I am proud to admit that we had our share in its development. We were the pioneers. We are the co-founders of the Association of Financial Companies in Poland and its debt collection “table”. We are the co-creators of the Debt Collection Good Practices. We followed the American market cue, which inspired the idea of the self-regulating market. We are the proponent of customer-oriented attitudes and solutions. In 2002, we were first to offer debt restructuring products, understanding the difficult situation of our Customers and wanting to always offer them the best solutions”, reminded during the gala Krzysztof Borusowski,

An important element of the jubilee gala was the **debate on the impact of the armed conflict in Ukraine on the economic situation in Poland and the region, which was preceded by a speech by Professor Marek Belka**. Its participants, which were, apart from Professor Marek Belka and Krzysztof Borusowski, Szymon Ożóg – CEO of PTE Nationale Nederlanden, Piotr Konieczny – CFO of Ukrsibbank and Artur Tomala – head of Goldman Sachs Poland, discussed the challenges and opportunities for Poland related to the changes in the region, pointing to the necessity to embed Poland deeper in the European Union to permanently make the EU focus on the importance of the Eastern flank of the Union for the future of the Old Continent and its further development.

About BEST Group

[Solid foundation]

[2-6]

Mission, vision and values of BEST

MISSION STATEMENT

We promote financially responsible behaviours and business reliability. We help our Customers deal with debt, restore their financial stability and promote ethical standards on the financial services market, and our relations with stakeholders are based on honesty and respect.

VISION

We are focused on growth and investing in new technologies to be a technology leader on the debt market in Europe, and by promoting our values, we build long-term trust and a positive reputation of the debt collection industry.

OUR VALUES

Our resource is know-how and professionalism. Our operations are based on legal and ethical standards. Our goal is to build trust and be efficient.



KNOW-HOW

We have the knowledge and experience of world-class specialists. We make sure to optimally use the potential of our Employees, cascade knowledge within the organisation, promote growth and encourage people to take on challenges.



ETHICS

Compliance with the law is the foundation of our business. We are actively engaged in shaping and promoting ethics within our organisation and on the debt market. We are an initiator and moderator of the *Good Claims Management Practice*, and a co-author of the *Good Claims Selling Practice*. We respect the values presented in the *Code of Best Practice for the Financial Market* as well as the corporate governance rules included in the *Best Practice for GPW Listed Companies*.

EFFICIENCY



We keep our obligations, set ambitious goals and achieve them on time. We guarantee that profit is generated in a responsible way, using our intellectual capital, process optimisation, state-of-the-art technologies, our Employees' skills and monitoring the impact on our stakeholders.

[2-26]

Values are not a statement standing beside business – they are at the very heart of it. They therefore naturally accompany our view of the market, our environment and ourselves. Not only are the value-driven standards of behaviour important, but they also condition the social consent of businesses like BEST. Moreover, in the case of BEST, the values-driven operating model makes them a source of competitive advantage. This thinking underpinned the self-regulation we initiated (e.g. ZPF Good Practice). Now fortunately a thing of the past, the lack of uniform ethical standards in debt collection will yet continue to affect this business for a long time to come, shaping stereotypical thinking about companies involved in debt management. This is why fostering, strengthening and expanding standards is as important as developing them. Neglecting these standards today, would result in the gradual destruction of the industry's hard-won value and the increasing re-emergence of socially unacceptable entrepreneurs and behaviour. This, in turn, would have a negative impact on both Customers and businesses that operate in a fair and honest way. The prerequisite for the proper functioning of the economy is precisely to act with integrity and keep agreements. With this in mind, debt collection companies that fight against lack of integrity and adhere to the highest ethical standards play a fundamental role in the economy, acting as a sanative mechanism and making the market efficient.

[2-26] It is no coincidence, therefore, that BEST S.A. was one of the founders and remains an active member of the **Association of Financial Companies** in Poland to this day. We are also a co-creator and moderator of the **Good Practice**, and, as the Capital Group, of the **Good Claims Selling Practice**. We believe that the existence of such self-regulation and cooperation in solving common problems in the industry serves all market participants and, above all, the economy.

By working as part of the Association of Financial Companies, we can participate in the process of shaping the debt market in a transparent and honest way, commenting and giving opinions on its development directions, as well as promoting fair market practice.

ZPF

Związek
Przedsiębiorstw
Finansowych
w Polsce

Association of Financial Companies in Poland

The Association of Financial Companies in Poland (formerly: Conference of Financial Companies in Poland) was established on 27 October 1999 and brings together several dozen key business from the Polish financial market, such as banks, claim managers, financial advisors and agents, loan companies, economic information providers, sellers of reverse mortgage products as part of a sales model, and companies from the insurance industry. The ZPF is a member of the Financial Market Development Council, which was appointed by the Minister of Finance of the Republic of Poland, and a member of the renowned European Federation of Finance House Associations (EUROFINAS), which brings together seventeen national organisations representing more than 1,200 financial institutions. The research achievements of the ZPF include several dozen reports focusing on the area of lending.

BEST S.A. is a co-founder and member of the Association of Financial Companies in Poland.

Know-how, ethics and efficiency form the core on which the BEST Group has been built. Our core values constitute a stable foundation, primary to our development strategy, management policies, procedures and processes. Our business model may evolve in response to market changes. We may enter new markets, people may change, but values should remain the same.

Know-how

The know-how and experience of the experts working for the BEST Group contribute to our organisation, its expertise and competitive advantages. Based on these values, we can continue to develop, evolve and design new solutions ahead of market expectations. We support the exchange of knowledge within and outside our structures, staying open to innovation, but we do not follow the trends blindly. Our maturity, experience and analytical approach allow us to react in an accurate way, plan strategically and make reasonable, fact-based decisions. Our knowledge gives us stability.

Ethics

[3-3(203), 203-2] We would not be able to build the trust of Customers and thus make them keep their agreements if we ourselves did not act on our declarations – if we did not treat others as we would like to be treated ourselves. Our thinking about business is constantly accompanied by a sense of mission: a mission to restore commercial integrity that makes one keep agreements and pay debts and a mission to help those who have become financially unbalanced and unable to pay their debt. This mission is also to restore respect in relations with all stakeholders and to oppose the dehumanisation of business processes. This is much more than just making money, but an approach that also pays off in the long term in financial terms. We are convinced that proper economic relations are only possible when agreements are adhered to. Failure to keep agreements causes payment bottlenecks and reduces the liquidity of creditors and, in the long term, weakens trust in economic transactions. This trust is anyway in short supply on the Polish market and its deficit is slowly becoming one of the main factors limiting sustainable economic development. Reduced trust is also a factor that leads to increased transaction costs, and thus costs as such. These costs are ultimately borne by the economy as a whole, that is, in simple terms, all citizens. The BEST Group seeks to build and strengthen this trust through discipline and arbitrage between market participants, thus contributing to the healing of market relations.

By eliminating payment bottlenecks, we support the liquidity of creditors while respecting the rights of our Customers. We ensure their cooperation on fair and transparent terms throughout the entire debt collection process. We meet the needs of our Customers, managing their debt in such a way that it can be repaid and often protecting them from a debt spiral. Based on many years of experience, we know that economic relations can be healed only through the consistent pursuit of debt repayment and its inevitability.

Efficiency

The success of the BEST Group would not have been possible but for its commitment to looking for new improved solutions in processes and technology. It is a focus on improvement, streamlining, innovation, but also attention to detail, reliability and professionalism – in other words, a focus on efficiency. It is intrinsically linked with know-how, which helps to find the best solutions for our Customers, and with ethics, which is the basis for building trust. We are a company whose operations and business model are based on relationships and dialogue, and the latter would not be possible without our commitment to understanding problems and treating everyone with respect.

Our business model is firmly based on these three values: know-how, ethics and efficiency. We are convinced that without them its operation would be purely theoretical. In practice, without these fundamental values, it would begin to erode rapidly, leading to a loss of trust from our partners, aversion from Customers and a loss of value for shareholders and investors.

Business model and structure

Operating model

[2-1, 2-6]

The BEST Group is headed by BEST S.A. (the parent company), one of the largest debt collection companies in Poland. The assignment of tasks to individual entities comprising the BEST Group results from legal regulations, but is also a product of seeking an optimal structure from the perspective of management efficiency. Such an arrangement contributes to an improved organisational structure and a better management of the operational risk, and also makes it possible to implement an excellent cost control scheme.

Investment funds

BEST Towarzystwo Funduszy Inwestycyjnych S.A. has key importance for the functioning of the Capital Group. The company creates and manages investment funds as well as handling the complete process of assigning claims on behalf of and for the securitisation funds it manages. Starting from the search for investment opportunities, through the valuation of the debt portfolio and ending with the closing and settlement of the transaction. The claims are held by the investment funds managed by BEST TFI S.A. (i.e. BEST I NSFIZ, BEST II NSFIZ, BEST III NSFIZ, BEST IV NSFIZ). The individual funds invest money obtained from investors from the issue of investment certificates and bonds in portfolios of claims, including non-performing debt. BEST TFI S.A. also manages BEST Capital Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (FIZAN), which is a transaction vehicle created exclusively for BEST Group entities.

Law firm

Another important member of the BEST Group is Kancelaria Radcy Prawnego Rybszleger Sp. k., one of the leading law firms in Tricity, providing legal services for Polish and foreign businesses. It provides comprehensive legal services to the BEST Capital Group. The law firm was established in Gdynia in 2011, and it currently employs more than twenty attorneys, legal counsels and trainees, providing its Customers with the highest standard of legal services in all areas of law related to economic activity. It specialises in capital markets transactions, mass debt collection, debt securitisation and real estate.

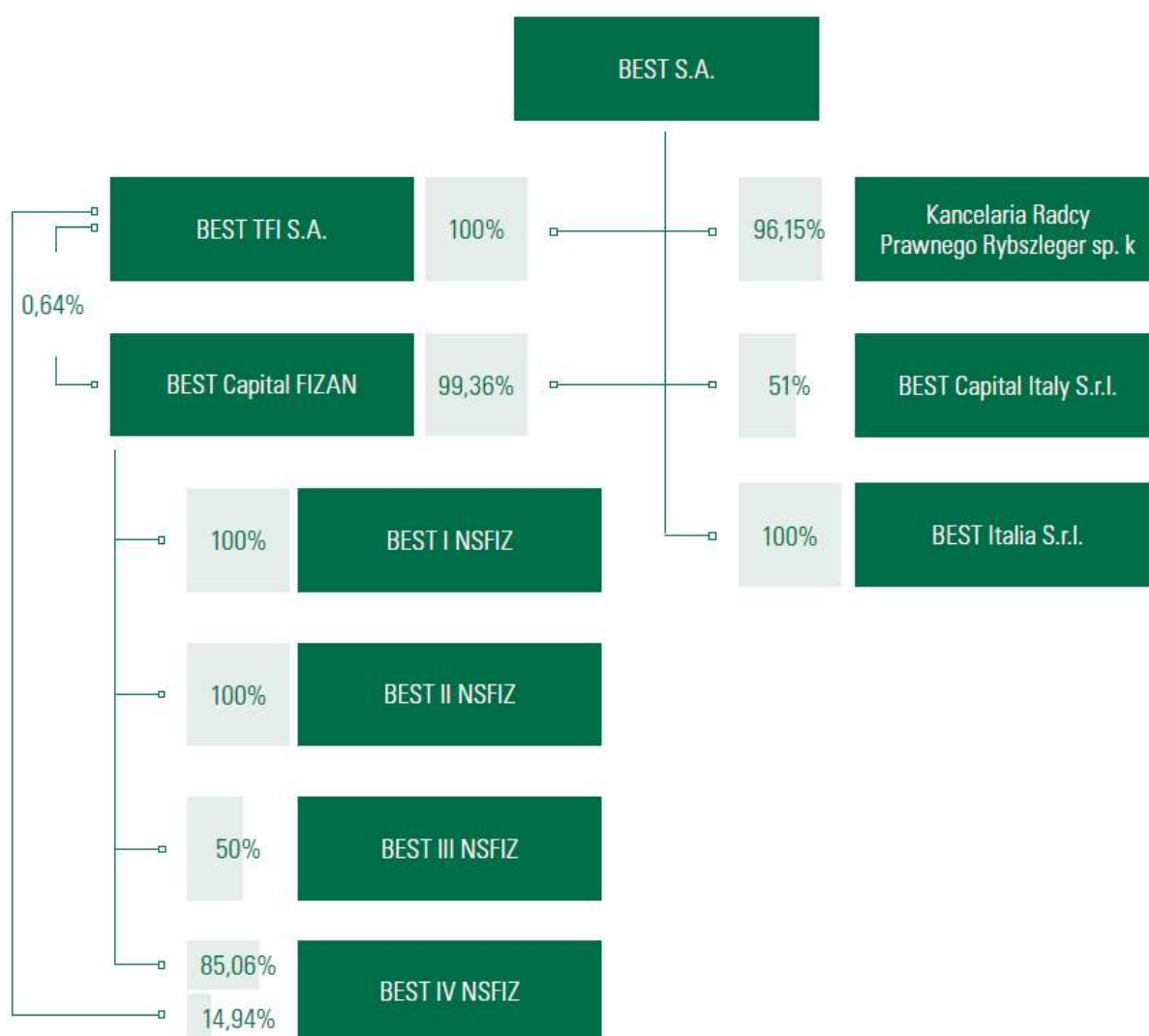
Foreign operations

For several years now, the BEST Group has been operating not only in Poland, but also in Italy. The Italian market includes BEST Italia (which handles claims portfolios) and BEST Capital Italy, whose activities include investing in debt or debt-related assets. The structure of BEST Capital Italy assumes that all surplus money generated by the companies will be paid to investors that are 100% owned by the BEST Capital Group.

Other entities

In September 2015, BEST S.A. acquired almost 33% of the shares in Kredyt Inkaso. Kredyt Inkaso is a company with a business profile similar to that of BEST S.A., i.e. operating in the debt collection and debt management industry, with a significant share in the Polish market, also conducting operations on foreign markets.

Structure of the BEST Capital Group as of 31 December 2022



[2-6]

BEST Group in figures:

	2020	2021	2022
Investments in portfolios (PLN million)	10.1	156.7	131.6
Value of debt portfolios within the Group (PLN million)	938.4	1,017.1	1,183.2
Repayments due to the Group (PLN million)	328.2	351.0	372.8
Operating revenues (PLN million)	295.1	339.1	453.6
Equity (PLN million)	505.1	549.1	688.7
Total assets (PLN million)	1,134.9	1,173.6	1,349.3
Capitalisation (PLN million)	437.3	575.4	440.9
Debt ratio	0.87%	0.72	0.60

Creating added value

[2-6]

Our operations are characterised by a particular value creation chain, differing from the classic chain typical of a manufacturing company. Instead of suppliers and consumers, it includes companies with difficult-to-collect debt, public institutions and people who cannot cope with their debt. Crucially, in addition to generating profit for shareholders and investors, we play a very important healing role in the economy.

Debt restructuring for individuals



Stage 1: A Customer with financial difficulties

The Customer is the first link in the value chain. They take out a loan or borrowing with a financial institution and default on it, initiating the sequence of events in which, among others, the BEST Group is involved. When a commercial institution (e.g. the above-mentioned financial institution), decides that it is unable to recover its money, it may assign its debt portfolio to an investment fund (in the process of debt collection handled by the servicer, i.e. BEST S.A.). In this sense, the commercial institution assigning its debt portfolio can be regarded as a kind of “supplier” of the BEST Group.

Stage 2: Debt portfolio transfer

Although assignments concern claims portfolios, the BEST Group does not want to treat them simply as dehumanised data records. Behind every data record is an actual person and their



individual circumstances, problems and needs. As well as understanding them and building a partnership relationship, we want to make sure that the debt that arose does not result from dishonest, unethical behaviour by third parties.

Responsible assignment of debt portfolios

For us, quality of these portfolios is of key importance. This includes aspects such as the institution from which the portfolios are being transferred. We only accept assignment of debt from credible institutions. To put it in simple terms, it is similar to working with a reliable supplier. We would never want to collect debts which were incurred as a result of actions of unfair and unreliable businesses with a questionable reputation (e.g. unethical lending practice, such as usury), or misleading Customers. In our debt portfolios, the risk that the associated financial obligations were incurred as a result of legally questionable practices or in violation of good morals is minimal.



Stage 3: Debt collection

When contacting a Customer whose debts we hold in our portfolio, we aim to build a partnership with them and work out constructive solutions that not only facilitate, but often make repayment possible at all. The terms proposed must be achievable, i.e. the Customer will be able to keep them and, as a result, after some time, meet all the terms of the concluded settlement.



Stage 4: Financially credible Customer

The value chain ends with the Customer who incurred a liability and defaulted on it. If they are open to cooperation, debt restructuring can help them to get rid of overdue debts and regain their credibility. The Customer can avoid losing liquidity and falling into a debt spiral or get out of such a spiral step by step, which undoubtedly is a social benefit. Another benefit is improved liquidity of the financial institution which had claims it considered to be unrecoverable.

Debtor orientation

The key point is that there is the Customer both at the beginning and at the end of our value chain. In a sense, it is the Customer that we provide our service to and whose needs we meet. It is the Customer who has a liability that they are struggling to repay; what they need is a solution to repay liabilities that are, from their point of view, impossible to repay.

Cooperating Customer: settlement and support

Our task is to understand the situation of our Customer, establish a dialogue and build a relationship that, using our professional knowledge, allows us to select tools in such a way as to make debt repayments viable and manageable. By looking at our value chain in this way, we are positioning ourselves precisely as an advisor and partner to the person in debt. This is how we want Customers to see us and understand that we are their ally, not their adversary. Obviously, the other participants in

Uncooperative Customer: enforcement

If a constructive dialogue with the Customer is impossible (e.g. they avoid discussions and settlement or grossly fail to fulfil the agreement), the case will be referred to court enforcement.

There is also a marginal group of Customers for whom taking on and failing to repay debts has become a way of life. These debtors are often registered in the databases of debt portfolios held by the BEST Group, and they owe money to a variety of entities. They represent a major problem for the

this process also benefit: the persons to whom the debt was owed, our shareholders and investors, especially bondholders, and the economy itself, which benefits from the elimination of payment bottlenecks.

market and its functioning. In theory, anyone who fails to repay the money they owe is reported by the creditor to an economic information bureau, which should make it difficult for such an individual to incur even more debt. However, the market practice shows that this is not always the case, and original creditors may take the risk of a more liberal lending approach towards people with a poor creditworthiness.

Complementary functions of the business model

In addition, there are also support processes which involve suppliers of products and services that are typical for various areas of the financial sector, or necessary for proper functioning of support processes. These are suppliers of office materials, utilities, IT solutions and telecommunication services, entities renting out office space as well as advertising agencies, providers of HR management support services and other experts in various other fields.

However, the business model of the BEST Group is more than just formal processes and procedures which combine existing legal entities into a well-tuned and efficient mechanism. It is above all the intangible elements that make up our business management philosophy, which makes us operate based on dialogue and relationships. On the one hand, this philosophy makes it possible to effectively restore the principles of economic order where they are not respected; on the other hand, it requires that we always act not only in accordance with the law, but above all with respect for human dignity – a dignity that is inalienable and independent of one's legal situation.

Transparent relations with the environment


[2-29] The specific nature of the BEST Group's activities means that in its environment, in addition to those typical of most businesses, there are a number of public institutions whose correct and transparent operation is of fundamental importance for society and public trust in the institutions of the state as such. Built on transparency, this social trust should be the basis for the functioning of public institutions. Therefore, as the BEST Group, we make sure that our contacts with them are characterised by transparency and reliability.





In our dealings with Customers, we endeavour, while maintaining the formalities required by law, to provide flexibility in both the form, time and nature of contact, using language that is fully comprehensible to those concerned. Our aim is not to put pressure on our Customers, but rather to create an atmosphere conducive to finding constructive solutions and working in partnership.

When it comes to our relations with Employees, we use the whole spectrum of possible tools, and the nature of these relations and communication is often characterised by informality and flexibility. As a result, we are better able to listen to the expectations and concerns of Employees and provide solutions that make them feel at ease in the company and want to work for it for longer.



Stakeholders having less interest in and a smaller impact on the BEST Group's operations include local government administration (Gdynia and Elbląg city authorities), members of the local community, NGOs (e.g. charities), educational institutions, universities, academics and the natural environment represented by environmental organisations.

Key stakeholder group	Frequency, nature and form of contact
Employees (job applicants, Employees, Associates, PR agencies and other third-party subcontractors acting on behalf of the Capital Group), 	<ul style="list-style-type: none"> • day-to-day, informal conversations • ongoing Management Board communication via the company intranet and email, including the BEST Insight website • BEST InfoMeetings and Q&A sessions: dedicated meetings between the Management Board and Employees at least 3 times a year • team-building and special meetings • satisfaction surveys, monthly pulse checks and ad hoc surveys on current issues

<p>Administration, regulatory authorities, industry organisations (Polish Financial Supervision Authority (KNF), General Inspector of Financial Information (GIIF), Financial Ombudsman (RF), National Bank of Poland (NBP), Personal Data Protection Office (UODO), Office of Competition and Consumer Protection (UOKiK), local and poviast Consumer Ombudsmen, Association of Financial Companies in Poland (ZPF), Association of Stock Exchange Issuers (SEG), National Labour Inspectorate (PIP), legislative bodies),</p> 	<ul style="list-style-type: none"> • transparent, formalised contacts in the context of ongoing administrative proceedings (with administrative bodies) • contacts (e-mail correspondence) and direct meetings of varying frequency, focusing on joint activities and projects (with professional organisations)
<p>Society and the media</p> 	<ul style="list-style-type: none"> • publication of press releases on relevant events • direct contacts with the media, including a separate dedicated media e-mail contact • participation in conferences and public events (statements to the media) • participation in public activities of professional organisations • website, social media channels
<p>Customers and market (debtors, heirs, guarantors, co-borrowers, attorneys), claim “sellers”, Economic Information Bureaus (BIG), competitors, counterparties and subcontractors, organisations representing Customers in relations with creditors, e.g. law firms and foundations.</p> 	<ul style="list-style-type: none"> • formalised written correspondence or informal contact (e-mails, text messages), • direct conversations with BEST Group employees (telephone or face-to-face meetings) • Customer hotline (open Monday - Friday: 08:00 AM – 08:00 PM; Saturday: 09:00 AM - 05:00 PM), enabling contact by telephone, • e-mail or electronic contact form on the BEST website • BEST Online Platform
<p>Courts and court enforcement officers</p> 	<ul style="list-style-type: none"> • transparent, formalised contacts in the framework of ongoing judicial, bailiff and administrative proceedings
<p>Capital market Strategic shareholders, other shareholders, bondholders, stock market analysts, Giełda Papierów Wartościowych w Warszawie SA (GPW), auditors.</p>	<ul style="list-style-type: none"> • General Shareholders' Meeting (GSM) • regular publication of periodic reports • publication of current reports and announcements • organisation of meetings with capital market representatives



Governance and ownership structure

[2-9, 2-11, 2-17]

When talking about the structure of BEST governance, one should refer not only to its formal shape. The key to our success lies in what is intangible and much more difficult to grasp. This is the entire spectrum of experience of the individual members of our management bodies, resulting in a wide range of competencies and the ability to look at the same problems and challenges from very different perspectives.

Obviously, from a formal point of view, the shape of this structure, as in the case of other companies, corresponds to the expectations of the legislator, mainly arising from the Commercial Companies Code. According to these, the most important bodies of BEST S.A., the parent company BEST Group, in addition to the General Shareholders' Meeting, are the Supervisory Board and the Management Board. The same management and supervisory bodies operate in BEST TFI S.A.

However, the aforementioned intangible aspects are important to understand the uniqueness of BEST S.A. Although they do not fit into the framework of financial reporting, they form our management philosophy. It is about the mindset of managers, their beliefs and perception of values – they are the foundation on which the management approach and expectations regarding the company's performance are based. It is about giving the green light to, or even expecting, actions that go beyond a simplified, schematic approach. It is about a sense of mission that goes beyond the financial result and thus contributes to its stability, while also performing a range of social and economic functions. It is about the thousands of people who have resolved their debt problems with BEST's help. It is also, or maybe first of all, about choosing the right people: from selecting members of the Supervisory Board who, with their diverse and wide-ranging competencies, bring exceptional professional value to the management of the company, to ordinary Employees whose attitudes and relationships are part of the company's spirit.

Management Board

For more than 20 years now, BEST S.A. has been led by its owners, who have built the position and value of BEST S.A. since its acquisition in 2002. This alone testifies to the uniqueness of BEST S.A., as a company listed on the Warsaw Stock Exchange. In practice, this means not only a highly stable management approach and predictability, but also a lower risk for investors by eliminating the principal-agent problem. The management philosophy of BEST S.A. is based on long-term personal commitment of the Management Board, using unique business skills developed over many years, and constantly expanding knowledge and experience, allowing the BEST Group to operate today in an ethical and effective way. Obviously, other managers have worked in the company, including on its Management Board, over the past dozen years or so, but it is the two co-owners of the company involved in the day-to-day operations of BEST S.A. who form the company's unchanging foundation.

The formal operating framework of the Management Board of BEST S.A. is regulated in the *Statute*. In turn, a detailed assignment of competencies and responsibilities of Members of the Management Board, the procedure for adopting resolutions by the Management Board and its operating procedures are defined in the *Rules of the Management Board* and the *Organisational Rules* (for more information on the formal solutions, see the *Management Report of the BEST Capital Group and of BEST for 2022*).

As of 31 December 2022, the Management Board of BEST S.A. was composed of the three members:

- Krzysztof Borusowski – President of the Management Board;
- Marek Kucner – Vice-President of the Management Board;
- Maciej Bardan – Member of the Management Board (since 8 April 2022)



Krzysztof Borusowski, President of the Management Board

He has long-time experience in the broadly defined financial services sector. As Managing Director of Kouri Capital Poland Ltd. and BBH Capital Partners Sp. z o.o., he implemented M&A projects in the area of investment banking in the following institutions: Polsko-Amerykański Bank Hipoteczny S.A., BWR S.A., BWR Bank Secesyjny S.A. and Cuprum Bank S.A. In 2002, he successfully completed a project involving the development of a financial group around Dominet S.A., including the purchase of Cuprum Bank S.A. and the introduction of a financial investor from the Merrill Lynch Group. He worked as a consultant at Bain & Company in Boston (USA) and as a manager in the Polish branch of the UK investment bank Schroders. He represented the State Treasury in the Supervisory Board of BPH S.A. until its privatisation. Holder of an MBA from Harvard Business School. In 2002, together with Marek Kucner, they took over BEST S.A., and have been building the company's position and value together for more than 20 years as President and Vice-President of the Management Board.

Krzysztof Borusowski is one of the longest-serving Management Board Presidents in Poland (more than 20 years as of now). He and Marek Kucner are one of the longest-serving management duos in the Capital Group.

As the majority shareholder and President of the Management Board, Krzysztof Borusowski is committed to ensuring long-term stability of management at the Company and its growth, thanks to which BEST, from a credit intermediary, has become a leader of the debt management industry in Poland.

Since the acquisition of the Company by Krzysztof Borusowski and Marek Kucner, the value of the BEST Group's equity has been steadily increasing (reaching PLN 684 million in late December 2022), and the total nominal value of the debt portfolios under management is now approximately PLN 21 billion. BEST has been an active participant of the corporate bonds market for over a decade. The company has so far issued bonds with a total nominal value of PLN 1.129 million, of which PLN 1.043 million has already been repaid (as at the date of the report). Employment in the Company, led by Krzysztof Borusowski, has increased from 29 people after restructuring in 2002, to 657 people in late 2022.

His priorities are people, processes and technology. Over a decade ago, he introduced a culture of value-oriented management in BEST (know-how, ethics and efficiency) and a pro-customer approach focused on supporting Customers in repaying their debts, including through restructuring products, over a dozen years ago. Putting ethics at the centre of the debt collection process, he is the initiator of the regulations introduced by the ZPF (Association of Financial Companies) in the Polish debt collection industry.



Marek Kucner. Vice-President of the Management Board

He has long-time experience on the financial market. He worked in Polska Sp. z o.o., where he was responsible for bank risk management. Successfully implemented a risk management system in organisations such as ING Bank, Bank Śląski S.A., Bank Handlowy S.A., BGŻ S.A. and the former Vereinsbank Polska. In addition, as Manager at Kouri Capital Poland Ltd. and BBH Capital Partners Sp. z o.o., he worked on the sale of BWR to Deutsche Bank Polska S.A., and the acquisition of BWR Bank Secesyjny S.A. for Daimler Chrysler Financial Services (debis) Corporation. He also led a team in charge of valuations and financial analyses in the project of creating a banking group around Dominet S.A. (acquisition of Cuprum Bank S.A. and the introduction of a financial investor from the Merrill Lynch Group). He has a degree in Finance of the Silesian International Business School (SMISH) in Katowice.

He has worked with BEST since 2002, when, together with Krzysztof Borusowski, the current President of the Management Board, they took over the Company and used it as a foundation to build the BEST Capital Group. Together they successfully restructured the Company's finances and organisation, changing its business profile from credit intermediation to the purchase and collection of debt. In addition, as Vice-President supervising the Finance & Accounting, Controlling and IT Divisions, Marek Kucner is responsible for managing the Group's technology, finance and liquidity, controlling its performance as well as for the public bond issue programmes which the Company has implemented since 2014 (the total value of public bond issues carried out between 2014 and 2018 reached PLN 586 million). Since the acquisition of the Company by Krzysztof Borusowski and Marek Kucner, the value of the BEST Group's equity has been steadily increasing (reaching PLN 684 million in late December 2022), and the total nominal value of the debt portfolios under management is now approximately PLN 21 billion.



Maciej Bardan. Member of the Management Board

Manager with 30 years of experience at international financial institutions operating in Poland. Graduate of the Warsaw School of Planning and Statistics (currently the Warsaw School of Economics) in banking and finance. He graduated from Harvard Business School & Raiffeisen Bank Leadership Academy and completed Wharton Advanced Leadership Programme as well as a number of other training courses in personnel management, sales, process efficiency, marketing and corporate finance. He started his career in foreign trade, but already in 1992 he joined Citibank (Poland) S.A. He was General Director at CitiBusiness (Small and Medium-Sized Enterprise Banking Department) and Managing Director at Citileasing Sp. z o.o. From 2001 to 2007, he worked with Raiffeisen Bank Polska S.A. as Vice-President of the Management Board responsible for managing risk, accounting and information systems, compliance and more. In 2008–2013, he held a number of positions at Kredyt Bank S.A.: President of the Management Board, General Director, Chairman of the National Team of KBC Group in Poland, to name just a few. From 2014 to 2019, he again worked with Raiffeisen Bank Polska S.A. as Vice-President and was responsible for retail banking. Since 2019, he has worked with the BEST S.A. Capital Group, initially as Member of the Supervisory Board of BEST Towarzystwo Funduszy Inwestycyjnych S.A. and since 2021 as Director for Innovation and Development at BEST S.A.

Supervisory Board

The operation of the Supervisory Board is regulated in formal terms by the *Rules of the Supervisory Board* adopted on 21 February 2012, consolidated text of 24 May 2022. There were two committees within the Supervisory Board: the Audit Committee and the Remuneration Committee, which are advisory and opinion-giving bodies.

At the same time, it should be noted that the Members of the Supervisory Board have been highly qualified experts with extensive experience and valuable knowledge, which our Organisation benefits from. This is why, in addition to formal meetings of the Supervisory Board, informal discussions are also held on a regular basis. They are used by the Management Board in the decision-making process concerning the development of the BEST Group.

In late 2022, the Supervisory Board had the following composition:



Leszek Pawłowicz, PhD, professor at the University of Gdańsk

Chairman of the Supervisory Board, Member of the Remuneration Committee

Professor at the University of Gdańsk, Board Chairman in the Centre for Strategic Thought Foundation. Former supervisory board member at: Bank Gdański S.A., Bank Polska Kasa Opieki S.A., PKN Orlen S.A., Powszechne Towarzystwo Emerytalne Allianz S.A. and Giełda Papierów Wartościowych w Warszawie S.A. Author of numerous publications in the area of economy, coordinator of the European Financial Congress.

Leszek Pawłowicz does not meet the independence criteria referred to in the “Best Practice for GPW Listed Companies 2021.”



Mirosław Gronicki

Member of the Supervisory Board, Member of the Audit Committee, Member of the Remuneration Committee

Graduate of economics at the Faculty of Transport Economics of the University of Gdańsk. In 1977, he was awarded the title of doctor of economics at that university. From 1987 to 1993, he was employed at foreign research institutions, including the University of Pennsylvania in Philadelphia (USA), Charles University in Prague (Czech Republic) and ICESAD in Kitakyūshū (Japan). Worked with international organisations, such as the World Bank, United Nations and European Union; he also has consulting experience.

After returning to Poland, he worked as a macroeconomist in the Market Economy Research Institute in Gdańsk until 1998. In 1998, he became an associate at the Centre for Social and Economic Research, where he supervised research programmes into macro-economic analyses and economic projections for Poland, Ukraine, Georgia and Kyrgyzstan.

From 2000 to 2004, he was Chief Economist at Bank Millennium S.A. Government. He was also an advisor in Bulgaria, Turkmenistan and Slovakia. From 2004 to 2005, Minister of Finance in the government of Marek Belka. In

2010, he was appointed a member of the National Development Council. Since 2005, an independent consultant and advisor. He was an advisor to the investment bank Goldman Sachs and a number of foreign investment funds. Author and co-author of numerous publications, including several books.

Mirosław Gronicki meets the independence criteria referred to in the "Best Practice for GPW Listed Companies 2021."



Dariusz Filar, PhD, professor at the University of Gdańsk

Member of the Supervisory Board, Chairman of the Audit Committee

Graduate of the Faculty of Economics at the University of Gdańsk, specialisation in foreign trade. In 1976 and 1989, he was awarded the title of doctor of economics and Ph.D. respectively, and was appointed as an assistant professor. Three years later, he took the position of associate professor at the Faculty of Economics at the University of Gdańsk. Between 1992 and 1995, he lectured at the University of Michigan.

He was Chief Economist at Bank Pekao S.A. and Director of the Macroeconomic Analysis Bureau, as well as a member of the Monetary Policy Council of the National Bank of Poland. From 2010 to 2014, he sat on the Economic Council to the Prime Minister.

Dariusz Filar meets the independence criteria referred to in the "Best Practice for GPW Listed Companies 2021."



Wacław Nitka

Member of the Supervisory Board, Member of the Audit Committee

Graduate of the Manufacturing Economics Department at the University of Gdańsk. After graduating, he started working at Gdańskie Przedsiębiorstwo Instalacji Sanitarnych (1975–1979). From 1979 to 1988, he worked in Malborskie Zakłady Przemysłu Maszynowego Leśnictwa PELMAL, appointed Chief Accountant in January 1982. In 1987, became a Chartered Accountant and obtained qualifications to audit financial statements. In the following years, he was employed as Chief Accountant at MORENA Housing Cooperative (1988–1992) and Hurtownia Farmaceutyczna PHARMAG sc. (2002–2003). Between 1993 and 1995, Economic Director and Chief Accountant in CENTROSTAL SOMA Sp. z o.o.

A certified statutory auditor since 1992. From 1995, he was employed in audit firms. Between 1995 and 1996, President of the Management Board of PROVINORD–AUDIT Spółka z o.o. Statutory Auditors Office. In 1996–2018, employed in the audit firm Deloitte Polska, where he was Audit Director from 2003. During that time, he led financial statement audits conducted in compliance with the Accounting Act and IAS/IFRS for many national entities and enterprises comprising international groups.

Since 1999, he has been involved in social work in the professional association of statutory auditors. He was a member of the National Chamber of Statutory Auditors for two terms. He was also a member of the Committee for the Standardisation of Auditing Services. A member of the Ethics Committee of the National Chamber of Statutory Auditor, and Secretary of the

Regional Council of Statutory Auditors in the Regional Branch of the Polish Chamber of Statutory Auditors (PIBR) in Gdańsk.

Waclaw Nitka meets the independence criteria referred to in the “Best Practice for GPW Listed Companies 2021.”



Hubert Janiszewski

Vice-Chairman of the Supervisory Board, Chairman of the Remuneration Committee

Economist and publicist. Graduate of SGH Warsaw School of Economics, the University of Economics in Prague (Vysoká škola Ekonomická), and a doctoral programme at Warsaw University of Technology.

In the past, he successfully carried out numerous investment and privatisation projects in Poland and abroad, sitting on the management boards of, inter alia, Deutsche Bank Polska SA, Bankers Trust Company in London, HSBC Investment Banking, Polish Investment Company and the Foreign Investment Agency. Managed a number of privatisation projects in the banking and industrial sector, including IPOs and secondary offerings, for both shares and debt. Between 1983 and 1988, Department Deputy Director at the Ministry of Foreign Trade. Previously associated with the United Nations Industrial Development Organisation (UNIDO), where, as Industrial Development Officer, he was involved in advisory mission for 22 countries around the world. Holds parallel functions as Chairman of the Supervisory Board at Cognor SA and Vice-Chairman of the Supervisory Board at Pelion SA. Member of the Polish Business Roundtable.

Hubert Janiszewski meets the independence criteria referred to in the “Best Practice for GPW Listed Companies 2021.”



Maciej Matusiak – Member of the Supervisory Board, Member of the Audit Committee

Graduate of Łódź University of Technology. Since 1994, licensed securities broker and CFA (CFA Institute, USA, 2002). He also completed a number of training courses in financial analysis, accounting and investment consulting.

Between 1995 and 1996, worked at Daewoo Towarzystwo Ubezpieczeniowe SA in the Capital Investments Department as Securities Dealer and Financial Analyst. In 1996–1998, Financial Analyst at the Brokerage House of the bank PKO BP. 1998 to 2002, worked at Commercial Union, Investments Department at Commercial Union Polska – Towarzystwo Ubezpieczeń na Życie SA, and after that at Commercial Union Investment Management (Polska) SA. Long-time Member of the Supervisory Board at LPP S.A., Grupa KĘTY S.A., VRG S.A. and many more. Held parallel functions as Member of the Supervisory Board at MLP Group S.A., BBI Development S.A., ZPC Otmuchów S.A., Atende S.A. and Libet S.A.

Maciej Matusiak meets the independence criteria referred to in the “Best Practice for GPW Listed Companies 2021.”

There were no changes in the composition of the Supervisory Board in 2022.

Shareholding

[2-1] For many years, the main shareholders of BEST S.A. are the two authors of its market success. As of 31 December 2022, i.e. the date of the General Shareholders' Meeting, they were the only ones to hold more than 5% of votes, and the structure of their shares was as follows:

	Share in equity	Share in the total number of votes
Krzysztof Borusowski	81.52%	85.82%
Marek Kucner	13.85%	10.62%
Others	4.63%	3.55%

Shareholding of BEST S.A.
Capital share

81,52%

Krzysztof Borusowski

13,85%

Marek Kucner

4,63%

Others



Compliance management

The BEST Group has internal control, risk management and compliance systems and an internal audit function, adapted to the profile and scale of operations of individual entities.

The adopted *Compliance Policy* identifies key compliance risk areas and the units managing these areas. They are dispersed across the organisation, but the coordination of activities is centralised in the Risk Management and Compliance Division. The policy is divided into preventive, informative (educational), advisory and control activities. The ambition of the managers is to emphasise prevention and education so as to build awareness and avoid compliance risks.

Each year the BEST Capital Group implements educational activities to make its Employees more attentive to compliance issues. A channel available to all Employees has also been launched for reporting any identified (or potential) risks that could affect the company's operations (whether related to any events, business decisions or perceived irregularities). This channel is used by the Risk Management and Compliance Division to support process owners in monitoring these risks. Additionally, a thematic website has been launched in the intranet portal (BestBook), dedicated to compliance, with current news on changes in the law and updates of internal regulations, to allow the Employees to follow important legislative changes affecting their work.

BEST TFI S.A. has a Supervision Inspector, whose task is to ensure compliance of the activities of the Investment Fund Society and persons acting on its behalf with the provisions of the law and internal procedures and regulations. The Supervision Inspector oversees, among other things, the flow of confidential and trade-secret information, compliance with internal procedures and regulations, investment decision-making, preparation of current and

periodic reports, compliance with AML/CFT and tax evasion policies. The tasks of the Supervision Inspector include inspections and ongoing supervision of the operations of the Investment Fund Society and entities which Investment Fund Society has concluded agreements to outsource the performance of its duties and cooperation with supervisory authorities, including the Financial Supervision Commission.

Business ethics

The debt collection industry is characterised by the delicate nature of the cases it deals, i.e. having unpaid debts. Since the organisational culture rests on values, our managers take special care of this area, as measured by the development of formal regulations i.e. policies and rules directly and indirectly related to ethics. In late 2022, the following internal documents and codes were in effect at BEST Group:

Document title	Description
Internal regulations	
BEST Capital Group Ethics Code	A guide on our values and ethical standards in daily business.
BEST Capital Group Whistleblowing Policy	Covers any incidents, behaviours and situations that are legally questionable and non-conforming to the internal regulations of the BEST Capital Group or our organisation's ethical standards.
BEST S.A. Compliance Policy	The <i>Compliance Policy</i> identifies key compliance risk areas and the units managing these areas.
BEST Capital Group Gifts and Benefits Policy	Regulates situations when accepting or giving gifts or benefits by the Employees and representatives of the BEST Capital Group is allowed.
BEST Capital Group Procedure for Preventing Money Laundering and Terrorism Financing BEST S.A. Procedure for Preventing Money Laundering and Terrorism Financing BEST TFI S.A. Procedure for Preventing Money Laundering and Terrorism Financing Kancelaria Radcy Prawnego Rybszleger Sp. k. Procedure for Preventing Money Laundering and Terrorism Financing	The procedures define the rules for preventing money laundering and terrorism financing, including measures to limit these risks, risk management rules, prevention of money laundering and terrorism financing, as well as rules for reporting violations of money laundering and terrorism financing regulations.
BEST S.A. Rules for Managing Conflicts of Interests	Define the manner of conduct to avoid conflicts of interests in the Company.
Internal codes and practices adopted	

ZPF Good Practice	A framework setting out the manner of conduct based on general moral standards and the laws applicable in the territory of the Republic of Poland.
Good Claims Selling Practice	Cover and define in detail the key stages and aspects of the claims assignment process in order to ensure that high standards are observed in the process and in care for our Customers.
Code of Best Practice for the Financial Market	Emphasises the key values and ethical aspects for financial organisations. All rules of the Code are mutually complementary.
Best Practice for WSE Listed Companies	A set of corporate governance principles and rules of conduct affecting the formation of listed companies' relations with their market environment.
Good Recruitment Practice	Defines the guidelines for the HR environment to follow during the recruitment process.

In 2022, the new *Principles of Good Practice for Companies Affiliated to the Association of Financial Companies* in Poland were announced. Therefore, the changes resulting from the aforementioned regulation have been analysed and individual areas in the BEST Group have been adjusted to them.

The *Best Group Ethics Code* covers BEST S.A. as well as all subsidiaries, including all people employed in these companies under employment contracts, people working with the BEST Group under civil law contracts, individuals delegated by third parties to provide services for the BEST Group and temporary workers. The standards of conduct described in the Code are binding on all personnel regardless of position, tenure and location.

The *BEST Group Ethics Code* is a guide on our values and ethical standards in daily business. It is intended to help build ethics awareness, a culture of responsibility and mutual trust, and to promote and maintain friendly relations among Employees and with our Stakeholders. The Code defines ethical standards in mutual relations between **BEST Group** and the **Employees**, between individual **Employees** as well in relations between the **BEST Group and Employees with other internal and external Stakeholders**. The Ethics Code is a public document available at www.best.com.pl. In addition, the Employees of BEST Group can access the Code on the intranet portal BestBook and in the HR Division.

The adopted BEST Group Ethics Code regulates issues such as:

- **information security** (e.g. due diligence in compliance with confidential information security and personal data protection rules);
- **service quality** (e.g. promoting financially responsible behaviours, seeking to resolve issues such as dishonesty and overdue payments between contractual parties, building relations based on respect and professionalism),
- **responsible relations** (e.g. non-discrimination in business relations, care for dialogue, transparency and corporate governance, preventing corruption and unfair competition);
- **reliable communication** (e.g. transparent information policy, fair and understandable internal and external communication),
- **friendly work environment** (openness to diversity as a source of inspiration and mutual growth, zero tolerance for harassment, physical, psychological or sexual harassment and any offensive, mocking,

- disparaging or intimidating behaviours, or violation of anyone's dignity and personal rights; healthy and safe work environment; rewarding a friendly attitude towards colleagues; maintaining work life balance),
- **equal treatment** (e.g. zero tolerance for any form of discrimination; equal opportunities of promotion and professional development; focus on developing our Employees' talents and potential; knowledge sharing),
- **transparent and fair relations** (e.g. promoting a culture of teamwork and team responsibility; presenting attitudes that are in line with good morals),
- **taking care of property and reputation of the organisation** (e.g. safeguarding the reputation and interests of the BEST Group, avoiding potential or actual conflicts of interests, disclosing any conflicts of interests).

Being aware of our role in the local environment, we are committed to improving the quality of life in our local communities. In line with our ethics responsibilities defined in the Code, we are committed to being a good neighbour and reliable partner in social initiatives.

Every Employee has the possibility to report (anonymously or not, at their discretion) actual or suspected violations of the Ethics Code and other regulations. Concealing irregularities may be also treated as a violation of the rules applicable in the BEST Group. It is forbidden to discriminate or retaliate against whistleblowers.

Having a common reporting procedure for the Ethics Code and other policies (e.g. *BEST Capital Group Gifts and Benefits Policy*) makes it much easier to apply the introduced solutions in practice because the Employees have clearly defined contact channels to report any irregularities, irrespective of which specific policy is affected.

The channel intended for such notifications is a dedicated e-mail box for each of the BEST Group Companies. It is operated by persons bound by confidentiality, in charge of ethical dilemmas and notification processing, including the Director of the Risk Management and Compliance Division (BEST S.A.), the Supervision Inspector (BEST TFI S.A.) and a representative of Kancelaria Radcy Prawnego Rybszleger Sp. K. and Director of the HR Division. Access of the aforementioned persons depends on which of the Group companies the notification concerns. The same channel can be used also to submit comments, ideas and observations on the Ethics Code and ethical standards in force in our organisation as well as ethical dilemmas.

The *BEST Capital Group Whistleblowing Policy* gives our Employees the right and opportunity to ask questions, make reports and propose changes to the existing regulations. Support with ethical dilemmas is one of the options that was not present in the previous solutions.

To make it easier for Employees to understand the Group's policies for managing ethical issues, the company's intranet platform BestBook has a dedicated website: Ethics at BEST. In addition to a list of internal legal acts related to our ethics culture and the external standards we comply with voluntarily, the website also contains a condensed diagram of the procedure for anonymous whistleblowing and its key assumptions as well as examples of internal and external activities of the BEST Group focused on pursuing our mission in the area of ethics (i.e. promoting ethical standards on the financial services market).

In 2022, an educational campaign was also conducted to familiarise Employees with the most important issues in the area of debt management. Employees had the opportunity to refresh their knowledge of the elements required by legal regulations, concluded agreements and internal regulations.

In addition, as a result of the changes introduced to the current purchasing process, a training course was conducted covering new procedures, including business partner verification.

A series of compulsory cyber-security training courses was also organised throughout the year to raise awareness in this area among the Employees.

Strategy directions in terms of ESG

[2-22] The management approach described as socially responsible, i.e. one that takes into account not only the economic effects but also their concomitant social and environmental consequences in the process of making business decisions, has been part of the BEST Group's philosophy ever since its establishment. It is thinking not only in terms of return on invested capital, but also in terms of efforts to heal economic turnover and unclog payment bottlenecks. However, by formally developing a strategy, we want to manage ESG more effectively and hold ourselves accountable for progress on our commitments.

It describes the main directions and areas of action in such a way as to make them clear and **understandable to each of BEST's stakeholders – to the Employees and associates, as well as to stakeholders from outside the organisation**. The objectives we have set for ourselves address those aspects of the business that involve the greatest potential impact of BEST. At the same time, these objectives result directly from the mission and key values that underpin our business.

We have defined BEST's main objectives as follows:

- **Objective 1:** Creating market standards for ethical debt collection
- **Objective 2:** Eliminating payment bottlenecks in the market
- **Objective 3:** Creating an effective and committed team
- **Objective 4:** Supporting the transfer of knowledge
- **Objective 5:** Reducing environmental impact
- **Objective 6:** Ensuring effective and transparent governance mechanisms

Each of these objectives has been assigned metrics (KPIs) and values expected to be achieved in the following years (2022-2026). Each is cascaded into minor actions, accompanied by metrics and measurable objectives.

By supporting the achievement of our business goals, these objectives contribute to the creation of sustainable value for the environment and, above all, society. In doing so, they are part of the implementation of the Sustainable Development Goals (SDGs¹), announced by the United Nations and underpinning the 2030 Agenda.

The United Nations Sustainable Development Goals (SDGs):



¹ Sustainable Development Goals (SDGs)

An ESG approach to strategic planning

In 2021, work was initiated on a strategic approach to management of issues relating to social, environmental performance and corporate governance. Completed in 2022, it was conducted in parallel and close coordination with work on the overall development strategy. As a result, both documents and approaches are interlinked, often addressing the same issues: through the lens of the company's financial performance and non-financial performance, reflecting the stakeholder perspective.

The overall development strategy is broken down into MBO objectives focused on priorities and assumptions relevant to BEST's business model. The objectives described in the strategy obviously translate into financial performance and targets, but at the same time, some of them relate directly to areas considered ESG-relevant and translate into non-financial (ESG) performance. Often the same objectives contribute to building value for both shareholders and the environment (CSV: Creating Shared Value). The strategy reflects a broad ownership view, in which both the focus on financial performance and the perspective of different stakeholder groups expressed through the lens of non-financial performance overlap, forming a matrix. In this matrix, objectives are embedded in MBO and assigned to specific managers.

At the same time, just as a certain group of financial objectives may be less relevant from an ESG point of view, so certain activities, less relevant from a financial point of view, are closely related to impact on third parties. This is particularly evident in the issue of environmental impact: in the case of BEST, it is of little relevance in terms of a business risk, and it is also immaterial from the point of view of current non-financial performance (as confirmed by the materiality analysis, see: "The process of defining the report"), but this issue is becoming more and more important in the public debate and has therefore been incorporated into BEST's strategy and the MBO objectives embedded in it.

Matrix integration of business strategy and ESG

<div> <div>ESG</div> <div>MBO</div> </div>		Financial results and objectives	Non-financial results and objectives (ESG)			
		Objectives	Objective 1	Objective 2	...	Objective 6
Business-relevant objectives	MBO: objective 1	✓		✓		
	MBO: objective 2	✓	✓			
	MBO: objective 3	✓				✓
	MBO: objective 4	✓	✓	✓		
Non-material goals for the business model	MBO: objective 5		✓			✓

Market environment of BEST

Assignments of claims

[2-6] Assignment of claims is the transfer of a legal title to another creditor; in the case of the BEST Group, it is one of the investment funds. Claims accepted for servicing by BEST S.A. come from debt portfolios only from reliable institutions guaranteeing compliance with the criteria of the *Good Claims Selling Practice of the Association of Financial Companies in Poland*. The statute of each Fund includes information on what the Fund can invest in as well as the investment selection criteria and investment limits. Internal regulations define the investment assumptions and criteria for making investment decisions (in particular, the acceptable risk level, timelines and investment policy). The regulations also describe aspects related to the functioning of the investment committee, risk management (such as the effect of a new investment on the Fund's investment limits) and the rules for preventing conflicts of interests. The regulatory arrangements on the Italian market are slightly different. In Italy, the BEST Group has already become the owner (creditor) and servicer of 9 debt portfolios.

The aforementioned *Good Claims Selling Practice of the Association of Financial Companies in Poland* allows the BEST Group to limit its exposure to potentially unethical behaviours of claim suppliers (e.g. banks or lending firms). If this risk materialised, it would harm the Group's image. Therefore, we have a natural interest in ensuring that our claims portfolios are transparent and fair.

The *Good Claims Selling Practice* covers in detail all key steps of the process. This approach is intended to ensure the highest standards of transactions. The authors of the document intended that it "leads to shaping the claim selling process in such a way that it can be implemented efficiently and effectively, also considering the fundamental fact that the manner of conducting and finalising the claim assignment agreement directly impacts not only on the subject-matter of the proceedings (i.e. the claims), but also the people concerned – the Customers of the Seller and the Buyer of the claims" (source: *Good Claims Selling Practice*, www.zpf.pl).

From the perspective of the BEST Group, the solutions included in the *Good Claims Selling Practice* help us organise this process in such a way that the buyer has full knowledge of the portfolio being acquired. It is worth emphasising that **BEST Group attaches great weight to proper selection of the debt portfolios, and buys them only from reputable organisations**, and carefully selects individual cases to be handled. For ethical reasons, it declares that it refrains from collecting claims whose origin would prove to be legally or socially questionable (e.g. claims arising as a result of a breach of law).

Although the above situation is purely hypothetical because we purchase claims only from credible partners, pursuing such claims could undermine social trust in economic transactions, including trust in debt collection firms, which is contrary to the mission of the BEST Group. The risk of loss of trust would translate into decreased social acceptance of the activities of the BEST Group. **Contrary to stereotypical opinions, debt collection companies such as BEST are not interested in indiscriminate recovery of any debt, but in collecting undisputed and unquestionable debt whose origin does not arouse any doubt and which, if unpaid, harms a particular business and the whole economy.**

At this point, it should be also noted that the specific nature of the activities of the securitisation funds means that the **BEST Group's investment portfolio comprises claims that are owed to individuals, and not securities of companies that could be assessed in terms of sustainability**. At the same time, claim revenues constitute

the largest item of the BEST Group's taxonomy-non-eligible revenues², disregarding the occasional cases of revenue from real estate acquisitions, which constitute an insignificant margin of revenues from debt collection. These are individual properties, both plots of land and residential and non-residential buildings, either completed or under construction, sold by bailiff auction.

Preventing corruption and bribery

[2-26, 3-3 (205), 205-1, 205-2, 205-3] The basic documents referring to, among other things, the prevention of corruption and bribery are common to the entire ethics management area (see: "Business ethics"). In other words, the policies and procedures that regulate the broadly understood ethical issues also cover the prevention of potentially corrupt behaviours.

The Risk Management and Compliance Division constantly monitors compliance at BEST S.A.

In the organisational structure of BEST S.A., an objective, independent and impartial internal audit unit has been established: the Internal Audit Department, reporting in functional terms to the Supervisory Board and in administrative terms to the President of the Management Board. Internal Audit was provided with the possibility of direct reporting to the Audit Committee. All tasks performed by the internal audit unit in 2022 resulted from the annual audit plan and were performed in accordance with the requirements of the relevant internal regulation.

BEST TFI S.A. also had an internal auditor who performed tasks based on an audit plan for 2022 approved by the Supervisory Board.

Depending on the specific nature of the area, all audits addressed unethical behaviours, such as in particular corruption or bribery.

In 2022, there were no cases of corruption, bribery or money laundering in the analysed areas.

	2020	2021	2022
BEST Group			
Number of identified cases of corruption and money laundering	0	0	0
including BEST S.A.			
Number of identified cases of corruption and money laundering	0	0	0

In 2022, training on anti-money laundering and counter-terrorist financing was conducted in BEST both for new Employees and for Employees who had not received training within the last 2 years and whose scope of duties corresponds to the area of financial trading.

At BEST TFI S.A. training is provided to all Employees in two-year cycles, which was also the case in 2022.

No training in preventing corruption and bribery was organised in 2022.

² as defined in Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

Effective protection of personal data

[3-3(418)] Topics such as unpaid debt and the debt collection process are usually embarrassing for those concerned. Therefore, particular care and tact are required when serving our Customers, and trust is a prerequisite for our effectiveness. We take special care to ensure information security, including personal data protection. A potential data breach is a key business risk defined by the BEST Group. In order to manage this risk, we have taken a number of steps, such as implementing internal documentation regulating information security and personal data protection. The key documents are:

- *Information Security Policy of the BEST Capital Group* (based on the guidelines of standard ISO 27000)
- *The Personal Data Protection Policy of the BEST Capital Group* (based on the requirements of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR)) describes, among other things, the tasks and obligations of the Data Protection Officer, the manner of maintaining data protection documentation, the rules for processing personal data and the exercise of rights by data subjects),
- *Instruction for information security risk management and data protection impact assessment in the Capital Group* (describes the methods for analysing the information security risk and the data protection impact assessment; it is used to analyse what impact the business process or IT solution can have on the rights and freedoms of data subjects; this document is based on the guidelines of the standard ISO 27005 and the European guideline on conducting impact assessment in accordance with the GDPR).
- *Instruction for managing personal data breaches in the BEST Capital Group* (describes how to report, record and handle personal data breaches; it is based on the European guidelines on handling data breaches in accordance with the GDPR).
- *Instruction for managing IT security incidents in the BEST Capital Group* (describes how to report, record and handle incidents in information systems; it is based on NIST SP. 800-61),
- *Physical security instruction of the BEST Capital Group* (concerns movement of people within the premises of the BEST Capital Group),
- *Instruction for backup management of the BEST Capital Group*,
- *Instruction for privilege management of the BEST Capital Group* (covers granting, changing and revoking privileges in IT systems).
- *Instruction for reviewing and erasing personal data of the BEST Capital Group* (covers the criteria and method for permanently erasing personal data in the BEST Capital Group).

These documents are regularly analysed and rectified, not only in terms of compliance with the binding regulations or audit results, but also in order to better adapt to the changing market realities and potential threats.

BEST S.A. and the investment funds: BEST I NSFIZ, BEST II NSFIZ, BEST III NFSIZ and BEST IV NSFIZ and BEST CAPITAL FIZAN, represented by BEST TFI S.A., jointly control personal data. BEST TFI S.A. represents each of the funds (becoming the new creditor) and is responsible for the performance of the debt assignment agreement concluded with the previous creditor. BEST S.A. manages claims and helps debtors find a way out of debt. BEST is responsible for relations with debtors, including for the exercise of their rights according to the GDPR. Detailed information on the legal basis and manner of data processing as well as the rights of Customers are presented by the BEST Group on a special webpage for its Customers.

[418-1] BEST Group entities decided to appoint a single Data Protection Officer, who can be contacted by e-mail: iod@best.com.pl. The contact details of the DPO can be found on the company website www.best.com.pl and

on the intranet page. The Data Protection Officer coordinates the work of a dedicated DPO team, which, in addition to the DPO, includes a Deputy DPO and data protection specialists.

Thanks to the efficiency of the introduced solutions, no company from the BEST Group was sanctioned in 2022, as in the previous years, for violating any data protection regulations. Neither were any other sanctions imposed for this reason.

	2020	2021	2022
BEST Group			
Amount of fines imposed for violating data protection regulations (PLN)	0	0	0
including BEST S.A.			
Amount of fines imposed for violating data protection regulations (PLN)	0	0	0

BEST's approach to its Customers

The philosophy underpinning our company determines the nature of our approach to customer relations. It assumes understanding of the Customer's needs, an individual, reliable approach and constructive dialogue. Due to its specific nature and often difficult beginnings, the relationship with Customers in the debt collection business also requires transparency, honesty and mutual trust. As BEST S.A., we give our Customers the benefit of the doubt and together we find the best solutions, As a result, the chance to solve the problem of overdue debt. A Customer who contacts BEST S.A. for the first time is usually a person who sees no way out of their predicament. Contrary to what may appear, people who take out loans or credits and fail to repay them, in bad faith, constitute a minute percentage. The majority are people who find themselves in a difficult situation unintentionally. The reasons can range from carelessness to personal tragedies. Each of these stories is different. What they all have in common is that all these people would like to have the problem of unpaid and overdue liabilities off their mind. The starting point for a constructive dialogue is the Customer's understanding that there is a way out of every situation, including the one they find themselves in, and that the BEST Advisor is not their enemy, but a partner who can help them out of their predicament. The range of possibilities that our company can offer is very wide and can be tailored to the Customer's individual situation. The products and solutions we offer are designed to allow the Customer to repay the debt in a way that does not put a strain on their household budget, while ultimately getting them out of debt. Dialogue and openness are of key importance in this respect, including in a situation that can change dynamically and affect current repayment options.

In its training courses, BEST often uses the apt analogy of the Customer as a *patient* who needs help in recovering from the illness that is debt. What is thus needed is both an accurate and reliable *diagnosis*, i.e. an understanding of the source of the problems and needs, and the right *therapy*, i.e. appropriately and individually selected debt restructuring products. The key, however, lies in trust and openness, on which the relationship between *doctor* and *patient* must be based. The goal is precisely the *patient* and the solution to their problems. It is also fundamental from BEST's point of view that the final decision to make instalment repayments is always made by the Customer. The best repayment schedule will be of no use when not followed, just as the best therapy will be of little help when avoided by the patient. Therefore, the process of working with the Customer is one of building a relationship based

on trust Confidence that both parties share the goal of arriving at the best solution and that success can have two faces.

Dignified treatment

Fundamental principles

[3-3 (412); 412-2, 3-3(416); 416-1, 416-2, 3-3(417), 417-1, 417-2, 417-3] The ethics upon which the civilisation of Latin Europe grew is based on the assumption that every individual, by virtue of being a human being, has an inalienable dignity. This way of thinking is reflected in the Universal Declaration of Human Rights. On an individual level, this approach should be adopted by anyone seeking to do business in an ethical way. Therefore, for the BEST Group it is important that all Employees are aware that every individual, whether they are a Customer, a representative of the creditor or of the Customer, deserves to be treated with respect, irrespective of their age, origin, social status or amount of debt. Dignity and privacy of each individual must be protected.

Industry agreement and self-restraint of debt collection companies

Issues related to respect for human dignity in practical terms are highlighted at the level of internal regulations by the *BEST Group Code of Ethics*. In practice, these aspects are reflected in the *Good Practice of the members of the Association of Financial Companies in Poland* (hereinafter referred to as the “**Good Practice**”), which the members are required to comply with. Chapter three of the Good Practice – *Good Practice for Claim Management* – regulates aspects concerning the debt collection process.

According to this self-regulatory framework, a company such as BEST S.A. is obliged to operate and communicate with the Customer in such a way so as to protect their interests. At the same time, a debt collection firm is obliged to respect the law, good morals and the Customer's rights. The Good Practice regulates aspects such as requests for payment sent by post and defines a list of information which should be included in the letters being sent to debtors, e.g. the envelope containing the letter should not include any indications that the correspondence concerns debt (this does not apply to the marks and graphics identifying the debt collection company). The industry code also establishes the hours of the day during which Customers can be contacted.

Hours of telephone contact and meetings

BEST S.A.'s Customer advisors are obliged to ensure that all phone calls are made at a place and time which can be reasonably expected to be convenient for the Customer. Pursuant to the rules developed within ZDP, such calls may only be conducted on weekdays between 7:00 a.m. and 9:00 p.m. (until recently it was the range between 06:00 a.m. and 10:00 p.m.), and in the event that it is not possible to contact the Customer at the time specified above, on other days of the week, however, only between the hours of 8:00 a.m. and 8:00 p.m. In the case of BEST S.A., in order to increase the comfort of the Customer in the process of telephone service, the hourly range has been narrowed for years more than required by good practice, i.e. BEST Advisors may contact Customers only on weekdays between 8:00 a.m. and 8:00 p.m., on Saturdays between 9:00 a.m. and 5:00 p.m. The task of the Advisors is to contact the Customer and establish constructive cooperation; harassment or nagging is out of the question.

Onsite advisors may visit the Customer at a place and time which causes the least inconvenience to the Customer, i.e. on weekdays, from 07:00 to 21:00. If the Customer cannot be contacted during that time, visits may take place on other days of the week, but only between 8:00 and 20:00.

Moreover, where possible, the Customer's requests concerning the date and time of a phone call or a visit (for an onsite debt collector) should be considered, as well as requests to change the place of the debt collector's visit if it

is different from the Customer's home address. Exceptions to this rule are situations when the Customer deliberately avoids contact.

Conduct and confidentiality of calls

BEST S.A.'s Employees are obliged to talk to the Customer in a polite and cultured manner to ensure confidentiality and not to disclose to third parties any information on the obligations and personal data of the Customer. Recordings of phone conversations are monitored internally, and any complaints are treated very seriously. If irregularities are confirmed, conclusions are drawn for the future in order to avoid similar misconduct. BEST S.A.'s phone consultants and Customer advisors are required to start the conversation by giving their full name, verify whether they are speaking to the debtor, give the name of the company, the creditor and the party who has issued the invoice in order to avoid any doubts or suspicions of fraud

Similarly, visits by field advisers at the Customer's place must be conducted in a manner that respects the Customer's privacy. This is particularly important when meeting the Customer in a place other than their place of residence. Such visits are only allowed if the place of residence is unknown or the Customer cannot be reached there. Furthermore, our onsite advisors are not allowed to contact any third parties in matters concerning the debt without the Customer's consent. If other persons are present during the debt recovery process, discretion must be ensured at the Customer's request.

Our onsite advisors are also familiarised and obliged to comply with the *Good Practice*. In order to make sure that they understand these rules, we have developed the *Best Practices for BEST S.A. Onsite Advisors*, which describes the expected behaviour in a simple and clear way.

Prohibited and unlawful behaviours

According to BEST Group's *ZPF Good Practice* (§75), no methods which are unlawful or violate good morals are used in the debt collection process. In particular, the following practices are prohibited:

- Using force, expressing punishable threats or other acts violating personal dignity.
- Using vulgar or profane language, or expressions that violate personal dignity, and being impolite.
- Doing anything else to intimidate the debtor.
- Transferring or disclosing information on the debt and debt collection activities to unauthorised third parties, including in particular minor family members of the debtor.
- Sending or using any documents, letters, items of clothing or objects that indicate that actions are performed by a court or any public authority, or contain or impersonate any information appropriate or typical for such institutions.
- Presenting inaccurate information on the debt, in particular on the nature, amount and legal status of the debt.
- Providing false information about one's status, qualifications, experience or professional expertise, in particular any unauthorised, alleged action on behalf of another debt collection company, or providing false information about one's qualifications and expertise as a legal professional.
- Providing inaccurate information about the consequences of non-payment of debt, such as arrest, imprisonment or seizure of property.
- Suggesting that the debtor is a criminal when contacting the debtor or third parties.
- Acceptance by debt collectors of cash or any items from debtors without issuing a receipt.
- Making any threats or taking any action to infringe upon property or possession.

- Receiving any amounts from the debtor in connection with debt collection activities without having the right to do so under any agreements or the law.
- During debt collection by way of litigation, in particular as part of mass debt collection and when pursuing claims as part of electronic write of payment proceedings, using any methods that abuse or bypass the law, such as:
 - specifying a due date in the claim that is other than the actual due date in respect of the original creditor, except when the due date results from an out-of-court settlement concluded with the debtor,
- Filing multiple claims regarding the same debt, with the factual and legal circumstances of the case being unchanged, to the same court or to different courts and abusing the institution of withdrawal of claim in situations where the claim is filed again after the debtor objects to or appeals against the payment order.

Effective debt collection with clear communication

[3-3 (206), 206-1, 3-3 (416); 3-3 (412), 412-2, 416-1, 416-2, 3-3 (417), 417-1, 417-2, 417-3] The BEST Group emphasises transparent and understandable communication with its Customers. Only this type of communication can be effective and build trust. A clear and comprehensible message, both in terms of the manner of communication and the design of the products. The settlement that the Customer enters into must be clear to the Customer and guarantee, in the Customer's subjective perception, that it is repayable and offers a chance of solving their personal problem.

This is not only a matter of business risk management, including BEST's reputational risk, but also a matter of ethics. Any vague formulations or unclear terms could be referred to during a potential court dispute. Therefore, a simple offer and clear communication are not only in the best interest of our Customers, but also the BEST Group. Our letter templates are still being perfected to achieve maximum clarity.

In 2022, the Office of Competition and Consumer Protection conducted an investigation against BEST S.A., resulting in two recommendations. At the same time, the BEST Group, including BEST S.A., was not penalised for violating collective consumer interests in 2022.

	2020	2021	2022
BEST Group			
Amount of fines imposed for violating collective consumer interests (PLN)	0	0	0
including BEST S.A.			
Amount of fines imposed for violating collective consumer interests (PLN)	0	0	0

Clear payment requests

[3-3 (412), 412-2, 3-3 (416); 416-1, 416-2, 3-3 (417), 417-1, 417-2, 417-3] The aforementioned *Good Practice of the members of the Association of Financial Companies in Poland (ZPF Good Practice)* sets out a number of standards which debt collection firms should follow when communicating with their Customers. For example, the first request for payment sent by or on behalf of a new creditor should include an explanation of how the title to the claim in question has passed to the new creditor. It should also include at least the following information: type of liability, the amount of the claim broken down into the principal amount, the accrued interest and other incidental claims, the repayment date of the liability, the bank account number to which the liability should be paid, contact details under which the Customer can obtain information on their debt, information about the Customer's rights regarding the processing of personal data and the purpose of data processing by the new creditor. Subsequent

payment requests should include information necessary to identify the case and the stage of the case as well as the current amount of the Customer's liability. Precise and clear presentation of this information is crucial as evidence in potential court proceedings. It also gives confidence that the Customer understands their legal position and, in particular, the size and nature of the debt. This directly translates into the effectiveness of our actions.

Simple and clear products and trusted advisors

[3-3 (206), 206-1, 3-3 (412), 412-2, 3-3 (416); 416-1, 416-2, 3-3 (417), 417-1,] We believe in the effectiveness of amicable debt collection because it is the Customer who decides each time whether to repay the debt. The best products and the most convenient repayment schedule are no substitute for the Customer's conviction that settling their debt and cooperating with the BEST Advisor is in their best interest. It is no coincidence that the *BEST call centre* is staffed by Consultants and Advisors. They are there to support the Customer in the pursuit of debt repayment. While representing the interests of BEST, they are also supposed to represent the interests of the Customers. They coincide.

We are aware, however, of the fact that our Customers are not always able to easily repay their debt. With this in mind, we strive to understand the problems and needs of the Customer. Our advisors analyse each case individually and propose solutions tailored to the Customer's capabilities. Our goal is to be flexible when the Customer is open to cooperation but does not have the money to repay the whole debt immediately. In this case, we suggest debt restructuring so that the Customer can repay their debt in instalments in a way that will not harm their household budget. Similarly, Customers whose financial situation has changed to their detriment can be offered annexation of previously concluded agreements. Customers who repay their debt and are open to cooperation with the debt collection firm often have better options of finding a way out of debt than in the case of, for example, enforcement proceedings. Our offer is characterised by reliable, clear and understandable rules for repaying the restructured debt. Again, our goal is to be effective, which means being able to find solutions that work for both parties. We rely on openness and trust, offering the same to our Customers.

We attach foremost importance to our Advisors' compliance with the principles we have established. We monitor all conversations on a cyclical basis, analysing them and drawing relevant conclusions. We analyse the performance of individual Advisors, looking for elements that are valuable and can also serve other Advisors, as well as to spot weaknesses. Soon, these analyses will become even more effective and the refinement of conversation scripts on their basis even faster, thanks to the speech-to-text technology implemented in 2021 (we are currently working on a second-generation implementation). We discuss current issues at regular meetings. Most importantly, however, the incentive system for our Advisors is based not only on performance, but also on the quality of service; our Advisors are assessed, for example, on their customer-friendly approach or their ability to provide information. The overriding principle is that Advisors should treat Customers in the way they themselves would like to be treated (more: Pro-development activities).

BEST Partner application

Although the leading role in the area of customer service is played by the *call centre* and telephone Advisors, field Advisors also play an important role. They meet the Customer usually at their home and present options for the repayment of debt. The **BEST Partner app**, which has been in operation for several years now, enables Advisors to:

- gain access to complete, up-to-date case information (any changes in the status of a case are visible in real time),
- have efficient contact with BEST where necessary,
- generate necessary documents,

- prepare products individually for the Customer,
- prepare visit reports.

In 2022, the application was developed to include a module related to task planning for Field Advisors. Field Advisors also tested a new solution for cashless payments (contactless payments).

The effectiveness of this solution is demonstrated by the fact that it allows for proposing a product tailored to the Customer and concluding a settlement during a visit.

Virtual Advisor

In addition to customer service provided by Telephone or Field Advisors, in the case of simple information processes and with the use of the caller's identity confirmation process, BEST is increasingly using artificial intelligence solutions, i.e. bots. Such solutions will be developed in the coming years.

The role of information technology

In 2022, BEST has been refining and expanding the use of *speech to text* technology. Today, it no longer serves only to control calls in the context of improving their quality, but also offers new opportunities to listen to what the Customer wants to tell us. By relying on key phrases or words, it makes it possible to react more quickly to external signals and reduces the time it takes for the employee who makes the call to make relevant notes in the system.

BEST Online web platform

Many people are embarrassed to talk about their debts or financial problems. They prefer to analyse their situation in the privacy of their own home and decide without any haste on the most convenient form of repayment.

The BEST Online website has been created to make communication and cooperation with creditors easier. It has become especially important in the pandemic era, when the possibility of handling important matters without leaving home has become more necessary than ever. A new version of the website was launched in mid-2022. The latest version responds to customer expectations, taking into account current trends in the app market. The starting point for its preparation was research to identify users' needs and make the new solution convenient and useful for them. In the survey, Customers indicated that what they expected from cooperation with a creditor was, among other things, flexibility in choosing repayment terms, a sense of security and control over their debt, and the ability to decide on the form and frequency of contact with BEST. The new solution responds to of the Customers' answers.

The new BEST Online allows the customer to quickly find the necessary information on their debt, including the source of a specific liability, but also, among other things, to analyse their payment history or the status of their case in the Business Information Bureau (BIG). The process of concluding settlements is also simpler: all settlements can be concluded *online*, without the need to print paper documents . This is both easier and also eliminates redundant paper use. Furthermore, in addition to being able to make payments *online*, Customers have full control and knowledge of upcoming repayment deadlines with a new notification system in the app.

Thanks to the modernisation of BEST Online, BEST Customers feel that they have better assistance and know that they have a variety of ways to get in touch and choose from the solutions offered. BEST Online allows the Customer to manage their liability in an easy, convenient and secure way anytime and anywhere.

Since Customers would most often like to access the BEST Online system from a smartphone, the new version of the platform has been prepared specifically with mobile devices in mind. As always, all operations can be performed just as efficiently using a laptop or desktop computer.

Offering similar solutions that meet Customers' expectations helps to dispel untrue myths about debt collection, which still result in many cases of avoiding contact and cooperation with the creditor and, as a result, often aggravate the problems of the debtor.



The main advantages of BEST Online from a Customer perspective:

- quick, easy and secure access to important information anytime and anywhere
- fully adaptable for use on mobile devices (phone, computer, tablet),
- possibility of independent verification of debt data, e.g. its components, BIG history, amount of the original liability,
- no need to interact with another person if the Customer does not wish to do so
- the Customers may make choices and settlements on their own,
- access to payment history
- payment security (BEST Online reminds of the next instalment due date),
- access to fast payment methods, e.g. BLIK
- possibility to verify whether a given payment has been posted, amount remaining to be repaid, etc.
- management of personal data and marketing consents.

Effective court and enforcement proceedings

A claim recovery process is nothing more than a creditor applying for a financial liability that has not been paid. We treat each of our Customers separately, assessing them individually from the point of view of their financial situation, but above all by understanding their needs. A Customer who defaults on their obligations has to face the consequences, which arise from the regulations governing business transactions. However, Customers who avoid repayments or contact with BEST S.A. should not count on understanding or approval of their conduct by the creditor. Debtors should be aware of the fact that they will have to repay their debt eventually. This is important not only from the perspective of the economic interest of the BEST Group, but also for society and economic transactions. Furthermore, failure to repay debt will lead to the debt being recorded in economic information bureaus, which are used by mobile operators, insurance companies, banks and other organisations.

Ultimately, when the Customer is not willing to repay their debt, we decide to refer the case to legal collection. The case is then taken to court in order to file a claim. Importantly, however, even when a case has been initiated before a court, this does not necessarily mean that debt enforcement proceedings will be started. The proceedings may be terminated when the Customer voluntarily complies with the court judgment and pays off their debt. It is also possible to conclude a settlement agreement before the court, a win-win solution for both the creditor and the Customer. On the other hand, if the Customer is passive, the court may issue a writ of execution ordering them to repay their debt to one of the Funds whose receivables are managed by BEST. A final and binding ruling gives the creditor the right to refer the case to a court enforcement officer for recovery of money.

The next stage of legal debt collection is debt enforcement, which is the process of recovering the debt by the creditor by means defined by law through a court enforcement office. Debt enforcement aims to recover the debt as quickly as possible, but is subject to certain limitations so that the Customer is not completely deprived of their

livelihood. Court enforcement officers who conduct enforcement proceedings are bound by the Code of Professional Ethics adopted by the National Council of Enforcement Officers, which sets out the principles for the exercise of the profession of enforcement officer, particularly the duty to act in accordance with the law and conscience, to maintain legally protected secrecy and to be guided by the principles of dignity, honour and integrity. The request for enforcement proceedings is a formal request by the creditor that initiates the proceedings. From the very beginning, the enforcement proceedings are closely supervised by the creditor, who verifies the status of the enforcement proceedings conducted by court enforcement officers. By inspecting and analysing the proceedings, we can effectively monitor the progress of the proceedings and submit appropriate motions in the course of the proceedings. Verifying the status of enforcement proceedings testifies to a responsible approach of BEST S.A. to our value chain.

Complaints

A BEST employee, as early as during the first contact with the Customer by mail or e-mail, informs them about the possibility and manner of filing a complaint in accordance with the *Good Practice of the members of the Association of Financial Companies in Poland (ZPF Good Practice)*, which we have adopted voluntarily. If the first contact is in another form, information on the submission and examination of complaints is presented at the request of the debtor. This information may not be misleading. Furthermore, a debt collection firm safeguards the Customer's rights. If the Customer has any doubts, the BEST Groups clarifies them with the creditor or the seller of the claims in accordance with the concluded claims assignment agreement. When explaining the situation, the course and results of the complaint proceedings so far are taken into account, as well as the rules set forth in the content of the agreement with the Customer, applicable regulations or framework agreements. If the Customer's concerns or complaints are rejected, we explain the reasons for our rejection and detail further steps which the Customer can take. On the other hand, if the Customer's complaint is justified, the Company takes action to rectify any faults or irregularities, and, where justified, suspends further debt collection activities. We want to collect debt efficiently, but we also must respect ethics standard, i.e. we do not collect debt that was incurred in an ethically questionable way.

The BEST Group may choose not to continue negotiations or correspondence with the Customer if the Group believes that the Customer only seeks to extend the duration the procedure or to avoid payment, and does not provide any documents or clearly formulated allegations that can be reasonably examined.

The Customer can contact us through one of the channels specified on our website (www.best.com.pl), i.e. by post (to the company address), phone (available Monday to Friday, 08:00 a.m. - 08:00 p.m., and on Saturday, 09:00 a.m. - 05:00 p.m.), e-mail (korespondencja@best.com.pl), using the online contact form and the BEST Online platform.

Information on the procedure for the submission and examination of complaints by debtors or other individuals who raise objections regarding our contact is also available on our website www.best.com.pl.

Other appeal mechanisms

[2-26] Since BEST S.A. adopted the *Good Practice of the members of the Association of Financial Companies in Poland (ZPF Good Practice)*, new appeal mechanisms needed to be developed. Adopting the Good Practice means consenting to a type of arbitration involving the Association of Financial Companies in Poland in the event that, for instance, the Customer accuses BEST S.A. of violating the Good Practice.

According to the Good Practice, all cases concerning violations by financial companies are to be examined by the Ethics Committee in cooperation with the ZPF Ethics Officer. Importantly for the stakeholders, anyone, including the Customer, can report a violation of the Good Practice by a member of the ZPF (e.g. by BEST S.A.). The only condition is that the report must be submitted in writing and describe the alleged violation.

The Ethics Officer and the Ethics Committee take immediate action to evaluate the allegations. If the allegations that the Good Practice has been violated are confirmed, the violating organisation may be subject to a reprimand or a sanction specified in the Rules of the Ethics Committee and Ethics Officer, and it may be obligated to rectify the irregularities and causes for the violations. The violator may also be banned from using the ZPF trademark. If the violation is particularly severe, the violator may be banned from the ZPF altogether.

[412-1, 416-2, 417-2, 417-3] Signing the *ZPF Good Practice* also involves the obligation to perform an ethics audit once a year in order to monitor compliance of the financial organisation's procedures with the *ZPF Good Practice*. The audit is performed using an internal audit form that is appropriate for the industry in which the ZPF member organisation operates. The form is evaluated by the Ethics Committee, and if the evaluation outcome is positive, the ZPF member receives a certificate confirming acceptance of the obligation under the Good Practice they have signed.

In 2022, no deviations from or non-conformities to the *Good Practice* were found in BEST S.A. Although proceedings were pending before the ZPF Ethics Committee, it did not issue a decision confirming a breach of the *ZPF Good Practice* by BEST S.A.

	2019	2020	2022
BEST S.A.			
Number of deviations from or non-conformities to the Good Practice	0	0	0

BEST'S approach to its Employees

Our competitive advantage is determined by the competencies of our Employees, based on their knowledge and experience. It is this intangible capital, not fixed assets, that constitutes our real assets. They enable us not only to successfully conduct day-to-day operations, but also to search for new technological and process solutions. They allow us to grow.

[3-3 (401)] A consequence of looking at business through the prism of the knowledge and experience of our Employees is the informal policy of the BEST Group, whose key elements are:

- carefully selecting candidates at the recruitment stage,
- care for effective onboarding,
- offering fair term of employment, including a wide range of non-wage benefits,
- optimally using the potential of our Employees, cascading knowledge within the organisation, promoting growth and encouraging people to take on challenges,
- ensuring a positive and friendly atmosphere in the workplace,
- the willingness to undertake pro-social activities.

In day-to-day work, clear rules in the area of human resources are provided by various internal documents: policies, regulations and instructions.

Stability and loyalty of Employees

A philosophy that is based on knowledge, broadly understood as the competencies of Employees, defines management objectives that are focused on:

- mitigating the risk of losing competencies, i.e. experienced Employees, including managers,
- effectively attracting new Employees with high potential.

On the one hand, this approach implies the need to offer decent employment conditions, a good atmosphere, as well as opportunities for personal development. The goal is to attract high-potential people and build a long-term relationship with them. This is when investing in the development of competencies, both individual and collective ones, becomes worthwhile and has long-term effects in the form of unique knowledge and skills that build competitive advantage but also need to be protected.

Low employee turnover and long-term careers at BEST

The effectiveness of the practical implementation of the aforementioned management philosophy is measured by the turnover rate, which has remained low for years. This is particularly true in areas where people with critical competencies work. There are many Employees who not only have worked for the BEST Group for several years, but also started as *call centre* Consultants to become directors or even management board members in one of our subsidiary companies.

We have relatively higher turnover among *call centre* employees, especially Consultants, which, however, is due to the specific nature of *call centres* as such. However, our turnover in the *call centre* is still lower than in the case of other companies. Speaking of *call centres* at BEST, it is worth noting that today's supervisors are not typical coordinators, but rather leaders. This is not just a matter of nomenclature. Leaders are people who come from telephone service (our *call centre*) and have a lot of experience in it. They are 'hands on' managers, i.e. practitioners (sometimes they even 'log on the handsets' themselves). As a result, they not only are able to provide practical assistance, but also understand the problems faced by the team and know what their Employees are up against. Such a solution makes a *call centre* a place where one can develop and get promoted, just as the current Director of the Amicable Collection Division, who also has an experience of working in our *call centre*.

To sum up, the Company effectively manages the risk of losing key Employees.

No fear of maternity

It is also significant that a large number of women employed by the BEST Group has no concerns about becoming mothers. It is widely acknowledged that one of the reasons for delaying the decision to have a child or a decision not to have a child at all are issues related to job stability and fear of losing one's job. A lack of concerns about the decision to have a child, in turn, is a measure of trust in the employer and a sense of security in the company. The number of children born in recent years in the BEST Group translates into a birth rate several times higher than the national average. Simply put, women in the BEST Group know that they will have somewhere to return to after their maternity or parental leave ends and that the company will facilitate their reboarding. They have both a sense of stability and decent employment conditions, being able to look more optimistically into the future and make the decision to become a mum more easily. We try to support young and future parents. As for the little things that may be important to Employees, every pregnant BEST Employee receives a handbook on her rights during pregnancy and after giving birth. The guide also contains information on which formalities should be taken care of and which

documents to submit to the Employer. The handbook includes request templates to be submitted with the Employer and correctly completed templates as an example. For Employee who have become parents, we have a pleasant surprise: the first-time mom or dad employed at BEST receives a baby and children shop gift card worth PLN 200.

Job stability in the eyes of Employees

The fact that our BEST Group provides a sense of security and stability of employment is best reflected in the results of the satisfaction survey conducted in autumn 2022. 57% of Employees answered “stability of employment” when asked “What do you value most in BEST as an employer?” **Around 95% of our Employees are employed under an employment contract** (justified exceptions include legal advisors or field advisors), while **around 67% of them already have a permanent contract**.

Careful recruitment

As an organisation that aims to find long-term Employees, we attach great importance to the recruitment process. This is because we are not only concerned with finding people with the highest levels of competence and personal potential, but those whose personal values are in line with those of the organisation and who will fit the atmosphere that we are all creating together.

We put great weight on the quality and fairness of the recruitment process itself. As a member of the Friendly Recruitment Coalition (Koalicja na rzecz Przyjaznej Rekrutacji), we apply the best recruitment standards, and in the recruitment process we follow the *Good Recruitment Practice* (www.przyjaznarekrutacja.pl). There are certain rules we follow in the recruitment process: being open and honest in our relations with candidates, addressing their needs, being reliable, ensuring safety for the candidates pending employment, introducing innovative solutions to support recruitment. We have been awarded a Friendly Recruitment certificate.

Thanks to the www.spojrznapraceinaczej.pl platform, candidates have been able to easily obtain the most important information relevant to any job seeker even. In the time of the epidemic restrictions and reduced social contact, a solution for accepting applicants' documents exclusively via an electronic recruitment system adapted to the strict GDPR requirements, developed originally out of concern for the correct protection and processing of candidates' personal data, have proved extremely useful. In other words, even before the pandemic, documents could be submitted only via the above-mentioned recruitment platform. Social media channels (Facebook, Instagram, LinkedIn) are also an additional source of online information for candidates, mainly on issues of organisational culture or working atmosphere.

We run a fair candidate selection process and ensure that all job applications are carefully analysed. Once the candidate has sent their CV, they receive a confirmation that we have received their documents. If the competences and experience of the candidate stated in the CV meet the job requirements, the candidate is qualified to the next recruitment stage, which is typically an interview with a HR Employee and the manager of the unit to which the candidate is applying. Recruitment for some positions requires an additional recruitment stage, such as an initial telephone interview or an additional meeting with a senior manager. During recruitment, we may ask the candidate, for instance, about their professional experience and expectations towards the job they are applying for. Sometimes they are also asked to perform an additional task to check their competences. In addition to the candidate's expertise, we also verify whether the candidate's values are consistent with BEST's key values. We believe that a lack in competence can be easily addressed, but values, which play a key part in our corporate culture, cannot be taught.

Being committed to fostering an authentic dialogue with stakeholders, we want to share our experiences with candidates and listen to their opinions. At the end of the last interview, we inform the candidate that they can expect feedback from us. Importantly, out of respect for the candidate and their time, we always provide feedback and inform the candidate about the status of their application at all recruitment stages. If the candidate is successful, they receive an *offer letter* with a summary of the key terms of employment (position, remuneration, etc.) as well as full information on the benefits and amenities offered to our Employees. Many candidates who were not successful in the past often return to other companies of the BEST Group on the occasion of other recruitments, which best confirms that they had positive impressions from their first contact with the BEST Group.



Friendly Recruitment Coalition (Koalicja na rzecz Przyjaznej Rekrutacji)

Promotes good recruitment practices and defines recruitment standards. Emphasises good candidate relations and a positive experience during the recruitment process (Candidate Experience). The Friendly Recruitment Coalition was established in June 2013, and since then it has been joined by 350 employers who see the need to ensure a positive candidate experience during the recruitment process. BEST S.A. is one of its members.

Remuneration

[3-3 (202), 3-3 (405)] In order to attract and retain the best employees, we offer them attractive employment conditions.^[1] This includes both the remuneration system (including annual and operating bonus schemes) and other benefits in the broadest sense. In particular, this concerns highly specialised Employees in strategic operating areas, representing the Group's key competences. Their knowledge and experience must be rewarded fairly.

We are committed to ensuring that *call centre* Employees are true Customer Advisors who help to find the best way out of a situation that is beneficial to both the Customer and BEST. People are sought who are characterised by a special combination of skills and features of character, allowing them to establish relationships with Customers in an easier way as well as to develop, in a tactful and ethical way, constructive solutions for a debt repayment settlement. In order to motivate our Employees and at the same time appreciate their hard work, we have introduced a remuneration system in which the total remuneration, apart from the base salary, depends to a significant extent on the results and promotes Employees' effectiveness^[2].

In addition, an Incentive Scheme was launched in 2022 for members of the Management Board of BEST, as well as key persons, including employees of companies belonging to the BEST Capital Group.

Non-wage benefits

[3-3 (401), 401-2] Employees are provided with a range of practical, interesting, often unconventional workplace amenities. Although seemingly simple solutions, they still demonstrate the employer's flexibility, making the work

^[1] It is crucial that the terms and conditions of employment of a particular individual should be based solely on the merit of the Employee, including, inter alia, their knowledge, experience, work performance, task evaluation and development potential. Any form of discrimination on grounds of age, gender, beliefs, etc. is unacceptable.

^[2] In the context of the Customer contact policy, effective contact means reaching a compromise on outstanding debt, persuading the Customer to cooperate and effectively offering products as part of amicable debt collection.

itself more enjoyable. They also contribute to a work-life balance and support a healthier lifestyle, thus increasing job satisfaction and effectiveness.

The following solutions are now a standard for Employees in Gdynia and Elbląg^[3]:

- **Flexible working hours.** Employees are free to start work between 7:00 a.m. and 10:00 a.m., and end work after having worked for the number of hours required under their employment contract (e.g. 8 hours). Flexible working hours do not apply to Employees from a few departments due to the nature of their work (e.g. office Employees working during fixed hours or *call centre* Employees working in shifts based on their schedule). In the time of the pandemic, the flexibility of working hours during the day (by agreement with the supervisor) has been further increased, meeting the expectations of Employees who, for example, have children to care for, including school-age children pursuing remote learning.
- **Remote work.** It had been standard for Employees whose job position does not preclude absence from the office to be able to choose *home office* for several years, even if remote work was not as prevalent as in the aftermath of the COVID-19 pandemic. Since mid-March 2020, the vast majority of Employees have been directed to work remotely, with the exception of positions where the physical presence of Employees is essential. Full office access was restored in H2 2022, but remote work remains the preferred form of collaboration. According to the satisfaction survey conducted in 2022, 65% of our Employees **most** value BEST for the possibility of hybrid working and flexible working hours.
- **Private healthcare.** Our Employees can join an additional healthcare programme which is largely financed by the employer (the cost for the Employee starts from a price of PLN 10 – depending on the scope of the healthcare package). The Employee can also have their spouses, partners and children covered by the private health programme on favourable terms. As part of the medical package, our Employees can choose a health centre and a doctor from a broad offer. If they prefer to see a doctor who is not in the offer, the insurer will reimburse the costs of a visit according to the refund pricelist.
- **Life insurance.** The BEST Group offers the option to join an additional life insurance on preferential terms. The Employee's spouse, partner and full-aged children can join the insurance on the same terms as the insured Employee. The insurance can be joined at any time, and for those who join during the initial three months of employment, there is no stand-down period for the base package.
- **My Benefit cafeteria.** When using the cafeteria system, the Employee can choose their benefit, e.g. a Multisport Card, online shopping vouchers, services vouchers (e.g. language courses), cinema, concert or SPA tickets. The cafeteria is funded by the employer on a monthly basis, with a fixed amount that Employees can use for any purpose they choose.
- **Fruit in the office.** For many years, our office work was accompanied by **Fruit Wednesdays**, when Employees could help themselves to fresh fruit and snacks made from it in our kitchens. Nowadays, most of us perform hybrid work, so fruit is waiting for all those who show up at the office throughout the week. We buy more durable products, i.e. those that do not need to be consumed immediately, so that, with a hybrid working system, more people can benefit from them.
- **Kitchens.** All Employees can normally use fully equipped kitchens on a daily basis, where they can choose the necessary equipment to brew fresh-ground coffee, heat their dinner, prepare a cocktail or toasts. Our Employees can choose from a wide selection of coffee (ground, instant and brewed coffee) and tea (black, green, fruit and herbal tea) as well as lemons, milk and the extremely healthy yerba mate. Despite the smaller number of Employees in the offices, all amenities remain in place. We are keen to ensure that those who have to do their work on site have the comfort they were used to in the pre-pandemic times.

^[3] The above-mentioned benefits apply to BEST S.A., but they are similar in all the Capital Group companies in Poland. There may be minor differences in our subsidiaries. For instance, Employees in BEST and BEST TFI receive funding for the Mybenefit cafeteria, and Employees in the law firm Kancelaria Radcy Prawnego Rybszleger Sp.K. receive funding for the Multisport card.

- **Best Moves.** Although with hybrid working we meet less often in the office, we try to support and encourage each other to take up physical activities. Anyone who remotely records one of the many physical activities taken in private time, as long as it lasts more than 30 minutes, will be awarded points in the company's gamification programme. One can get a maximum of 60 points per year in this way, which translates, for example, into 3 extra days off (with the right to remuneration). There are also additional prizes waiting for the most active Employees!
- **Persons with disabilities.** Persons with a certified minor disability working in BEST have a guaranteed additional 5 paid days off. Persons with a certified moderate or significant disability enjoy up to 10 additional paid days off, according to the Act of 27 August 1997 on Professional and Social Rehabilitation, and on Employing Persons with Disabilities (consolidated text of Journal of Laws of 1997, No. 123, item 776, as amended). All Employees with a disability certificate receive an extended medical package subsidised by the employer (the cost for the Employee is PLN 10). In addition, we provide free parking places for persons with a certified disability affecting the locomotor system.
- **Parking place funding.** Due to the introduction of sanitary restrictions, including recommendations to restrict office work, Employees can book parking spaces for selected days, making them available to all who wish to use them.
- **Discounts for studying in the School of Banking.** Our Employees can take up bachelor's, master's, postgraduate or MBA studies offered by the School of Banking on preferential terms, i.e. without paying enrolment fees and with tuition fee discounts.
- **Play BEST: gamification** The goal in our in-house game Play BEST is to increase our Employees' commitment to BEST's projects and activities. The initiative makes work fun by introducing an element of playfulness and competition to everyday tasks (collecting points and rewards). The rewards include cinema tickets, gift vouchers, company gadgets or swimming pool and SPA passes,
- **Psychological support.** BEST offers assistance to any Employee in need of psychological support. We cooperate with experienced professionals qualified to provide support in difficult situations: psychologists who have been certified as psychotherapists or are in the process of doing so and specialise in providing crisis support. Meetings can take the form of online consultations or face-to-face meetings. They are fully confidential. As part of the support, BEST will pay for up to 3 psychological meetings for each Employee.

Friendly atmosphere

If our Employees are to stay with the BEST Group for a long time, fair pay and benefits are not enough. In order to achieve our overarching goal of retaining the best Employees and preventing the risk of losing their knowledge and competences, we have to make sure that they feel good in the organisation. What makes our firm exceptional is the unique atmosphere at work, which can be felt from the very first day. According to a satisfaction survey conducted in 2022, up to 48% of our Employees value BEST **most** for its good working atmosphere.

Nowadays, remote working is mainly associated with the pandemic and sanitary restrictions. Nevertheless, for BEST it is not a new tool, but one that has been used before, allowing for flexible work scheduling. Employees have often carried out their duties while being away from the company, thus being able to realise their potential not only in the professional sphere, giving a completely new perspective on work-life balance. This is why, in the post-pandemic reality, we chose hybrid work, without abandoning the promotion of onsite work, which helps to build relationships and work together.

We appreciate diversity, as it allows us to learn a lot from one another. We look for different personalities and skills, depending on the area. Our team includes professionals who think out of the box, creative innovators, experts with unique analytical minds who can be always relied on and experts at interpersonal skills – natural talents for the demanding work with the Customer. In the BEST Group, we appreciate the knowledge and skills of experienced

professionals in the respective areas, but also see the potential in people who have just started their professional career, are open to knowledge and new experiences in a modern and friendly environment.

In the recruitment process as well as during further development and promotion, the key factors are the Employee's competences and performance. Factors not related to the job are not considered. We are an excellent example of a non-discriminatory approach: the overall percentage of female employees and the percentage of female managers are equal. Furthermore, the percentage is extremely high, with women making up 75% of employees and BEST's female managers making up approximately 72% of all employees in managerial positions.

We emphasise a friendly atmosphere from the very first day of work. A new Employee starts with an **Onboarding Programme** (see: "Introductory training"). Initially due to the pandemic, and then to meet the expectations of our employees from remote parts of Poland, onboarding activities moved largely to a virtual platform, and our remote Employees receive the necessary documents and equipment by courier service directly to their homes. In 2022, we further streamlined the Start Day by abandoning the traditional onboarding presentation altogether and basing the first onboarding day entirely on BestBook, our internal platform that we use on a daily basis. As a result, from the very first day, new Employees are able to navigate the BestBook to find necessary information. We have also added a block to the Start Day agenda explaining to new Employees what our business is all about, the mechanism of debt generation, our value chain and the role of each area within the company. Thanks to the light form of the communication (video) and the substantive value of the material, Employees understand both the role of BEST in the economy and the role of individual companies and areas in the company's day-to-day operations from the very first day. We are also currently working on preboarding solutions that will further improve onboarding from the very moment of employment in the company.

A nice custom is also the BEST Jubilee (**BESTileusz**), i.e. the practice of appreciating Employees who have worked with BEST for at least several years. For every 5 years worked with BEST, the Employee receives a cash bonus and an additional day off (for 5 years – 1 day, 10 years – 2 days, 15 years – 3 days, and so on) and a gift from the Management Board.

Listening to Employees' opinions

We cherish a dialogue with our Employees and listen to what they say. This dialogue involves not only numerous surveys, but also informal communication to better understand the Employees' expectations, needs and concerns. Traditionally, we organise a Q&A session with the BEST S.A. Management Board each time during the tri-annual BEST InfoMeetings. Our Employees can submit anonymous questions before the meeting or ask questions to the Management Board directly during the meeting.

The company has had an internal 'I want to say that' dialogue box in place for many years now. Employees can send any comments, questions, ideas and observations on the day-to-day running of the company - from minor administrative and organisational issues to strategic and employee-related ones - to the designated e-mail address. The mailbox is handled by Employees from the communication area, who, if necessary, in cooperation with other areas, prepare replies or initiate action in response to the needs communicated by e-mail, always maintaining anonymity as to the identity of the sender.

Remote working and the resulting disappearance of informal communication in the form of small talks in the kitchen or in the corridor, which used to help HR Employees to better respond to the expectations of other Employees, was the impulse to initiate the BEST Puls Check surveys, which allowed us to become more knowledgeable about the feelings of our Employees on various issues related to the professional sphere and everyday work. The surveys initiated in 2021 remain in place, their value and reliability confirmed by the results in the analogous questions of the satisfaction survey in 2022. They diagnose interpersonal relationships, well-being and the degree of identification with the company.

In the 2022 Comprehensive Employee Satisfaction Survey, the turnout was 85%. The survey results provided us with valuable information on Employee engagement, job satisfaction and perception of the company's image, cooperation with superiors or communication.

Training and growth

[3-3(404)] The rules for improving our Employees' qualifications through in-house and external training are defined in the *Training Policy of BEST Capital Group*. The document also describes the methods of verifying training requirements, the scope of responsibility of each person, the rules of organising and financing training, preparing training materials, determining the training budget and the rules of training evaluation.

Introductory Training

All Employees participate in training courses as part of the Onboarding Programme in the BEST Group. These are three interrelated onboarding processes for:

- new Employees,
- new Employees in the operational area,
- new managers.

For new Employees, the basic training is held on their first day at work. It is now also possible to hold it remotely. Employees come to know the general rules of work (applicable health and safety and IT security rules, as well as rules for using company applications and the intranet) and are familiarised with the organisation of work in the BEST Group, company values, development and employee benefits.

For certain positions, the onboarding process is much more complex. The onboarding for the Employees in the operational area additionally includes learning about the operation of IT systems, rules for claims management and the related laws as well as customer service. New *call centre* Employees undergo several days of introductory training and then, until the end of the onboarding period, take part in development activities, such as a workshop in the second month of work, on-the-job training, call listening and feedback from trainers and Leaders, as well as mentoring from an experienced Employee who works alongside the new person and provides support.

New managers (i.e. individuals who are promoted to a managerial position but have little experience in team management) can count on support in developing their managerial skills in the form of workshops or personal meetings with coaches/BEST Development Managers as part of the "BEST Manager Academy" programme.

Promoting Employee development

[404-2] In addition to standard external training, we promote a **culture of knowledge sharing** and experience exchange. Employees are encouraged to conduct workshops and training courses, write articles and take part in projects. This allows our Employees not only to gain knowledge in different areas and develop new skills, but also to better understand the internal processes and functioning of the entire company. In turn, the trainers can prove themselves in the role of in-house trainers and develop their knowledge-sharing, public speaking and communication skills, for which they are awarded points as part of our game **Play BEST**.

Coaching

A mandatory **coaching** standard was developed and adopted in the BEST Group, becoming one of the forms of development support offered to the Employees. It is a series of individual meetings between an Employee and a coach, the aim of which is to support the development of the Employee according to their individual needs. Unlike mentoring or training, it is not a form of giving advice, consulting or teaching tools. It is about inciting Employees to build solutions on their own. Coaching is intended for Employees who perform well or very well at work and at the same time need to develop a specific competence. The method is dedicated to people who want to develop themselves and are ready to make an effort to work on themselves.

Better BEST development programme

The sum of the personal competencies of BEST Employees determines the competencies of the entire organisation and contributes to the long-term market success. That is why talent development is one of our strategic goals in the HR area. The Better BEST programme was established in 2022 to identify people at BEST with high development potential and a genuine motivation to self-improvement (participation requires proactivity and commitment). The programme is not universal. It involves a small group of a dozen people to whom, once they qualify for the twelve-month programme, we provide special opportunities to work on their competencies and personal development. Participation in the programme is voluntary and its great value is that it provides an opportunity for development not only to the participants, but also to their mentors and supervisors.

Better BEST activities:

1. **Individual development pathway** followed in consultation with the supervisor.
2. **Gallup test, or CliftonStrengths survey**
3. **Training / group events** (topics to be determined once a group of Programme Participants has been selected).
4. **Individual training budget**
5. For volunteers: **coaching with a BEST coach, development counselling.**
6. For volunteers: **mentoring with a mentor from BEST in a project/task/work on soft skills.** In addition, our mentors also receive support in the form of practical training in mentoring to help them fulfil this role in the best possible way.
7. **On the job training:** participation in customised, interesting projects or tasks.
8. **Individual support from HR:** periodic meetings, discussions on the programme, progress, possible difficulties.
9. Optional: **short job rotation.**

Manager development: 360-degree survey

Another strategic objective in the HR area is the development of managers. In 2021, we launched the CliftonStrengths survey of managers in 2021 to take into account the individual aptitude of each manager in development activities. The new 360 survey is an extremely important development tool for managers and part of the feedback culture. It provides managers with reliable information on what their colleagues value and which areas they need to work on and develop. This comprehensive feedback allows you to take a broader look at your strengths and weaknesses, reflect on what you may or may not want to change in yourself in order to be a better leader. It is not only an important tool for professional development, but also a valuable development hint in the perspective of the company's strategy.

The survey was conducted based on the BEST manager competency profile, which was developed by the Management Board and directors at a dedicated workshop. This profile consists of 10 competencies selected as those that contribute most strongly to the effectiveness of our organisation. The survey turnout was very high (86% were eligible to participate). The respondents showed great commitment by willingly sharing their insights in the open-ended questions. As a result, each of the managers surveyed received personalised results, not only figures (competency rating on a scale), but also open feedback.

The individual results help to better tailor development tools so that our managers develop skills related to management, cooperation and communication in teams.

The Gallup test, or CliftonStrengths survey

The Gallup test is a professional tool used to assess natural talent. Since 2021, when we first conducted it for a selected group of managers, it has been an ever more popular development tool within the BEST Group. To date, the test has been used for the Management Board of the BEST Group companies, the Senior Management Team and participants in the Better BEST programme. We are gradually expanding this group to include more people. After the survey, each person meets with a consultant (from BEST or from outside) to discuss the survey results and their strengths. By knowing our natural predispositions, we are able to act more effectively, do what we enjoy, develop our talents and work on our weakness in a more effective way.

eTutor

eTutor is a platform for learning foreign languages (English, German, Spanish and soon Italian) at different levels, implemented in 2022. Access to the platform is free for all Employees and Associates of the BEST Group. In addition, everyone can add one person for free: their partner, child, mother, father, etc.

Possibilities of the eTutor platform

- You can learn from scratch or polish your current knowledge of English, German and Spanish (and soon Italian) at all levels: from A1 to C2.
- You can learn Travel English or Business English and gain the freedom to interact with people from all over the world or learn the international language of business.
- It has an eTutor matura module, with all materials for the matura exam in English in one place.
- Thanks to a gamification mechanism, it gives a better motivation to regular learning.
- All you need is Internet access and 15 minutes of your time. Learning takes place in the form of an online course. But eTutor is also a mobile application, so you can learn in your spare time wherever you feel like it: on the bus, while walking or relaxing on your sofa.

Job Rotation

The **Job Rotation Programme** allows Employees to work in another area in BEST S.A. for a specified amount of time, providing them with an opportunity to improve their competences or simply confront new challenges.

Company library

Our Employees can also use a **company library** in the BEST S.A. office, offering books in the area of managerial, HR management, soft skills, IT, project management, economy, law, business ethics and many more.

Performance review and feedback system

[2-29, 404-3] With a focus on open communication in the BEST Group, we promote a culture of ongoing *feedback*. The employee performance evaluation system involves ongoing feedback, and therefore evaluation, throughout the year. In practice, meetings of Employees and their supervisors should be held periodically and at least quarterly. Each meeting serves to discuss the Employee's business objectives and development goals arising from the company's defined concept of potential. As a support tool for supervisors and Employees, 2022 has developed a dedicated app in which the supervisor and the Employee record the goals and the results of achieving them. Responsibility for the effectiveness of the meetings lies with both the supervisor and the Employee, which implies a high degree of participation and involvement of the Employee in the process of setting goals and paths to achieve them.

The system, introduced back in 2018, has helped to minimise the bureaucracy associated with the previous evaluation system, which was not always well received. Less paperwork and ongoing feedback promotes efficient work and at the same time helps to support a culture of open communication in the organisation. Moreover, the system could very easily be transferred online and meetings could be carried out despite the sanitary restrictions due to the pandemic.

Volunteering

[413-1] In the BEST Group, including BEST S.A., we encourage Employees to take part in actions for the benefit of society. On the one hand, they can get involved in actions organised by the company top-down, or they can initiate actions bottom-up. People willing to help others may submit their ideas, which are subject to review. If they receive a positive opinion from the department coordinating the volunteering programme, the next step is to plan the communication of the initiative within the organisation (e.g. in order to find as many interested volunteers as possible). Volunteers can also count on support in the next stages of the action and the organisational issues related to it. Employees are rewarded for their volunteer work and pro-social attitude with Play BEST points (company game).

From the point of view of human resources management, it is also important that volunteering, whose primary objective is *pro bono* activity, is at the same time an excellent form of education. By working for the benefit of those in need, participants learn how to manage initiatives, including the people involved, time and financial resources. They also get to know how to plan and communicate effectively. At the same time, it is also an opportunity for team building in completely different circumstances than professional ones.

A new option adopted by the company in 2022 is a space on the company's intranet platform (BestBook) for the Employees to share pro-social initiatives that are important to them. Employees can report initiatives that are important from their point of view and that they themselves support or organise, thus promoting social commitment among BEST Employees. The beneficiaries of the submitted projects are sometimes even people close to or familiar with the Employees. This is an excellent solution for people who seek the support of their colleagues for a specific charitable cause, but do not have enough time or capacity to coordinate the entire action internally within the company.

In 2022, our volunteers were involved in such actions as, for instance, the Poland Business Run (support for people with disabilities and after mastectomy), the ZPF Charity Run (support for the Matuzalki animal shelter), charitable actions dedicated to Ukraine (humanitarian transport, purchase of vaccines, furnishing housing for refugees) and

in the traditional BEST “I like to help” Christmas campaign. Around 130 volunteers took part in this year's charity actions.

BEST'S social commitment

Knowledge sharing

[3-3 (413), 413-1] The philosophy of knowledge is not only older than the company itself, but also goes far beyond its walls. Sharing knowledge and levelling the playing field through education is part of the mindset of managers and owners and, as a result, a key element of the BEST Group's consistent and long-term management approach. These activities were not discontinued even despite the COVID-19 pandemic, although adjustments related to the need for social distancing were obviously needed. Nevertheless, these were changes related precisely to adaptation to the sanitary regime.

As part of our educational activities, in September 2022 we organised the first ever **BEST Open Door**. We invited local high school students to explain the role of debt collection companies in the economy, giving them a behind-the-scenes look at what it is like to work at BEST. A lecture entitled “Everything you want to know about the economy but are afraid to ask” was delivered by the Vice-President of the Management Board, Marek Kucner. The Open Door is a joint educational initiative of the debt collection companies associated in the Association of Financial Companies in Poland, carried out as part of this year's Debt Management Congress.

Speaking of supporting talented young people, it is important to mention the “**Road to Harvard Online Academy**” initiative, which is a continuation of the “**Road to Harvard**” programme implemented for 10 years. The new formula of the project has made it possible to reach a wider group of young people with knowledge about planning educational pathways and access to prestigious universities. Both the current and earlier versions of the programme inspire talented Poles, thanks to which it continues to receive support from the BEST Group. Thanks to this initiative, the most talented Polish pupils, students and university graduates have a chance to take up studies at the best foreign universities, including Harvard (Krzysztof Borusowski, the President of the Management Board of BEST S.A., graduated from this prestigious university). It also helps to build self-confidence in young Poles, convincing them that they are not inferior, less capable or less prepared than their colleagues from the United States, Great Britain, Germany, France and other countries. It is invaluable self-esteem and the belief that they too can succeed. Our commitment is consistent with the implementation of Goal 4 of the 2030 Sustainable Development Agenda, which is to provide quality education and promote life-long learning.

For several years, we have also been involved in the “**Mentoring Cruise**”, which is a unique holiday cruise on the Masurian lakes, combined with mentoring. The initiative is intended for high school graduates who are thinking about studying at the best foreign universities. Many of them are young people from small towns and cities. The Mentoring Cruise is a unique opportunity for young people to gain skills and knowledge during the sailing adventure to help them to get admitted to the university of their dreams. The experienced mentors, who graduated from prestigious foreign universities, accompany the young people during the cruise, explain the details of the application process, as well as answering all questions and addressing any concerns, so as to help the candidates discover their strengths and make the best choice. In addition to our financial involvement in this initiative, we also try to support the Cruise in terms of content. In 2022, Maciej Bardan, a member of the Management Board of BEST S.A., met and worked with the young people as a mentor. The initiative is part of BEST's long-term management approach and corporate philanthropy policy, which has as one of its goals to equalise educational opportunities,

share knowledge and promote entrepreneurship. All the more so considering that the Cruise participants are often young people with high intellectual potential and abilities, but limited financial possibilities. With the support of sponsors, it is easier for them to realise their life plans. Nevertheless, knowledge sharing is not a one-way street and the benefits are not one-sided. The meeting and the open-air Oxford debates are a source of inspiration, fresh insights and uninhibited thinking for the mentors. It is an inspiration that allows them to return to their professional duties with renewed energy and the belief typical of the young that anything is possible.

Last year, we got involved once again as a sponsor of the **EKF Academy**. The Academy is a project whose goal is to motivate students to deepen their knowledge of financial stability and sustainable socio-economic development and to propose pragmatic solutions. Importantly, the Academy aims to encourage students to take the floor in an Oxford debate on the economic challenges that Poland and Europe are facing. Around 100 students from national and international universities participate annually. The Academy features also an essay competition in a "What would we change in Poland and Europe" series (collected essays are published annually in the form of a volume). Apart from the main prize, the Prof. Winiecki prize is also awarded, funded and established by Krzysztof Borusowski, President of the Management Board of BEST S.A.

In 2022, we also became more intensively involved in the European Financial Congress, organising two panels during the event. The topic of the first one, which we hosted, was: "Liberal Poland or Statist Poland? Thirty years' experience and lessons for the future." The participants attempted to assess the past thirty years from the perspective of the market and ownership changes, trying to answer the following questions: What is the state? What is the decision-making mechanism and what is the human capital? How do the fundamental institutions function? What are the mechanisms of control? Do global risks and crises reinforce state interventionism and will states be more effective than the market? How to regulate so as not to make things worse? How to build efficient institutions? The second panel we organised concerned private equity as a driving force behind economic development or a source of risks and threats. Private equity funds achieve spectacular successes, but they can be also destructive. The latter on the Polish market was exemplified by GetBack S.A., the effects of which continue to this day in various dimensions. Have we learnt anything from this experience? If so, what kind of lessons are these? How does our supervisory system work? What impact do the actions of private equity funds have on stock exchanges? These topics were discussed by the guests of our second debate, including Andrzej Klesyk, Małgorzata Rusewicz, Jacek Socha and Krzysztof Borusowski (as the moderator) discussed these issues.

Invariably for years, the BEST Group has also annually supported the organisation of the **Verba Veritatis** competition as the Main Partner. It is a prestigious, nationwide competition, aiming to raise the level of knowledge and interest in important issues such as business ethics and corporate social responsibility (CSR) as well as corporate governance among young people who are just entering the labour market.

The BEST Group is actively involved in healthy development of the financial services market, including the development of reliable and fair debt collection practices as part of the Association of Financial Companies in Poland (ZPF). In collaboration with the Association and its selected members since 2018, the company has been implementing the "**Transparent Debt Collection**" information campaign, with a view to providing reliable knowledge on debt collection. The campaign website (www.WindykacjaJasnaSprawa.pl) contains comprehensive information on claims management and allows visitors to explore relevant information presented in an accessible way and to learn about the rights and obligations of debtors.

	2020	2021	2022
BEST Group			
Sponsoring amount (PLN)	119	84	155

including BEST S.A.			
Sponsoring amount (PLN)	119	84	155

Engagement with local communities

[3-3 (413), 413-1, 413-2] Business does not operate beside its environment, but is part of it. Feeling part of the local communities in which we operate, their co-citizen, we want to be seen as a good neighbour. This approach stems from the management philosophy on which the co-owners of BEST S.A. have based the development of the Group. Consequently, the activities are long-term and comprehensive, and the support offered, not only financial support, is based on cooperation in solving specific social problems. This approach is reflected in the provisions of the Code of Ethics and is regulated in more detail in the *Corporate Philanthropy and Sponsorship Policy*³, which assumes our contribution to sustainable development by integrating the UN Sustainable Development Goals (SDGs) into our activities and, in particular, our commitment to:

- eradicating poverty in all its forms (objective 1),
- providing quality education and promoting lifelong learning (objective 4),
- ensuring a healthy life for people of all ages and promoting well-being (subjective 3).

In 2022, we conducted key activities related to our long-standing initiatives. We supported the **Gdynia Familia Association**, subsidising day camps for children from dysfunctional families. We also donated 10 computers to equip a computer lab at Primary School No. 12 in Gdynia.

For many years now, we have been supporting the Children's Home in Elbląg, and since 2018 we have been organising a cyclical "We like to help" Christmas campaign. As part of it, we prepare individual parcels for children (based on their letters to Santa Claus). Letters from the children are anonymously published on an intranet page, created specially for the campaign, and BEST employees choose which of the children's' dreams they would like to make come true by donating individual items or entire parcels. The campaign has been going on for 5 years, its form changing over time, especially during the pandemic, when we had to re-create it virtually from scratch and design remote and online activities. This year's edition was, for the first time, HYBRID and offered the opportunity to get involved (both as participants and as volunteers) to Employees working both remotely and onsite. Our traditional Charity Pastry Sale (Employees baked cakes and sold them in the BEST "Christmas Café") took place onsite, while online we held a "Miscellaneous Auction" with our hand-made items and other: usually handicrafts, but sometimes also offers to provide some services, tutoring in certain skills or spend time together. All the items and services were sold. The money obtained was used to finance gifts for children from the Children's Home. Interestingly, 40 hours of tutoring in English, auctioned by an Employee, were donated to students from Children's Home preparing for their matura exam and high school examinations. In addition to the sale and auctions, we also organised online Christmas games (the company donated funds to a Christmas moneybox for participation) and an auction for a dinner with the Management Board. The Christmas campaign allowed us to collect a total of PLN 6,902.51 in cash for the moneyboxes, buy the items from the gift list worth approximately PLN 6,000 (i.e. prepare dream gifts for 72 children and donate a small stock of Christmas sweets to the Children's Home "for later"), and support the Children's Home with PLN 5,000 for the renovation of the children's bathroom. The combination of onsite and online activities made it possible to get involved a very high proportion of Employees. The nature of this

³ The policy is publicly available, and BEST S.A. declares that each request for support (whether a request for assistance or a sponsorship offer) will be assessed according to consistent, objective criteria (more at: [Corporate philanthropy and sponsorship - best.com.pl - BEST](https://best.com.pl - BEST)).

involvement not only created a good atmosphere, but also helped us to get to know each other, something that has been difficult throughout the pandemic and with remote work.

Efficiency in emergency situations: helping Ukraine

We also remained alert to the extraordinary needs of the local community. While in previous years we supported efforts to contain the SARS Cov-2 pandemic, now, ever since Russia's invasion of Ukraine, we have been showing solidarity and demonstrating that indifference cannot be accepted in crisis circumstances affecting us and our neighbours. In the very first days of the conflict, we decided that the sponsorship budget planned for 2022 would be allocated in large part to helping Ukraine. A few days after the outbreak of war, we donated humanitarian aid worth approximately PLN 52,000 **in transports to Ternopil and Kyiv**. In the transports to Kiev, priority was given to medical aid, food and materials needed by the soldiers defending the city. The transport to Ternopil contained more children's items, primarily for families hiding in bunkers.

As the situation evolved, with the wave of migrants arriving overnight and the ensuing organisational chaos, we decided to provide coordinating support to our Employees in their personal aid efforts. We **created an internal platform** for our Employees to exchange information on the assistance they needed or could offer to the refugees (such as finding work, housing, transport assistance, material and financial assistance). Thanks to the platform, we also organised a Solidarity Parcel (Noble Parcel) for a family from Ukraine.

After many weeks of war migrants from Ukraine arriving in Polish cities, another problem became apparent, especially among children, who did not speak Polish and were lost in their new situation, finding it difficult to assimilate. The largest Polish cities handled this problem more efficiently (e.g. by organising classes, day care centres, tutors speaking Ukrainian), so this time we decided to support the second of "our" cities, Elbląg, and got involved in **organising a Children's Day picnic** to help Polish and Ukrainian children in Elbląg make friends. We provided material assistance of about PLN 5,000 to the picnic organised by the authorities of Elbląg (we prepared parcels with toys, sweets, school materials, books and games for learning Polish for all Ukrainian children). Our employees showed great commitment once again by helping organise the event and actively participating in it (as activity organisers or as participants, bringing their own children).

In late May 2022, we received information about the needs of the neonatology ward of a hospital in Lviv, which had no **vaccines against tuberculosis and hepatitis for new-born babies**. The problem needed to be addressed urgently, so we did not have much time to act. We announced a dedicated 2-day fundraising campaign among our Employees. Employees managed to raise PLN 5,300, while the Management Board as usual doubled the amount, so we donated PLN 10,600 for the purchase of vaccines. With the joint efforts of BEST and the other companies involved (MakMedia Group, Alpen Pharma and Biomed Lublin), we donated medical aid of a total value of almost PLN 400,000.

With such a large number of newcomers from Ukraine, the largest cities in Poland started to suffer from housing problems. The authorities of Gdynia decided to renovate and adapt premises to house refugees from Ukraine (the premises were originally intended for isolation sites for COVID-19 patients at the peak of the pandemic; luckily enough, as the pandemic situation was brought under control, they could be put to another use). We came to the rescue once again. We shared information about the initiative among the Employees (everyone could donate the necessary items directly to the City Hall), while we, as a company, **purchased furniture and white goods for flats** for a total amount of approximately PLN 20,000.

	2020	2021	2022
BEST Group			
Donations for social purposes (PLN thousand)	653*	208	148
including BEST S.A.			
Donations for social purposes (PLN thousand)	653*	208	148

*the majority of this amount, i.e. PLN 640 thousand, are donations related to counteracting the Covid-19 pandemic; also included is the estimated value of donations to children's homes (approx. PLN 10 thousand: Christmas gifts, tablets, fruit); it is worth noting that the value of gifts for children is higher, as some of them are purchased directly by our Employees and, as a result, are not recognised as donations made by the company.

BEST and the natural environment

Management approach and current impact

Nature of the impact

[3-3 (301), 3-3 (302), 3-3 (305),] Office activities are associated with a relatively small scale of impact on the natural environment. Therefore, as the BEST Group, we have chosen not to adopt any official environmental policy. This aspect has also not been considered material in the materiality analysis. Nor are there any significant business risk categories associated with it that could affect the BEST Group's performance, especially in the short term.

At the same time, as a company, we are aware that any action that relieves the burden on the environment is a step in the right direction. Even a small scale of impact does not absolve us of our responsibility for it. Our role and ambition is to reduce it in a reasonable way, through process optimisation and the use of technology. Even if environmental responsibility is not of major business significance to us, it has ethical significance and we should treat it accordingly. It is a question of consistency with our declarations.

Operations of the BEST Group companies are conducted in Poland in two office buildings: in Gdynia and Elbląg⁴, by field employees and, in a hybrid work model, by employees working remotely. Everyday work therefore involves consumption of the following:

- office materials, especially paper
- electricity, heat and cooling (offices and in locations from which remote work is provided),
- fuel (company cars and other means of transport).

Gradual elimination of paper documents from processes

Debt collection, even if not pursued through court-ordered enforcement proceedings must at least allow for a scenario in which such proceedings take place. The individual steps must therefore be documented accordingly. While some steps can be recorded in modern, electronic form, administrative proceedings, for example, in practice usually require a paper form. Efficiency, under the current legal order, is associated with a high demand for paper. Therefore, its consumption is somewhat higher than in other, typical office activities. The possibilities to reduce it, due to legal requirements, are relatively low. While a significant part of supporting intra-organisational processes is already digitised, correspondence with Customers or administrative authorities is unfortunately not.

We strive to eliminate paper documents from individual processes, both for environmental reasons and for the efficiency and convenience of using their electronic versions. From 2022, since the implementation of the new version of the BEST Online platform, all settlements can be concluded online, without the need to print paper documents.

At the same time, due to information protection requirements, our paper documents are destroyed in a safe way by an external specialised contractor (the documents are initially separated from all plastic elements, and then destroyed in the process of machine cutting; the obtained fine paper is formed into bales and transferred to be reused in the manufacturing of paper products). Our external contractor also certifies that the raw material is properly reused in an environment-friendly way.

⁴ Our Italian company, BEST ITALIA, rents a small office, which has been omitted due to its non-material impact.

Reducing the need for fuel and energy

The headquarters of the BEST Group companies, the Tensor X building in Gdynia, meets the requirements for BREEM certification ("very good"). Thus, energy intensity and the associated carbon footprint are low thanks to the use of the best technological solutions used in construction today. In practice, this will mean that the operating expenses, or certain related taxonomy-eligible expenditure⁵, will most likely also meet the technical criteria.

In our work, we use a small fleet of about 30 company cars. This causes fuel consumption and emissions. As the car fleet is being modernised, there is a gradual improvement in emission and exhaust gas parameters. This is another area of expenditures and operating costs in the BEST Group, referred to in the taxonomy. Although rather immaterial from the point of view of the company's performance, with the gradual renewal of the fleet, the proportion of transport-related costs meeting the requirements of the taxonomy will increase.

In addition to the car fleet used by our offices, On-Site Consultants also use the cars, which generates emissions. Our Customers often expect face-to-face meetings as a form that makes it is easier to find a convenient solution to their problems. Thus, the social interest of our Customers justifies this form of contact, even if it is more expensive in terms of financial as well as environmental costs.⁶

The BEST business model itself, built on know-how and focused on efficiency, is not only business efficient but also environmentally effective. By relying on solutions based on remote customer service (e.g. *call centres* or BEST Online), we can eliminate hundreds of meetings and thus the emissions associated with travel. At the same time, over the years we have promoted bicycle commuting among Employees. We have provided the possibility of safe bicycle parking at the company's headquarters and rewarded the most persistent cyclists with points in the company's Play BEST gamification.

The hybrid work model adopted after the pandemic involves an additional reduction in the environmental impact of the Group companies. First and foremost, it is about the carbon footprint related to Scope 3 emissions (commuting). At the same time, however, the observed reduction in energy consumption in offices with fewer employees can hardly be considered entirely in terms of environmental savings. The same equipment (laptops, monitors, etc.) will consume energy, but in the homes of our Employees. Thus, part of the indirect emissions classified as Scope 2 will be moved to Scope 3 emissions. Moreover, while the savings on commuting costs are evident, the question of the total energy consumption associated with the operation of equipment and especially lighting of the workplace (wherever it is located), for example, remains ambiguous.

Other aspects of environmental impact

As for other categories of environmental impact, they are even less significant than the carbon footprint. The occupied office space is located in urbanised areas whose natural value is low. Therefore, the impact of the activity on biodiversity, including areas and species of high natural value, can be considered a completely negligible aspect. Similarly, the impact of the activity on the deforestation process is immaterial. The BEST Group offices (Gdynia, Elblag, Milan) are located in areas characterised by low water stress⁷ and their water requirements are limited to water intake for domestic purposes. The water itself is entirely purchased from third parties and drawn from municipal water supplies. Similarly, wastewater is collected by third parties (sewerage and municipal treatment plants). The operation of the offices also generates small amounts of waste, which are segregated where possible

⁵ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088

⁶ The COVID-19 pandemic has significantly reduced this form of relationship.

⁷ A 'low' rating based on the Aqueduct Water Risk Atlas tool.

and sent for secondary use. Offices do not generate waste considered hazardous in quantities that could be considered material.

[2-27] In 2022, neither the BEST Group as a whole nor BEST S.A. was fined for violating environmental protection laws.

Climate resilience of the business model

The exposure of the BEST Group's business model to climate-related risks is small and disproportionately smaller than the exposure of industrial companies. Nevertheless, we decided to carry out a simplified analysis, and publish it in the 2020 report, of the resilience of the business model to climate change, as suggested in the European Commission Communication: *Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01)*⁸, and more specifically the TCFD technical report indicated therein⁹. In doing so, we are also ahead of the likely provisions of a future regulation relating to sustainability reporting.

The analysis of the materiality of the risk associated with climate change has confirmed a relatively low materiality level, i.e. the exposure of the BEST Group to such risks is low:

Table: Categories of climate-related risks and opportunities

Market and technology shifts The services offered by the BEST Group are intangible and involve low emissions. Therefore, it is difficult to consider them in terms of the demand for low-emission services. It is unlikely that technology shifts will occur that disrupt the way our services are currently provided. By focusing on <i>call centre</i> services, we use telecommunication technologies, which already reduce emissions compared to any hypothetical solutions which would be based only on personal contact. One should also assume that BEST Group will anticipate any ICT changes which will contribute to improving its operating and climate efficiency.	Reputation. The BEST Group does not operate in an industry responsible for climate change, so the risk of reputational damage is not high.
Policy and legal. Economic policy and changes in legislation to reduce the carbon footprint will have a limited impact on the activities of the BEST Group due to its relatively small share in the costs of energy or fuel. Thus, the increase in the latter, will not radically change the total operating costs.	Physical risks. The BEST Group's competitive advantages and key competences do not rely on physical assets, but on the skills of the Employees. Real properties used by the BEST Group are rented, and not owned by it. Therefore, any potential losses would be suffered by the landlords. Moreover, the COVID-19 pandemic has shown that the BEST Group is able to quickly and effectively shift its operating model to a distributed one by switching to remote working.

⁸ [https://eur-lex.europa.eu/legal-content/PL/TXT/PDF/?uri=CELEX:52019XC0620\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/PL/TXT/PDF/?uri=CELEX:52019XC0620(01)&from=EN)

⁹ The Use of Scenario Analysis in Disclosure of Climate Related Risks and Opportunities, Task Force on Climate-related Financial Disclosures, June 2017

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The BEST Group operates based on a business model in which the costs of fuels or energy are not so significant that they could undermine the model. Therefore, any fluctuations in the price of fuel and energy, including their increases since 2021, will affect the financial results, but not significantly. The BEST Group does not have a significant exposure to direct physical or reputational risks. The latter mainly affect companies operating in energy-intensive (e.g. heavy industry) and high-emission industries (e.g. energy industry). In contrast to these companies, the BEST Group does not rely on non-current assets and has based its model on ICT, allowing it to minimise direction emissions. What is more, we try to monitor changes in technology and introduce state-of-the-art and effective ICT solutions that go beyond our *call centre* services and are Internet-based. Moreover, the COVID-19 pandemic has demonstrated that the BEST Group can quickly and effectively adapt its operating model to changing conditions.

While the direct impact of factors on the BEST Group's business model will be limited and the Group should adapt to changes without major problems and significant expenditures, indirect factors, such as the impact of climate change on other stakeholders (individuals and organisations), may be of greater importance for its future operation. The Ministry of Environment estimates¹⁰ that losses due to climate change will increase rapidly, mainly due to extreme weather events. While it is estimated that between 2001 and 2010 they cost PLN 54 billion (the flood in 2010 alone cost PLN 12.5 billion), the costs are expected to exceed PLN 120 billion in 2021-2030. According to various scenarios, by 2030 the average sea level along Poland's coast will rise by 5 cm, which means that an area of 2200 km² will be at risk of flooding by the sea (7% are urban areas). Areas located up to 1.25 m above sea level will be suitable for housing or industrial development only to a limited extent. This could mean that as many as 1.7 million people may be at risk of losing their jobs, and about 300,000 may be find themselves directly affected by climate change (loss of housing). Urbanized areas throughout the country will face a growing number of urban heat islands and heavy downpours causing flooding, and droughts. In agriculture, the plant vegetation period will be extended, with plants growing faster, and there will be opportunities for cultivating thermophilic plants, intercrops and stubble crops, but extreme weather events will be more likely, water shortages will deteriorate and invasive species will occur.

These phenomena will affect the financial position of individuals and organisations, who may find it more difficult to plan in the long term and will be at risk of losses. People who lose their job or housing due to sea floods, or farmers who lose their crops due to drought or flood may be borrowers who, suddenly and through no fault of their own, could be unable to meet their financial commitments. As they lose their ability to repay a loan or borrowing, their claims will be acquired by debt collection firms, which will need to modify their solutions for people affected by natural disasters.

¹⁰Climate change adaptation in Poland. Based on a strategic adaptation plan for sectors and areas vulnerable to climate change by 2020, with a perspective through 2030 (SPA 2030)', Ministry of Environment (www.klimada.mos.gov.pl).

Non-financial figures

[2-7] Employment at the end of the year

	2020			2021			2022		
	women	men	total	women	men	total	Women	men	total
BEST Group*									
indefinite time	302	108	410	316	106	422	371	127	498
definite time	130	31	161	169	47	216	133	59	192
probation period	31	10	41	20	11	31	7	3	10
substitution	1	0	1	1	0	1	2	2	4
full time	448	142	590	482	153	635	493	180	673
part time	16	7	23	17	8	25	20	11	31
aged below 30	132	41	173	139	39	178	116	40	156
aged 30-50	302	97	399	338	113	451	368	137	505
aged over 50	30	11	41	29	12	41	29	14	43
Gdynia	203	115	318	226	130	356	231	152	383
Elbląg	256	31	287	273	31	304	274	31	305
Milan (Italy)	6	2	8	7	3	10	8	8	16
Total	464	149	613	506	164	670	513	191	704
<i>Individuals working based on civil law contracts and self-employment, including on-site advisors, etc. (individuals under an appointment relationship not included)</i>	13	78	91	18	50	68	17	74	91
including BEST S.A.									
indefinite time	290	93	383	302	91	393	354	105	459
definite time	129	30	159	166	46	212	127	57	184
probation period	31	10	41	18	11	29	7	3	10
substitution	0	0	0	0	0	0	2	2	4
full time	435	130	565	472	145	617	473	163	636
part time	15	3	18	14	3	17	17	4	21
aged below 30	128	37	165	136	37	173	111	37	148
aged 30-50	292	88	380	322	102	424	351	121	472
aged over 50	30	8	38	28	9	37	28	9	37
Gdynia	194	102	296	213	117	330	216	136	352
Elbląg	256	31	287	273	31	304	274	31	305
Total	450	133	583	486	148	634	490	167	657
<i>Individuals working based on civil law contracts and self-employment, etc. (individuals under an appointment relationship not included)</i>	3	65	68	2	12	14	4	59	63

*In this year's report, the BEST Group figures for 2019-2020 also include employment at BEST Italia S.r.l., (Italy).

by location (in Poland)

	2019			2020			2021		
	Gdynia	Elbląg	total	Gdynia	Elbląg	total	Gdynia	Elbląg	Total

BEST Group									
<i>indefinite time</i>	216	185	401	214	198	412	248	234	482
<i>definite time</i>	78	84	162	121	95	216	125	67	192
<i>probation period</i>	23	18	41	20	11	31	9	1	10
<i>substitution</i>	1	0	1	1	0	1	1	3	4
including BEST S.A.									
<i>indefinite time</i>	197	185	382	195	198	393	225	234	459
<i>definite time</i>	76	84	160	117	95	212	117	67	184
<i>probation period</i>	23	18	41	18	11	29	9	1	10
<i>substitution</i>	0	0	0	0	0	0	1	3	4

[401-1] New Employees hired

	2010			2011			2012		
	women	men	total	women	men	total	Women	men	total
BEST Group*									
<i>aged below 30</i>	55	16	71	48	16	64	39	18	57
<i>aged 30-50</i>	45	20	65	55	24	79	48	38	86
<i>aged over 50</i>	1	3	4	2	3	5	4	1	5
<i>Gdynia</i>	41	34	75	55	36	91	44	45	89
<i>Elbląg</i>	60	4	64	47	6	53	47	6	53
<i>Milan (Italy)</i>	0	1	1	3	1	4	1	3	4
Total	104	44	148	113	45	158	95	57	152
%*	22.4%	26.2%	24.1%	22.3%	27.4%	23.6%	18.5%	29.8%	21.6%
including BEST S.A.									
<i>aged below 30</i>	54	15	69	46	16	62	38	17	55
<i>aged 30-50</i>	43	17	60	49	23	72	45	34	79
<i>aged over 50</i>	1	2	3	2	2	4	4	0	4
<i>Gdynia</i>	38	30	68	50	35	85	40	45	85
<i>Elbląg</i>	60	4	64	47	6	53	47	6	53
Total	98	34	132	97	41	138	87	51	138
%*	21.8%	25.6%	22.6%	20.0%	27.7%	21.8%	17.8%	30.5%	21.0%

Note: includes only Employees who were hired in the respective year and were employed as of 31 December 2022.

*In this year's report, the BEST Group figures for 2019-2020 also include employment at BEST Italia S.r.l., (Italy).

[401-1] Employees who left the company

	2020			2021			2022		
	women	men	total	Women	men	total	women	men	total
BEST Group*									
<i>aged below 30</i>	13	8	21	26	19	45	38	9	47
<i>aged 30-50</i>	25	24	49	53	19	72	51	23	74
<i>aged over 50</i>	3	3	6	5	1	6	5	1	6
<i>Gdynia</i>	21	27	48	33	28	61	38	25	63
<i>Elbląg</i>	20	6	26	49	10	59	56	8	64

	2020			2021			2022		
	women	men	total	Women	men	total	women	men	total
Milan (Italy)	0	2	2	2	1	3	2	0	2
Total	41	35	76	84	39	123	94	33	127
turnover ratio	8.8%	23.5%	12.4%	16.6%	23.8%	18.4%	18.3%	17.3%	18.0%
including BEST S.A.									
aged below 30	13	8	21	26	19	45	38	9	47
aged 30-50	23	18	41	50	17	67	50	23	73
aged over 50	3	2	5	5	0	5	5	1	6
Gdynia	19	22	41	32	26	58	37	25	62
Elbląg	20	6	26	49	10	59	56	8	64
Total	39	28	83	81	36	117	93	33	126
turnover ratio	8.7%	21.1%	22.4%	16.7%	24.3%	18.5%	19.0%	19.8%	19.2%

*In this year's report, the BEST Group figures for 2019-2020 also include employment at BEST Italia S.r.l., (Italy).

[401-3] Ratio of Employees who returned to work and remained employed after a parental leave, by gender

	2020			2021			2022		
	women	men	total	women	men	total	women	men	total
BEST Group									
Number of Employees who were entitled to a parental leave and exercised this right in the year in which their child was born	33	14	77	22	8	30	39	14	53
Did not exercise their right in the year in which their child was born	0	4	0	0	0	0	0	0	0
Number of people whose contract was terminated during a parental (the contract was terminated after the period for which it was concluded)	1	0	10	0	0	0	2	0	2
including BEST S.A.									
Number of Employees who were entitled to a parental leave and exercised this right in the year in which their child was born	32	13	38	22	7	29	38	14	52
Did not exercise their right in the year in which their child was born	0	4	0	0	0	0	0	0	0
Number of people whose contract was terminated during a parental (the contract was terminated after the period for which it was concluded)	1	0	5	0	0	0	2	0	2

[404-1] Average hours of training per year per Employee, by gender and Employee category*

	2020			2021			2022		
	women	men	total	women	men	total	women	men	total
BEST Group	16	17	17	18	22	19	16	15	16

Directors	23	17	22	49	28	44	29	8.75	27
leaders and managers	36	40	37	21	21	21	27	22	25
Specialists	14	14	14	17	22	19	14	14	14
including BEST S.A.	17	20	17	19	25	21	16	16	16
Directors	23	17	22	49	28	44	29	8.75	27
leaders and managers	36	43	39	23	24	24	28	25	27
Specialists	14	16	15	18	25	20	15	15	15

*The following data are estimates. For the purpose of the calculations, employment is presented as at 31.12.2022. In 2022, a significant number of training courses took place through access to purchased online training platforms. Compulsory health and safety at work training, first day at work onboarding training, employer-subsidised postgraduate studies, Employees' participation in free webinars during working hours and training received under the licences purchased for 2022 for online training platforms (4 training platforms for the IT and analytics area, 1 language learning platform for all and 1 for the HR area) are not included in the data. Training received by Management Board Members and General Partners in BEST Group has not been considered either.

[405-2] Ratio of average remuneration of women to men, by category*

	2020	2021	2022
Specialists	78.51%	75.53%	76.26%
IT specialists	83.53%	81.00%	104.96%
Directors	78.72%	85.11%	71.34%
leaders, coordinators and managers	79.46%	74.05%	74.38%
Assistants	99.25%	99.11%	98.60%

*The statistics are subject to a high risk of error due to the low number of categories and their heterogeneous nature. On the one hand, a given category may include only several or a dozen or so people of either gender. As a result, sometimes a higher or lower salary strongly affects the average value for a given gender and the result. On the other hand, the groups are not entirely homogeneous, i.e. among 'specialists' there are both lower paid positions with a more general specialisation as well as highly specialised experts with a narrow field of specialisation. Although formally both groups are referred to as 'specialists', their remuneration differs considerably.

[202-1] Ratios of standard entry level wage* by gender compared to minimum wage

	2020	2021	2022
Women	104.02%	101.55%	106.54%
Men	104.81%	102.38%	106.87%

*The calculation covers persons employed as call centre consultants; at the same time, it should be also noted that the positions with base remuneration in the BEST Group include cleaners and office support workers (drivers, maintenance workers), but there are few of them and they are by no means representative for the organisation as a whole; at the same time, it should be emphasised that the data refer to base remuneration without bonuses, premiums, etc., while consultants, on terms analogous to other call centre employees, receive a significant part of their remuneration in the form of performance bonuses. In 2018, the average bonus of call centre employees remained close to PLN 1,000 per month throughout the year, with an average of more than PLN 1,500 in the best months. Actual remuneration is therefore significantly higher. The slight differences between men and women result from the fact that basic salary in the BEST Group is increased upon return to work in the case of Employees on long-term leaves (e.g. maternity and parental leaves). As a result, individuals on a leave may have a formally lower salary, which affects the ratio in a given group.

[301-1, 302-1] Consumption of materials, raw materials, fuel and energy*

	Unit of measurement	2020	2021	2022
BEST Group¹¹				
<i>key materials</i>				
Paper	kg (reams)	5,014.55 (2,010 reams)	15,018.70 (6,020)	18,424.10 (7,385.00)
<i>water and waste water</i>				
water consumption (from the municipal network)	m ³	1,520.61	265.77	254.69
<i>fuel and energy</i>				
Petrol	GJ (litres)	804.64 (24,273.97)	814.02 (25,332.50)	1,197.90 (37,278.94)
Diesel	GJ (litres)	451.59 (12,335.89)	263.54 (6,978.68)	340.83 (9,025.38)
electricity*	GJ	2,521.28	2,520.58	2,610.31 (725,086 kWh)
heat**	GJ	1,422.79	1,309.92	2,320.75
Cold	GJ	138.19	8.53	67.82
Total energy consumption	GJ	5,338.48	4,916.58	6,537.60
including BEST S.A.				
<i>key materials</i>				
Paper	kg (reams)	4,914.76 (1,970 reams)	14,906.43 (5,975 reams)	18,349.25 (7,355.00)
<i>water and waste water</i>				
water consumption (from the municipal network)	m ³	1,474.85	243.14	233.47
<i>fuel and energy</i>				
Petrol	GJ (litres)	375.76 (10,264.67)	629.21 (19,581.37)	965.80 (30,056.00)
Diesel	GJ (litres)	587.29 (17,717.18)	232.28 (6,150.93)	340.83 (9,025.38)
electricity*	GJ	2,434.83	2,433.71	2,519.14 (699,762 kWh)
heat**	GJ	1,392.57	1,283.01	2,295.41
Cold	GJ	126.54	7.80	62.16
Total energy consumption	GJ	4,917.00	4,586.01	6,183.35

*depending on the supplier, between 26.72% (Gdynia) and 35.16% (Elblag) of the electricity was produced from RES in individual locations.

**a part of the energy consumed by air conditioning systems is not disclosed separately, but shown in the consumption of electricity.

[305-1, 305-2, 305-3] Estimated greenhouse gas emissions (Scope 1, Scope 2, Scope 3)

BEST Group¹²

¹¹ The Italian market is not included in the table – the small company operating there has a negligible environmental impact (no company cars, an office with a small surface area), which in practice comes down to electricity consumption, only 10,488 kWh in 2022 (including 42.77% from RES).

¹² Without the Italian market, as above

[kg CO ₂ e]	2020	2021	2022
Scope 1			
Petrol	52,626.45	55,567.35	80,591.48
diesel	31,407.55	17,532.75	23,085.48
Scope 2			
electricity*	503,555.01	585,564.81	610,395.52
Heat	137,299.14	126,407.28	298,285.71
Cold	n.a.	n.a.	
Scope 3			
Paper	4,610.36	13,808.13	16,939.05
Water	523.09	39.60	37.95
Sewage	1,076.59	72.29	69.28
commuting	142,098.59	64,222.13	160,914.80
Total (scopes 1-3)	873,197.85	863,214.34	1,190,319.26

including BEST S.A.			
[kg eCO ₂]	2020	2021	2022
Scope 1			
Petrol	38,411.20	42,952.13	64,976.56
diesel	26,134.16	15,453.17	23,085.48
Scope 2			
electricity*	486,289.40	565,383.49	589,077.12
Heat	134,383.47	123,810.21	295,029.69
Cold	n.a.	n.a.	
Scope 3			
Paper	4,518.61	13,704.92	16,870.24
water	507.35	36.23	34.79
sewage	1,044.20	66.13	63.50
commuting	136,931.37	61,886.78	151,194.33
Total (scopes 1-3)	828,220.83	823,293.05	1,140,331.71

Methodology: the calculations use, inter alia, data on the emissivity of electricity production published by the National Centre for Emission Management (KOBIZE) (for the years 2020, 2021, 2022), the emissivity of heat production published by the Energy Regulatory Authority (URE) (2019, 2021), as well as the emissivity factors for fuels, travel by various modes of transport, water distribution, wastewater collection, disposal of waste electrical and electronic equipment, and paper production reported and published by the UK Government (UK Government Conversion Factors for greenhouse gas (GHG) reporting (2022)). Emissions resulting from the combustion of fuels, electricity and heat were estimated not only for CO₂, but also for other greenhouse gases and expressed in eCO₂. Therefore, the emission factors published by KOBIZE were increased by emissions of nitrogen oxides converted to the corresponding mass of CO₂. Similarly, from 2022, the emission factor for thermal energy was increased by the value resulting from nitrogen oxides emissions. Published by the Energy Regulatory Authority These conversions used Global Warming Potentials (GWP) values from the most recent of the IPCC Fifth Assessment Report, 2014 (AR5).

*The above figures were calculated using averaged data for Poland published by KOBIZE (market-based approaches). After taking into account the emissivity published by the energy suppliers purchased by the BEST Group in the two locations, the size of the carbon footprint would total in 2022 respectively: 480,087 kg eCO₂ (BEST Group) and 462,325 kg eCO₂ (BEST S.A.) (location-based method). This is due to the relatively high share of energy from RES, especially in the case of the supplier in Elbląg.

About the report

Nature of the report

[2-1, 2-2, 2-3, 2-4, 2-5]

The presented report, which is also a non-financial data report, is the fifth non-financial (ESG) report of the BEST and BEST S.A. Capital Group. The document has been prepared with reference to GRI Standards 2021. It covers the period from 1 January 2022 to 31 December 2022. However, by analogy to the reporting principles, the report discusses activities and events which took place after the balance sheet date and before the publication of the report, and which may be relevant to the fair and comprehensive presentation of non-financial results of the organisation.

The report has been prepared to meet the requirements of the obligation imposed on selected entities and capital groups to publish non-financial data, according to the *Accounting Act of 29 September 1994* (consolidated text of Journal of Laws of 2019, item 351, as amended). Accordingly, the report includes, for instance, environmental impact aspects, even though this impact, in the Company's opinion, is not significant as of today and is not expected to become crucial from the point of view of the Company's impact and performance in the foreseeable future, despite its growing importance.

The report has not been subject to any additional verification by an independent statutory auditor beyond the existing requirements. At the same time, the process of defining the content and collecting the data was supported by an external expert.

The report covers all companies of the BEST Group consolidated in financial reporting, i.e. BEST Towarzystwo Funduszy Inwestycyjnych S.A., Kancelaria Radcy Prawnego Rybszleger Sp. K., BEST Capital Italy, BEST Italia S.r.l., BEST Capital FIZAN, BEST I NSFIZ, BEST II NSFIZ, BEST III NSFIZ, BEST IV NSFIZ. In addition, the report includes separate figures for BEST S.A.

Contact person:

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Report defining process

[2-29, 3-1

In 2022, there were no changes in the economic environment or in the BEST Group's business model that are significant enough to fundamentally affect the nature of the organisation's interaction with the social or natural environment. When commencing work on this report, the existing business model was re-examined to understand the current and potential nature of the future impact of the business on the environment. However, this process did not identify any new factors that were not included in the earlier analyses. In this analysis, and in particular in the assessment of the materiality of the various aspects of impact, the results of the annual stakeholder survey, conducted to obtain feedback on the previous non-financial (ESG) report, proved to be an important complement to the previous materiality analysis (mapping), as it assesses whether and to what extent important aspects of impact, from the point of view of those surveyed, have been comprehensively disclosed.

Evaluation of the non-financial (ESG) reporting of the BEST Group in the eyes of stakeholders

Reluctance to engage in dialogue results in a small number of responses and does not allow statistically significant conclusions to be drawn. Nevertheless, the results show general trends and positive perceptions of the report among readers. 85.7% of the surveyed stakeholders assess the **time** of the report's publication as appropriate. Moreover, all the respondents find the report to be **transparent**, its graphical form **attractive** and the **accuracy** of the descriptions sufficient. They also all consider the material to be **reliable**.

	Definitely true	Rather true
In your opinion, has the BEST Group taken into account social and environmental issues relevant to its business and the social and environmental impact of the BEST Group in the CSR Report?	28.6%	71.4%
Please assess whether it is reasonable to include the following ECONOMIC aspects in the report	14.3%	85.7%
Please assess whether it is reasonable to include the following ENVIRONMENTAL aspects in the report:	71.4%	28.6%
Please assess how reasonable it is to include the following SOCIAL aspects in the report:	100.0%	-

Source: CSR Report Reader Feedback Survey (2022).

This approach to CSR management is in line with the suggestions of the standard PN-ISO 26000 and the GRI Standards. The Group believes that defining the scope of the report based on recognised international standards and the United Nations Sustainable Development Goals (SDGs) contributes to the BEST Group and BEST S.A. observing the materiality principle and the sustainable growth context. The approach to the collection of data, supplemented by interviews with representatives from individual departments and companies, and to the presentation of data is intended to observe utmost diligence in complying with the principles of balance, comparability, accuracy, punctuality, transparency and reliability.

Scope of the report

[3-2]

As a result of evaluating the materiality of the individual CSR aspects, the following were found to be of key importance for the BEST Group and BEST S.A.:

	Topic	Materiality	GRI Standards indicator	Aspect of the Accounting Act
1	Direct and indirect economic value (economic impact)	high	203-2	Social
2	Wage level compared to local market	moderate	202-1	Employee-related
3	Terms of employment (types of contracts, turnover, wages, additional benefits)	high	401-1 401-2 401-3	Employee-related
4	Development and training	high	404-1 404-2 404-3	Employee-related
5	Human rights: respect for fundamental rights of customers, credibility assessment of the claim seller	high	412-1 412-2	Human rights
6	Anti-corruption and anti-bribery	high	205-1 205-2 205-3	Anti-corruption
7	Market behaviours affecting fair competition	high	206-1	Social
8	Safety of products and Customer health	moderate	416-1 416-2	Social
9	Ethical marketing communication	high	417-1 417-2 417-3	Social
10	Privacy of Customer personal data	high	418-1	Human rights

11	Financial education of Customers/the public	high	413-1	Social
12	Consumption of fuel, energy and raw materials	low (non-material)	301-1 302-1 305-1 305-2 305-3	Natural environment
13	Community engagement	low (non-material)	413-1 413-2	Social

Due to the requirements of the *Accounting Act*, the report includes aspects with a low materiality level, such the impact of the BEST Group and BEST S.A. on the natural environment. For the same reason, the report also includes aspects related to pro-community activity and social engagement. Due to the non-material (purely supplementary) nature of these aspects, the report is limited to the requirements of the Accounting Act and not longer uses a detailed management approach as per GRI Standard (GRI 3: Material Topics 2021, 3-3 Management of material topics).

Addendum: Non-financial risks associated with debt collection activity

[102-15] Non-financial risks count among the key categories of BEST Group's business risks. Each risk category has a business owner who manages it on the operational level and makes decisions to reduce the risk to an acceptable level. The relatively flat organisational structure allows the Management Boards to monitor all of the risks to which the BEST Group, including BEST S.A., is exposed.

Environmental issues are of marginal significance, and the main risks are of social nature:

Risk of losing key Employees	Understood as a situation where losing experienced managers or key Employees may have a negative impact on the speed and progress in achieving our business objectives. (see: "BEST'S approach to its Employees")
Cyber security risks	Understood as a situation where, as a result of a cyber-attack, the continuity of the Company's operations will be disrupted, the Company will lose access to data resources or where the confidentiality, availability and integrity of data will be compromised, with a consequent negative impact

	<p>on, among other things, the Company's image and, in extreme cases, an impact on its performance.</p> <p>(see: "<i>Effective protection of personal data</i>")</p>
Risk of changes in the legal environment	<p>Understood as a situation where introduced changes in legal regulations, good practices, positions of authorities or courts will have a significant impact on the Company's operations due to the necessity of incurring high costs related to adapting the Company's activities to them or will make it necessary to cease some of the Company's operational activities, which may significantly affect the Company's financial performance.</p> <p>(see: "<i>Compliance management</i>")</p>
Compliance risk	<p>Understood as a situation where the Company acts contrary to legal regulations, good practices, positions of authorities or courts, the consequence of which may be, inter alia, a fine imposed by a regulator (Polish Financial Supervision Authority, Office of Competition and Consumer Protection, Personal Data Protection Office), loss of a licence for debt management, an unfavourable judgment or any other unfavourable ruling, an order or a ban issued by an authorised body.</p> <p>(see: "<i>Compliance management</i>")</p>
Risk of personal data security breach	<p>Risks associated with the possibility that the confidentiality, integrity or availability of personal data may be compromised, whether as a result of deliberate action, error or negligence by individuals or entities with which the Company works, and the risk that the processing of personal data may be considered unlawful. The consequences of breaches of personal data protection regulations, in particular breaches of the confidentiality, integrity or availability of personal data, may result in criminal or administrative sanctions and the emergence of liability for damages (e.g. in connection with a breach of personal rights), which may consequently have a negative impact on the Company's image.</p> <p>(see: "<i>Effective protection of personal data</i>")</p>
Risk of information confidentiality breach	<p>Risk of unauthorised access to confidential information that constitutes a business or professional secret. One of the possible consequences is the imposition of criminal or administrative sanctions or contractual penalties on the Company by its counterparties.</p> <p>(see: "<i>Compliance management</i>", "<i>Effective protection of personal data</i>")</p>
Negative PR risk (reputational risk)	<p>Refers to the loss of the Company's credibility in the perception of customers, investors, employees or the public following the publication of unfavourable or false information regarding the Company, as well as the activities of other entities in the industry, while creating an impression that all entities in the debt collection industry act unethically. The effect of such a situation may translate in the long term into financial performance.</p>

	(see: <i>“Market environment of BEST”, “BEST’s approach to its Customers”, “BEST’S social commitment”</i>)
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Attachment: BEST Group and BEST S.A. and the EU taxonomy

Legal basis and qualification of activity

Article 8(1) of Regulation (EU) 2020/852 requires companies subject to Article 19a or 29a of Directive 2013/34/EU of the European Parliament and of the Council⁽²⁾ to disclose information on how and to what extent the activities of that company are related to environmentally sustainable economic activity. As BEST S.A. is obliged to publish a statement on non-financial data on an annual basis, it is also required to present the information referred to above.

Article 8(2) of Regulation (EU) 2020/852, while imposing reporting obligations on companies, refers to the obligation of non-financial companies to disclose information on the percentage share of turnover, capital expenditure and operating expenditure ("key performance indicators") in their activities related to environmentally sustainable business assets or processes; however, the provision does not specify the key performance indicators for financial companies, i.e. credit institutions, asset managers, investment firms and insurance and reinsurance undertakings. As a result, the regulation required an addendum that would clarify the reporting obligations of individual entrepreneurs. Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 *supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation* has filled this gap by specifying the scope and form of presentation of the results relating to the environmentally sustainable economic activities of companies. Disclosure obligations vary depending on the type of activity conducted by the company, and companies have been divided into:

- non-financial companies
- asset managers
- credit institutions
- investment firms
- insurance and reinsurance undertakings

While for most companies obliged to make non-financial data public, including information on how and to what extent the company's activities are related to environmentally sustainable business, categorisation is something obvious, additional analysis was required for companies such as BEST. BEST S.A., the parent company of the BEST Group, holds a permit from the PFSA to manage securitised receivables of a securitisation fund, issued under Article 192 of the Act on Investment Funds and Management of Alternative Investment Funds, which could suggest that it is not a non-financial company. As it is BEST S.A. that is subject to Article 29a of Directive 2013/34/EU, the analysis had to be carried out from its perspective and not that of the entire capital group for which it is the parent company. BEST S.A. does not meet the criteria of an investment company because in order to transact on its own account in transferable securities, BEST would have to hold a permit to provide brokerage services under the Act on Trading in Financial Instruments. The company holds that it is also not an asset manager as defined in the delegated act in question, as it is not:

1. an AIFM as defined in Article 4(1)(b) of Directive 2011/61/EU of the European Parliament and of the Council⁽⁴⁾;
2. a management company as defined in Article 2(1)(b) of Directive 2009/65/EC of the European Parliament and of the Council⁽⁵⁾¹³;

¹³ "management company" means any company, the regular business of which is the management of UCITS in the form of unit trusts/common funds and/or of investment companies (collective portfolio management of UCITS)

3. an investment company that has been authorised in accordance with Articles 27, 28, 29 of Directive 2009/65/EC and has not designated, for management purposes, a management company authorised in accordance with Articles 6, 7 and 8 of that Directive.¹⁴

Considering the foregoing and given that BEST S.A. is not an investment fund company or alternative investment company and does not meet the criteria of a management company as adopted in the act in question, in the Company's opinion it is classified as a non-financial entity and the disclosures indicated for a non-financial entity apply to it.

Having regard to the provisions of Article 10(2) of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, the Company is required to make a simplified disclosure to the public, i.e. by 31 December 2022, it is only required to disclose the percentage share of taxonomy-eligible economic activity and taxonomy-non-eligible economic activity in its total turnover, capital and operating expenditures, as well as the qualitative information referred to in point 1.2 of Annex I regarding this disclosure.

Qualification of activities as environmentally sustainable

In accordance with Article 3 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088, an economic activity shall qualify as environmentally sustainable where the economic activity:

- contributes substantially to one or more of the environmental objectives
- does not significantly harm any of the environmental objectives
- is carried out in compliance with the minimum safeguards
- complies with technical screening criteria that have been established by the Commission

Thus, the objective of BEST S.A. has been to examine individual economic activities in terms of compliance with the above four criteria.

Step 1: Identification of taxonomy-eligible activities

With this in mind, back in 2022, while preparing the previous annual report for 2021, BEST S.A. reviewed its operations with a view to identifying taxonomy-aligned economic activities as understood in Article 1 of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021. As regards the identification of taxonomy-aligned activities, revenue, capital expenditure and operating expenditure were reviewed. No exclusions were applied at this stage (no materiality level).

In 2023, taking into account the operating activities carried out in 2022, the previously identified areas were reviewed. This verification, however, did not result in any changes in terms of the identified categories of activities.

¹⁴ For the purposes of this Directive, and subject to Article 3, a UCITS means an undertaking (a) the sole object of which is the collective investment in transferable securities or in other liquid financial assets referred to in Article 50(1) of capital provided by the public and which operates on the principle of risk spreading; and (b) the units of which are, at the holders' request, repurchased or redeemed, directly or indirectly, out of those undertakings' assets. Action taken by a UCITS to ensure that the stock exchange value of its units does not differ materially from the net asset value of the units will be deemed to amount to such repurchase or redemption of units.

The results of the analysis of taxonomy-aligned activities are presented in the table below:

Taxonomy-aligned economic activity	Specificity of taxonomy-aligned activity in the case of BEST S.A.	Potential impact on:		
		Revenue (turnover)	Capital expenditure (CapEx)	Operating expenditure (OpEx)
6.5. Transportation by motorbikes, passenger cars and light commercial vehicles	BEST S.A. has a small fleet of company cars (passenger cars) and incurs both expenses related to the periodic replacement of depreciating vehicles and operating expenses related to their ongoing maintenance. However, the scale of these expenses is immaterial to the overall situation of the Company. (see section: <i>“BEST and the natural environment”</i>)		✓	✓
7.7. Acquisition and ownership of buildings	BEST S.A. earns marginal and irregular revenues from the sales of real estate under a court decision, through bailiff auction, for the purpose of satisfying claims. Such situations are rare and the revenues from the sales represent an insignificant margin of the total debt collection revenues. During the year, these are various individual properties, both plots of land and residential and non-residential buildings, either completed or under construction, sold by bailiff auction. The nature of the revenues mean that BEST S.A. has no influence on either the nature of the properties, including their technical parameters in terms of sustainability. BEST S.A. does not obtain ownership of the properties by earning revenue from their sale. (see section: <i>“Assignments of claims”</i>)	✓		
7.2. Renovation of existing buildings	Although BEST S.A. does not formally own the real estate (offices) in which it conducts its operations, it carries out period modernisation and repair work while using them on a long-term basis. A major modernisation of space in the building in Elbląg, which was originally scheduled for 2021, was finally postponed to 2022.		✓	✓
8.1. Data processing; hosting and similar activities	BEST S.A. uses IT systems for processing data concerning debt portfolios. These systems support debt collection processes carried out by both call centres and onsite indicators.		✓	✓

Step 2: Allocation of turnover, expenditure and operating expenditure

In the next step, the Company analysed the scale of the individual taxonomy-eligible activities, i.e. it assigned the volumes of volume, costs and operating expenditure, in accordance with the accounting rules set out in Annex I of *Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation*. The figures established on the basis of the accounting accounts were supposed to constitute the denominators of the indicators referred to in Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088.

However, due to e.g.: the sporadic and marginal nature of revenue from real estate sales, the small size of the vehicle fleet owned by BEST S.A., delayed modernisation works in the building in Elblag used by the company, none of the activities described above reached a scale that, in the Company's opinion, could be considered material to the Company's situation.

Step 3: Verification of the technical criteria and compliance with the minimum guarantees

In the third step, the Company analysed, with the involvement of the persons substantively responsible for each of the identified activities, whether and to what extent these activities were carried out in 2022 in a manner that complied with the technical criteria, i.e.:

- the material contribution criteria
- criteria relating to the “do no significant harm” principle.

For those activities that met the above criteria and took place within the previously identified taxonomy-eligible activities, turnover, capital expenditure and operating expenditure were allocated accordingly. Thus, they were determined for individual activities to the extent that they met the technical criteria.

The figures for turnover, operating expenditure and expenses were determined in accordance with the accounting rules set out in Annex I of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation. The figures established on the basis of the accounting accounts were supposed to constitute the readings of the indicators referred to in Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088.

At the same time, irrespective of whether an activity meets the aforementioned technical criteria or not, it was assessed whether it was performed in a manner ensuring compliance with the minimum guarantees. Article 18 of Regulation 2020/852 states that: “The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.” At the same time, however, at the time of publishing this report, to the best of the Company's knowledge, there were no binding regulations in place that further clarified the above definition and defined the manner and process for assessing compliance with the minimum guarantees.

The Company, exercising the utmost diligence, used the non-legally binding *Final Report on Minimum Safeguards* prepared by Platform On Sustainable, specifically the criteria contained in the report related to the assessment of compliance with the minimum safeguards in the assessment process. In particular, the company's assessment included internal regulations and procedures to ensure due diligence in the areas of human rights, including labour rights, corruption, taxation and fair competition to the extent described by national law. According to the recommendations, non-compliance with the minimum guarantees involves one of the four premises:

- inadequate or non-existent corporate due diligence processes on human rights, including labour rights, bribery, taxation and fair competition;

- final liability of companies in respect for breaches of labour law or human rights in certain types of labour law or human rights court cases;
- the lack of collaboration with an OECD National Contact Point (NCP) regarding a notification accepted by the OECD NCP.
- non-response to allegations by the Business and Human Rights Resource Centre for 3 months.

The Company believes that the processes it has put in place are sufficient. It has not been held liable, nor members of its authorities, for gross breaches of law to the extent referred to in premise two. The Company has not been identified as being in breach of the applicable rules by:

- Business and Human Rights Resource Centre (BHRRRC) (<https://www.business-humanrights.org/en/companies/>).
- OECD National Contact Point (<http://mneguidelines.oecd.org/database/>).

In the Company's opinion, the internal regulations in force in the organisation, concerning the employment of Employees are in line with the applicable provisions of the labour law and other national regulations, implementing into Polish law the standards of the International Labour Organisation, which have been ratified by Poland. No cases of gross breaches of law, including the labour law or human Rights, have been identified in the Company and the Company is not aware of any such situations. There have also been no administrative proceedings against the Company or members of its authorities related to such breaches. The Company has internal anti-corruption regulations in line with national legislation. In the reporting period, no penalties related to corruption and bribery were imposed on members of the Company's authorities, nor were they sentenced with final judgments on this account. Likewise, no penalties related to breaches of consumer and competition protection laws have been imposed on the Company or on members of its authorities personally. The Company is also not aware of any other breaches of employee rights, human rights and applicable anti-corruption and bribery, tax evasion or fair competition regulations.

Step 4: Summary and presentation of results

The results obtained in the previous steps have been summarised in tables following the model set out in Annex II of *Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU*, subject to column No. 19 ("Percentage of taxonomy-aligned turnover, year N-1"), which was not completed due to the absence of such calculations in previous years.

Results

Revenue (turnover)

[illegible]

sustainable (non-taxonomy-aligned)																			
Acquisition and ownership of buildings*	7.7.	592	0.13%	-	-	-	-	-	-							Y	0.13%		
Turnover from taxonomy-eligible activity that is not environmentally sustainable (non-taxonomy-aligned) (A.2.)	-	592	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.13%		
Total (A.1 + A.2)	-	592	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.13%		
B. Non-taxonomy-aligned activity																			
Turnover from non-taxonomy-eligible activity (B)		453,012	99.87%																
Total (A + B)		453,604	100.00%																

*The item "Acquisition and ownership of buildings" excludes income attributable to property revaluation.

Capital expenditure (CapEx)

[illegible]

Transportation by motorbikes, passenger cars and commercial vehicles	6.5.	429	7.90%													Y	7.90%			
Renovation of existing buildings*	7.2.	0	0.00%													Y	0.00%			
Data processing; hosting and similar activities	8.1.	1,367	25.15%																	
Taxonomy-eligible capital expenditure that is not environmentally sustainable (non-taxonomy aligned) (A.2.)		1,796	33.05%														33.05%			
Total (A.1 + A.2)		1,796	33.05%	0.0%	0.0%												33.05%			
B. Non-taxonomy-aligned activity																				
Operating expenditure from non-taxonomy-eligible activity (B)		3,637	66.95%																	
Total (A + B)		5,433	100.00%																	

*According to IFRS16, at the commencement of the lease, the value of the right to the space used is estimated (discounting all payments); this value increases capital expenditure and is subsequently subject to monthly depreciation. In 2022, the premium was indexed, increasing the value of the right to use space. This figure has been excluded from the calculation.

Operating expenditure (OpEx)

[illegible]

Transportation by motorbikes, passenger cars and commercial vehicles	6.5	261	2.16%													Y	2.16%			
Renovation of existing buildings	7.2	46	0.38%													Y	0.38%			
Aid for market research, development and innovation	9.1	3,934	32.50%													Y	32.50%			
Taxonomy-eligible operating expenditure that is not environmentally sustainable (non-taxonomy aligned) (A.2.)		4,242	35.03%														35.03%			
Total (A.1 + A.2)		4,242	35.03%	0.00%	0.00%												35.03%			
B. Non-taxonomy-aligned activity																				
Taxonomy-non-eligible operating expenditure (B)		7,866	64.97%																	
Total (A + B)		12,108	100.00%																	

GRI content index

Statement on the use of the standard	BEST S.A., together with its subsidiaries , has reported the following information for 2022 with reference to the GRI Standards.
GRI standard used 1	GRI 1: Foundation 2021

Standard	Disclosure	Page
GRI 2: General Disclosures 2021	2-1 Organisational data	
GRI 2: General Disclosures 2021	2-2 Entities included in the report	
GRI 2: General Disclosures 2021	2-3 Reporting period, frequency and contact person	
GRI 2: General Disclosures 2021	2-4 Restatement of information	
GRI 2: General Disclosures 2021	2-5 External assurance	
GRI 2: General Disclosures 2021	2-6 Nature of business, supply chain and other business relationship issues	
GRI 2: General Disclosures 2021	2-7 Employees	
GRI 2: General Disclosures 2021	2-9 Structure and composition of the Management Board	
GRI 2: General Disclosures 2021	2-11 Chairman of the highest governing body	
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	
GRI 2: General Disclosures 2021	2-22 Sustainability strategy statement	
GRI 2: General Disclosures 2021	2-26 Mechanisms for resolving concerns and reporting misconduct	
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	
GRI 3: Material Topics 2021	3-1 Process for defining material aspects	
GRI 3: Material Topics 2021	3-2 List of material aspects	
GRI 3: Material Topics 2021	3-3 Management approach	
GRI 202: Market Presence 2016	202-1: Ratios of standard entry level wage by gender compared to local	

GRI 203: Indirect Economic Impacts 2016	203-2: Significant indirect economic impacts	
GRI 205: Anticorruption 2016	205-1: Operations assessed for risks related to corruption	
GRI 205: Anticorruption 2016	205-2: Communication and training about anti-corruption policies and procedures	
GRI 205: Anticorruption 2016	205-3 Confirmed incidents of corruption and actions taken	
GRI 206: Anti-competitive Behavior 2016	206-1: Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	
GRI 301: Materials 2016	301-1: Materials used by weight or volume	
GRI 302: Energy 2016	302-1: Direct and indirect energy consumption by primary energy source	
GRI 305: Emissions 2016	305-1: Direct greenhouse gas emissions (scope 1)	
GRI 305: Emissions 2016	305-2: Indirect greenhouse gas emissions (scope 2)	
GRI 305: Emissions 2016	305-3: Other indirect greenhouse gas emissions (scope 3)	
GRI 401: Employment 2016	401-1: Total number and rates of new employee hires and employee turnover by age group, gender and region	
GRI 401: Employment 2016	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	
GRI 401: Employment 2016	401-3: Percentage of return to work and retention rate after maternity/paternity leave by gender	
GRI 404: Training and Education 2016	404-1: Average hours of training per year per employee	
GRI 404: Training and Education 2016	404-2: Programmes for upgrading employee skills and transition assistance programmes	
GRI 404: Training and Education 2016	404-3: Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and Equal Opportunity 2016	405-2: Ratio of basic salary and remuneration of women to men	
GRI 412: Human Rights Assessment 2016	412-1: Operations that have been subject to human rights reviews or impact assessments	
GRI 412: Human Rights Assessment 2016	412-2: Employee training on human rights policies or procedures	
GRI 413: Local Communities 2016	413-1: Operations with local community engagement, impact assessments, and development programmes	
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	

GRI 417: Marketing and Labelling 2016	417-2: Incidents of non-compliance concerning product and service information and labelling	
GRI 417: Marketing and Labelling 2016	417-3: Incidents of non-compliance concerning marketing communications	
GRI 418: Customer Privacy 2016	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	

This report was prepared and approved for publishing on 4 April 2023.

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of BEST S.A.

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Marek Kucner
Vice-President of the Management
Board of BEST S.A.

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Maciej Bardan
Member of the Management Board of
BEST S.A.