

Modern Slavery and Human Trafficking Statement for the Financial Year 2022 for Comarch Spółka Akcyjna

The basis for this Report are the legal regulations contained in Section 54 (1) of the Modern Slavery Act, 2015.

This report was prepared for Comarch Spółka Akcyjna (*Comarch S.A.*), the parent company of the Comarch Capital Group (*The Comarch Group*). Information about the structure of the Comarch Group is available at: <https://www.comarch.pl/o-firmie/grupa-kapitalowa-i-spolki-stowarzyszone/>. The report contains a description of the applicable regulations at Comarch S.A. policies and procedures, as well as actions taken in 2022, to ensure that modern slavery and human trafficking do not occur within its operations and supply chains.

Organizational Structure and Supply Chains

Comarch S.A. is a company of innovative IT systems for key economic sectors both in Poland and abroad. The main strategy of Comarch S.A. is to provide customers with complete IT solutions based on our own products, also in the service model.

However, one of the main strategic goals of the Comarch Group is the development of sales of an increasing number of products on foreign markets, in particular in Western Europe, Asia, Oceania and North America.

The Comarch Group, as a global organization specializing in the design, implementation and integration of advanced IT products, has a significant impact on the functioning of the supply chain. Moreover, we realize that the success of our projects depends not only on us, but also to a large extent on our business partners. The issue of appropriate selection of contractors who meet certain criteria to the greatest extent possible is of key importance to us. Thanks to this, we can be sure that cooperation with them will not in any way disturb the stability and efficiency of processes carried out within the supply chain. The main sources of supply for Comarch S.A. in 2022 there were international concerns, i.e. producers of computer hardware, software and electronics related to the developed production of devices. Most orders in 2022 were fulfilled through purchases at local branches and local distribution.

The main criteria for selecting suppliers were: price, delivery time, punctuality and the supplier's opinion and position on the market. The assessment of previous cooperation also had an impact on the choice of supplier to fulfill orders. Additionally, aspects related to, among others, respect for human rights by suppliers, compliance with occupational health and safety rules, and the impact of their activities on the natural environment were taken into account.

The Comarch Group, taking care of both the environment and reducing transport costs, shortens the supply chain as much as possible by using the principle of delivery directly from the distribution point to the end user or business partner, wherever possible, i.e. where no intervention is required for configuration, installation on equipment or interference that would anyway occur at the end-user's location. An additional element contributing to the optimization of the supply chain is cooperation with main distributors or directly with the manufacturer, bypassing intermediaries. Moreover, transport is carried out through courier companies, i.e. via public transport.

Slavery and Human Trafficking Policies

Both Comarch S.A. and the Comarch Group companies respect and comply with national and international human rights standards, treating them as fundamental and universal, and also respects and implements the applicable labor law and occupational health and safety regulations.

Recognizing the right of employees to free association, a dialogue is initiated with Employee Representatives. We have not identified any cases in which there may be a violation or a serious risk of violation of the right of employees to associate and conclude collective agreements, both within the company and among suppliers.

We adhere to the prohibition of discrimination based on: race, social status, ethnic origin, religion, disability, gender, sexual orientation, relationship or political affiliation, age or marital status.

We guarantee freedom of opinion, conscience and religion, as well as freedom of belief and expression. We promote teamwork free from any prejudice and consciously draw strength and value from the diversity of our employees. In return, we make every effort to provide our employees with fair and regularly paid wages, development opportunities, interesting and ambitious challenges and very good working conditions.

Comarch S.A. respects the intellectual property of third parties by respecting legal provisions, as well as taking into account international standards in this area.

We adhere to the prohibition of child labour under 16 years of age, forced labour, corporal punishment, mental and physical coercion and insults, as well as the prohibition of sexual harassment, and we consider the workplace to be free from such practices.

Taking into account the above, as part of our current and strategic activities, we do not use practices related to modern slavery and human trafficking.

Due Diligence Processes

We expect our suppliers to adhere to the principles of the UN Universal Declaration of Human Rights, which constitutes "the common highest goal of all peoples and all nations".

We believe that the high standards of business conduct to which we commit ourselves should also be enforced by our contractors. Therefore, we expect our key suppliers to comply with the following principles:

- applying occupational health and safety standards in accordance with ISO 45001 or a similar standard to minimize occupational hazards and prevent injuries,
- application of good business practices, social principles and guidelines related to environmental protection that are related to the supplier's activities,
- acting in accordance with applicable law,
- recognition of the right of employees to associate and bargain collectively,
- prohibition of discrimination in all its manifestations, based on: race, social status, ethnic origin, religion, disability, gender, sexual orientation, relationship or political affiliation, age or marital status,
- prohibition of employing children under 16 years of age and the use of corporal punishment, mental and physical coercion, insults and sexual harassment, elimination of forced labour.

We consistently build an organizational culture and a system of values, within which we commit to:

- cooperation with suppliers in striving to achieve the required standards,
- focusing attention on those parts of the supply chain where the risk of failing to meet binding standards is highest and where significant changes can be made within the available resources.

Our organizational culture is based on values such as openness, commitment, innovation, quality and social responsibility. We focus on continuous improvement of our employees - through training, development programs and promotion opportunities. We create an atmosphere of cooperation where the opinion of each employee counts and decisions are made by consensus. We also care about good relationships with clients and business partners, which translates into long-term and successful cooperation.

We attach great importance to compliance with applicable legal regulations and acting in accordance with the high ethical standards we have set ourselves.

As one of the IT market leaders, the Comarch Group feels obliged to promote ethics and wants to join the world's leaders in terms of corporate responsibility. The responsibility for achieving this goal rests with all Comarch Group employees.

At Comarch S.A. there is a Code of Conduct in force, which obliges the company to regularly assess compliance with the principles, standards and values contained therein and to update its content based on emerging new trends and customer expectations. The Code reflects the ethical values that the company upholds and wants to uphold. It is for the employees of Comarch S.A. a pattern of behaviour towards colleagues, superiors and clients, partners and local communities, both in business and business-related relations. Comarch S.A. Code of Conduct is disseminated and popularized through the activities of the PR section and the Compliance and Internal Audit Department.

Risk Assessment and Management

The most important principles that guide our cooperation with business partners are set out in the "Sustainable Development Policy for Suppliers". This document constitutes a commitment to pursue a sustainable procurement policy and defines our expectations for key suppliers. The main assumptions of this document are:

- supporting and encouraging our clients and suppliers to be guided by the principles of ethics, social responsibility and environmental protection in their activities,
- ensuring high-quality products and services for customers on the international market, with particular emphasis on the security of information resources, aspects of the natural environment and occupational health and safety,
- building a good partnership with suppliers, based on mutual cooperation and trust and honesty,
- conducting activities related to procurement in accordance with legal regulations – domestic and international,
- selection of suppliers with the belief that only responsible practices in the supply chain can ensure the highest quality of the final product or service, while caring for the natural environment, good labour standards, business ethics and local communities.

In order to minimize the risk associated with the activities of suppliers, ensure the stability of the supply chain and maintain high quality of products and services, the company and the Comarch Group have

implemented a supplier risk assessment and management process. Both quality and sustainability aspects were taken into account in this process.

In accordance with the Supplier Analysis Procedure, entities applying for the supplier status of Comarch S.A. they receive a questionnaire to complete, which includes questions regarding the principles indicated above, i.e. the scope of implemented and certified management systems, regarding occupational health and safety, social responsibility, environmental protection, energy management and information protection. The answers provided in the questionnaire are validated, and then the company is qualified by the system into one of four categories of suppliers: I - selected for cooperation in the first place, II - second, III - reserve, IV - risky. The highest, first category is awarded to entities that declare compliance with the highest standards. Surveys are sent periodically every year also to companies that completed the questionnaire in previous years, in case suppliers notice changes in their organization in the areas covered by the survey. By December 31, 2022, 860 surveys (including cyclical ones) were sent and completed by 29 suppliers.

In the next stage of the analysis, after the order is completed, the quality of cooperation is assessed. The following are taken into account: flexibility in solving problems, information flow during order processing, meeting the delivery/service deadline, compliance of the order with the specification, quality of the goods/service, compliance of the invoice with the arrangements (price, payment terms). Based on the average evaluation of cooperation from the last year, the supplier is assigned to one of four categories: I - selected for cooperation in the first place, II - second place, III - reserve, IV - risky.

Moreover, at Comarch S.A. The Integrated Denial List (IDL) has been implemented, which is an active database containing data of persons, companies, institutions and other entities that are subject to various types of legal sanctions. IDL contains lists of refusals from all over the world and is updated regularly. Cooperation with entities located on the IDL is not allowed.

Additionally, the company takes care of contractors' data stored in the company's databases and makes every effort to ensure that the data is true, complete and up-to-date. It is conducted, among others, supervision of the supplier analysis and evaluation process, customer satisfaction survey, monitoring of the process of automatic checking of the status of a Polish taxpayer in VAT (white list) and the process of confirming the EU VAT number.

Taking into account the above, due to the nature of the company's activities and the applicable procedures, terms and conditions of employment, in our opinion, the probability of the risk of modern slavery occurring in 2022 was low.

Thanks to the implementation of the principles resulting from internal regulations, it is possible to objectively assess the risk associated with cooperation with suppliers, which leads to taking actions aimed at managing this risk and eliminating potential threats related to, among others, with human rights violations.

Key Performance Indicators to Measure the Effectiveness of Taken Steps

Taking into account the threats and challenges related to the constantly changing environment, we constantly review and verify internal procedures, including: "Sustainable Development Policy for Suppliers" or "Procedure for Supplier Analysis". This also provides feedback on their effectiveness. Improving procedures and methods of their verification is aimed at increasing the effectiveness of undertaken projects, among others, to counteract modern slavery. And the changes introduced are continuously verified and taken into account in all documents applicable in the company.

Therefore, the policies and procedures indicated in this report, implemented by Comarch S.A., were subject to annual verification and updating in 2022 by employees responsible for them. Actions were taken on an ongoing basis to adapt their content to the changing conditions in which the company operates. As a result of the actions taken in 2022, a number of changes were introduced in the Supplier Analysis Procedure and the Code of Conduct.

Modern Slavery and Human Trafficking Training

To meet contemporary challenges, Comarch S.A. as part of the training provided to all newly employed employees, it plans to inform about the standards, principles and ethical values in force in the Comarch Group, which should be observed as part of their job duties, regarding counteracting modern slavery and human trafficking.

Additionally, this information will be recalled in periodic training (every 5 years).