

Sustainability Report **2022**



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Światłowód Inwestycje

Socially responsible
operator – we support
digital transformation

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KEY INFORMATION ABOUT THE COMPANY

GRI 2-6 • GRI 201-1

Światłowód Inwestycje (S-I) is the largest, open and independent operator of fibre optic infrastructure in Poland. We operate in the wholesale market. We offer our FTTH (Fiber to the Home) services exclusively to telecom operators who provide internet and other broadband-based services to users via our infrastructure.

We want to support the country's equitable digital transformation by increasing access to the most reliable and fastest internet network.



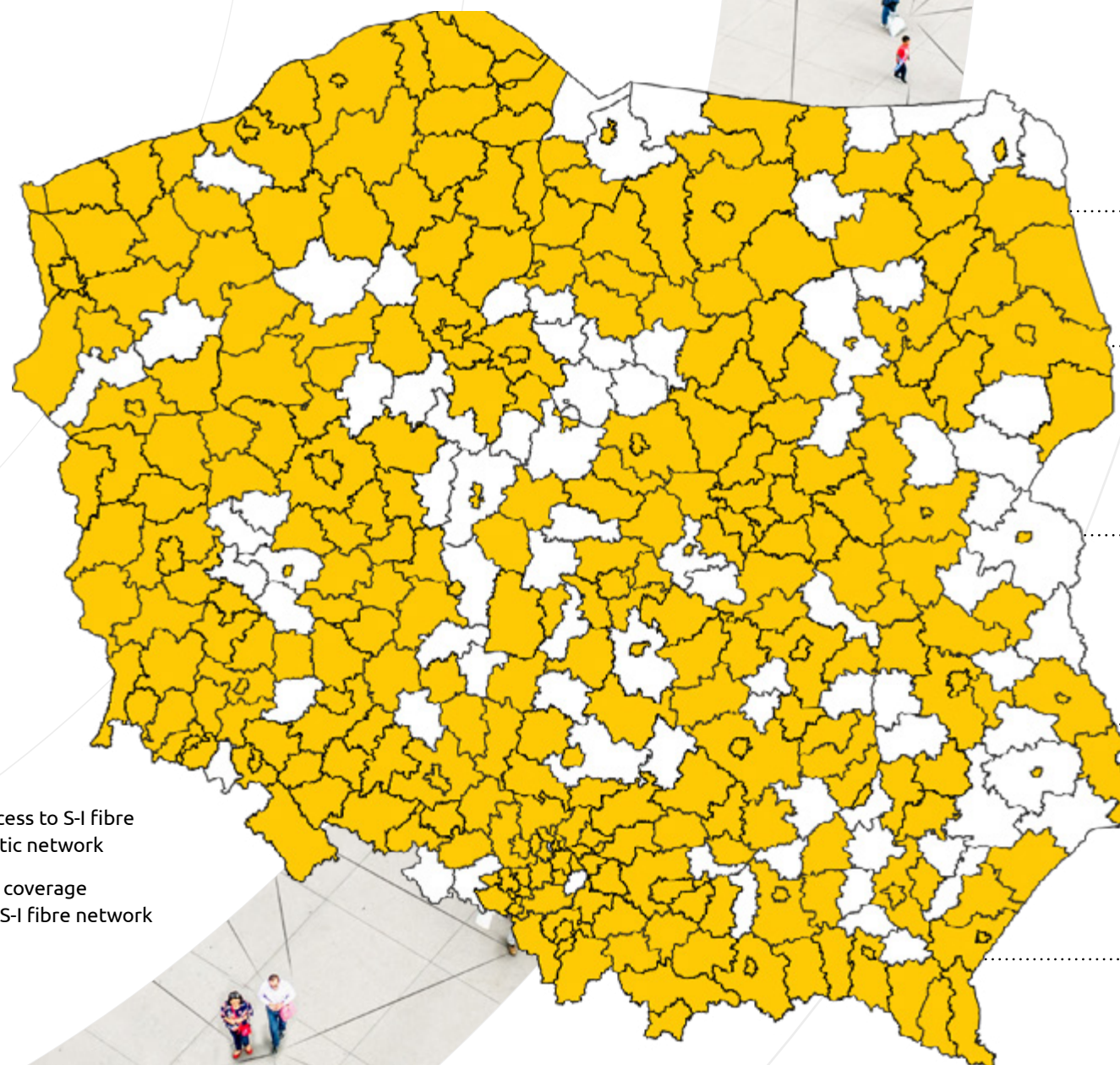
Our goal is to extend coverage to **2.4 million** households by 2025.



We want to provide fibre optic infrastructure in areas with limited access to high-speed internet - on average, we plan to increase coverage by around **400,000 addresses per year**.



We are open! One way, one goal - we make our network available to different operators.



FIBRE OPTIC NETWORK COVERAGE

Data as at the end of 2022

61
members of the S-I Team

160
key business partners in the supply chain

1.3_M
households within the reach of the fibre optic network

30,000_{KM}
of fibre optic cables as part of the infrastructure

PLN 135_M
net revenue

INTERVIEW WITH THE MANAGEMENT BOARD

GRI 2-11 • GRI 2-12 • GRI 2-13 • GRI 2-17 • GRI 2-18 • GRI 2-22 • GRI 3-1

What is ESG for S-I?

Magdalena Russsyan, Chief Operations Officer & Board Member: For us, ESG is a determinant of how we conduct our business to meet the contemporary challenges. It is sustainability, i.e. doing business in such a way as to allow future generations to have access to the same resources we enjoy today. It is also attentiveness to social and environmental issues as well as transparent, documented and fair governance. In this way, we also seek to build awareness among our stakeholders, in particular our employees and associates, as well as key business partners in our supply chain.

Piotr Sujecki, Chief Financial Officer & Board Member: It is also looking at business from the perspective of the financial markets. We can see very well that there is a progressive decapitalisation of operations that do not support ESG issues. Both our investors and the banks that finance our operations attach great importance to sustainability criteria in the economic, social and environmental areas. It can therefore be said that sustainability is the key to business success - especially in the long term. We recognise that the regulatory requirements for ESG are increasing every year, and we are also seeing the more and more intense effects of climate change and its impact on society around the world. The scale of the challenges is growing, and we agree that business has an important role to play in equitable social transformation.

The Company launched operations in July 2021, and already in 2023 it is publishing its first ESG Report. Many companies have been in business for years and have yet to make any non-financial disclosures - how did S-I manage to do this in such a short time?

Piotr Sujecki: One could say that ESG is in our DNA as we have had specific and very ambitious objectives defined for sustainability ever since the

Company was established. Our investors pay special attention to these issues, and our activities in this area are the subject of discussion in the Supervisory Board.

Magdalena Russsyan: We operate in the telecommunications industry and our business offer directly translates into supporting the fight against digital exclusion and helps the entire economy in digital transformation. Fibre optic technology is also currently the most environmentally friendly solution when it comes to internet access - it has the lowest energy consumption and CO₂ emissions. I agree with Piotr that social responsibility is in our blood - however, we have had to make some considerable effort to operationalise sustainability. We are very pleased that this effort was made by the entire S-I Team and we also see the support of our business partners.

What actions did you take in 2022 to define concrete plans and priorities within the ESG framework?

Piotr Sujecki: The previous year was a period of intensive work to lay the foundations for action in the years to come. We concentrated mainly on the area of governance, identification and analysis of topics relevant to the company's business in terms

of sustainability, as well as on the development and implementation of adequate policies that define our approach to governance within the most relevant ESG issues. This great effort paid off and we have succeeded in meeting all the goals set for the company for 2022.

Magdalena Russsyan: Above all, this allowed us to effectively develop the ESG Strategy for 2023-2025. We also operationalised it with the entire company management. We identified priority actions such as, among others, supporting digital inclusion, social education in the context of responsible use of digital technologies, building an engaging corporate culture or, finally, tackling climate change. We also assigned responsibilities for them within our organisational structures. I think this was a key process - analysis of the materiality of ESG topics, the impact of our activities on particular areas both in the context of our direct operations, as well as from the perspective of the supply chain, and finally the aforementioned operationalisation. We gave a lot of thought to this as we want to ensure that activities that support sustainability are correlated with our business operations. We are convinced that this approach will enable us to effectively achieve our goals.



The Strategy is an important element, but in addition to operationalising it, it is also important to evaluate the actions that you take. How do you plan to do this in S-I?

Magdalena Russyan: The most important thing is to effectively measure key indicators within the ESG Strategy, such as energy consumption and associated carbon footprint, capital expenditure or network coverage in areas without fibre internet access, among other things. Then we want to report them periodically in a way that is credible and transparent to stakeholders. Thanks to this we will also be able to reliably assess the effectiveness of our actions inside the organisation. If the situation requires it, we will be able to respond by implementing appropriate modifications or corrective actions.

Piotr Sujecki: In addition, in order to reinforce the relevance of our sustainability measures, every S-I employee, including the Management Board, has objectives to meet, the amount of the bonus depends on. These are set and reviewed also by the Supervisory Board. They include KPIs relating to ESG, so we are even more motivated to ensure that our business operations are conducted in a socially responsible manner. As the Management Board, we operationally oversee the achievement of all the objectives set for the company, and their achievement is the responsibility of the managers reporting directly to us.

It is clear that you have prepared the company solidly in terms of sustainability. However, as recent years have shown, internal plans are one thing and the reality is another - it can change very dynamically. How are you going to face this challenge? What do you see as the biggest threats, or perhaps opportunities, for S-I in the coming years?

Piotr Sujecki: Good point. We are well aware of this and, among other things, this is why our ESG Strategy sets out actions for the next three years, as further planning is subject to greater uncertainty. Even in the short term, such 'black swans', i.e. unpredictable events with great impact, are not out of the question - if only based on our recent experience in the form of the pandemic and the war across our eastern border. However, as Magda has already mentioned, we are ready for it, we periodically measure our activities and we evaluate them. We want to be agile and flexible in order to react in real time to external events and to be able to adapt our actions both from a business perspective and in terms of sustainability.

Magdalena Russyan: That's right, although personally I would have wished for calmer times, all the indications are that the coming years will also be marked by uncertainty. Climate change, increasing environmental degradation, geopolitical issues and attempts to redefine the long-standing world order - in the context of, for instance, the

supply chains alone - and new regulations and requirements for companies at the national and international level will certainly have an impact on our business as well. However, we are not going to give up. We are continuously raising our awareness and qualifications also in the area of sustainability. We participate in conferences, training sessions, and we also conduct dialogue and exchange experiences with representatives of other companies. So I believe that we will be ready to face the challenges ahead - or perhaps the opportunities? Each change requires additional engagement, but with the right strategic planning and engagement at all levels of the organisation, we are able to turn it into success.

Piotr Sujecki: We believe that fibre optic technology is a positive driver for sustainability and, despite the risk of short-term economic upheaval, in the long term it is the key to equitable transformation - both economically, socially and environmentally.



CORPORATE GOVERNANCE

We recognise that running a business in a sustainable manner cannot be based on declarations alone. Our approach is based on three pillars: governance, leadership and management by objectives. They provide the foundation for managing the activities of the entire company, including the implementation of the ESG Strategy, starting with an analysis of the risks and impacts of the S-I operations on the environment, through the implementation of relevant policies that define our approach in the particular area, to operational activities.

ORGANISATIONAL STRUCTURE

GRI 2-9 • GRI 2-10 • GRI 2-11 • GRI 2-19 • GRI 2-20 • GRI 2-22

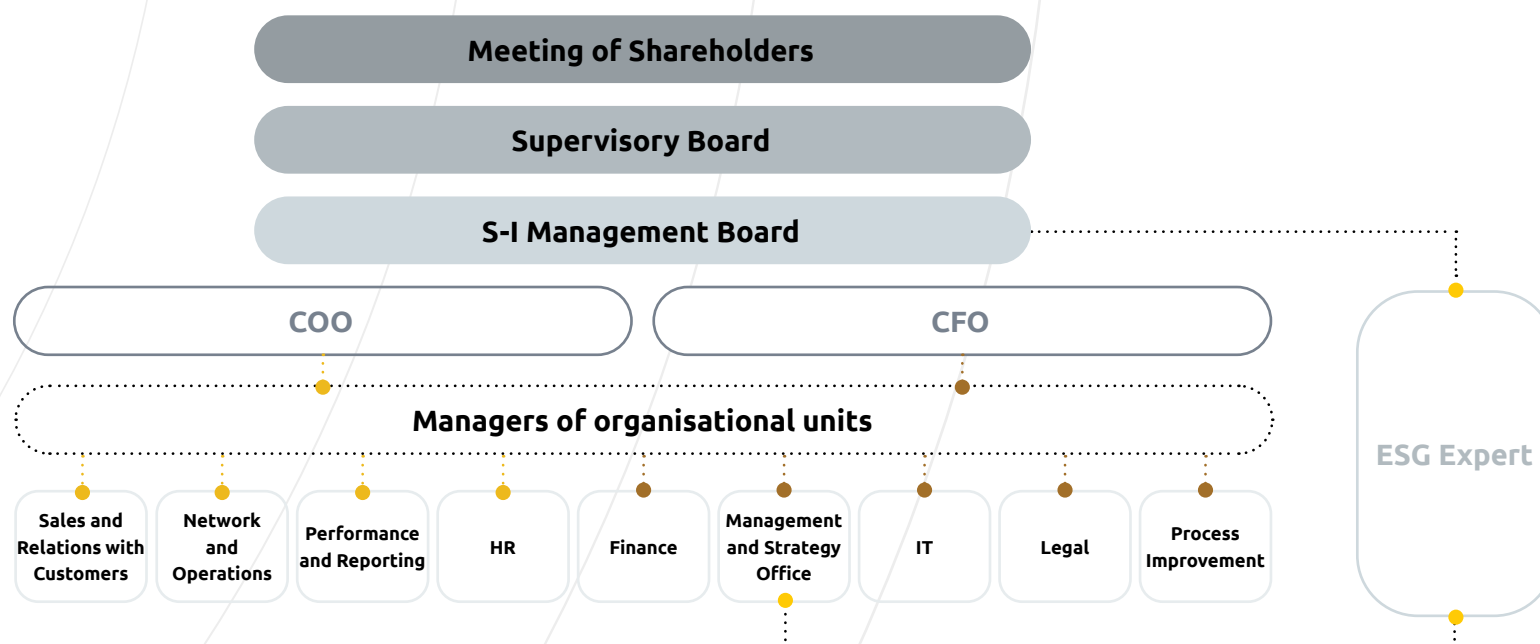
S-I has a flat organisational structure. As a result, we are able to ensure a seamless flow of information and make operational decisions quickly. We do not build silos within the organisational units. We focus on cooperation and partnership - we support each other, we exchange competences within the available resources, and we act together.

The Meeting of Shareholders consists of representatives of the two shareholders who convene at least once a year. They approve the reports of the Management Board on the Company's operations during the financial year and grant a discharge (or not) for the activities of the particular Board Member in the financial year in question. Each shareholder has the right to appoint

and remove one Board Member. The Shareholders' Agreement, which S-I is also a party to, introduces an extensive regulation of the relationship between the Shareholders and the Company and defines in detail the tasks of the Management Board and the Supervisory Board.

The Supervisory Board consists of 6 members, 3 representatives of each shareholder. These are: Maciej Nowohoński as Chairperson of the Board, Piotr Jaworski, Jacek Kunicki, Laurens-Jan Sipma, René Defize and Arjan Reinders. The Supervisory Board convenes minimum once a quarter and unanimity is required to pass a resolution. It oversees the work of the Management Board of the Company both in terms of business operations, as well as in the context of sustainability - it pays particular attention to issues relating to the regulations and policies being implemented, including, for instance, the S-I Employee Remuneration Policy (including members of the Management Board). The members of the Supervisory Board do not receive any remuneration.

The Management Board of S-I consists of Magdalena Russyan, Chief Operations Officer, and Piotr Sujecki, Chief Financial Officer. It is an independent body, responsible for making key business decisions and setting S-I objectives and directions. It convenes at least once a month and takes all decisions unanimously. The Management Board's annual remuneration consist of a basic salary, a bonus for achieving business and strategic objectives of the Company, which are the same as those for the entire Team.



Managers of organisational units (so-called 'N+1') - persons responsible for managing a particular area of operations including, among other things, the achievement of the set objectives or the risks assigned to their unit. They report directly to one of the Board Members according to the company's organisational structure.

There are also important roles in the organisational structure of the S-I played by:

- **ESG Expert** who coordinates the implementation of the ESG Strategy in cooperation with the company management and consults the activities and their results directly with the Management Board of S-I
- **Ethics Committee** which consists of the Head of the Management and Strategy Office, the Head of Finance, the Head of Human Resources, the Legal Counsel, the Strategic Project Expert, the ESG Expert and the Employee Representative. They are responsible for ethics and compliance management in our company.

APPROACH TO ESG MANAGEMENT

GRI 2-9 • GRI 2-12 • GRI 2-13 • GRI 2-17 • GRI 2-18 •
GRI 2-23 • GRI 2-24 • GRI 3-3 • TCFD

The Management Board of S-I is directly involved in the company's overall sustainability efforts - including climate issues. In addition, the Board is actively involved in building awareness of this area among employees and associates and supports the implementation of standards, activities and processes in our Company in this respect. Strategically material topics are also discussed by the Supervisory Board which reviews and approves the actions of the Management Board.

The Head of the Management and Strategy Office is responsible for ESG activities: she plans, coordinates and monitors all kinds of activities related to the implementation and execution of the various elements of the ESG Strategy. Operationally, she reports directly to the CFO. Other managers who report directly to the Management Board (N+1) are responsible - to the extent indicated by the Management Board, usually depending on the function and area of competence of the manager concerned - for achieving objectives and performing specific operations.

In addition, all employees and associates are responsible for acting in accordance with the standards adopted by S-I and they support the achievement of Company's objectives on a day-to-day basis as part of their duties.

S-I also has a position of the ESG Expert, who supports the Management Board and the entire management with his knowledge and experience on a day-to-day basis, especially the Head of the Management and Strategy Office, with whom he periodically discusses the status of activities during meetings with the Management Board (on average twice a month).

ESG objectives are integrated with business objectives and they form part of the annual appraisal for all employees and associates, including the members of the Management Board. The level of achievement of the Company's annual objectives, which also include ESG objectives, determines the bonus for the entire S-I Team.

All implemented regulations, such as for example bylaws, policies or the ESG Strategy, are adopted by the Management Board in the form of a resolution, and key documents in terms of strategy or Shareholders' requirements are also discussed and approved by the Supervisory Board.

In addition, in 2022 we underwent two audits carried out by each of our investors. We passed each of these and received no critical comments on the need for corrective action in S-I key business areas, including in particular the ESG area.

LIST OF DOCUMENTS IN FORCE IN S-I GOVERNING THE ESG AREA:

GOVERNANCE

- Code of Ethics
- Code of Conduct for Suppliers
- Compliance Management System
- Guidelines for Counteracting Corruption and Fraud
- Whistleblowing and Whistleblower Protection Policy
- Rules for granting powers of attorney and incurring liabilities
- Risk Management System
- Risk Management Procedure
- ESG Strategy

SOCIETY

- Information Security Policy
- Personal Data Security and Protection Policy
- Work Regulations
- Remuneration Regulations
- Bonus Regulations
- Rules of OHS Training
- Diversity Management Policy

ENVIRONMENT

- Environmental Management System
- Environmental and Climate Policy

The regulations we have adopted relate to both direct S-I operations and the supply chain - depending on the scope of the document in question. The Code of Conduct is a compilation of the most important requirements from all regulations - with a focus on human rights and underage labour in the broadest sense - for our key business partners. Together with compliance clauses in the context of anti-corruption, money laundering and terrorist financing, they are an integral part of cooperation agreements.

All applicable documents and even selected actions are always communicated to employees and associates via available channels, such as e-mail, the intranet or regular online meetings of the entire S-I Team. We also provide ESG training courses in the form of workshops, online meetings or e-learning courses.

As far as communication outside our organisation is concerned, we publish the most important and relevant information for most stakeholders on our website. The ESG Reports, published periodically, will be the main element of communication. Indeed, by basing our disclosures on the adopted ESG Strategy, they will be a collection of all the commitments and directions taken by S-I within the framework of the regulations adopted by the company. In addition, we carry out dedicated outreach activities to selected business partners depending on the scope and impact of the entity's operations on the selected issue.

S-I'S ESG STRATEGY

GRI 2-23 • GRI 2-24 • GRI 3-3 • TCFD

In order to select the right path to effectively support both the implementation of the management approach resulting from the company's regulations and policies, as well as national ambitions and international initiatives, such as the European Green Deal¹ or the UN Sustainable Development Goals 2030², we shape our approach to doing business by taking inspiration from best business practices and market standards such as ISO 26000 and the 10 Principles of the UN Global Compact³.

ESG STRATEGY – PILLARS AND KEY COMMITMENTS FOR 2023-2025

S-I's ESG Strategy sets out the implementation of activities and sets objectives targets for the Company over the next three years - until the end of 2025. It applies to both S-I's direct operations and supply chain activities carried out with our key business partners.

In the context of sustainability and the ESG strategy, this poses quite a challenge for us, as it is the value chain activities of S-I that have the greatest scale of impact on the economy, society and the environment. However, we intend to face it in the coming years and we believe that partner relations will allow us to work effectively with our suppliers. Indeed, we view corporate social responsibility broadly - not just in the context of S-I's direct operations.

S-I's mission is to improve the quality of life for the people of Poland through the development of fibre optic infrastructure. We want to pursue it in a socially responsible way. We are convinced that sustainability is a key success factor and should be an integral part of business.

This approach is evidenced in our ESG (sustainability) Strategy, which is based on 4 pillars: economic, social, labour and environmental. Each commitment contains specific qualitative and quantitative objectives against which we will measure the effectiveness of the implementation of the strategic plan. As part of the continuous improvement of our approach, we will make a cyclical evaluation of our activities by, inter alia, complementing qualitative objectives with appropriate quantitative indicators for the ESG area in question.

In the individual Chapters of this Report, we describe in detail the actions we are taking as part of the ESG Strategy and the resulting commitments.

We are also a member of the international organisation GRESB which brings together investors and companies operating in the real estate and infrastructure sectors. It operates a platform for evaluating the approach to the ESG management of business entities. Our company declared its participation in an annual survey, so that we receive external confirmation of the quality and sustainability performance of our activities. The evaluation of our company in 2022 concerned activities carried out in the first six months of operations, and yet we managed to score half of the possible points. Our overarching goal by the end of 2025 is to achieve a minimum score of the average level for the Fibre Optic Network category.



¹ https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_pl

² http://www.un.org.pl/files/170/Agenda2030PL_pl-5.pdf

³ <https://ungc.org.pl/o-nas/>

PILLARS OF THE STRATEGY AND COMMITMENTS UNTIL THE END OF 2025:



**Responsible Development
ECONOMY**

- **We support economic growth** - by shaping the wholesale market in Poland
- **We execute investment projects responsibly** - by taking care of health and safety
- **We implement best ESG practices and engage partners** within the supply chain towards achievement of S-I's sustainable development goals



**Digital integration
SOCIETY**

- **We level the playing field** in terms of access to a reliable and fast internet connection
- **We care for online security** and responsible use of new technologies



**Passion and engagement
WORKPLACE**

- **We shape an engaging corporate culture** that draws on diversity
- **We care for the wellbeing** of employees and we promote sustainable lifestyles
- **We support professional development** of employees



**Climate neutrality
ENVIRONMENT**

- **We strive for climate neutrality** by reducing energy consumption and emissions
- **We support the transformation towards circular economy** by reducing waste and sourcing materials and raw materials in a sustainable manner

GOVERNANCE



**Leadership
Management by objectives**



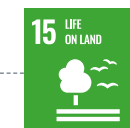
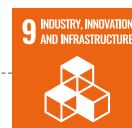
**Organisational culture
Risk management**



**Dialogue with stakeholders
Transparent communication and reporting**



**Ethics and Compliance
Human rights**



MATERIALITY MATRIX

GRI 2-12 • GRI 2-29 • GRI 3-1 • GRI 3-2 • GRI 3-3

S-I's ESG Strategy takes into account the results of the materiality assessment according to the following GRI principles: stakeholder inclusion, sustainability and materiality (ESG standards) as well as completeness.

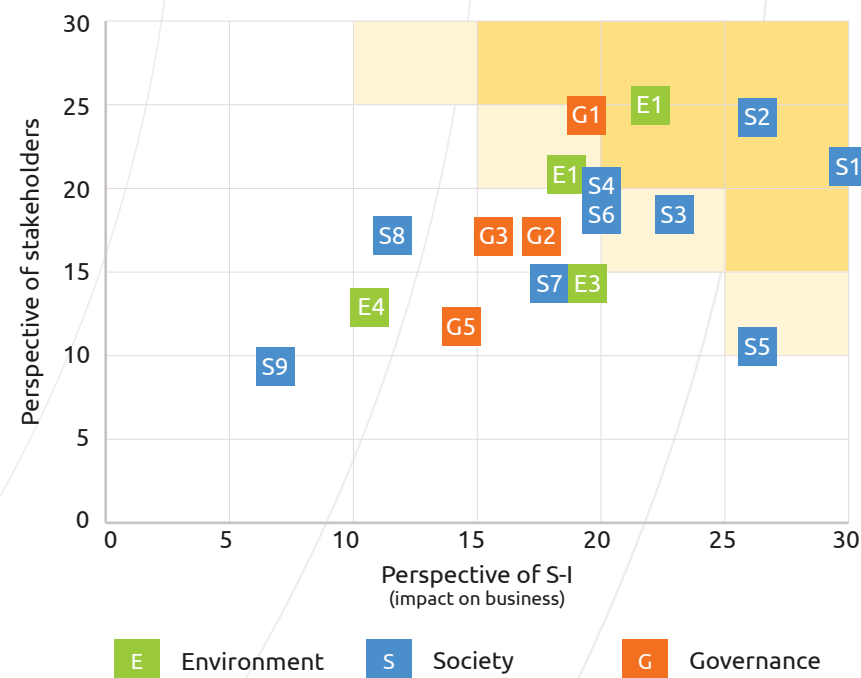
The process of identifying relevant issues was based on:

- Results of the dialogue with stakeholders in the form of an online survey conducted by the company in September 2022 among 77 participants (these included employees, investors, financial institutions, customers, competitors, the media, suppliers, contractors, other business partners, as well as representatives of civil society organisations, independent ESG experts from leading consulting firms and national and international institutions)
- Analysis of non-financial reports from the ICT industry
- Sustainability issues material to the industry and general trends in business resulting from GRESB or S&P Global ESG Scores

- UN Sustainable Development Goals 2015-2030 (SDGs)
- International regulations, in particular the TCFD and the European Union Taxonomy
- International standards for non-financial disclosures, such as GRI and SASB
- Consideration of risk analysis in the economic, governance, social and environmental areas
- Results of the S-I management workshop – the Board and management perspective, assessing the impact of business activities on ESG areas

All topics were evaluated according to the following criteria: materiality for the company and materiality for stakeholders using a scale from 1 (low importance) to 30 (high importance). The results of the assessment are presented in the form of a graph.

Together with the publication of this Report, we plan to make it available on the website and send it as a thank you to all stakeholders involved in the 2022 dialogue to determine S-I's ESG Strategy.



THE MOST MATERIAL ISSUES

- S1** Digital integration
- S2** Development and retention of employees
- E1** Climate change
- G1** Responsible supply chain - procurement and investments
- S3** Safe working environment and investment projects
- S4** Social education - responsible use of internet and digital technologies
- E2** Materials, raw materials and waste management
- S5** Relations and satisfaction with cooperation with S-I
- S6** Diversity and inclusion in the workplace

OTHER MATERIAL ISSUES

- G2** Ethics and Compliance
- G3** Approach to ESG management
- E3** Climate resilience of infrastructure
- S7** Local and cross-sectoral dialogue and cooperation
- S8** Cybersecurity
- G4** Risk management
- G5** Financial and tax data
- E4** Biodiversity
- S9** Social engagement (volunteering, charitable activities)

4 <https://www.globalreporting.org/>

5 <https://www.gresb.com/>

6 <https://www.spglobal.com/esg/csa/yearbook>

7 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>

8 <https://www.fsb-tcf.org/>



S-I'S STAKEHOLDERS

GRI 2-29

We believe that our activities will add value on many levels of the economy for all the people of the country. We therefore want to take their voice into account and conduct our operations in a way that they are a response to public expectations. We decided to identify our stakeholders and define as precisely as possible the different categories of social groups which, on the one hand, we ourselves influence through our operations and, on the other, are the ones who directly influence S-I due to their position and functions or the duties they perform. During a workshop of the Board and management, we assessed all stakeholders in terms of their propensity to influence and their potential to collaborate. As a result, we are able to clearly identify the degree of materiality of a particular group to the success of our Company and determine the frequency and nature of engagement, as well as the type of activities carried out with particular stakeholders.

For us, our key stakeholders are our business partners, thanks to whom we achieve our mission. First and foremost our customers, i.e. the retail telecom operators. By working with them, we are able to reach users of telecommunications services and execute further investment projects. Key stakeholders are also our employees and associates who manage and coordinate the day-to-day development and maintenance of the fibre optic network - without their commitment and expert know-how, we would be able to achieve our objectives. Critical to our business is also supply chain, in which suppliers of materials, raw materials and telecommunications equipment, as well as

third-party contractors who perform construction and upgrade works on our behalf to expand and maintain our infrastructure play a crucial role in the success of our Company. Key stakeholders include investors who committed their own capital to bring S-I to life, and today they support us in carrying out our mission (including through their representatives on the Supervisory Board of the Company). Orange Polska, as a sector co-owner, additionally supports our investment process. We refer to these groups as key groups because without the participation of even one of them, our business ceases to be possible.

Other stakeholders are also very important for us. For instance, public administration bodies and regulators to whom we report and with whom we consult on our investment plans to safeguard the interests of all the people of Poland. As far as the banks are concerned, they provide a positive drive for business development through the funding they provide us, but also in terms of ESG by making specific demands on their borrowers, including us. The wholesale telecommunications market in Poland is still in its infancy, so cooperation and the exchange of experience with competitors is particularly important in this respect. Other representatives of the public, i.e. professional organisations, representatives of the media and NGOs and, last but not least, local communities (e.g. local authorities or property managers) are also important to us, and we are in regular contact with them too, depending on mutual needs.

We take the environmental perspective into account on a regular basis, analysing scientific research and international guidelines in this area.

STAKEHOLDER MAP



APPROACH TO STAKEHOLDER ENGAGEMENT

STAKEHOLDERS	FORM OF ENGAGEMENT	FREQUENCY	MATERIALITY
Customers	Forming long-term relationships; telephone, email, meetings, trade conferences; satisfaction surveys.	Permanent and day-to-day contact.	Customer satisfaction is a key success factor for the company's business.
Suppliers and Contractors	Building stable relations with suppliers through dialogue; evaluation surveys; opinion polls; audits.	Day-to-day contact, opinion surveys at least once a year.	Key to infrastructure investment and service provision.
Employees	Satisfaction surveys, Team meetings, training sessions, consultation of implemented solutions, integration workshops.	Permanent and day-to-day contact.	Engaged Team with the right level of competence is one of the key factors for business success.
Business partners	Telephone, e-mail, consultation meetings on ongoing projects and activities.	Permanent and day-to-day contact.	They provide essential support for the performance of key processes within the company - particularly within the execution of infrastructure investment projects.
Investors	Telephone, e-mail, meetings, Meetings of Shareholders.	Meetings at least once a year.	As a joint venture company, we take care of the needs and expectations of those who have invested in the company operations.
Public administration bodies	Dialogue as part of investment consultations; cooperation in infrastructure sharing; reports; relationship building at industry conferences.	Regular and day-to-day contact.	The telecom industry is critical to the functioning of the economy and therefore having a transparent and factual dialogue is crucial to the functioning of the company.
Regulators	Dialogue during consultations; reports; building relations at industry conferences.	Regular and day-to-day contact.	The telecom industry is subject to regulation, so conducting a transparent and factual dialogue is crucial to the functioning of the company.
Financial institutions	Consultations; cyclical reporting to banks on the progress of the project and the identified risks, together with the opinion of an external consultant; evaluation surveys.	Regular contact as required.	The company activities are financed, among other things, through credit. Banking as well as insurance institutions make the terms of cooperation conditional on meeting ESG criteria.
Competition	Telephone, e-mail, meetings, industry conferences; satisfaction surveys.	Regular contact as required.	Cooperation on development of wholesale services.
The media	Telephone, e-mail, meetings during conferences.	Day-to-day contact as required.	Relations important for building corporate image and awareness of digitalisation.
Industry organisations	Telephone, e-mail, meetings, industry events; joint projects and initiatives; evaluation surveys.	Regular and day-to-day contact.	As a socially responsible company, we believe that partnership and collaboration are key to transforming the economy towards sustainability.
Civil society organisations / NGOs	Telephone, email, meetings, industry events.	Day-to-day contact as required.	As a socially responsible company, we believe that partnership and collaboration are key to transforming the economy towards sustainability.
Local communities	Public consultation in ongoing and planned investments.	Day-to-day contact as required.	Satisfaction of the end customers of fibre optic services is important to us as the company's mission is to improve the lives of people of Poland through high-speed network access.
Environment	We integrate an environmental perspective into the company operations.	-	A silent but key stakeholder in terms of sustainability. We want to leave future generations the same resources we use today.

ETHICS AND COMPLIANCE

As an open fibre optic infrastructure operator, we play an important role in the digital transformation of Poland and we are keen to ensure that our activities are socially responsible, they fit in with sustainability trends and above all, they create added value for our surroundings.

We are committed to ethical, responsible and legally and internally compliant conduct in all relations across the value chain. **In 2022, we implemented the Code of Ethics, the Code of Conduct for Suppliers, as well as the Compliance Management System and Anti-Corruption and Anti-Fraud Management System.** They represent the company's commitment to acting with integrity, transparency and trust towards all stakeholders.

COMPLIANCE MANAGEMENT SYSTEM

GRI 2-18 • GRI 2-23 • GRI 3-3 [Ethics and Compliance]

The Compliance Management System is adapted to the currently functioning processes for each area in S-I so as to support their proper functioning. It is also an efficient tool to effectively manage non-compliance risks occurring in S-I and to apply comprehensive solutions for defined risks, consisting of risk detection, monitoring, prevention and remedial actions.

The system addresses a wide range of cases of non-compliance that may occur in our organisation's operations regarding existing regulations, policies and procedures, internal values and standards, as well as external standards and regulations adopted and officially supported by S-I.

It specifically focuses on non-compliance risks that may arise with respect to the following:

- Ethics
- Whistleblowing and whistleblower protection
- Counteracting corruption
- Counteracting conflicts of interests
- Counteracting fraud
- Equal treatment and non-discrimination
- Human rights
- Counteracting unfair competition
- Safety
- Changes in laws and regulations



Management structure of the Compliance Management System

GRI 2-15 • GRI 2-16 • GRI 2-23 • GRI 2-24 • GRI 2-25 • GRI 2-26 • GRI 2-27 • GRI 3-3 [Ethics and Compliance]

A key role in S-I is played by the Ethics Committee responsible for managing the Compliance Management System. It consists of representatives of S-I's organisational units most critical to the functioning of the System: Head of the Management and Strategy Office acting as a Chairperson, Finance Member, HR Member, Legal Member, Sales Member and ESG Expert in the role of Secretary. In addition, we organised a general election among the S-I Team in 2022, during which we elected a Staff Representative to the Committee.

The Committee is supported operationally by Compliance Coordinators in various departments and organisational units at S-I. Each manager leads by example with their day-to-day attitude and promotes a culture of compliance by implementing

clear guidelines for employees in terms of appropriate conduct.

Employees and associates are responsible for performing their duties in accordance with the procedures, processes and applicable guidelines. Each of them (in their official capacity) is responsible for the operational implementation of and compliance with the principles of the Compliance Management System.

The Management Board of S-I oversees ethics and compliance issues within the company and makes decisions based on recommendations from the Ethics Committee.

The Ethics Committee submits a Compliance Report to the Management Board of S-I at least once a year on the organisation and functioning of, inter alia, the Compliance Management System and the Whistleblowing System (anonymous report as part of the whistleblowing procedure). The Annual Report is also discussed by the Supervisory Board.

COMPLIANCE MANAGEMENT PROCESS



Reporting

- consultations on effects and proposals for change with the Management Board
- guidelines for Coordinators regarding operationalization



Control/investigation

- keeping records
- handling and analysis of reports



Reporting

- non-compliance (whistleblowing)
- gifts and conflicts of interests

Compliance process as part of the Ethics Committee

Risk analysis

- minimum once a year
- and if there is a significant internal change or
- if previous actions and mechanisms have gaps



Mitigating actions and mechanisms

- ensuring functioning
- recommendations for new solutions or improvements to existing mechanisms



Education

- ensuring that everyone is aware of the regulations
- organisation of training sessions



SUPERVISORY BOARD

MANAGEMENT BOARD

ETHICS COMMITTEE

COMPLIANCE COORDINATORS

EMPLOYEES

Whistleblowing

GRI 2-16 • GRI 2-25 • GRI 2-26

Employees, associates and other S-I stakeholders are encouraged to report potential violations of laws, rules of conduct and internal policies and procedures via dedicated channels. Those who report such incidents need not fear negative consequences. Whistleblowers are guaranteed adequate protection.

Using available channels, stakeholders can report any type of irregularity that is related to the S-I's operations and is a violation of the law or internal regulations, understood as an act or omission that is contrary to or intended to circumvent the law or the company's internal regulations (including a suspicion of such occurrences), and concerning, in particular:

- Rules of competition, equal treatment, conflict of interests
- Counteracting corruption, paid protection, prevention of money laundering and terrorism financing

- ICT network and systems security
- Human rights and fundamental freedoms and safety, as well as labour rights (if these do not relate solely to individual cases but cover a wider group of people)
- Environmental protection
- Product and service safety and their compliance
- Rules related to accounting, internal control or financial audit
- S-I's values and internal regulations and procedures
- Any other action concerning the company's negative impact on the governance, social and environmental areas

Whistleblowing channels are publicly available on our website. In addition, we carry out dedicated communication in this area to key stakeholders. Everyone can report to the Ethics Committee also any type of concerns or questions regarding the functioning of the Whistleblowing and Whistleblower Protection System. Employees and associates can also consult the Compliance Coordinators on a regular basis.

The Ethics Committee is directly responsible for handling reports and conducting investigations. If an application is beyond the competence of the Committee Members, the Committee has the right to involve other employees or external experts if this is appropriate and makes a positive contribution to the efficiency of the process. If, on the other hand, the report concerns a Member of the Management Board, the Committee is obliged to involve the Supervisory Board in the investigation.

Last year, we received only one substantiated report of non-compliance. It concerned a single incident of misleading a service recipient by a salesperson of our customer-operator. The matter was clarified with the whistleblower in a timely manner. We also carried out an appropriate information campaign with the customer-operator to sensitise salespersons on how they should behave in such situations.

Compliance with laws and regulations

GRI 2-27

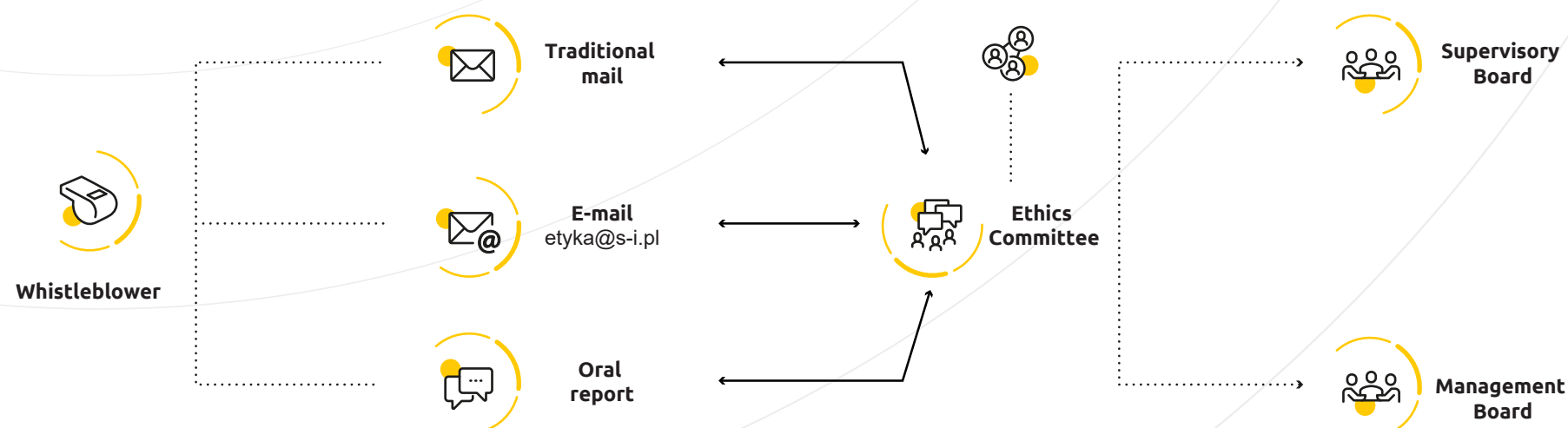
In 2022, no penalties were imposed on our company as a result of non-compliance - both during the reporting period and since the start of S-I's operations.

We make every effort on a daily basis to ensure that the actions taken by S-I comply with the law. The company has framework agreements with large, recognised law firms, including in the field of competition law, and the Management Board consults on business projects in advance, particularly with regard to the equivalence of the services provided by the Company and the maintenance of fair competition in business.

1
Number of substantiated reports of non-compliance

0
Number of events which resulted in financial penalties being imposed on the company

0
Number of events, as a result of which the company received non-financial sanctions



COUNTERACTING FRAUD

GRI 2-15 • GRI 205-2 • GRI 205-3

We strive to act in a modern, dynamic and friendly manner, and we care for openness and transparency of our activities. Thanks to this approach, shareholders, customers and other business partners perceive us as a responsible and reliable partner. It is our duty to create a safe market environment by following the S-I's Code of Ethics. We adopt a zero-tolerance policy for corruption and fraud in all manifestations of the company's operations. With the aim of building awareness of all types of fraud, in 2022 we organized 2 dedicated training courses for all employees and associates.



of each employee's time was spent in total in 2022 on improving the knowledge of compliance management and anti-fraud.

Conflict of interest

The Management Board manages the Company affairs and represents the Company in accordance with the approved business plan, budget and in accordance with the common interest of the shareholders to maximise the Company value. Conflicts of interests at the Supervisory Board level are regulated in detail in the Shareholders' Agreements.

All employees, including members of the Management Board, are required to submit an annual declaration of conflicts of interests. The Ethics Committee examines the reports and determines whether a potentially reported conflict actually exists and, if necessary, restricts the activities of the reporting person within the conflict risk areas or excludes them from participating in the process in question altogether. If the report concerns a Board Member, the Ethics Committee is informed but the decision is made by a second representative of the Management Board of the Company.

We recognise that the situation may change during the course of the year and in such circumstances all members of the S-I Team are required to make an ad hoc declaration of conflicts of interests. The rules of procedure are the same as for the annual declaration.

In 2022, we did not identify any conflict of interest in our company, although we had two reports of potential risk of such an event - both were analysed and no conflict of interest was identified.

Anti-corruption

We carried out a process to identify corruption risks in all our operations. However, due to the mitigating mechanisms in place, in no area did we rate it as significant, i.e. high or key (according to our Risk Management System).

As part of the adopted Guidelines for Counteracting Corruption and Fraud, we regularly build awareness of a culture of zero tolerance for corruption. We require the same approach in the whole supply chain through the use of appropriate clauses in agreements. In addition, from September 2022, we keep a gift register. We established specific rules regarding the value and categories of accepted benefits, such as gifts, meals, invitations and participation in sponsored events.

Last year, we found **no cases of corruption** and due to this fact we did not take any corrective action either. However, the Ethics Committee, together with the Compliance Coordinators, planned communication activities to reinforce the awareness and relevance of the reports of register among all members of the S-I Team.



RISK MANAGEMENT

GRI 2-12 • GRI 2-23 • GRI 3-1 • GRI 3-3 [Risk Management] • TCFD

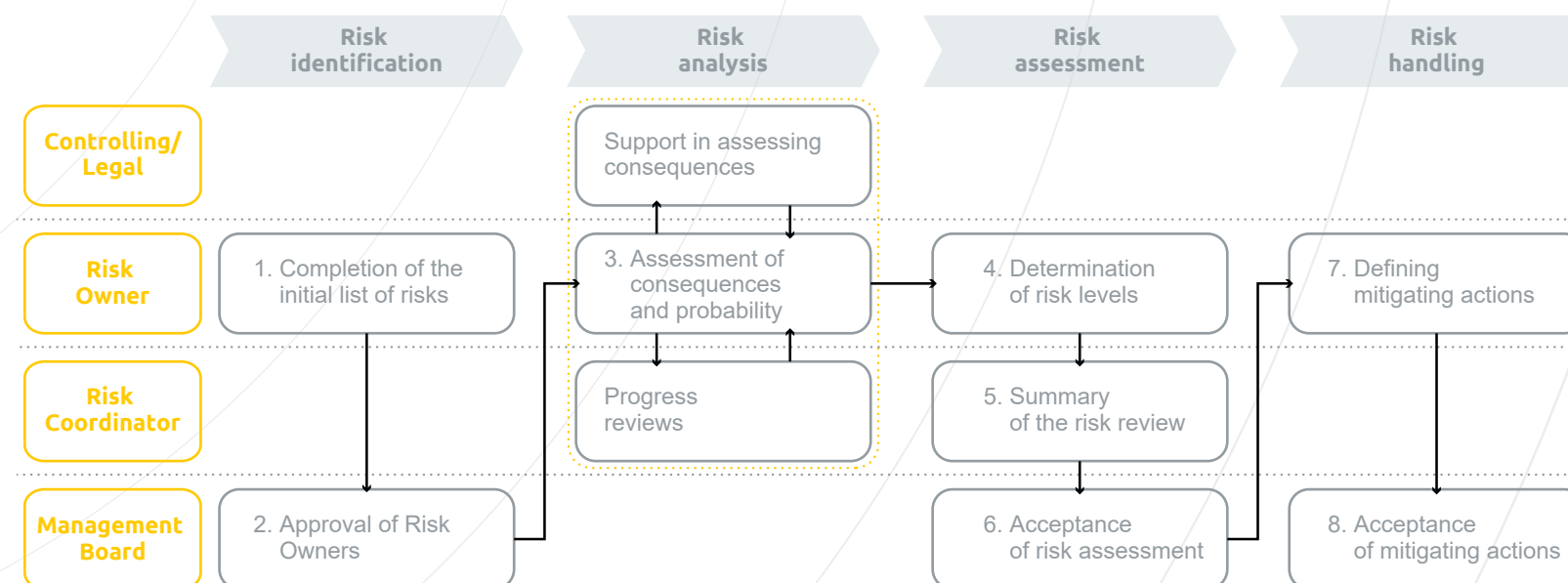
We recognise the role our fibre optic infrastructure plays in the digital transformation of society and the economy. We are committed to ensuring that our network is reliable and that all who use it can enjoy fast and reliable internet access services. We take care of business continuity especially through risk management and by drawing up a Development Plan in Special Risks Situations for the Telecommunications Company at least every two years, which we consult with representatives of public administration - both at the local and national level.

To support the achievement of our strategic objectives, we developed and implemented a Risk Management System in 2022. It is an integral part of corporate governance in our company and it supports all areas of S-I's operations.

Our System defines the following roles in the risk management process:

- **Risk Owner** - person responsible for identifying and assessing risks at the level of management, who report directly to the Management Board, by defining ways of managing risks, and for promptly reporting key risks to the Management Board
- **Risk Coordinator** - oversees the proper functioning of the Risk Management System, coordinates the periodic risk assessment processes, maintains the risk register, submits the results of risk reviews to the Management Board
- **S-I Management Board** - evaluates the functioning of the System, identifies priority areas in the risk identification process, assesses the correctness of risk evaluation and mitigation actions

OUTLINE OF THE RISK REVIEW PROCESS



EVALUATION - MATRIX OF RISK LEVELS

		Consequences				
		Negligible	Low	Medium	High	Very high
		1	2	3	4	5
Probability						
Almost certain	5	Average	Average	High	Key	Key
Probable	4	Low	Average	Average	High	Key
Possible	3	Low	Average	Average	High	Key
Unlikely	2	Negligible	Low	Average	Average	High
Rare	1	Negligible	Negligible	Low	Average	Average

The risk review process for identified risks defines their owner. For each of the risks, we assess the likelihood of its occurrence and the consequences of the risk materialising. The valuation of risks is carried out in the following dimensions: financial, employee, business continuity, image, legal and regulatory. The described action also applies in the context of the opportunities we identify for our business. According to the rules of the implemented Risk Management System, we review the risks on an annual basis in line with an established process.

We also carried out a comprehensive identification and analysis of risks and opportunities in 2022 – both in terms of business and ESG areas. As part of the process, we also identified mitigation actions already underway and planned a series of actions to be implemented in order to effectively minimise potential negative impacts resulting from the identified risks. The summary of this work is the risk register, which will be updated annually. TCFD risks are also integrated within this System.

SELECTED ESG RISKS

Infrastructure

- Saturation - increased competition, insufficient popularisation of the open network model, low dynamics of demand for FTTH solutions
- Inflation risk

Workplace

- Lobbying and other forms of political engagement
- Conflicts of interests

Supply chain

- Insufficient actions with due diligence of suppliers
- Increase in contractors' labour, material and equipment costs

Legal and regulatory

- New regulatory obligations on the telecommunications market

ECONOMY

SOCIETY

ENVIRONMENT

- Accidents to residents as a result of improper installations
- Employee accidents

- Wage gap
- Loss of core competencies in the Team

- Violations of human rights
- Accidents during execution of investment projects

- Violations of employee rights - particularly in the context of new regulations

- Damage and failures due to extreme weather events
- Interruption of energy supply

- Interruptions in the supply of equipment and materials
- Waste generation

- New environmental taxes and charges



CHAPTER SUMMARY

Key S-I activities in the area of governance in 2022:



ESG STRATEGY AREA



GOAL FOR 2022



RESULT FOR 2022



PLANS FOR 2023

GOVERNANCE

Development and implementation of regulations for:

- Whistleblowing and whistleblower protection
- Compliance management
- Counteracting fraud
- Ethics
- Due diligence
- Diversity and inclusion
- Personal data protection
- Information security
- Environment and climate

1. Drafting and implementation of the ESG Strategy
2. Participation in the GRESB survey

- All regulations and policies were implemented

1. It was completed late because we wanted to achieve comprehensive operationalisation, which required the work to continue into January 2022
2. We completed the GRESB survey

- Development and implementation of an Occupational Health and Safety System

1. Completion and establishment of further quantitative KPIs within selected qualitative objectives
2. Achieving a better result in the GRESB evaluation than in 2022

DIALOGUE WITH STAKEHOLDERS

- Stakeholder mapping
- Approach to engagement
- Conducting the dialogue

- Completed

- Continue to build and strengthen relations as part of the defined approach to engagement

RISK MANAGEMENT

- Development and implementation of the system and procedures
- Identification and analysis of business risks including material ESG aspects

- Implementation of both the system and the comprehensive execution of the process

- Risk assessment

ETHICS AND COMPLIANCE

1. Implementing a zero-tolerance policy on corruption and fraud
2. No violations of the law or penalties imposed on the company

1. 0 incidents
2. 0 substantiated cases

Systematic building of awareness in this area

Economic impact

We support sustainable economic growth of the country

- 22 Internet access market
- 26 Responsible investments



7,200

completed investment projects

1,300,000

households within reach of our fibre optic cable

thanks to cooperation with more than

160

suppliers and contractors from Poland

PLN **800,000,000**
value of completed investment projects

INTERNET ACCESS MARKET

GRI 2-6

Internet access is extremely important for the development of the Polish economy and digital transformation of the country. Currently, internet access is offered in various technologies on the telecommunications market. Starting from the traditional copper cable solution (xDSL), through access based on coaxial cables and wireless technologies, such as radio, mobile and satellite access (e.g. LTE or 5G), ending with the latest and most efficient technology - optical fibre. **At present there is no more environmentally friendly, stable, fast and cost-effective** - in the long term and on a wide scale - **solution other than fibre optics**. It is also important for the efficient operations of modern mobile networks based on the 5G standard. We are therefore convinced that it is fibre optic internet that is the key link on the road to digital transformation.

Until a few years ago, internet access service was mainly offered in Poland in a closed model. It consists in a telecom operator selling a service only on the basis of its own infrastructure, which it owns exclusively and does not share it with other operators (the exception was the dominating operator designated by the Office of Electronic Communication, which was obliged to share its network). On the one hand, such a model limits the variety of offers on the market for end users (subscribers), as they are reliant on the offer of the operator whose infrastructure is within the reach of the particular household. On the other hand, in most cases it gave operators which carried out investment projects a strong position in the area. However, as

the market developed, a new wholesale cooperation model has emerged, in which operators carry out individual large-scale infrastructure investment projects (mainly related to the fibre optic network) and then do not limit themselves to offering retail services, but also make the developed network available at wholesale level to all interested retail operators. Although the wholesale model appeared on the market only a few years ago and is still taking shape, we can already see that it is the solution chosen more and more often. This form of collaboration helps accelerate the densification of both 5G networks and fibre optic infrastructure. This model initially operated on a limited basis, as few operators decided to share their network. However, as time went on, they began to see the benefits of such cooperation, and the idea was further supported by projects to build networks using grants from the European Union and public funds, in which beneficiaries are obliged to provide access to the constructed network. **As the wholesale model evolved, it has been subject to constant evolution, resulting in a new wholesale model called an open one. This model is distinguished by the fact that operators do not provide retail services to end subscribers and only cooperate with retail operators.** The open wholesale model is a visible trend on the Polish market, and the amount of available coverage under this model is growing fastest and is already the largest in the country. **This is also the model in which we, Światłowód Inwestycje, operate. Although we were not the first open wholesale operator, we play a key role in the development of this market in Poland.**

We are convinced that the open wholesale model also supports equitable transition, which will allow the freedom to choose an internet provider and tailor the range of services to the individual

needs of each Polish resident within range of our network. We decided to offer our services precisely in the open model in the FTTH⁹ wholesale market and thus make our infrastructure available to all interested retail telecom operators.

We believe that open fibre optic networks will play an increasingly important role in the Polish telecommunications market, whose business model will be based on the competitiveness and diversity of the offered services and the most efficient use of them.

Structure of the FTTH market in Poland

The FTTH market in Poland can be divided into two main groups. The first is made up of operators who have decided - or have to because of grant funding - to make their networks available in a wholesale model. Their networks are available to other retail operators, allowing the subscriber to benefit from a wide range of offers. Among these we can further distinguish:



a. Operators providing services in the open wholesale model

2017

Nexera – a company from the very beginning focused on operating in the wholesale model, historically the first operator working in the open model without its own retail operations, a large part of the investment projects is executed using European Funds and the OPDP programme (Operational Programme Digital Poland)

2018

Tauron – an open fibre optic infrastructure operator executing investment projects as part of OPDP

2020

Fiberhost – a company formed as a result of the division of INEA into the infrastructure part (wholesale operator Fiberhost) and the retail part (INEA operator); it executes investment projects both as part of the OPDP, and using its own resources

2021

Światłowód Inwestycje – currently the largest national wholesale FTTH operator, offering open and non-discriminatory access to its entire fibre network to all interested participants in the national telecommunications market. It executes its investment projects exclusively with commercial funds.

A joint business venture between Orange Polska SA and Dutch investment fund APG

2023

Polski Światłowód Otwarty – a special purpose vehicle established for operational activities, announcing the future operations in the wholesale market in an open model, executing investment projects from own funds - a joint business venture of P4 Sp. z o.o. (owner of the Play brand) and the French investment fund InfraVia. As part of its infrastructure, it also has approx. 3.6 million of network coverage under the DOCSIS standard contributed in kind as part of the transaction as the former infrastructure of the acquired cable operator UPC Sp. z o.o.

b. Wholesale vertical operators providing both wholesale and retail services

- **Orange Polska** – an entity regulated by SMP decisions issued by the Office of Electronic Communications, which is obliged to make part of its network available to all interested operators. However, it should be noted that the company also makes available some of its infrastructure that is not regulated
- **The majority of ODPD and OPIE** (Operational Programme Innovative Economy) **grant beneficiaries** excluding companies: Nexera, Tauron and Fiberhost (they do not have a retail offer). Operators who obtained public funds are

obliged to make their networks available to other entities for the duration of the project (7 years)

- **Vectra** – cable operator making its network available to the Play brand since 2020
- In addition, there is a large group of companies in the market that have chosen to make their network available for purely commercial reasons. These operators make their network available to stakeholders mainly using the BSA service

The second group is made up of operators who remain closed to opportunities to collaborate and share their networks, focusing on maintaining a base of subscribers. This group is mainly represented by

smaller, local players who are often monopolists in a given area and thus want to maintain their market position.

The wholesale market for open networks in Poland is only just taking shape, but its development is characterised by a high growth rate. In 2022, open fibre networks were only offered in the wholesale model by four operators: Tauron, Nexera, Fiberhost (INEA in the retail market) and Światłowód Inwestycje. In turn, Polski Światłowód Otwarty joined the game in the first quarter of 2023.

We believe that such a model will make a significant contribution to accelerating digital transformation in Poland, which in turn will trigger new opportunities for citizens, administration bodies and business, and consequently will also have a positive impact on the country's economic growth. In fact, only 7% of companies in Poland believe that the Internet is not needed at all or only to a negligible extent for doing business.

However, let us bear in mind that the technological peculiarity means that the dynamics of development and implementation of new technologies is increasing every year. These in turn requires rapid and reliable network access, and this is made possible precisely by the FTTH technology.

ROLE OF ŚWIATŁOWÓD INWESTYCJE IN THE MARKET

GRI 3-3 [Relations and satisfaction with cooperation with S-I] • [Ethics and Compliance]

S-I is the largest open operator, so it is only natural that we feel particularly responsible for the development of the wholesale market in Poland. We pursue our mission and thus our contribution to the economy by shaping the FTTH market based on **3 pillars**:



Dialogue and partnership



Ethical standards and compliance with regulations



Responsible investments

Dialogue and partnership

GRI 2-28

Partnership is not only one of the 17 goals to achieve the UN's 2030 Agenda for Sustainable Development and a key success factor in the implementation of our ESG Strategy, but also the most relevant action to shape the new market in Poland. We believe that dialogue is the foundation of any action, which is why we actively engage in consultations with both our customers (see Chapter Social Impact/Digital Integration for more information) and other wholesale players. This enables us to provide reliable and innovative services.

Since the Company was established, we have been an active entrepreneur in the telecommunications industry. We participate in events that drive our market to further growth. We are a regular participant of such industry conferences as PIKE or INET, where we act as speakers and sponsors, as well as KIKE - where we take part in panel discussions dedicated to current challenges and shaping the directions of change for the industry.

We also keep up to date with the latest trends and technological solutions in the industry worldwide by attending international conferences organised by, among others, the FTTH Council Europe.

It is also worth noting that we are one of the leaders of a cyclical conference bringing together open telecommunications operators. The Conference of Wholesale Operators (CWO) is a meeting organised by entities such as Nexera, Tauron or Fiberhost, for instance, where marketing, commercialisation or issues related to technical standards, process handling and communication automation, as well as legal tools to support the execution of investment projects, are discussed in dedicated panel discussions. The event is also attended by public administration bodies responsible for policy and regulations in the telecommunications market, such as the Office of Electronic Communications (OEC), the Project Centre Digital Poland (PCDP) and the Chancellery of the Prime Minister (CPM).

In addition, we also cooperate within the association of the Polish Chamber of Information Technology and Telecommunications, where we contribute, among other things, to climate initiatives. We are also a member of GRESB, an international organisation working to promote ESG standards and bringing together financial institutions and players in the real estate and infrastructure markets.

Regulations

GRI 206-1

The telecommunications industry operates in a regulated market, and it requires operators to meet a number of legal and reporting obligations. This is due to the specifics of the market and its materiality to the Polish economy. As an entity committed to shaping the Polish market, we not only fulfil our legal obligations, but also voluntarily share a range of data and information on our activities with the state administration bodies:

13 unique reports

per year submitted to the Chief Statistical Office

7 reports on operations

of our company per year submitted to the OEC

3 types of information summaries

– including on the latest obligation relating to network coverage under the Information System for Fixed Broadband Internet Access (ISFBIA) - sent to the CPM

Since the telecommunications industry is critical to the functioning of the economy, we have developed an Action Plan in the Specific Threat Situation for a Telecommunications Operator. We also provide access to our real estate and

telecommunications infrastructure to other telecom companies (also local government units carrying out telecommunications activities) in order to optimise and increase the effectiveness of investment projects executed as part of the development of the fibre optic network in Poland.

We are not limited to fulfilling our obligations towards regulators. We have also appointed individual members of our Team as responsible for shaping relationships with each regulator. **We actively participate in the two-way dialogue**, not only by responding to questionnaires or individual queries, but above all in the **consultation processes of implemented regulatory and legal changes. In 2023, we mainly plan to work within:**

- functional extension of the Information System for Fixed Broadband Internet Access (ISFBIA) to **feed the public database with information on network availability towards automating the information flow (AIF)** and data of the network extension planning process,
- **implementation of the automation of the flow of invoices** and confirmations to and from the National e-Invoice System (NeIS),
- European Electronic Communications Code (EECC) and a **tool to support** the automated handling of the requirements of the European Union Framework Directive, in particular **in the area of ensuring end-users' portability of internet access services.**

There were no legal proceedings against our company in 2022, in particular in relation to unfair competition or other practices restricting competition.

Impact on the market and the economy

GRI 201-1 • GRI 203-1 • GRI 204-1

over

PLN 1.4 B
value of infrastructure

almost

PLN 800 M
value of completed
investment projects

100%
share of suppliers
registered in Poland in
our procurement

64%
participation of financial
institutions from
Poland that finance our
operations

PLN 135 M
directly generated
economic value (revenue)

PLN 175 M
economic value
distributed to the
economy (operating and
financing costs)

PLN -40 M
retained economic value
(difference between directly
generated value and value
distributed to the economy)

PLN 35 M
VAT paid annually

Our company is currently in a period of intensive operational development and has a large-scale investment programme for the construction of the fibre-optic network. At present, our capital expenditure is several times higher than our revenue and we incur high initial operating costs and financing costs for our investment programme, which results in a financial loss. In the longer term, as coverage increases and it is commercialised, our business plan is to realise return on investment and generate financial returns.



RESPONSIBLE INVESTMENTS

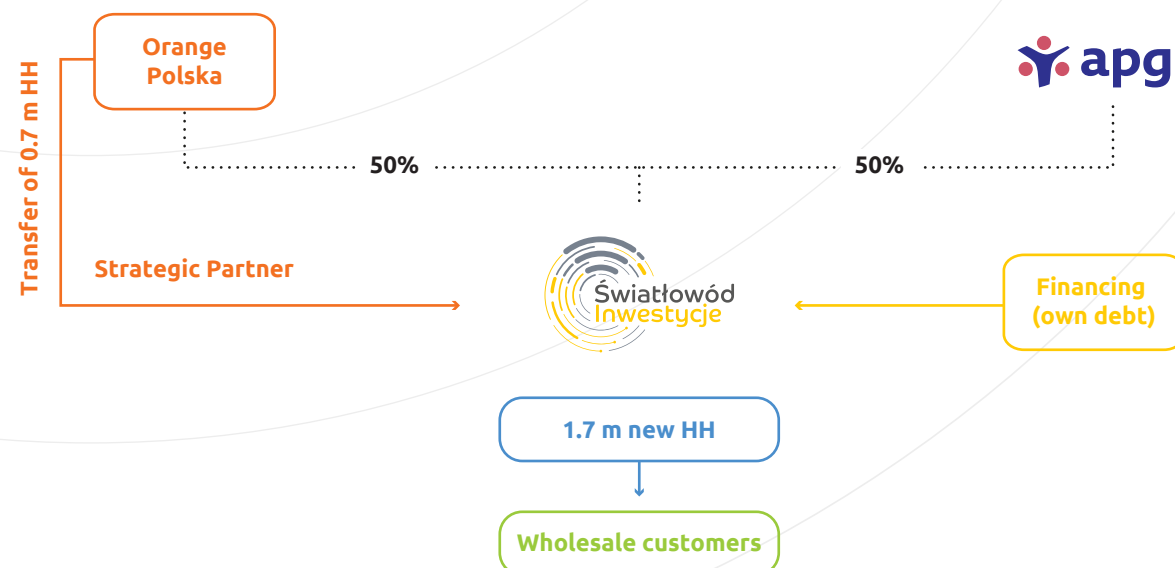
Światłowód Inwestycje is a joint venture company established in 2021. At that time, Orange Polska signed an agreement to sell a 50% stake in the company to a Dutch investment fund APG. Orange Polska contributed to S-I the existing fibre optic connections for 0.7 million households. In the concluded transaction, Światłowód Inwestycje was valued at PLN 2,748 million (excluding cash and

debt). The investors also agreed on a business model for the new company, including external financing arrangements of more than PLN 3 billion, which will allow us to increase our network coverage by an additional 1.7 million households. We focus on commercial operations and in 2022 we did not participate in any publicly funded projects.

The rise of Światłowód Inwestycje was recognised and acknowledged globally at the PFI Awards Gala held on 9 May 2022 in London. The Management Board of S-I, together with the representatives of our shareholders (Orange Polska and APG), as well as the Company's financial advisor (Santander Bank Polska), received the award in the European Fibre Deal of the Year category. The jury appreciated not only the transaction itself, but also the business model and the resulting business potential. It is unique because it is intended to enable 2.4 million households to be reached with a modern fibre-to-the-home (FTTH) network. It will thus allow for building the largest independent fibre optic wholesale operator in Poland. For 25 years, Project Finance International (PFI) has been preparing the most reliable reports on project finance for major economic sectors such as transport, energy, telecommunications and mining, among others.

OWNERSHIP STRUCTURE

GRI 2-1



BUSINESS MODEL

GRI 2-6 • GRI 3-3 [Responsible supply chain]

S-I's business model assumes that as a company we are a passive fibre optic network operator. In other words, we manage the entire investment process from the purchase of equipment, materials and raw materials, through the construction and maintenance works on the physical fibre optic network, to the sale of fibre optic services to the wholesale market. However, it is directly within our remit to mainly plan, coordinate and accept investments and provide access to our passive infrastructure. Other activities are implemented through our strategic partner Orange Polska.

In recent years, there has been a clear trend in the European telecommunications market

related to the separation by telecom operators of their infrastructure and operator business from their retail business. What then happens is that infrastructure assets are spun off from the integrated business and companies dedicated to the wholesale operator business are formed, while a financial partner is attracted to them. In this way, a new business model is taking shape in the market, in which the wholesale operator becomes a separate entity operating independently from the retail business, often offering open and non-discriminatory access to its assets to all market players. This is also the case for us. Orange Polska acts as a Strategic Partner for us both in the provision of services and in the implementation of infrastructures projects as a project manager. The rules of our partnership are in line with the regulations relevant to the telecommunications market, and the market supervision authority is

informed of the extent of such cooperation. Orange Polska has additionally decided to implement an internal Chinese Wall policy, which also applies to the cooperation between our companies. It defines the principles of cooperation within our Strategic Partner's organisation on a structural and ICT level. First, its employees are divided into three types of domains: wholesale, retail and corporate. No employee or contractor may carry out duties under more than one domain. IT systems and databases have also been separated to ensure confidentiality and an appropriate level of access to information.

Orange Polska, as the leading telecommunications operator in Poland and part of the Orange Group - one of the largest entities in the industry worldwide - has many years of experience, both in the area of procurement and infrastructure investment, as well as the provision of modern telecommunications

services. Thanks to the strategic partnership, we are able to effectively manage the entire investment process based on our long-standing project manager's relations within the supply chain. This also supports us in terms of handling sales and administrative processes.

Using the solutions developed by our Strategic Partner, as S-I, from the start we can focus on what is most important to us, namely shaping the wholesale market and supporting digital integration in Poland. Naturally, we are constantly refining our approach and functioning processes as part of our day-to-day cooperation so that it meets the needs of the rapidly growing market for open fibre optic networks.



OUR STRENGTH IS THE STRENGTH OF OUR PARTNERS

GRI 2-6 • GRI 2-24 • GRI 3-3 [Responsible supply chain] • [Safe working environment and investments] • GRI 203-1

Digitalisation of the Polish economy by providing access to fibre optic infrastructure and thus to fast and reliable internet connection is quite a challenge. The scale of investments we are making requires extensive supply chain partnerships. Only in 2022, we executed around 7,200 investment projects across the country. This was possible thanks to the commitment and professionalism of our external partners, who are the best experts in the country, have many years of experience and, in addition, regularly increase their qualifications necessary to perform infrastructure processes. **On a daily basis, we work directly with almost 30 material and equipment suppliers and more than 130 network contractors**, who additionally engage second and even third-tier subcontractors. This is due to the peculiarities of the market, particularly in the area of contractors carrying out investments which require a range of unique competences such as paving, drilling and energy, sewerage systems and earthworks. **We estimate that, including subcontractors, there are around 350 companies in our supply chain on an annual basis.**

All the companies that we have qualified as contractors for project execution and maintenance regularly improve their competences during dedicated training courses at the Fiber Experts School run by our Strategic Partner. In the execution of our projects, each company works on a daily basis with experts holding certificates confirming successful completion of the training. The process consists of two modules: network design and its construction. The course also takes into account social and environmental

elements, such as meeting legal requirements arising from occupational health and safety and environmental protection in the execution of construction works, training in the use of machinery and work at height, as well as training in responsible waste management.

We execute the investment projects with support of Orange Polska, which acts as a project manager for us and carries out specific tasks in the supply chain. The most important areas in our chain are the procurement and logistics of materials and equipment necessary for the investment process and network maintenance, as well as cooperation with external companies carrying out construction, maintenance and upgrade works for us as part of the fibre optic infrastructure. We also have managers within our structures who are responsible for key areas of investment implementation such as procurement, investment project execution and network maintenance. They collaborate on an ongoing basis with the relevant units of our project manager at every stage of the investment process. Their work is supervised by the Network and Operations Director who reports directly to the COO.

We are convinced that the business model which has been functioning unchanged from the start, will contribute to the successful implementation of our mission thanks to the synergies between us, the Strategic Partner and our external partners in the supply chain.

Indeed, **after just the first full year** of S-I's operations, not only did we realise, but we **exceeded our main business objective of reaching 1,300,000 households by the end of 2022:**



By completing a total of
approx. 7,200
investment projects in
Poland in 2022.



By bringing fibre optics to
more than
460,000
households

In 2023, we plan to increase our network coverage by more than **430,000 new households**.

We monitor the effectiveness of our activities and the quality of the constructed infrastructure together with the Strategic Partner on a monthly, quarterly, semi-annual and annual basis based on a number of specific KPIs arising from agreements between us.

We also take care of the quality of the works carried out in the expansion of the fibre optic infrastructure. This is because we are committed to ensuring that our infrastructure is safe at every stage of its life cycle (from its construction to its use) and does not endanger the lives of those involved in its construction and upgrading, as well as its users and local residents. Our Strategic Partner as a project manager cyclically controls the quality of the materials, so we know that they have the highest possible durability and reliability available in the market. However, we know that it is equally important to use them skilfully, which is why we

pay particular attention to the execution of the investment projects, for which Orange Polska is also responsible. A proper design and plan for the expansion of the network is fundamental for the assumptions adopted for implementation to ensure safe working conditions and not to pose a risk to local communities and the environment. Our Strategic Partner monitors the implementation of individual investment projects on an ongoing basis and carries out their acceptance process. In order to ensure the highest quality and to meet the highest standards in accordance with the original intentions of the respective project, independent units within our partner's organisational structures are responsible for the implementation and acceptance of the investment project. In addition, as the owner of the infrastructure under construction, we also directly monitor the status of the investment projects and every month our Regional Managers of Fibre Optic Investment Projects make local visits to selected construction sites, submit comments, recommendations, and even commission re-audits if the situation warrants it.



All partners we work with on infrastructure investment projects are subject to an elaborate due diligence process. It is carried out on our behalf by the project manager on the basis of its extensive experience and best market practices. Only after positive verification do we sign cooperation agreements with suppliers and contractors (tripartite agreements, where the parties are the Strategic Partner as a project manager, Światłowód Inwestycje and the relevant contractors - external partners). **A standard element of cooperation agreements with suppliers and contractors are compliance and CSR clauses.** The first of them defines anti-corruption, anti-money laundering and counter-terrorist financing requirements. The second is a declaration of compliance with the principles contained in the Code of Conduct for Suppliers, reflecting S-I's expectations resulting from the Code of Ethics and relevant policies in

force in our company, and it applies to a wide range of activities within the ESG areas, in particular:

- Fraud - corruption, conflicts of interests, political engagement
- Human rights - including freedom of association, child labour, slave labour or human trafficking
- Occupational Health and Safety
- Conditions of employment
- Environmental protection - including, among others, waste management, energy consumption and monitoring of CO₂ emissions and respect for biodiversity
- Exchange of non-financial data and information so as to allow S-I to monitor the effects of the objectives set under the ESG Strategy for the supply chain

Together with the project manager, we have the right to verify respect for the provisions of agreements within the scope of the audits and, in addition, if any party fails to comply with the set requirements, the other parties may terminate such an agreement. What is more, all parties may report potential cases of non-compliance arising from adopted regulations both directly to S-I and to the project manager, Orange Polska.

In addition, in order to intensify our efforts to strive for climate neutrality, in 2022, together with the project manager, we started the process of surveying the maturity of environmental measures among our external partners as part of the Green survey.

GRI 408-1 • GRI 409-1

Each year we undertake a process of social and environmental evaluation of our key external partners. The social criterion is the signed Code of Conduct, and on the environmental issue we expect a positive outcome from the Green survey. A negative environmental rating means the absence of any action by the partner to measure and reduce its carbon footprint. Every year we also analyse risks associated with underage and forced labour, but to date we have not identified those directly in our company, and we have not evaluated any operations among our key suppliers and first-tier contractors where their level would be significant. As a member of the European Union, Poland strongly opposes this type of practice, and we also ensure due diligence in these areas as a result of the actions described above.

Cooperation with key external partners

GRI 308-1 • GRI 414-1

	Number of active partners in 2022	% of new of part-ners subjected to social evalua-tion	% of partners with a neg-ative result of the social evaluation	% of new partners subjected to environmen-tal evalua-tion ¹¹	% of partners with a negative result of environmental evaluation ¹²
Suppliers of materials and equip-ment	29	100%	0%	100%	7%
Contractors	135	100%	0%	100%	3%
TOTAL	164	100%	0%	100%	4%

In order to ensure that our standards are complied with throughout the value chain, we have obliged our direct suppliers and contractors to ensure that they are respected by their contractors, i.e. subcontractors.

¹¹ In 2022, we sent questionnaires to all partners. 17 of them took an active part in the survey.

¹² In 2022, we sent questionnaires to all partners. 17 of them took an active part in the survey.

CHAPTER SUMMARY

Key S-I activities in the economic area in 2022:



ESG STRATEGY AREA



GOAL FOR 2022



RESULT FOR 2022



PLANS FOR 2023

WE SUPPORT ECONOMIC GROWTH BY SHAPING THE WHOLESALE MARKET IN POLAND

Increase in the value of infrastructure

Increase by approx. PLN 800,000,000

Further increase the value of infrastructure

Supporting local suppliers

100% of procurement in Poland

Maintaining the level of procurement from local suppliers

0 court cases as a result of regulatory violations

No incidents

- 0 regulatory violations
- Implementation of reporting process automation

Participation in conferences

Participation in iNET, KIKE and FTTH Council Europe

Participation in conferences: FG Time, FTTH Council, PIKE, KIKE, iNET

WE LEVEL THE PLAYING FIELD IN TERMS OF ACCESS TO A RELIABLE AND FAST INTERNET CONNECTION

Network coverage of 460,000 new households

We connected over 4,500 more households to the network than planned

Extension of network coverage to over 430,000 new households

RESPONSIBLE INVESTMENT AND BEST ESG PRACTICES IN THE SUPPLY CHAIN

1. Development of S-I's Code of Conduct for Suppliers and whistleblowing opportunities
2. Implementation of due diligence and social and environmental verification processes among external partners
3. Identification and analysis of ESG risks within the value chain

1. The Code and whistleblowing channels were prepared and published
2. The processes were implemented
3. Risks were identified and analysed as part of the Risk Management System

- Update of tripartite agreements with external partners
- Update of the environmental verification process for external partners
- Implementation of the OHS System and drafting of the network contractor engagement plan

Social impact

We level the playing field in terms of access to reliable and fast Internet

- 32 Cooperation with customers - telecommunications operators
- 37 Digital integration
- 38 We care about online safety and responsible use of new technologies
- 40 Social engagement
- 42 Passion and engagement at work



30%

of infrastructure in areas without access to fibre optic

40%

of women in managerial positions

3 days

of additional leave per employee

28h

of training courses per employee

100h

as part of employee volunteer programme



COOPERATION WITH CUSTOMERS - TELECOM OPERATORS

GRI 2-6 • GRI 3-3 [Relations and satisfaction with cooperation with S-I]

As the leading operator on the Polish wholesale market, we provide the largest FTTH coverage in an open model. We want to cooperate actively not only with national retail operators, but also with smaller players operating in regional and local market in individual voivodeships, powiats, and even municipalities and communes. In this way, we are able to provide freedom of choice of internet access service for all end users within range of our network. It is up to subscribers (customers of the retail operator) to sign a contract with the largest, international telecom operators, or with smaller, local companies. This is because we are committed to fostering digital inclusion by providing access to a reliable and fast internet connection nationwide.

In order to achieve our company's mission, it is essential to collaborate across the supply chain. We focus on partnership and lasting relations in business. We have an open, respectful dialogue. We strive to implement the win-win principle at every stage of our services. We are successful because of our integrity, the exceptional quality of our services

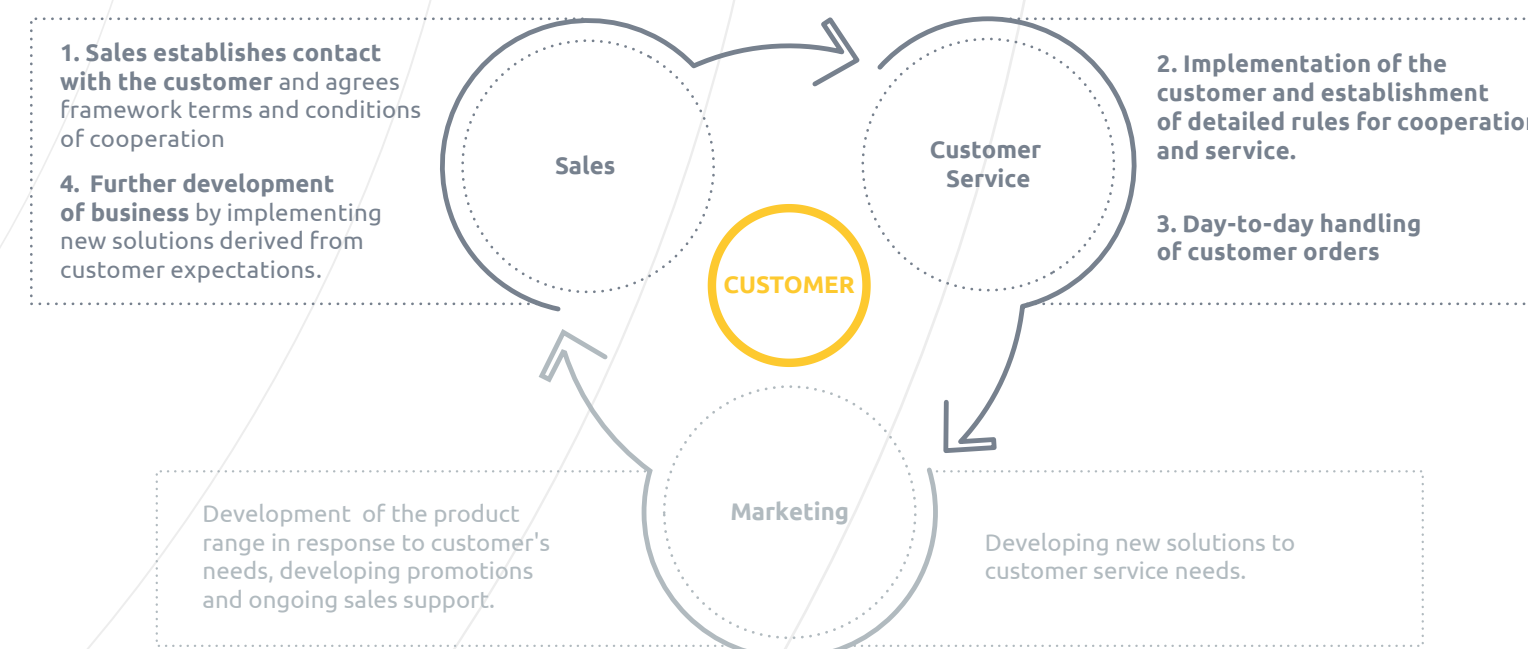
and our expert know-how. Never due to dishonest, unethical or illegal behaviour.

We work with our customers in three functional areas:

- Marketing - develops products and services
- Sales and relationship building - establishes partnerships and develops business with the customer
- Customer-operator support - after-sales service related to the implementation and handling of customer orders

Each functional area is supervised by a Manager whose work is overseen by the Sales Director who in turn reports directly to the COO.

FUNCTIONAL AREAS



MARKETING - PRODUCTS AND SERVICES

GRI 2-6 • GRI 3-3 [Relations and satisfaction with cooperation with S-I]

Our offer is aimed exclusively at telecommunications operators who provide internet to their subscribers (end users) based on our infrastructure. This gives individual customers the freedom to choose their supplier and additional services.

The offer for operators consists of three main product categories:



Bitstream Access (BSA), i.e. broadband. A service for telecom customer-operators who wish to offer their subscribers (individual customers) access to the network based on the

infrastructure we provide. We use GPON (FTTH) technology with Ethernet-level transmission, enabling retail services.



Specialised Services, i.e. a business offer tailored to the needs of corporate subscribers. We provide services in GPON (FTTH) technology

at the Ethernet level enabling advanced data transmission with enhanced quality parameters.



Local Loop Unbundling (LLU) – we provide dark fibre (the so-called LLU BHL, i.e. backhaul between the OLT and the optical connection point OCP)

and the fibre local loop (FLL from the subscriber's socket to the OCP preceding the optical splitter).

In addition, we offer the **Assistance** product, i.e. a comprehensive support service during which we carry out the connection and installation of active devices at the subscriber's premises.

We offer access to fibre optic internet with support for the following data transmission speeds per subscriber:

- 300 / 50 Mbps (download / upload)
- 600 / 100 Mbps
- 1000 / 300 Mbps

We also understand that the specifics of dedicated business solutions may require additional configuration as part of the broadband access. We continuously work with our customer-operators

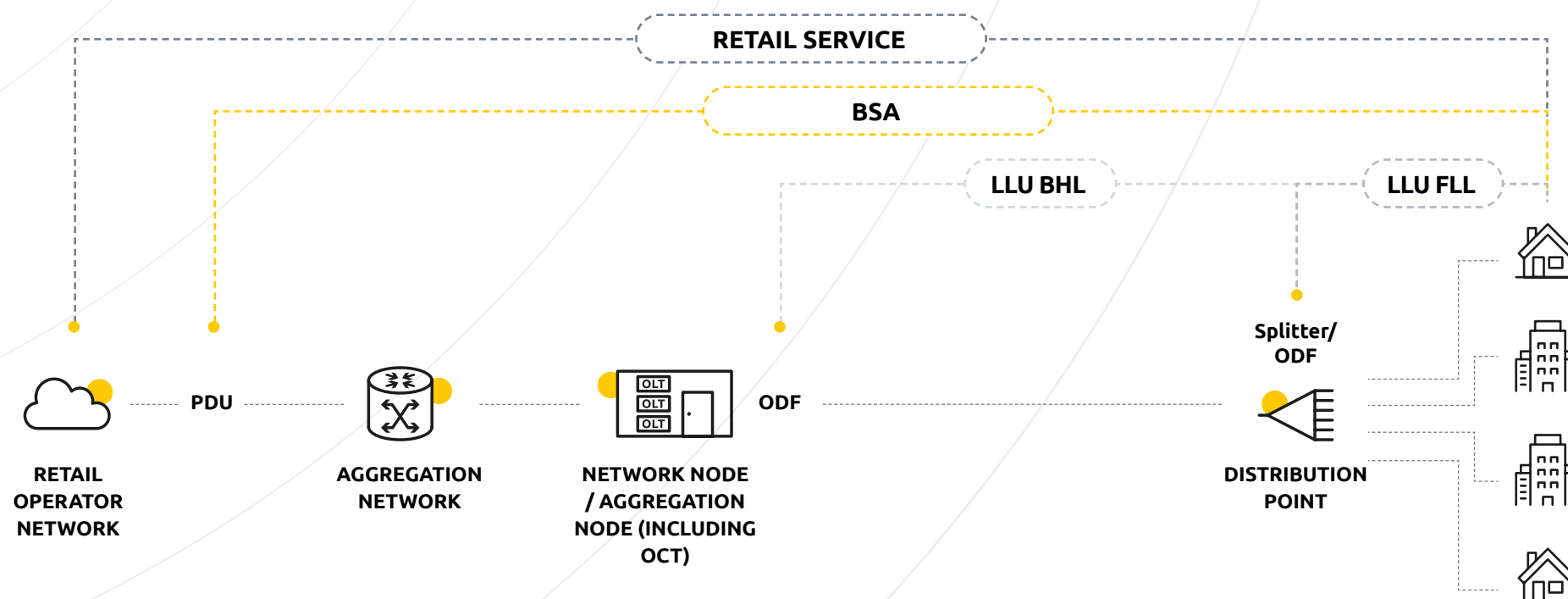
to develop our product portfolio and we also offer other solutions for business to business (B2B) subscribers.

We recognise that the satisfaction of our customer-operators is derived from the satisfaction of their subscribers (operator's customers - end users) with the quality of the provided internet service. So we do not stop at the standard product offer. Our dedicated Key Account Managers are in regular contact with telecommunications operators. They engage in active dialogue to identify needs of our customers. We want to meet their expectations and offer solutions tailored to their specific operations of operators who cooperate with us. We offer new products and services on an equal and non-discriminatory basis to

each of the operators who cooperate with us.

The IT solutions and systems we use are subject to natural development in the process of implementing changes resulting from the implementation of new products or their functional extensions as part of cooperation with customers, the need to streamline information flows, improve service quality, the digitalisation of processes for which full automation has not yet taken place, as well as the development and availability of new IT technologies. Accordingly, in cooperation with the Strategic Partner, we conducted a number of development projects in 2022 in the areas of marketing and the digitalisation of business processes.

NETWORK ARCHITECTURE AND WHOLESALE AND RETAIL SERVICES



Key product and service development activities in 2022:



Start of projects for the implementation of API FTTH Światłowód Inwestycje with customer-operators, which, in accordance with the international TM Forum standard, are used to integrate our systems in order to automate service provision and maintain processes, leading directly to improving the end customer experience. The API FTTH enables telecom operators to create tailored solutions for their subscribers. This represents a significant improvement to the standard customer service model based on contact via traditional channels such as e-mail or telephone. API integration is a relatively complex process, but the benefits in the long-term partnership are invaluable. They apply to not only increasing the efficiency of sales and after-sales processes, but also optimising the use of resources.



Preparation of the Portal for Operators - the tool will allow you to start working with us more quickly and at a lower cost. It is an alternative to API integration or traditional e-mail communication handled manually or in a partially system-supported manner by support teams. Thanks to access to the online Portal, the customer-operator will be able to use in a very intuitive and simple way all the functionalities of the BSA service, such as, among others, the execution of orders as part of the provision and maintenance of services. The solution should be of particular value to operators who cannot afford the time-consuming and relatively complex API integrations in the technical layers. In addition, it will reduce the number of meetings and streamline the arrangements of cooperation details. The online Portal will allow our customer-operators to effectively retail our network essentially from the get-go. At the same time, for those who will still prefer to use traditional e-mail communication, it will enable access to ordering and handling services 24 hours a day, which was not possible in the manual process.



Extension of the Bitstream Access (BSA) offer with new technical parameters (so-called newBSA), which will increase the flexibility of our offer and enable our customer-operators to offer a wider range of services to their subscribers.



Launch of a price promotion for customer-operators covering approximately 300,000 households within the coverage area of our network.

In 2023, we plan to finalise the commercial implementation of the designed Portal for Operators and pursue the next phases of the API FTTH implementation with existing and new interested customer-retail operators. In addition, we also want to develop the product and service range on the basis of a dialogue with our business partners so as to better address the needs of the market and end users (subscribers of our customer-retail operators).



SALES AND RELATIONSHIP BUILDING

GRI 2-6 • GRI 3-3 [Relations and satisfaction with cooperation with S-I]

Dedicated Key Account Managers are responsible for acquiring, retaining and developing business. As a result, we are always close to our customers, we engage in an active dialogue listening to and responding to their needs.

From the very beginning, we actively approached all major telecommunications operators with a proposal to provide them with services based on the existing and planned fibre optic network. As a result, by the end of 2022 we had service agreements in place with all leading national telecom operators, including Orange Polska, T-Mobile Polska, P4, UPC Polska, Netia (the company also represents other entities in the Cyfrowy Polsat Group) and Vectra. In addition, we also finalised partnerships with the first regional or local operators, and in 2023 we plan to add more smaller telecom operators to our portfolio.

All of the nationwide operators mentioned above actively sold services on our infrastructure in 2022. The first to start selling in 2021 was Orange Polska and for this reason the service base of this operator is still the largest. However, the share of new

operators that started active sales in 2022 has been increasing significantly in the following months and we expect the momentum of this trend to not only be maintained, but also to grow. Also operators with regional and local coverage started selling services in 2022. For obvious reasons, their share of sales is smaller, but by no means less important for S-I. In terms of the digital integration of the Polish population it is even crucial.

We attach particular importance to the equal treatment of all our customer-operators. We do not apply preferential or discriminatory conditions in comparable circumstances. Our Framework Offer is the same and transparent in terms of pricing and KPIs for each of our counterparties. Each operator has access to information and S-I services which meet the following conditions: they are of equal quality and equally transparent as to the timing of their availability to all customers; they are available to each customer on an equal basis to a given extent and at a given time. We comply with the regulations established by the Supervisory Board, which strictly define the scope of decision-making in the product and pricing area. Any non-standard measures must be implemented in consultation with our company's supervisory authority. Also our Strategic Partner, who is also our customer, applies internal rules and solutions resulting from the Chinese Wall policy (for more information, see Chapter Responsible Investments). Thanks to this, it is able to effectively manage the risk of potential conflicts of interest.

The sales and relationship building process is also defined by the Sales Process Guide which describes the standards for working with both existing and new customers.

The main indicator monitoring the effectiveness of sales activities is saturation (the ratio of the active service base to current coverage), which is a direct result of working with customers to increase the saturation of our network with new services launched for the subscribers of our retail customer-operators. We monitor it on a monthly basis, in various aspects, such as customer-operator segmentation and market segmentation, type of investment, competitiveness of the area, among others. Total nationwide saturation increased **in 2022 in line with original business plan - target for network saturation rate was achieved at over 100%, meaning that we achieved the desired number of active services at the end of 2022.** In 2023, we plan to continue the rapid growth in the number of active services and increase the saturation of our network in line with the objectives of our business plan and thus once again achieve the ambitious targets for the commercialisation of our network.



CUSTOMER-OPERATOR SERVICE

GRI 2-6 • GRI 3-3 [Relations and satisfaction with cooperation with S-I]

The customer-operator service is responsible for the quality of service associated with customer implementation and the handling of orders for the connection of fibre optic internet service to the premises of end customers (retail customers of telecommunications operators). As S-I, we manage and coordinate the work throughout the whole process. In turn, our Strategic Partner carries out all technical operations, order processing and procurement for us, and is responsible for the activities of external technical partners at the premises of subscribers of our wholesale customers. The detailed scope of competences and responsibilities is defined in the relevant cooperation agreements between us and our Strategic Partner.

Installation of the service at the subscriber's premises

Once our customer-operator has agreed a framework for cooperation with its dedicated Key Account Manager, we proceed with implementation

and clarification of the details of operational cooperation. It can then begin to execute orders of its subscribers (end users).

Fulfilment of our customers' orders, connection and reliability of fibre optic internet at subscribers' premises are among the key success factors. They determine the satisfaction with our services. This is why we continuously monitor indicators related to the quality of customer service:

- **96% [target 90%]** – timely installation of fibre optic internet at subscribers' premises (BSA, LLU FLL services)
- **100% [target 100%]** – timely installation of LLU Backhaul service for customer-operator (backhaul - fibre optic cable lease)
- **94% [target 85%]** – timely removal of BSA and LLU FLL service outages (internet access at the subscriber's premises)

We also continuously monitor the quality of data reporting to the address database so that each of our customer-operators has up-to-date access to the newly added addresses within our infrastructure and can offer services to its subscribers (end users) as quickly as possible. The list is updated continuously, even on a daily basis.

In the coming years, we will strive to maintain the quality of customer service, as well as to improve the timeliness associated with the removal of the most demanding types of failures. We believe that the experience gained in the first year of S-I's operations in the market will enable us to effectively improve the efficiency of our operations.

In addition, we also monitor indicators related to the reliability of our network infrastructure and which may have an impact on the quality of the internet access service for our customers' subscribers. In 2022, the rate of service unavailability due to physical infrastructure failures was only 0.01%. Together with our Strategic Partner, we needed an average of 10 hours and 36 minutes to remove such failures. Although the values presented above are clearly better than market standards (which was confirmed by an audit by an industry-leading consultancy), we do not intend to stop there and will seek every possible improvement to further improve the reliability of our infrastructure.

We are aware that various types of failures or delays can cause disappointment of our customer-operators. However, we are committed to dialogue and improving the quality of the service

provided, so they can pass on complaints to us in a predetermined form (email message, electronic communication via API-type solutions or using the Portal for Operators). A complaint includes details identifying the service and the subject of the complaint. Complaints are processed within 7 business days, with the possibility of an extension to 12 calendar days in justified cases. The outcome of processing the complaint (positive, partial or negative), together with an explanation, is communicated to the customer-operator.

An additional process put in place for operators are interventions handled through the e-mail channel. The range of reported issues includes unfinished orders, clarification of the reasons for ineffective service delivery or problems with order placement and other types of individual incidents.

100%

of the lodged and substantiated complaints and interventions were satisfactorily dealt with by us within the deadline

STAGES OF SERVICE CONNECTION

PLACING AN ORDER



MAKING AN APPOINTMENT


INSTALLATION OF THE SERVICE
AT THE SUBSCRIBER'S PREMISES


LAUNCH OF THE SERVICE



DIGITAL INTEGRATION

GRI 2-29 • GRI 3-1 • GRI 3-3 [Digital integration] • GRI 413-1

The digitalisation of the economy is one of the most significant challenges facing Poland. It is no secret that there is a correlation between the degree of digitalisation and economic development. Countries that are advanced in terms of digital transformation are not only greener, more prosperous but, above all, more competitive due to their potential to implement innovation¹⁴. We see that, on the one hand, the number of digital solutions is increasing not only in companies, but especially within public services. On the other hand, society has an uneven playing field and insufficient capacity to take advantage of opportunities effectively. As recently as in 2019, 15% of Poles had never used the internet, placing our country on the 22nd place in the European Union¹⁵. In addition, during the pandemic as much as **40% of the Polish population still did not have access to an adequate quality Internet connection**, which places our country only on the 24th place in the EU (out of 27 member states)¹⁶. We want to change this and we want to support digital inclusion in Poland.

Digital inclusion of the Polish population

Our mission is to improve the quality of life for the people of Poland through the development of fibre optic infrastructure in the country. This is a direct

result of our core business activities, which we carry out on the basis of two types of operations: investments in fibre optic infrastructure and the sale of services on the wholesale market. With the right investment planning and cooperation with customer -telecom operators, we can also realise a key aspect of S-I's sustainability-oriented operations, i.e. digital integration. We are an open wholesale operator and we promote freedom of choice of a fibre optic internet service provider. We provide our infrastructure to all interested telecom operators. We are committed to enabling every resident of Poland to make an informed choice on the basis of a diversified and the most modern offer available on the retail market. We believe that this is how we contribute most to an equitable digital transformation in Poland.

As indicated by our stakeholders in the dialogue we conducted in 2022, **we defined priorities for action in the context of supporting the fight against digital exclusion. We want to develop our infrastructure primarily in areas where there is currently no fibre optic cable** and where the available solutions do not allow for the effective use of new technologies (low speed and quality of internet services and the end subscriber's inability to take advantage of a wide range of competitive offers from key national telecommunications retailers). At the moment, however, these are not always the areas with the greatest business potential, which is why we have additionally decided

to digitally include individual institutions whose activities are relevant from the perspective of building fair and strong local communities. When implementing the investment plan within individual projects, we intend to identify neighbouring social institutions such as, for instance, orphanages, nursing homes or other types of support centres.

Our impact on digital inclusion in Poland

400,000

households in digitally excluded areas¹⁷ within the coverage of the S-I network

30%

of our infrastructure located in excluded areas

almost every **2nd**

household within reach of our network in a digitally excluded area is actively using our infrastructure

According to various market compilations and publicly available data from open wholesale operators making fibre investments with public funds (OPDP), saturation in areas without broadband access averages around 30%¹⁸. By making investments in areas without broadband access, we can boast that almost every second household in these areas is actively using fibre optic internet which, in our opinion, is a good sign for the future - not only in the context of the digital integration of areas without access to ultrafast internet connection, but also for the development of our business. We intend to continue to monitor the market situation both from the point of view of competition and public administration in the context of new subsidy programmes for network construction in areas with low commercial viability. We hope that market conditions will be favourable enough so that we will be able to accelerate efforts to integrate the digital population of Poland in the coming years.

¹⁴ Report by the DigitalPoland Foundation, Stan cyfryzacji Polski na tle regionu, p.33-35; 2022

¹⁵ Report by the Consumer Federation, Wykluczenie Cyfrowe podczas pandemii, p. 5; 2021

¹⁶ Report by the DigitalPoland Foundation, Czas na cyfrową gospodarkę, p. 30; 2022

¹⁷ Wykluczony cyfrowo – bez dostępu do internetu światłowodowego

¹⁸ <https://www.rp.pl/biznes/art38191441-nowe-pieniadze-z-ue-na-internet-za-chwile-tauron-powalczy-z-telekomami>



ONLINE SAFETY AND RESPONSIBLE USE OF NEW TECHNOLOGIES

Digital inclusion is not only a question of access to high-quality Internet, so that all the services that are already offered and planned for implementation can be used in the future. It is also about cybersecurity and education on the healthy use of the internet and new technologies.

ONLINE SECURITY

GRI 3-3 [Relations and satisfaction with cooperation with S-I] • [Cybersecurity] • GRI 2-28 • GRI 418-1

We are highly aware of the importance of security as well as data and information protection in our organisation. Therefore, from the very beginning of our operations, we entered into appropriate agreements with our Strategic Partner for the provision of a wide range of outsourced services: for the provision of IT services (maintenance and development of applications to support business and auxiliary processes) and an agreement contract for IICTiC services (services for the digital working environment, in particular regulating Infrastructure for Information and Communication Technologies as well as Cybersecurity).

In the area of cybersecurity, we use our partner's IT systems on an outsourced basis. We have policies and internal arrangements consistent with the regulations, rules and standards in force in Orange Polska, which translates directly into increased information protection in this area.

This approach guarantees the highest standards of data and information security, as our partner is an industry leader and a leading player when it comes to building awareness of cybersecurity. All types of information security risks are properly and effectively identified by it and mitigated to the highest degree.

We have full confidence that the information entrusted to our Partner for processing is secure, as we are the beneficiary of the safeguards it has implemented in line with the best international standards. Together, **we operate under an ISO 27001-certified Information Security Management System**. Also solutions and processes we implement in the cloud are ISO 27018 certified. It includes, among other things, the provision of telecommunications and ICT services, hosting, co-location, cloud computing and cybersecurity, taking into account the requirements of the data protection standard and cloud computing

services. In addition, our Partner also boasts quality management (ISO 9001) and business continuity (ISO 22301) certifications. The first of them includes, among others, the provision and maintenance of data transmission services and integrated ICT solutions, quality control of billing and settlement services. The second one relates to the effectiveness of the procedures developed to ensure the security and reliability of critical business processes.

One of the objectives set for the Information Security Management System at S-I is high employee awareness of data security. Together with our Partner, we provide periodic training sessions for our Team. The first one took place in 2022 on the occasion of the implementation of the personal data protection policy. In turn, we have planned further e-learning cybersecurity training for 2023 as part of our ESG training programme for our employees and associates (more information available in the next Chapter Passion and Engagement at Work).

Proof of the superior quality of information security in our company is the **absence of substantiated complaints regarding loss or breaches in the area of processing of our customers' data**.



SOCIAL EDUCATION

GRI 3-3 [Social education] • GRI 413-1

The increasing digitalisation and dynamic development of new technologies can represent not only a huge opportunity, but also a significant threat. Changes are taking place so fast that the average person has the right not to keep up with it. Indeed, today's global citizen takes in as much information per day as people in the medieval period took in their entire lives. According to a study by one of the largest VPN software providers, **the statistical Pole spends almost 51 hours a week online**¹⁹. On an annual basis, this is 110 days, and in a lifetime perspective, as many as 23 years!

We mainly spend time on social media and streaming platforms, as this is as much as 40% of the total time we spend online. This is worrying because this type of entertainment is considered more addictive than cigarettes and alcohol. The research shows that they are responsible for an increase in the number of people suffering from depression - increasingly as a result of a phenomenon known as the dopamine loop, i.e. giving oneself pleasure quickly, easily and too often as a result of using social media²⁰.



In the last 25 years alone, the proportion of such cases among the young population has risen to 70%.



Worse still, as many as 7 in 10 teenagers have also been victims of cyberbullying²¹.

Unfortunately, these are only some of the negative effects resulting from the inappropriate use of digital technologies. To prevent them, actions aimed at building public awareness must be effectively started. At the moment, it appears to be at an alarmingly low level. Only 14% of the public control their screen time, and even fewer, less than 8%, avoid checking notifications every time they see them coming. The security situation is slightly better, with an average of 50% of users aware of and applying solutions to avoid major risks. However, if we look at the impact of screen use on our physical health and interpersonal relationships, the situation gets worse again. Only 9% of people avoid using screen devices before bed, only 25% are able to eat a meal without contact with their phone, 23% of those surveyed find time to do physical activity during the day²² and only 17% care for correct body posture when using mobile devices.

We feel responsible for the wellbeing of the recipients of telecommunications services (our customers' subscribers), so we want to promote online safety, as well as responsible practices in the use of the internet and digital technologies. In 2022, we started market analyses and also had a dialogue with several organisations that deal with education on a daily basis. This is because we are keen to find an experienced external expert with whom we can jointly shape the attitudes of Poles and fight not only for the future, but above all for current generations of digital users. In the coming year we would like to determine the feasible scope of educational activities with selected partners in order to proceed with actions in subsequent years. We will do our best to ensure that, at the latest by the end of 2025 we can boast measurable results originating from the undertaken public education activities.

DOPAMINE LOOP



After a certain time the level of the neurotransmitter decreases



You reach for the telephone



You feel joy, excitement



The level of dopamine grows

HOW DOES IT WORK?



¹⁹ <https://www.telepolis.pl/wiadomosci/prawo-finanse-statystyki/polacy-spedzaja-w-sieci-ponad-23-lata-swojego-zycia>

²⁰ <https://higienamyslenia.pl/petla-dopaminowa-jak-uzalezniaja-tresci-cyfrowe-w-tym-social-media/>

²¹ <https://forsal.pl/artykuly/1432479,facebook-niszczyc-twoje-zdrowie-psychiczne-infografika.html>

²² Instytut Cyfrowego Obywatelstwa, Ogólnopolskie Badanie Higieny Cyfrowej 2022, p. 29-30

SOCIAL ENGAGEMENT - CHARITY AND VOLUNTARY WORK

GRI 2-28 • GRI 3-3 [Social engagement] • [Employee development and retention] • [Diversity in the workplace] • GRI 413-1

We recognise that by operating in the telecommunications industry, we are an important link between different sectors of the economy and different communities. Therefore we are not functioning in an alternative, separate reality. We strive to be sensitive to social needs and to meet them wherever possible - especially in the context of local communities. Although charity and voluntary work itself is not a strategic area of our activities in the context of sustainability, we consider them to be an important success factor. We believe that it has a positive impact on building engagement in our Team and, in addition, it contributes to strengthening entire communities that are the beneficiaries of such activities.

The first project we implemented was a grassroots initiative by our employees in response to the crisis surrounding the outbreak of war in Ukraine. We set up an internal volunteer support group of over a dozen staff. Together we identified actions we can implement in our local communities to support the fight with the refugee crisis. Then, together with the Management Board, we decided which activities should be implemented first and what range of support we could offer. We provided assistance both as a company to specific aid institutions, but the company also supported private initiatives of our employees, who themselves cared for those in need from Ukraine.

Another project we were involved in was #liftUKRAINE²³ - an initiative of employees of various companies, mainly from Germany, Poland

and the UK, in which several other telecom operators were also involved. It helped to find private shelter in Germany for around 1,000 refugees in 2022 alone. As Światłowód Inwestycje, we were directly involved in helping 90 people fleeing Ukraine. The uniqueness of this project lay not only in the provision of aid, but in the cooperation between several countries, as well as between companies that compete with each other on a daily basis. We hope to see more similar activities in the future, as they are the essence of approach to the Partnership for the UN Sustainable Development Goals.

We also held a dialogue with stakeholders, the aim of which was to set priorities for our company in the context of sustainability efforts for the coming years. We pledged to donate PLN 100 for each response to the questionnaire sent to us and were thus able to donate a total of PLN 8,000 to the Aeris Futuro Foundation to combat deforestation in Poland.

At the end of the year, in turn, we joined the aid as part of the Noble Gift project. This too was a grassroots initiative by a few employees, who were later joined by other members of the Team and the Management Board. Together, we were able to meet not only the basic needs of the selected family, but also support them in terms of digital integration.



Our impact on local communities:

PLN 60,000
donated by the company

PLN 30,000
the company's support of employees' voluntary activities

100_H
time in total which the company allowed our employees to volunteer to provide aid

23 <https://www.liftukraine.org/who-we-are/>



CHAPTER SUMMARY

Key S-I activities related to social impact in 2022:



ESG STRATEGY AREA



GOAL FOR 2022



RESULT FOR 2022



PLANS FOR 2023

WE SHAPE THE WHOLESALE MARKET IN POLAND

Establishing cooperation with all retail telecom operators with nationwide coverage

We signed contracts with all the major operators and, in addition, we established partnerships with customers with local and multi-regional coverage

Continued implementation of existing customers and continued efforts to attract new ones

Preparation of the Portal for Operators

The solution was designed

Portal testing and commercial implementation

WE LEVEL THE PLAYING FIELD IN TERMS OF ACCESS TO A RELIABLE AND FAST INTERNET CONNECTION

Increase in network saturation levels across the S-I coverage

Target met at over 100% (target achievement level, not saturation)

Further increase in network saturation level

Expansion of the S-I product portfolio under BSA enabling greater flexibility in the offers of our customer-operators to their subscribers

The offer was extended

Continued development of products and services

Defining areas of digital exclusion and developing a plan to support digital inclusion

After the completed dialogue, together with stakeholders we identified the areas, defined their parameters, included them in the reporting processes and developed an action plan to support the fight against exclusion

Definition of quantitative objectives for the adopted action plan

WE CARE FOR ONLINE SECURITY AND RESPONSIBLE USE OF NEW TECHNOLOGIES

Market analysis of public education needs

We conducted a dialogue with stakeholders in this area and mapped the most important areas requiring support in terms of our activities

- Development of an education action plan and selection of external partners for its implementation
- Development of a plan geared towards building awareness in the context of new technologies and digital inclusion and its integration into the company's communication activities

WE SHAPE AN ENGAGING CORPORATE CULTURE THAT DRAWS ON DIVERSITY THROUGH SOCIAL ENGAGEMENT

Supporting grassroots employee initiatives

The Team received company support with two activities

Continued social engagement activities

PASSION AND ENGAGEMENT AT WORK

GRI 2-28 • GRI 3-3 • [Employee development and retention] • [Safe work environment and investments] • [Diversity in the workplace]

We shape a working environment in which open and frank communication is a standard. We are committed to building a workspace based on our values of respect, honesty, responsibility and cooperation based on the win-win principle. They are priorities in our relationships, and they condition our attitudes to the challenges we face; they enhance professionalism and reliability. In everyday business choices, they also represent standards to support the development of socially responsible business.

Above all, we want to shape an engaging work culture that draws on diversity and offer solutions within the work organisation that support the wellbeing of our Team. Such an approach also implies equal opportunities and optimal conditions for taking advantage of opportunities for competence development which we create for our employees and associates. We also do not forget about building awareness among our Team and the promotion of responsible behaviour that we can demonstrate on a daily basis - both in the context of professional cooperation and in our private lives.

EMPLOYMENT

GRI 2-7 • GRI 2-8 • GRI 401-1 • GRI 407-1 • GRI 408-1 • GRI 409-1

We are a relatively small organisation in terms of employment but we feel our huge potential for social impact. Also in the context of the workplace - together we are shaping the atmosphere and collaborative space. We all know each other and remain close to each other - regardless of where

we work. We have a flat organisational structure, so we operate in an agile and flexible way. We have an atmosphere of openness, support, partnership and mutual kindness - everyone is free to express their thoughts and opinions. We do not build organisational silos - we support each other through interdisciplinary projects on a daily basis.

In addition to full-time employees hired under contracts of employment, associates who cooperates with us on a permanent basis under other types of contractual relationship play an important role in our Team. At the end of 2022, our Team consisted of 61 members: 57 employees and 4 associates, which corresponds to a total of 61 concluded contracts. As far as FTEs are concerned, there were a total of 56.25 employees hired under contracts of employment at the end of the year.

2022 was our company's first full year of operations and we systematically expanded the Team in line with the original staffing plan agreed with the Supervisory Board. Retention at the end of the reporting period in our Team was 95% among full-time employees (93% including associates), i.e. above the 90% target set in the ESG Strategy. We plan to maintain this in future years as well.

Our team consists of 61 people:



57 employees



4 associates



93% retention rate in the Team



Approach to employment in S-I

GRI 2-20 • GRI 2-30 • GRI 3-3 [Development and retention of employees]

The employment area is managed by the HR Manager, who reports directly to the COO. The approach to employment management is defined by the employment regulations, the remuneration regulations, the bonus regulations, the Diversity and Inclusion Policy, the Whistleblowing and Whistleblower Protection Policy and the Code of Ethics, which covers areas such as business ethics, human rights, child and underage labour, employee rights, work-life balance and health and safety issues.

Principles relating to staffing levels, as well as remuneration, are always subject to agreement

between the Management Board of S-I, the Social Partner and the Supervisory Board. Each employee, including the members of the Management Board, receives a basic salary and a bonus depending on the extent to which business objectives are achieved, which are set for the company as a whole. This is because we are committed to ensuring that each member of our Team is treated on an equal footing in terms of their function, competence and experience.

Working conditions, in particular wages, working hours and fringe benefits for a standard working month are in accordance with the applicable law and internal regulations. These conditions are presented to each employee in writing, in an intelligible form, prior to the commencement of employment or change of position, and regularly, in accordance with local legal requirements. We do

not allow for any deductions from remuneration as a disciplinary measure.

We do not have collective bargaining in the company, but there is a functioning trade union, which also acts as a Social Partner and formal representative of the employees. We discuss all necessary changes to the organisation and working conditions of the S-I Team with them on an ongoing basis. The trade union representative is always informed well in advance of major planned changes in our company. We nurture a partner relations with our Social Partner, so we always act together with the best interests of our employees in mind and in accordance with applicable rules of law.

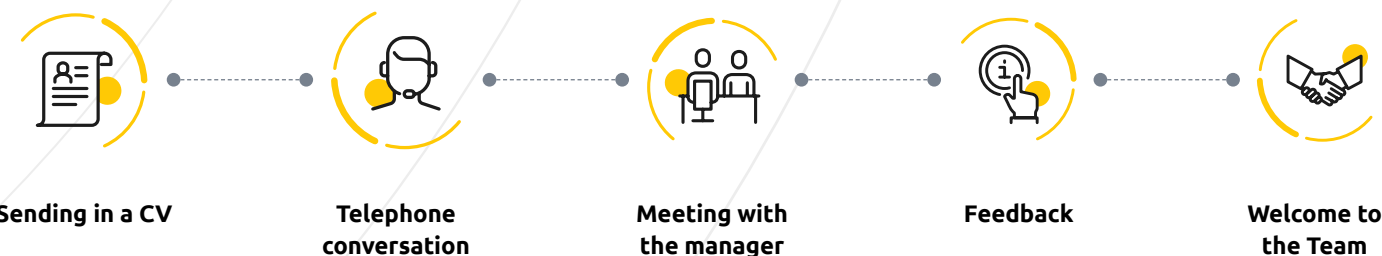
We respect and uphold human rights in their broadest sense, including those relating to child and underage labour. We strongly oppose any forms and

cases of their violation both within our organisation and throughout the company's supply chain. We do not use any form of forced labour. Employees have the right to terminate their employment after an appropriate period of notice as determined with the employer and in accordance with local labour laws.

Recruitment process

We are an equal opportunities employer. We pursue an employment policy based on professional considerations. We value diversity and plurality of views, positions, beliefs, regardless of political opinions or religion. We respect and accept each other regardless of background, gender, age, health status or sexual orientation. We are committed to diversity and inclusion, for us it is a moral and business principle.

RECRUITMENT OF NEW TEAM MEMBERS IS ALWAYS CARRIED OUT ON THE BASIS OF AN ESTABLISHED PROCESS:



DESIRABLE EMPLOYER

GRI 3-3 • [Development and retention of employees]

We are a small but very close-knit team. We create a space for interesting people who can share their passions with engagement at work. Our Team is made up of active people who fulfil themselves on many levels - travellers, athletes, people who pursue their talents. We look at tasks from more than one perspective and learn from each other. We know each other and enjoy working with each other, and also meet in our free time. Our diverse team of several dozen people is filled with passion, curiosity and engagement.

Guided by these principles, we want the company to be truly our place, which we create together and where we are jointly responsible for the produced results.

Work-life balance

GRI 3-3 • [Development and retention of employees]

We take a flexible approach to the organisation of work, with the aim of the wellbeing and comfort of those employed and working for S-I. On a day-to-day basis, we work in a 1/4 hybrid working system, which means that we are expected to be in the office once or twice a week depending on the needs and the position within the organisation. However,

we are open to cooperation with people from all over Poland, with whom we work on a daily basis in a fully remote working model. The effective achievement of goals is paramount, but we believe that the organisation's values based on trust and integrity allow for a flexible sharing of private life and professional responsibilities. Our Team members can plan their work in such a way that they have time during the day to visit, for instance, at the dentist, run an errand at the local government office or walk the dog. However, we are mindful of a partnership approach, so that the way we carry out our duties does not also have a negative impact on the work of our colleagues - we always agree this with our supervisor.

We also support employees whose life situation requires them to interrupt their work or change their working pattern due to the following circumstances: maternity leave, paternity leave or parental leave; absence due to illness or ill health; leave as a result of extraordinary circumstances; remote working and/or flexible working hours due to caring for children or sick adult family members.

Also in 2023 our activities will mainly focus on the implementation of changes in national labour law (remote working) and the requirements arising from two European Union directives: work-life balance and the so-called parental directive in the context of work-life balance.

Our benefits

GRI 3-3 • [Development and retention of employees] • GRI 401-2

We strive to make working in the S-I Team not only professionally rewarding, but supportive of the employees and their families on a personal level. On a day-to-day basis, we offer a range of fringe benefits to full-time employees:

- Private health care
- Sports card
- Holiday pay
- Possibility of hybrid (remote) work
- Possibility of life insurance
- Annual bonus
- 100% subsidy for the purchase of glasses
- Team-building trips
- Integration outings (e.g. to the theatre)
- Training sessions
- Christmas and anniversary gifts

We are also a participant in the Employee Capital Plan programme, where employees, together with their employer, can accumulate additional funds for the future.

Associates also have the possibility to use most of the benefits listed above. In addition to these, all members of our Team were able to count on additional leave during the year - **in 2022, we granted everyone a total of 3 days of additional leave** over and above that required by local legislation.



3 days
of additional leave
per employee



Engagement

GRI 3-3 • [Development and retention of employees]

Engagement within the Team is key for us, so we try to shape the corporate culture in such a way that it is a natural outcome resulting from the day-to-day work. There is no shortage of humour and good energy on a daily basis. It is clear that complications and problems arise during ambitious projects. However, we approach them as just another challenge that only drives us to keep working. **The focus is not on mistakes, but on finding solutions.** We always do this in a good atmosphere, as we believe that only a **positive approach allows us to build real and lasting engagement** in the Team. We are supported in this not only by the managers, but also by the Management Board, who are very close to many processes and are actively involved in the life of the company. An important element of our work is responsibility for the people and the actions we take.

We believe that the actions we take and we describe in this Chapter, positively influence the building of engagement. However, being aware of the dynamic changes in our daily lives, we remain open to dialogue. We regularly listen to the needs of our employees and associates to ensure optimal working conditions for all parties by providing the right tools, infrastructure and work organization - regardless of the location.

Dialogue is fundamental for us – open and transparent communication is key to effective cooperation. We ensure our employees' freedom of association, and we ensure that employee rights are observed, respecting the privileges under the

law and being able to participate in dialogue with the Management Board. On average, we hold online meetings of the entire S-I Team twice a month to discuss key developments and projects. It is also a space for every employee and associate to express their opinions or ask a question to a Board Member. On a day-to-day basis, it is the managers reporting directly to the Board who ensure the flow of information and dialogue with subordinate employees. We also organise periodic management meetings (at least once a fortnight) to discuss only employee matters related to the needs and expectations of all members of our Team.

In the third quarter of 2022, we conducted our first engagement and satisfaction survey of the work in S-I among all members of our Team.

It took the form of an anonymous questionnaire, to which nearly 60% of employees and associates responded. The results were discussed at one of the regular online meetings of the entire Team, and the key findings of the study were as follows:

- Employees and associates most value the working atmosphere, the possibility to work remotely, the team they work with, the tasks carried out,
- Changes expected by the Team should concern the organisation of work, management of day-to-day processes, organisation of the office and the working tools.

We have already responded to some of the demands for office organisation and working tools in the reporting year. The activities we plan for 2023 are the introduction of Microsoft 365 software, which will have a positive impact on the organisation of work and continuing to work together to improve job satisfaction among our Team members.

DIVERSITY AND INCLUSION

GRI 3-3 • [Development and retention of employees] • [Diversity and inclusion in the workplace] • GRI 405-1 • GRI 405-2 • GRI 406-1

We believe that the value and strength of our organisation lies in diversity. We value the plurality of views of all people - regardless of background, gender, age or sexual orientation. We respect and accept the different political as well as religious views of our employees. We want our company to give you the space to be yourself, so that everyone can express themselves freely and feel safe about it. Regardless of what and how we differ: we as employees, our customers, the recipients of our services, suppliers and other business partners - we want everyone to have the opportunity to unleash their full potential and be able to fulfil themselves both professionally and personally. We want to create solutions and provide services for everyone. Finally, we want to take into account and include all differences at every stage of S-I's activities, so that everyone has the chance to actively participate in the life and functioning of our organisation and its environment. Then we will be able to effectively develop our business, add value to the entire industry and meet the challenges of the modern world.

Management of the area is regulated within the framework of the Diversity Policy and is the responsibility of the HR Manager, who is thus in charge of:

- planning, initiating and implementing objectives and activities in support of the provisions of this Policy
- monitoring and evaluation of the approach and the degree to which the company's objectives are met resulting from the principles set out above

- with the support of the Ethics Committee in dealing with reports of potential violations
- recommending and initiating changes to this Policy as well as actions to support its objectives

The HR unit is supported in particular by all managers at S-I. They are required to spread the principles contained in this Policy by their own example and to encourage their colleagues to become actively involved in its implementation.

Diversity in the workplace

Given the cultural and social context and the specifics of the industry shaped over the past decades, our main challenge within diversity management is gender equality. This is because we do not employ people of other nationalities or from culturally different regions of Europe and the world.

The telecommunications sector has been male-dominated for years. The situation is similar in our company, although the scale of the phenomenon is relatively low. We assume that we do not have a direct influence on preferences for building competence in a particular industry by a particular gender, so we take the proportion of women employed in total in our organisation as a starting point. At the end of 2022, it was 42% among full-time employees (41% including associates). We are committed to maintaining a similar level of female participation at the management level, which was 40% company-wide at the end of the reporting year. This means that as many managers employed under contracts of employment were women (35% including associates). At the Board level, on the other hand, we have a fully balanced situation, with the proportion of women being equally 50%.

As far as age diversity at management positions and in the Management Board is concerned, it is fairly homogeneous due to the level of competence and experience that our employees must possess. 100% of the Board is aged between 30 and 50. The same age range applies to 87% of managers and 13% of them are over 50 years old. The same is true of our entire Team, where the vast majority, 70%, are employees aged 30-50, 20% are over 50 and 10% are the youngest colleagues.

However, we do not close ourselves only to gender and age issues. We are committed to building awareness and sensitivity among our Team also to other aspects of diversity. In 2022, we actively supported Ukrainian residents fleeing their country from war or other poor people living in Poland. We have also prepared an action plan for 2023 regarding building awareness in the area of openness and inclusion of other excluded groups.

We believe that managing diversity has a positive impact on everyone's development and it allows us to better understand the needs of our service recipients. Each of us brings to work their own unique abilities, skills and experience. This is crucial in our day-to-day cooperation as it ensures complementarity of competences and perspectives. This is particularly important in creating solutions - we value such diversity at all levels of our organisation, in everything we do.



42%
of women employed
in total

40%
of women in
managerial positions

50%
of women in the
Management Board

0%
of women in the
Supervisory Board.

Anti-discrimination

In our business, we do not accept any form of discrimination or unequal treatment, in particular based on age, gender, religion, sexual orientation, marital status, health status, parental status, political opinion, nationality, ethnic origin, union membership or social status.

We also recorded no incidents of discrimination in the workplace in 2022.

0 incidents of
discrimination

DEVELOPMENT AND EDUCATION

GRI 2-24 • GRI 3-3 • [Development and retention of employees] • GRI 404-1 • GRI 404-2 • GRI 404-3

Employee development is a key aspect of management for us - not only of the Team itself, but also more broadly in the context of the ESG Strategy. We are a small organisation and we believe that engaging and retaining expert staff depends to a large extent on their capacity for professional self-fulfilment. Both professionally and personally. We are also not forgetting the context of sustainability.

We actively meet the needs of all our Team members. Apart from offering a range of standard activities such as theoretical induction training or practical workshops on the investment projects we make and services we offer - we take an individual approach to each person. Managers discuss with their subordinates the expectations and competence development needs of the position. We work out the best solution together and within the budget allocated to education we decide on specific actions. We provide training courses in several ways: internal trainings most often regarding industry knowledge, external trainings and training courses provided via an e-learning platform. We also offer the possibility of learning languages online. We believe that there is a great value in learning through play. That is why we also use our training trips with elements of team integration. We meet together to raise our competences and build awareness of sustainability issues such as health, responsible consumption or ecology. We also organize training sessions to raise awareness of sustainability:

- 2 hours - general ESG
- 2 hours - compliance management (dedicated to managers)
- 1.5 hours - anti-fraud, including corruption and conflicts of interests
- 1 hour - ethics and whistleblowing

Data show that everyone has an equal opportunity in access to training. The distribution is more or less proportional between genders, both among management and other staff.

We are also looking at competence development among our Team members. We implemented the first such process in 2022 and it covered 100% of S-I employees. It did not apply to person employed in the probationary period and Board Members (assessed by the Supervisory Board). We treated it as a pilot to test original solutions and we did not yet include elements of self-appraisal by individual members of our Team. We plan to develop this process in the future and carry out a competence review periodically, at least every two years.

In 2022, on average, per employee hired at S-I, we organised an average of

28 HOURS OF TRAININGS

In total, we allocated an average of

PLN 4,000

per employee for the organisation of external trainings.

WELLBEING AND SUSTAINABLE LIFESTYLE

One of the priorities within the ESG Strategy is health and safety of our employees. We understand it broadly - not just as classic occupational health and safety related to physical accidents and occupational illnesses, but also to day-to-day work comfort and mental wellbeing. We believe that our health is influenced not only by the actions we take in our work duties, but also by the habits we have in our personal lives on a daily basis. So we not only want to raise awareness regarding health and safety, but also more broadly in the context of sustainable lifestyles.

Occupational Health and Safety

GRI 3-3 • [Safe working environment and investments] • GRI 403-1 • GRI 403-2 • GRI 403-4 • GRI 403-5 • GRI 403-7 • GRI 403-8 • GRI 403-9

Safety of employees and all partners involved in the processes of developing and maintaining our fibre optic network is key for us. Safety of people is not just compliance with the law and rules, but also day-to-day building sensitivity to the potential risks in the workplace. We strive to ensure that each employee takes care of their own safety, safety of their colleagues and other people involved in our processes.

We are committed to building a work culture that promotes concern for the health and safety of both employees and subcontractors. We aim to ensure a safe working environment based on regular identification, analysis and reduction of the risk factors present in our processes. We take educational and preventive measures to prevent accidents.

We take preventive measures to eliminate or minimize the risk of occupational accidents and diseases. We provide training courses tailored to the nature of the work for our employees and associates. We regularly organise health and safety training sessions in accordance with current legislation – they are organised face-to-face, online or as e-learning. In addition, we planned that during each integration trip of the S-I Team, there will be a workshop concerning health or safety and so in 2022 all employees took part in a first aid training course. In addition, the employees who often travel by car on business took part in a safe driving course on a professional racing circuit near Warsaw.

In 2022, we recorded no accidents or occupational diseases among members of our Team.



0

accidents and
occupational diseases

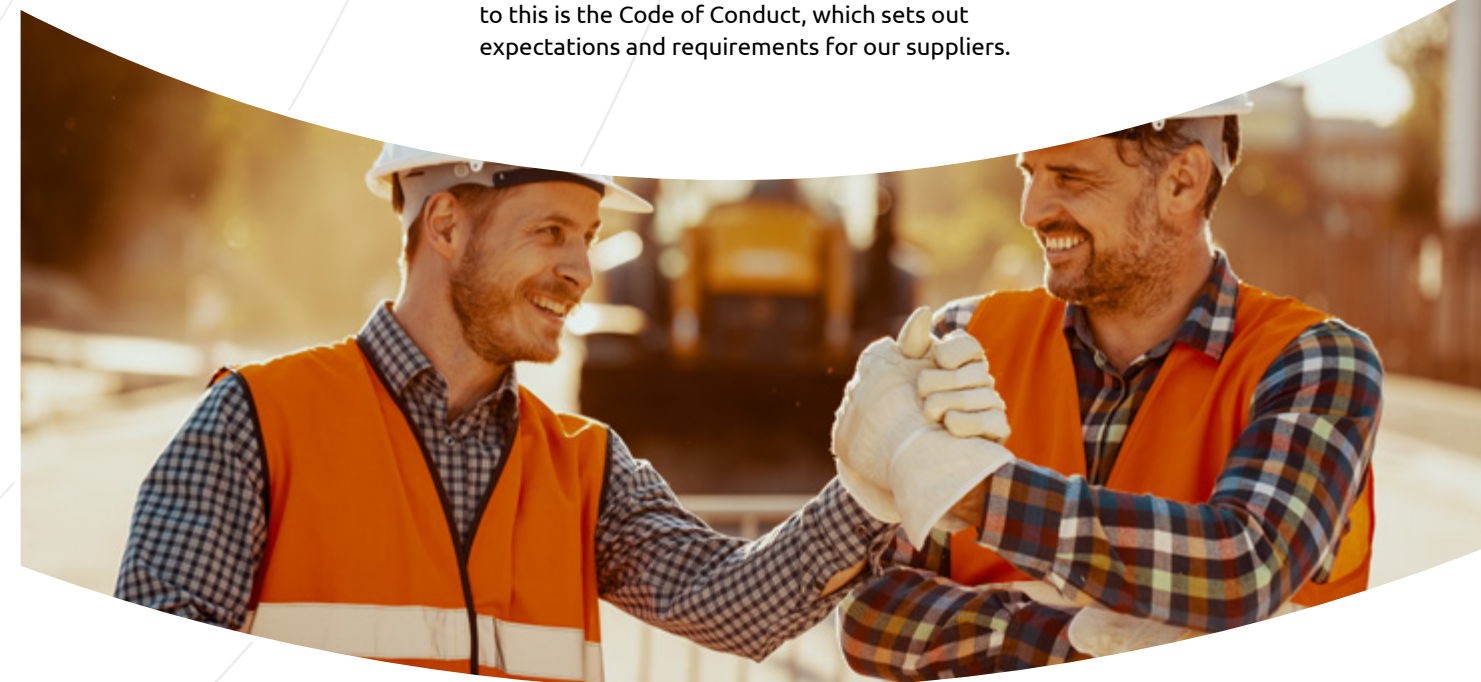
We keep a record of such incidents, but due to the nature of the work we do, the risk of them occurring is relatively low. In addition to office staff, we employ a dozen people who travel by car on a daily basis and carry out site visits on construction projects.

The infrastructure investment works themselves are carried out by our external partners with the appropriate competence, experience and authorisation to carry out specialised operations. Despite the lack of direct control over both these processes and the location where they take place, we aim to build awareness of existing risks and how to prevent them throughout the supply chain. We

provide dedicated training sessions for network contractors (especially on work at heights and operation of machinery) and we have relevant clauses in agreements and the Code of Conduct for Suppliers that define specific requirements and expectations also in terms of health and safety standards.

The Management Board of the Company is responsible for the state of health and safety in our company. Although the law does not oblige S-I to have an OHS function within its structures, we recognise the importance of these issues socially, which is why we employ an external Health and Safety Inspector. On a day-to-day basis, he works together with the HR Manager, who reports directly to the Management Board. He consults the results of health and safety activities with the Management Board, in particular concerning the prevention of accidents and occupational diseases, and in the context of occupational risk. Minimum once a year,

the OHS Inspector performs an internal audit and assessment of the health and safety status of our company. He then prepares a report and, together with the HR Manager, formally reviews the state of health and safety in the company. As the next step, the report, together with conclusions and recommendations, is presented to the Management Board of the Company for review. The Employee Representative (Social Partner) is also involved in the most important arrangements (such as risk analysis or possible incident investigation). The approach to managing the area of OHS is defined in our company by work regulations, a resolution on the rules for occupational risk assessment, a resolution on OHS training, and the Code of Ethics and the Code of Conduct for Suppliers. We do not have a formal OHS management system but the regulations mentioned above also define responsibilities among managers and other employees and associates. They cover 100% of the S-I Team and define the operational scope relating to the company's direct operations. An exception to this is the Code of Conduct, which sets out expectations and requirements for our suppliers.



Health and wellbeing

GRI 3-3 • [Safe working environment and investments] • GRI 403-3 • GRI 403-6

Satisfaction of our Team members with the physical, mental and social state of life is also very important to us. We believe that shaping wellbeing among employees and associates should be a comprehensive effort. We focus mainly on creating awareness in the context of our work duties, but we do not forget to promote sustainable lifestyles and good practices that we can apply in our private lives.

All our employees have access to private medical care as a benefit, which they can also extend to members of their immediate families for a fee. It allows for the use of an extensive package of services, including psychological consultations, a comprehensive health check-up and dental services. Any data on the health status of employees and their families are covered by medical confidentiality and, as an employer, we do not have access to them. The exception is information on the ability to perform work within a specific position - every employee, according to Polish law, undergoes initial and periodic medical examinations.

As we carry out our duties mainly sitting at a computer or behind the wheel of a car, we decided that each employee should be able to purchase glasses subsidised by the company. We work mainly from home, so ensuring sound working conditions is a priority for us. We strive to ensure that our employees can perform their duties in the most comfortable and ergonomic conditions possible - and we do not just stop at complying with local laws. We discuss tooling needs on a day-to-day basis as part of the ongoing dialogue with employees. Everyone can count on additional equipment from the company such as a monitor for working from home, a chair, wireless headphones or laptop stands.

We also promote an active lifestyle as we are convinced that, apart from proper nutrition, this is the second most important element in building our wellbeing. It translates into both physical and mental fitness. All employees have access to a benefit sports card which allows them to use selected sports facilities for free. In addition, our office is cyclist-friendly as we have a bicycle park, a service area, and we provide a changing room with showers. The office building also has a canteen offering a variety of meals, including also suitable for vegans. Our Team members also have access to an open kitchen where they can enjoy tea, coffee or they can reheat a pre-prepared meal.

We are also committed to promoting sustainable lifestyles. In 2022, all members of our Team received, among other things, thermal mugs to promote responsible consumption in the spirit of 0 waste, ergonomic laptop backpacks or woollen hats to protect against the cold handmade by a local supplier. We will continue similar activities in the following year as well within the framework of the developed plan for building awareness and promoting good practices in the context of sustainable development.



CHAPTER SUMMARY

Key S-I activities related to the workplace in 2022:



ESG STRATEGY AREA



GOAL FOR 2022



RESULT FOR 2022



PLANS FOR 2023

WE SUPPORT THE COMPETENCE DEVELOPMENT OF EMPLOYEES AND ASSOCIATES

Conducting a career review

Completed for 88% of Team members

Process implemented in a two-year cycle. Next review in 2024.

Retention rate of 90%

Successful maintenance of the rate of 93%

Maintaining a minimum rate of 90%

Implementation of the e-learning platform

The platform implemented with language learning capability

Development and implementation of ESG training plan on the e-learning platform

Organisation of ESG training courses

4 courses in the form of online workshops completed

WE SHAPE AN ENGAGING CORPORATE CULTURE THAT DRAWS ON DIVERSITY THROUGH SOCIAL ENGAGEMENT

Engagement and satisfaction survey among the S-I Team

A survey in the form of an anonymous questionnaire was conducted among employees and associates

A process implemented in a two-year cycle. Next survey in 2024

Achieving comparable levels of women in management positions as across the Team

We maintained a similar level of female employment at around 40%

- Maintaining comparable employment levels
- Wage gap analysis and target setting

0 incidents of discrimination

No incidents

Further awareness building and counteracting discrimination

WE CARE ABOUT THE WELLBEING OF EMPLOYEES AND PROMOTE SUSTAINABLE LIFESTYLE

No serious accidents resulting in incapacity among the S-I Team

No such incidents

- Awareness building among the S-I Team
- Development and implementation of an OHS Management System

Organisation of OHS training courses

- First aid course for all Team members
- Safe driving course for employees using company cars

- Designation of first-aiders in the Team

Implementing awareness-raising activities on sustainable lifestyles

- Preparation of an educational awareness-building action plan for 2023
- Team outings to the theatre
- Equipping the Team with: thermal cups, water bottles with filters, laptop backpacks

- Implementation of activities according to the developed plan
- A minimum of one educational event supporting sustainable lifestyles

Environmental impact

The role of digitalisation in tackling
the climate crisis

- 51 Fibre optics - the most environmentally friendly solution
- 53 Climate neutrality
- 56 Circular economy



75%

greater reliability
of fibre optics than
copper cables

min. 60%

lower energy consumption
by fibre optics versus other
technologies

66%

less materials needed
for production than
in the case of copper cables

2040

date of attaining
climate neutrality

Fibre optics - the most environmentally friendly solution

GRI 3-3 [Climate change - Energy and emissions] • [Materials and waste management] • TCFD

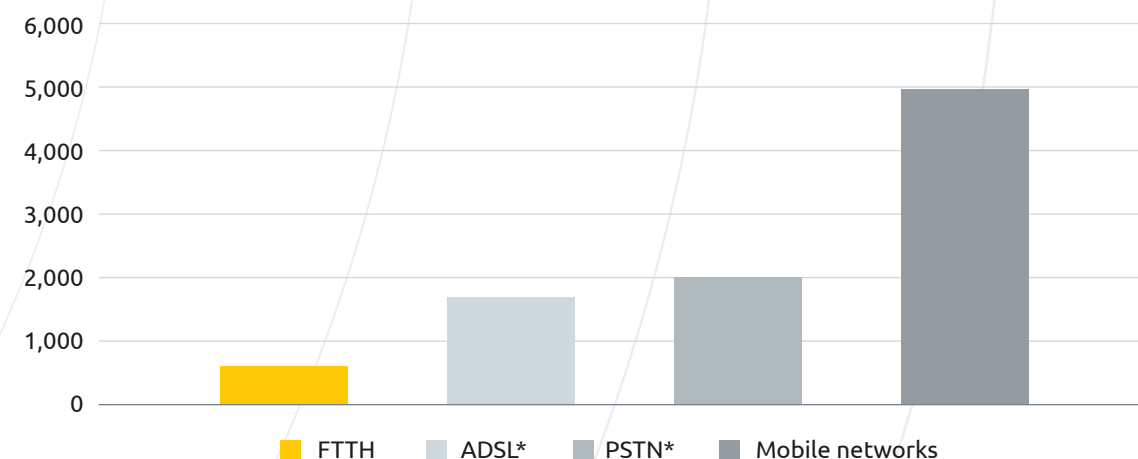
The climate crisis is now one of the world's greatest social and economic challenges. Digitalisation is a key element in achieving the goal of climate neutrality by 2050, as set out in the European Green Deal. The development of new technologies, based on the global internet network, on the one hand, makes our everyday life easier, and on the other, it contributes significant amounts of carbon dioxide emissions, accounting for up to 4% of global emissions²⁴ - similar to the aviation industry²⁵, but less than road passenger transport (around 20%)²⁶.

Yet the 'green internet' is possible by using fibre optic technology. This is because it is far more environmentally friendly than any solution used to date. Beginning with the energy consumption at each stage of the fibre optic life cycle, through the sourcing of raw materials to the potential for reuse of materials. What is more, we believe that the digitalisation of the economy and society will ultimately have a positive impact on the environment and people by, among other things, moving previously physical processes online (e.g. commuting to work, the bank and other institutions,

or business trips). This is because environmentalism is not only about carbon dioxide emissions, but also other smog-forming pollutants. Vehicle emissions are a major contributor to this and they increase the risk of a number of serious diseases causing premature deaths of up to 40,000 people in Poland each year²⁷.

Fibre optics measurably reduces energy consumption both in production and in use. At the production stage, this is possible, e.g. by temporarily switching off the graphite digester when not in use. When using the internet, fibre optics in turn stands out for its high energy efficiency. **Compared to traditional technologies, fibre optics energy consumption drops by at least by 60%**²⁹. One of the reasons for this is that optical fibres are wires, in which data are not transmitted via electricity, but via light waves. The greatest energy consumption is generated by running network equipment such as, among others, servers, data centres, routers, switches and other. Fibre optic technology today not only provides very fast, but also stable and uninterrupted data transmission. As a result, there is no need for so many additional devices responsible for the transmission of information over traditional networks. Less infrastructure use means lower electricity consumption and therefore lower emissions of carbon dioxide, methane and other harmful pollutants.

ANNUAL ENERGY CONSUMPTION OF SELECTED NETWORK ACCESS TECHNOLOGIES³²



* technology based on copper cables

Fewer devices making up the telecom infrastructure also means lower network failure rates. The fibre optic cable itself, constructed mainly of glass fibre, could transmit light for theoretically up to a thousand years. However, we are realistic and we take other factors into account, such as the risk of failure, but even then the technology has an operational life of at least 25 years. **Compared to copper cables, optical fibre is approximately 75% more reliable**³⁰. Fewer breakdowns means less new equipment to replace, no need for service technicians to travel, and all this contributes to reducing the carbon footprint.

Fibre optics also support the circular economy. Starting with the sourcing of raw materials, it should be noted that the main component of glass fibre is silicon dioxide. It is commonly found throughout the Earth in the form of quartz and the risk of its depletion is relatively low. Let us also keep in mind the life cycle of fibre optic cable, which is 25-40 years. In addition, it is estimated that production of fibre optic cables uses up to 66% less of all types of materials than in the case of copper cables³¹.

²⁴ https://www.greenit.fr/wp-content/uploads/2019/11/GREENIT_EENM_etude_EN_accessible.pdf

²⁵ <https://ourworldindata.org/co2-emissions-from-aviation>

²⁶ <https://ourworldindata.org/co2-emissions-from-transport>

²⁷ <https://www.nik.gov.pl/aktualnosci/zabojczy-smog-z-samochodowych-spalin.html>

²⁸ <https://www.prysmiangroup.com/staticres/sustainable-fibre-networks/files/assets/common/downloads/Sustainable%20Fibre.pdf?uni=7506236b75faca290ce7602a584765ad>

²⁹ ARCEP, Future Networks – Digital tech's carbon footprint; 21 October 2019

³⁰ https://www.ftthcouncil.eu/Portals/1/Copper_switchoff_whitepaper_01122020-Final.pdf?ver=Bsw-X8y9dVO-hVaQChWkSQ%3d%3d

³¹ BREKO Study Nachhaltigkeitsvergleich der Zugangsnetz-Technologien, FTTC und FTTH, May 2020, Prof. Dr.-Ing. Kristof Obermann

³² ARCEP, Future Networks – Digital tech's carbon footprint; 21 October 2019

Our role on the road to climate neutrality

GRI 3-3 [Climate change - Energy and emissions] • [Materials and waste management] • TCFD

Our mission is to improve the quality of life for the people of Poland by building and continuously expanding the reach of the fibre optic internet throughout the country. As a socially responsible company, we are aware that we cannot forget about environmental protection.

It is an essential factor for social wellbeing and its resources are limited and therefore it is necessary to conduct business in a sustainable manner. We focus our activities mainly on combating climate change and supporting a circular economy. We are also mindful of biodiversity, but our activities do not pose a threat to protected areas on a daily basis due to the fact that investment projects are mainly carried out within existing road lanes.

In line with the business model in place, we act as a passive fibre optic infrastructure operator. The vast majority of processes affecting the environment are carried out within the supply chain by our Strategic Partner and external partners.

We have direct influence on the environmental impact only in the context of vehicle use as we directly control the fleet of vehicles used to supervise the investments in fibre optic infrastructure.

Processes related to investment in fibre optic infrastructure, network maintenance and service provision are carried out in cooperation with our Strategic Partner, which acts for us, among other things, as a project manager, coordinates and performs activities on our behalf, such as customer

service processes, administrative processes, equipment and material procurement, as well as services related to planning, construction, modernisation and maintenance of the network. In addition, one must differentiate two types of key suppliers: entities that provide the materials and equipment necessary for the investment process and external companies that perform construction and installation work for us related to the development and maintenance of the fibre optic network.

As far as the use of office and warehouse facilities is concerned, we also only have an indirect influence as all facilities are leased and we have no direct influence on, among other things, the purchase of energy required to power and heat them.

However, we are committed to ensuring that our operations add value not only in the economic, but also in the environmental area, which is why we apply best market practices inspired by the international ISO 14001 standard in our management approach. We have an Environmental Management System (EMS) and an Environmental and Climate Policy. We also pledge to work with the supply chain to execute investment projects in a sustainable way that takes into account the most relevant environmental aspects. Indeed, effective implementation of the objectives of our system and the ESG Strategy also requires engagement in processes over which we have no direct influence.

ENVIRONMENTAL IMPACT OF S-I

Type of activity	S-I's impact	Impact scale
Network maintenance and provision of services within the fibre optic infrastructure	Indirect in the supply chain	Moderate
Construction and modernization of fibre optic infrastructure	Indirect in the supply chain	Moderate
Use of office and storage facilities	Indirect in the supply chain	Low
Use of vehicles in S-I	Direct	Low

STRUCTURE OF THE ENVIRONMENTAL MANAGEMENT SYSTEM

- S-I Management Board**
 - Oversees environmental and climate issues
 - Makes personnel and strategic decisions on the basis of recommendations from the EMS Representative
- EMS Representative**
 - Responsible for the maintenance of the System
 - Develops rules and regulations - coordinates implementation in the company
 - Reviews environmental risks, makes recommendations for policy modifications, improvements or new solutions to the Management Board
 - Responsible for disseminating knowledge to managers and employees
- Environmental Expert**
 - Develops operational solutions to support the implementation of the Strategy
 - Collaborates with the Coordinators regarding substantive consultation on planned solutions and their operational implementation
- EMS Coordinators (managers reporting directly to the Management Board)**
 - Operational support for the Expert - participation in expert projects
 - Identification of risks in the department and operations
 - Operational implementation of solutions in the department and operations
 - Monitoring awareness and compliance within the department
- Other employees**
 - They are an integral part of the system
 - Support Coordinators in their area of their responsibility and competence

CLIMATE NEUTRALITY

GRI 3-3 [Climate change - Energy and emissions] • TCFD

We are aware of the scale of the challenge and the need for it to be undertaken on a global scale. Although our business model means that we do not have a significant direct impact on energy consumption and associated CO₂ emissions, we **declare that we are actively working towards climate neutrality by 2040**. We have strong partners in the supply chain, mainly thanks to our Strategic Partner Orange Polska, which, as part of the Orange Group, has set and endorsed just such a target as part of the Science Based Targets Initiative - the most credible initiative bringing together companies that have developed a pathway to climate neutrality under the Paris Agreement and which has been scientifically validated by independent experts³³. Our partner, acting both as our project manager and the main provider of extensive IT services and processes related to the operation and maintenance of our passive infrastructure, is directly or indirectly responsible for key processes in our upstream supply chain, which are also a major source of emissions for our company in Scope 3. We intend to strengthen cooperation with our Partner in this area and actively support its efforts to achieve this ambitious goal.

Energy and Emissions

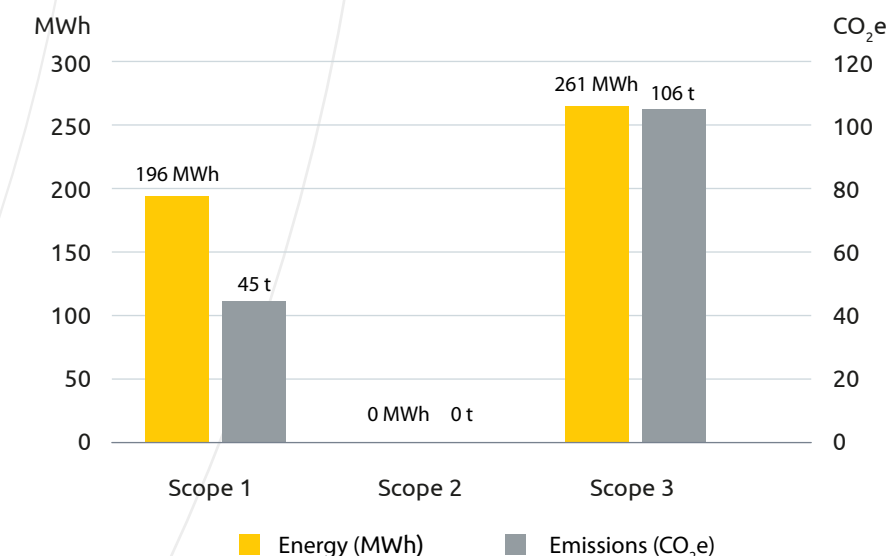
GRI 302-1 • GRI 302-2 • GRI 305-1 • GRI 305-2 • GRI 305-3 • TCFD

Only the fleet of trucks used on a daily basis by our employees responsible for investment projects in Poland is under our direct control and thus represents the only source of direct energy consumption and emissions. We do not buy any energy directly from electricity or gas suppliers. We receive these as part of the services provided to us by our Strategic Partner. The same is true for indirect energy consumption and Scope 3 emissions. Exceptions are business travel, remote working and downstream, i.e. the values arising from the activities of the recipients in the use of our services.

In 2022, we identified all potential sources of energy consumption and related emissions and we calculated the scope consistent with the data presented above. We estimate that the emissions currently presented in Scope 3 do not reflect the full scale and represent a few to over a dozen percent of the full picture of our supply chain activities. In the years to come, we want to focus on key sources within the supply chain, i.e. powering and maintaining our infrastructure, purchasing materials, equipment and services related to construction and

upgrading of our infrastructure (downstream), as well as those resulting from the use of our services (upstream). In addition, we will be analysing the market for alternative drives with a view to their use by our field staff and the eventual replacement of the current fleet of petrol-powered vehicles.

It is worth noting that our Strategic Partner, as part of the #OrangeGoesGreen programme, has already taken measurable actions to reduce Scope 2 (our Scope 3) emissions by purchasing renewable energy directly from producers based on long-term Power Purchase Agreement (PPA). In 2021, the launch of two wind farms built for Orange Polska enabled our partner to achieve 6% renewable energy per year. Further agreements allowed it to achieve 12% share of renewable energy in 2022. This will ensure that in the coming years, our Partner will meet its short-term climate targets set for 2025 (min. 60% share of renewable energy in the structure of energy consumption, which will also translate into emission reductions of 65% in Scope 1 and 2 relative to the baseline year, i.e. 2015).³⁴



³³ <https://sciencebasedtargets.org/companies-taking-action>

³⁴ https://www.orange-ir.pl/wp-content/uploads/2023/02/jednostkowe-sprawozdanie-finansowe-OPL_FY2022.pdf

Environmental activities and initiatives

GRI 303-1 • GRI 303-2 • GRI 303-3

Although we do not have much influence directly, we actively support efforts to combat the climate crisis. We believe that numerous micro actions will have an overall positive effect on a macro scale, which is why we undertake numerous initiatives and we build awareness among our employees, associates and business partners to reduce energy consumption and carbon footprint. The very mode of work of our Team has a positive impact as we mainly work remotely and, for instance, we do not have to commute every day. In addition, our office is located in a building where environmentally friendly solutions to reduce resource consumption are being implemented on an ongoing basis, such as switching off parts of the lifts and encouraging people to use stairs, light sensors or automatic sensors to control water flow. **We estimated, for instance, the average water consumption per our employee in 2022 was only 3 m³ compared to 33.5 m³ which was statistically consumed in a year by an inhabitant of Poland in 2021 according to the Central Statistical Office³⁵.**

What is more, when organising dialogue with stakeholders, as a thank you for their participation, we made a financial donation to the Aeris Futuro Foundation³⁶, which supports the fight against land deforestation in Poland. **With our support, the**

Foundation planted 400 new trees in 2023 as part of its Time for the Forest initiative, which has continued for years. On a daily basis, we also build awareness through dedicated communication and environmentally friendly gadgets, such as recycled bags, thermal mugs and filter bottles - we simply try to make ecological aspects relevant to us at every turn.

Another important initiative is to reduce the use of paper. We are systematically implementing digital signatures in our organisation and we are moving away from the traditional paper form. We promote and we enable resignation from paper documents both within our company (in the execution of matters between the employee and the employer), as well as among our external partners and customers who value this fast and convenient way of working on documents. **Almost all accounting and human resources processes, as well as processes related to the work of the Management Board and Supervisory Board are already digital.** An excellent example of digitalisation is also e-invoicing, which allows invoices to be issued, sent and archived electronically, eliminating the need for paper copies. **We also try to encourage our customer-operators to abandon the use of paper documents in their dealings with subscribers.** We promote the introduction of digital signatures on electronic documents and, where possible, the complete abandonment of the transmission of documents

such as contracts, regulations or minutes. By using digital solutions, companies increase operational efficiency, reduce printing costs and storage of paper documents and, above all, conserve natural resources.

Climate risks - TCFD

GRI 3-3 [Climate change - Energy and emissions] • TCFD

Fibre optic technology not only supports green transformation in terms of energy intensity and used resources but is also resilient and resistant to major damage from external factors. Particularly since passive infrastructure is characterised by a small proportion of the active equipment necessary for operations, which is also most vulnerable to failure due to, for example, flooding.

The identification and analysis of climate risks was carried out as part of the procedure resulting from our company's Risk Management System. Participants in the trial included: the Management Board, the Environmental Expert, the Risk Management System Coordinator and the managers and their designated experts responsible for sources of environmental impact arising from our Environmental Management System.

³⁵ https://stat.gov.pl/files/gfx/portalinformacyjny/pl/defaultaktualnosci/5492/10/5/1/infrastruktura_komunalna_w_2021_r.pdf

³⁶ <https://aerisfuturo.pl/>



We assessed the risks in terms of value and probability. The analysis of these risks was based on estimated future cash flows over the period up to 2050 (up to 2025 short-term - duration of the ESG Strategy, up to 2030 medium-term, up to 2050 long-term - in line with the Paris Agreement target) and in terms of four possible temperature increase scenarios:

- Positive RCP2.6 scenario - warming dynamics by 2100 below 1.5°C relative to pre-industrial era
- Neutral RCP4.5 scenario - warming dynamics by 2100 between 1.5 to 2°C relative to the pre-industrial era

- Negative RCP6 scenario - warming dynamics by 2100 between 2 and 3°C relative to pre-industrial era
- Very negative RCP4.5 scenario - warming dynamics by 2100 above 3°C relative to the pre-industrial era

Finally, the impact of climate change on our operations was determined by the temperature scenarios proposed by the 2015 Paris Climate Summit (COP21): a rise of 2 to 4 by 2100 vs. the pre-industrial era (19th century). We defined 5 key risks: infrastructure damage due to sea level rise

and flooding, infrastructure failure as a result of extreme weather events, energy supply constraints, disruptions in supply chains and new climate or environmental regulations and charges.

Owners were assigned to each identified risk in accordance with the Risk Management System, and a mitigation action plan was developed - especially for the medium- and long-term. Indeed, our analysis shows that the probability of most risks increases over time and that the first major impacts could occur just around 2030. However, we have already experienced a partial disruption in the supply of

equipment in the Polish market in 2022 and we immediately took appropriate action and agreed on a plan to refurbish the de-installed subscriber equipment to minimise risks in the supply chain.

As a company that has been operating in the market for just over a year, we realise that this is only the beginning of our journey, but as we take a systemic approach, continuously improve, and review risks on a cyclical basis, we will disclose the actions taken in future ESG Reports on an ongoing basis.

LIST OF CLIMATE RISKS

RISK TYPE		IMPACT OF THE RISK AND FINANCIAL CONSEQUENCES	TIME HORIZON	RISK LEVEL
TEMPORARY RISKS	Regulatory	New regulations and charges related to the EU's move towards climate neutrality Increased operating costs both as a result of more stringent requirements for specific aspects of the company's operations, as well as from new charges.	Short - and medium-term	Low
	Technological	Supply chain disruption - shortages or difficult availability of equipment Costs arising from supplier diversification.	Short-, medium- and long-term	Medium
	Market	Restrictions on access to energy Power outages may result in additional costs as a result of not providing services.	Medium- and long-term	Low
		Supply chain disruption - shortages or difficult availability of equipment Temporary inability to provide services to some customers as a result of interruptions in availability of equipment and the resulting partial lack of revenue.	Medium- and long-term	Medium
	Image-related	Decline in confidence in the company and interest in fibre optic service Decrease in revenue due to lack of willingness of telecom operators' customers to cooperate in the event of gross negligence regarding adaptation to climate change. We see it more as an opportunity.	Short-, medium- and long-term	Low
PHYSICAL RISKS	Acute and prolonged	Damage to some infrastructure as a result of rising sea levels and flooding Increase in operating and capital costs due to breakdowns or the need to move some infrastructure to other locations.	Medium- and long-term	Medium
		Local failures, malfunctioning infrastructure as a result of extreme weather events Increase in operating costs due to the need to rectify local failures.	Medium- and long-term	Medium

CIRCULAR ECONOMY

GRI 3-3 [Materials and waste management] • GRI 306-1

We know that to combat the climate crisis, in addition to reducing CO₂ emissions, it is also important to make responsible use of our planet's resources. We attach great importance to both sourcing materials and equipment in a sustainable manner, as well as to waste management, with the aim of promoting a closed loop economy and thus reducing non-recyclable waste.

The execution of investment projects - from procurement to the construction and upgrading of infrastructure - is the responsibility of our project manager. In fact, under the agreements we have concluded, it is our partner who provides network construction services and therefore - according to local law - it is the waste generator and is responsible for their management.

However, we cooperate in this area on a daily basis. We feel responsible for this, as the entity managing all processes. We pledge to monitor the amount and type of waste we generate resulting from the implementation of infrastructure projects. Similarly, with regard to sourcing of materials and equipment since we want to generate a positive impact within our supply chain.

Materials management

GRI 3-3 [Materials and waste management] • GRI 301-1

We arrange the procurement of materials and raw materials together with our Strategic Partner who executes the process on our behalf as part of the

relations with dedicated external partners built up over the years. We have tripartite agreements for permanent cooperation with all of them. We only work with reputable suppliers - leaders in the industry, so we can be sure that the equipment and materials they offer use the latest technology and ensure reliable use. In addition, our project manager periodically verifies the quality of the purchased goods with a view to verifying their technical parameters in terms of operational efficiency and safety of use. This is because we want the used components to work for as long as possible and not to pose a threat to human life and health or the environment.

FTTH technology is based on passive fibre optic infrastructure. As a result, we need less electronic equipment to support efficient data transmission over our network than mobile technologies copper networks used so far on a larger scale. The passive infrastructure, which we are directly responsible for as it is an asset of our company, does not consist of active electronic equipment at all (it does not require electricity or contain integrated circuits or electronic chips). The key active equipment necessary for us to provide our services are OLT devices and ONT and POE equipment installed at subscribers' premises (for more see Chapter Sales and Customer Relations / Marketing - Products and Services) - the former are owned by our Strategic Partner and we lease them under the agreements we have signed.

The latter are in turn owned by us, but we lease them to customers of services of our customer-retail operators for the duration of the agreement for the provision of the fibre optic internet service.

In 2022, we undertook for the first time a comprehensive categorisation of materials and equipment including network layers. Below, we present aggregate data on the use of materials and

equipment that are S-I's assets without taking into account components sourced from the stocks of our project manager. In the coming years, we will be expanding the analysis as part of strengthening the cooperation in our supply chain. This is because we recognise that procurement is a significant source of Scope 3 emissions.

MATERIALS USED FOR INFRASTRUCTURE INVESTMENT PROJECTS S IN 2022 (IN PIECES ³⁷)



8,000,000 Fibre optic cable

140,000 Optical equipment

8,500 Joints

100 Racks

1,400 Distribution cabinets

250,000 Optical equipment

8,500 Ducting

800 Chambers

450 Poles

1,000,000 Other accessories

³⁷ For material consumption expressed in metres, we assume that 1 m is 1 piece.

Waste management

• GRI 306-1 • GRI 306-2

Under Polish law, it is the entity providing the service that is responsible for waste management. In the case of our business model, this is our Strategic Partner acting as a project manager. It reports the amount of waste, and we will also monitor it together in the coming years. Key investment waste is always transferred to a dedicated external partner who deals with waste management on a daily basis. We make a concerted effort to ensure that they are recovered as much as possible for reuse in the economy and, where this is not possible, to ensure their safe storage. We regularly receive a list from our external partner regarding the recovery of individual components within a given waste category.

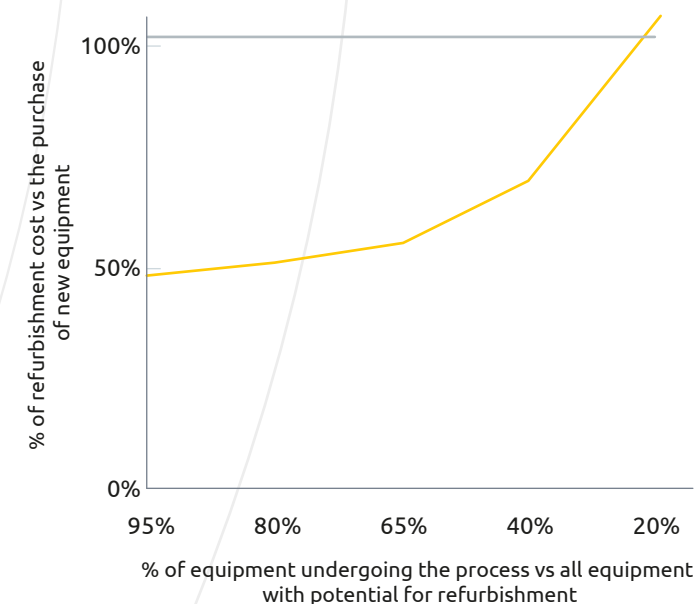
At the moment, however, fibreglass from optical fibres is stored rather than recovered. Due to the

long life cycle of fibre optics in the context of only one year of operation of our company, there were not many of them. In 2022, our Strategic Partner also did not physically transfer waste as part of its activities to our company, hence we are not yet in a position to demonstrate the specific amount of waste it generated by carrying out services for us.

However, we are not just waiting idly and already in our first year of operations, we took important decisions in the context of the used active equipment required to connect services at the premises of our customers-operators' subscribers. Together with our Strategic Partner, we have decided that we will be refurbishing ONT and POE devices that are returned to our warehouses after use. At the end of 2022, we had 3,700 such devices as a result of de-installation of this type of equipment. Only 300 of these were disposed of due to the lack of refurbishment possibilities. The remaining 3,400 have the potential for refurbishment and reuse. We plan to begin the

process of refurbishing these devices in 2023, when we will also carry out a comprehensive review of the feasibility of their use for the new technological solutions we plan to offer as part of the products to be developed in subsequent years. **We estimate that we will refurbish a total of 1,500 to 2,500 ONT and POE devices in 2023.** This will be the first process of its kind to be carried out by us and, on the basis of the experience we will gather this year, we will be able to define more precisely the concrete plans and actions for their refurbishment for the coming years. This solution is not only good for the environment, but also economically viable. Depending on the amount of equipment undergoing the process, the cost of refurbishment can be as much as 50% less than buying new one.

ONT REFURBISHMENT - COST-EFFECTIVENESS ANALYSIS



100% of wooden poles are sent to waste incineration plants



Cables, with the exception of glass fibre, are also segregated according to their physical and chemical properties....



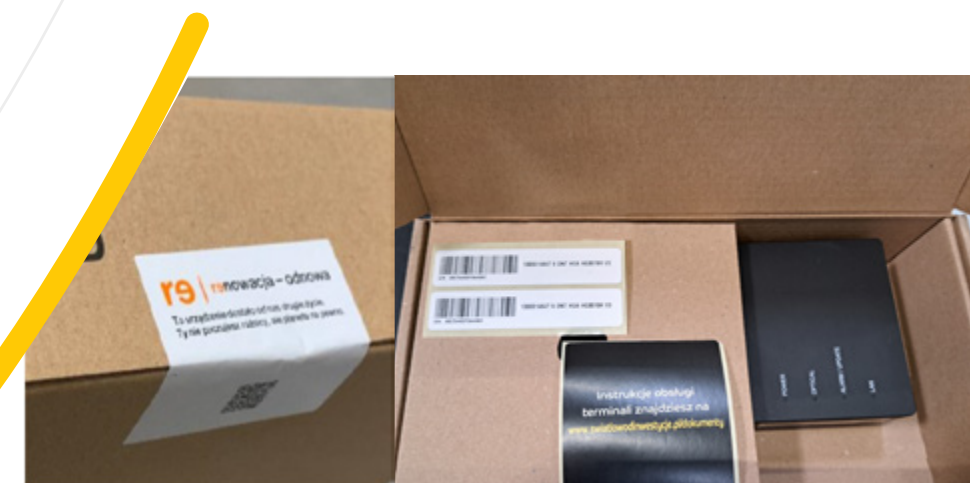
...and later recycled and all recovered components are put back on the market



Steel scrap is sent in its entirety to steel mills, as are non-ferrous metals



Concrete rubble also goes to the concrete crushing plant



CHAPTER SUMMARY

Key S-I activities related to the natural environment in 2022:



ESG STRATEGY AREA

GOVERNANCE



GOAL FOR 2022

Development and implementation of a management system and environmental and climate policy



RESULT FOR 2022

Task accomplished with operationalisation



PLANS FOR 2023

Continuous improvement of processes and undertaken activities

CLIMATE NEUTRALITY

1. Mapping of emission sources
2. Calculation of Scope 1 and 2 emissions
3. TCFD climate risk identification and analysis

1. Identification of sources
2. We calculated our emissions entirely within Scope 1 and 2 and partially within Scope 3
3. We identified climate risks in 2022 and analysed them in 2023Q1 in accordance with the TCFD standard

- Analysis of the alternative drive market for our own fleet of trucks
- Deepening and completing the calculation of supply chain emissions and energy consumption i.e. Scope 3

CIRCULAR ECONOMY

1. Categorisation and analysis of materials and equipment used for network construction
2. Taking initiatives to reuse materials and equipment

1. Task completed
2. Decision on refurbishment of ONT and POE devices
3. Preliminary analysis of the further fate of waste handed over to an external partner

- Refurbishment of min. 1,500– 2,500 ONT and POE devices
- Monitoring of investment waste as part of services provided to S-I
- Continuing to work with an external partner to increase the proportion of recycled materials, particularly in terms of glass fibre

About the Report

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APPROACH TO DATA REPORTING

GRI 2-1 • GRI 2-2 • GRI 2-3 • GRI 2-4 • GRI 2-5 • GRI 2-12 • GRI 3-2

SCOPE OF THE REPORT

This ESG Report 2022 by Światłowód Inwestycje is the first publication on our company's approach to the management, achievement of objectives and performance of our ESG activities in Poland. It contains data for the entire first calendar year of our company operations, i.e. from 1 January to 31 December 2022. The information contained in this publication always relates to the direct operations of our company and, in selected and justified areas, also to the supply chain (highlighted and marked as appropriate in the content). We did not previously publish non-financial disclosures and therefore this publication does not contain any modifications to the reporting approach or the revisions to data or information disclosed in previous years. We plan to publish subsequent ESG Reports on an annual basis for the passing calendar year - similar to our Financial Statements.

Reporting process

GRI 2-14 • GRI 3-1

S-I's ESG Report 2022 was prepared in accordance with the requirements and recommendations of the GRI 2021 standard. It was not externally verified, but we plan to audit non-financial disclosures in the future. The process of defining the content for this Report was based on the following principles:

stakeholder inclusion, sustainability context and relevance to the company's business, and completeness. As the first stage, at the end of August and September 2022, we conducted a survey of 77 stakeholders, including representatives of S-I's Supervisory Board and the Meeting of Shareholders, key business partners or experts and ESG opinion leaders in Poland. In November 2022, we held a strategy workshop with our Management Board and management to agree on the materiality of specific ESG issues in terms of the impact of S-I's operations on these areas (for more information, see Chapter S-I's ESG Strategy). This provided us with a materiality matrix of ESG issues for S-I, which formed the basis for creating the ESG Strategy and determining the scale of non-financial disclosures. The Management Board and management were also actively involved in the reporting process at the consultation and review stage of the content of our ESG Report 2022.

ESG strategy vs materiality matrix

S-I's ESG Strategy was prepared on the basis of a materiality matrix. The individual commitments within the strategic pillars correspond to the most material issues. Below we present a mapping of the areas between the materiality matrix and the ESG Strategy. We identify only those that most directly relate to individual strategic commitments, but

there are more such correlations between material issues of the matrix and the ESG Strategy. This is because we want to ensure that the actions we take are comprehensive, that there are synergies between them, and that they have a positive impact on as many relevant ESG areas as possible.





Responsible Development ECONOMY

- We support economic growth – shaping the wholesale market in Poland S5
- We make investments in a responsible manner – caring for health S3
- We implement best ESG practices and engage supply chain partners in support of S-I's sustainability goals G1



Digital integration SOCIETY

- We level the playing field in terms of access to a reliable and fast internet connection S1
- We care for online safety and responsible use of new technologies S4



Passion and engagement WORKPLACE

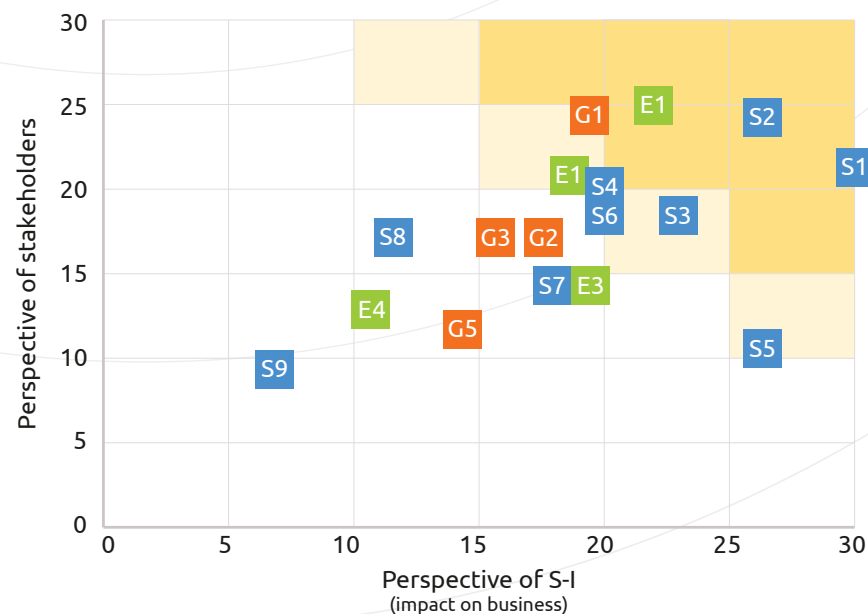
- We shape an engaging corporate culture that draws on diversity S6
- We care about the wellbeing of employees and we promote sustainable lifestyles S3
- We support professional development of employees S2



Climate neutrality ENVIRONMENT

- We strive for climate neutrality by reducing energy consumption and emissions E1
- We support the transformation towards circular economy, by reducing waste and by sourcing materials and raw materials in a sustainable manner E2

GRI 2-23 • GRI 3-1 • GRI 3-2



LIST OF THE MOST MATERIAL ISSUES

		IMPACT AREA
S1	Digital integration of the Polish population: counteracting inequalities in access to a fast and reliable internet connection.	S-I's direct operations
S2	Employee development and retention (including, for example, terms and conditions of employment, trainings, level of commitment and job satisfaction, employee appraisal, wellbeing)	S-I's direct operations
E1	Climate change: company's approach to reducing energy consumption and the emissions it generates.	S-I's direct operations and of supply chain
G1	Responsible supply chain - procurement and investments: ensuring compliance with ESG standards by key participants in the S-I supply chain. Collaboration with suppliers, contractors, customers and other partners to achieve S-I sustainable development.	S-I's direct operations and of supply chain
S3	Safe working environment and investment projects: health and safety issues in the workplace, ergonomics, physical and mental health or general promotion of behaviours that support a safe work culture - employees and investment contractors.	S-I's direct operations and of supply chain
S4	Social education within a safe, healthy and responsible use of the internet and digital technologies.	S-I's direct operations
E2	Materials, raw materials and waste management: origins and reuse of materials, raw materials and waste throughout the supply chain.	S-I's direct operations
S5	Customer relations and satisfaction with cooperation.	S-I's direct operations
S6	Diversity and inclusion in the workplace (building a culture based on mutual respect for rights, liberties and personal values of an individual).	S-I's direct operations

LIST OF THE MOST MATERIAL ISSUES

		IMPACT AREA
G2	Ethics and Compliance.	S-I's direct operations and of supply chain
G3	Approach to ESG management: transparent and robust description of the approach to sustainability management in the company.	S-I's direct operations
E3	Resistance of fibre optic infrastructure to extreme weather events.	S-I's direct operations
S7	Cross-sectoral dialogue and cooperation: building sustainable relationships with its surroundings through regular dialogue with the aim of creating common solutions.	S-I's direct operations
S8	Cybersecurity: data protection as well as and fibre optic system and infrastructure security.	S-I's direct operations and of supply chain
G4	Risk management and crisis communication - ensuring business continuity.	S-I's direct operations and of supply chain
G5	Fair and transparent presentation of financial and taxation information of the company.	S-I's direct operations
E4	Biodiversity: protection of fauna and flora during investments in fibre optic infrastructure.	S-I's direct operations
S9	Company and employee community engagement: through volunteering or charitable support.	S-I's direct operations

TABLES AND NON-FINANCIAL DISCLOSURES

ENVIRONMENTAL RESULTS E

[GRI 301-1] MATERIALS USED BY QUANTITY

Material group	Qty. of equipment (pieces)
Fibre optic cable	8,000,000
Optical equipment	140,000
Joints	8,500
Racks	100
Ducting	250,000
Chambers	800
Poles	450
Distribution cabinets	1,400
Other accessories	1,000,000
Total	9,500,000

Data come from internal warehouse and SAP systems.

[GRI 302-1] ENERGY CONSUMPTION OF THE ORGANISATION BY TYPE OF RAW MATERIALS

Direct energy consumption	MWh
Petrol - TTW truck fleet	195.9
Total energy consumption by the organisation	195.9

Fuel consumption data come from the fleet card register. Tank-To-Wheel (TTW) fuel energy intensity index based on Carbon Trust 2022 data.

[GRI 302-2] ENERGY CONSUMPTION OUTSIDE THE ORGANISATION

Indirect energy consumption	MWh
WTT truck fleet	54.2
Business trips	41.4
Office	86.6
Electricity	47.0
Thermal energy	39.7
Remote work	68.7
Total energy consumption outside the organisation	251.2

Fuel consumption data for the truck fleet come from the fleet card register. WTT (Well-To-Tank) fuel consumption index based on EN 16258 standard. Business travel relates to employees' private cars and the data comes from the settlement of business trips on the basis of the so-called kilometre allowance. Fuel energy intensity indicators based on Carbon Trust 2022 data. Energy consumption data for the office come from the Strategic Partner's internal records and were compiled from invoices for the entire office building - then we calculated the proportion of utility consumption based on the number of employees. Data on remote working were taken from HR's internal records, and we calculated electricity and heat consumption based on emissions data using Polish average indicators from the KOBIZE 2021 database.

[GRI 303-3, 303-4, 303-5] WATER CONSUMPTION

Water consumption	m³
Water withdrawal from the municipal network	194
Waste water to the municipal network	194
Total water consumption	388

Energy consumption data for the office comes from the Strategic Partner's internal records and were calculated on the basis of invoices for the entire office building - then we calculated the proportion of water consumption based on the number of employees.

[GRI 305-1] DIRECT GREENHOUSE GAS EMISSIONS

Direct emissions	tCO ₂ e
TTW truck fleet	44.5
Total direct emissions	44.5

Fuel consumption data come from the fleet card register. Tank-To-Wheel (TTW) fuel energy intensity index based on DEFRA 2022 data.

[GRI 305-2] INDIRECT GREENHOUSE GAS EMISSIONS

Indirect emissions	tCO ₂ e
Emissions related to electricity consumption	0
Emissions related to thermal energy consumption	0
Total indirect emissions	0

We do not buy energy directly - we report data under Scope 3 and GRI 305-3.

[GRI 308-2] ENVIRONMENTAL VERIFICATION OF SUPPLIERS

	Suppliers of materials and equipment	Network contractors	TOTAL
Number of active partners	29	135	164
Percentage of new partners undergoing environmental evaluation	100%	100%	100%
Percentage of partners with negative environmental evaluation results	7%	3%	4%

Data come from the procurement portal. Although every entity was asked to participate in the evaluation, only 10% responded to the questionnaires. We want to reinforce this process in the coming year.

[GRI 305-3] OTHER MATERIAL INDIRECT GREENHOUSE GAS EMISSIONS

Other material indirect emissions	tCO ₂ e
WTT truck fleet	12.3
Business trips	14.7
WTW cars	9.4
Trains	0.5
Airplanes	4.8
Office	44.4
Electricity MB	35.8
Thermal energy	8.5
Water	0.1
Remote work	34.6
Purchased goods and services	n/d
Capital expenditure	n/d
Transport and distribution	n/d
Downstream - customers	n/d
Total other material indirect emissions	106.0

Fuel consumption data for the truck fleet come from the fleet card register. WTT (Well-To-Tank) fuel emission performance index based on EN 16258 standard. Business trips relating to employees' private cars: the data on the distance travelled come from the settlement of business trips on the basis of the so-called kilometre allowance, and fuel emission performance factors based on Carbon Trust 2022 data. Business trips involving trains and airplanes: data on distance travelled come from internal business travel records and emission performance factors from the EEA 2021 (European Environment Agency) database. Energy consumption data for the office comes from the Strategic Partner's internal records and was compiled from invoices for the entire office building - then we calculated the proportions of utility consumption based on the number of employees and, in the final step, we used the electricity supplier's emission factors for 2022, and for the thermal energy and water consumption we used indicators from the DEFRA 2022 database. Remote working data is sourced from HR internal records and electricity and thermal emission factors are sourced from the DEFRA 2022 database. We plan to complete the missing Scope 3 sources in the coming years.

SOCIAL RESULTS

[GRI 2-7] NUMBER OF EMPLOYEES

FULL-TIME EMPLOYEES	Female					Male				
Type of employment contract, type of FTE	0,25	0,5	0,75	1	total	0,25	0,5	0,75	1	total
Indefinite period				22	22				29	29
Fixed term				1	1	1			1	2
Probationary period				1	1				2	2
Total FTEs	0	0	0	24		0.25	0	0	32	56.25

Data based on the SAP HR system. The number of associates is expressed in the number of personnel

[GRI 401-1] EMPLOYMENT DYNAMICS

Structure and dynamics of employment	Female				Male				
Full-time employees (including associates)	below 30	30-50	above 50	total	below 30	30-50	above 50	total	total
hired during the year	1	6	0	7	0	4	0	4	11
departures during the year	1 (2)	1	0	2 (3)	1	0	0	1	3 (4)
all those working at the end of the year	2	21	1 (2)	24 (25)	2	21 (24)	10	33 (36)	57 (61)
hiring ratio	50%	29%	0%	29%	0%	19% (17%)	0%	12% (11%)	19% (18%)
fluctuation ratio (resignations)	50% (100%)	5%	0%	8% (12%)	50%	0%	0%	3%	5% (7%)

Data based on the SAP HR system. Calculations based on guidelines from the GRI standard.

[GRI 2-8] NUMBER OF ASSOCIATES

ASSOCIATES	Female	Male	Total
Other types of contracts than employment contracts	1	3	4

Data based on the SAP HR system. The number of associates is expressed in the number of personnel

[GRI 405-1] COMPOSITION OF SUPERVISORY BODIES AND STAFF BY CATEGORY OF EMPLOYEES, ACCORDING TO GENDER AND AGE

Age and gender diversity	Age				Gender		
% of employees (including associates)	below 30	30-50	above 50	total	Female	Male	total
All employees in total	7,0% (6.6%)	73,7% (77.8%)	19,3% (19.7%)	100%	42% (40%)	58% (60%)	100%
Other employees	10% (9%)	69% (68%)	21% (23%)	100%	32% (31%)	68% (69%)	100%
Management	0%	87% (88%)	13% (12%)	100%	40% (35%)	60 (75%)	100%
Management Board	0%	100%	0%	100%	50%	50%	100%
Supervisory Board	0%	83%	7%	100%	0%	100%	100%

Data based on the SAP HR system and internal records. Calculations based on guidelines from the GRI standard.

[GRI 404-1] AVERAGE NUMBER OF TRAINING HOURS PER YEAR PER EMPLOYEE

	Female	Male	All genders
Managers	31	27	28
Others	27	28	28
Total	28	28	28

Data based on the SAP HR system and internal records. Calculations based on guidelines from the GRI standard.

[GRI 404-3] PERCENTAGE OF FULL-TIME EMPLOYEES SUBJECT TO REGULAR JOB PERFORMANCE ASSESSMENTS AND CAREER DEVELOPMENT REVIEWS, BY GENDER AND EMPLOYMENT CATEGORY

	Female	Male	Total
Managers	80%	88%	85%
Others	89%	96%	93%
All employees	87%	72%	91%

Data based on the SAP HR system and internal records. Given the state of employment at the time the measure was implemented, this percentage would be 100% - including associates. The process generally did not apply to probationers and Board Members. Calculations based on guidelines from the GRI standard.

[GRI 403-9] WORK-RELATED INJURIES AND OCCUPATIONAL DISEASES AMONG FULL-TIME EMPLOYEES AND ASSOCIATES

Incident type	Female	Male	Total
No. of accidents in total	0	0	0
No. of serious accidents	0	0	0
No. of fatalities	0	0	0
No. of occupational diseases	0	0	0
Frequency rate of occupational accidents	0	0	0

Data come from internal warehouse and OHS systems.

[GRI 415-1] SUPPORT TO SOCIAL AND POLITICAL ORGANISATIONS

Nature of support	Value in PLN
Lobbying, interest representation or similar activities	0
Local, regional or national campaigns/organisations/political candidates	0
Social organisations	59 695
Employee voluntary activities	30 589
Total	90 284

Data come from internal records and the SAP accounting system.

[GRI 406-1] NUMBER OF INCIDENTS OF DISCRIMINATION

We did not record any incidents in 2022.

Data come from internal Whistleblowing and HR records.

[GRI 418-1] NUMBER OF VIOLATIONS OF CUSTOMER PRIVACY AND LOSS OF PERSONAL DATA

Incident	Number
Violation of privacy	0
Loss of personal data	0
Total	0

Data come from the internal records of Compliance, Whistleblowing and the Sales Department.

[GRI 414-1] SOCIAL VERIFICATION OF SUPPLIERS

	Suppliers of materials	Network contractors	TOTAL
No. of active partners	29	135	164
Percentage of new partners undergoing social evaluation	100%	100%	100%
Percentage of partners with negative social evaluation results	0%	0%	0%

Data come from internal records.

ECONOMIC RESULTS G

[GRI 2-6] NUMBER OF ENTITIES IN THE SUPPLY CHAIN

Type of entity	Number
Customers	18
Suppliers of materials and equipment	29
Network contractors	135
TOTAL	182

Data come from internal records and procurement portal. Data on network contractors refer to first-tier suppliers with whom we have cooperation agreements. We estimate that they work with more than 300 subcontractors on an annual basis. We therefore estimate that, including second- and third-tier contractors, there are a total of more than 350 entities in our value chain.

[GRI 203-1] INDIRECT ECONOMIC IMPACT

	Value in PLN
Value of expenditure on infrastructure and related services	801,292,361.67

The value of expenditure on infrastructure and related services is otherwise capital expenditure, such as materials and equipment for investment projects, service charges for infrastructure works, leases for sewerage and energy infrastructure including depreciation.

[GRI 201-1] DIRECT ECONOMIC IMPACT

Direct economic value created and distributed to the economy	Value in PLN
Revenue - value generated	134,506,386.87
Costs - distributed value	174,906,178.53
Profit - economic value retained	-40,399,791.66

Figures consistent with the Company's Financial Statements for 2022. Costs include operating expenses including depreciation, borrowing costs and taxes. Interpretation of the data can be found on page 29.

[GRI 205-1, GRI 205-2, GRI 205-3] COUNTERACTING CORRUPTION

Indicator description	Indicator value
Actions assessed against corruption risks	In 2022, all of our business units were analysed for corruption risks. We did not identify areas of significant corruption risk.
Communication and training on anti-corruption guidelines	1.5 hours per employee/associate
Confirmed incidents of corruption and actions taken	No cases.

Data come from internal records.

[GRI 204-1] EXPENDITURE ON LOCAL SUPPLIERS

	% of expenditure
Percentage of expenditure on entities registered in Poland	100%

Data come from internal records and procurement system. They relate to the value of orders placed in 2022.

[GRI 2-27, GRI 206-1] COMPLIANCE WITH LAWS AND REGULATIONS

Indicator description	Indicator value
Non-compliance with laws or regulations	In 2022, we found no non-compliance with laws or regulations resulting in imposing of financial and non-financial penalties.
Legal steps taken against the organisation for violations of free competition rules and monopolistic practices	In 2022, we found no violations of free competition rules and monopolistic practices and no legal steps were taken by external authorities in this area.

Data come from internal records.

GRI CONTENT INDEX



# GRI	Disclosure name	References	Completeness	SDG
Profile Disclosures 2021				
2-1	Organizational details	p. 26, 60, 74	✓	
2-2	Entities included in the organization's sustainability reporting	p. 60, 74	✓	
2-3	Reporting period, frequency and contact point	p. 60, 74	✓	
2-4	Restatements of information	p. 60	✓	
2-5	External assurance	p. 60	✓	
2-6	Activities, value chain, and other business relationships	p. 4, 22-23, 28, 32-36, 67	✓	12, 17
2-7	Employees	p. 42, 64,	✓	5, 8
2-8	Workers who are not employees	p. 42, 64	✓	5, 8
2-9	Governance structure and composition	p. 7-8, 46	✓	5, 8
2-10	Nomination and selection of the highest governance body	p. 7	✓	
2-11	Chair of the highest governance body	p. 5-6, 7	✓	
2-12	Role of the highest governance body in overseeing the management of impacts	p. 5-6, 8, 11, 18, 60	✓	
2-13	Delegation of responsibility for managing impacts	p. 5-6, 8	✓	
2-14	Role of the highest governance body in sustainability reporting	p. 60	✓	
2-15	Conflict of interests	p. 15, 17	✓	
2-16	Communication of critical concerns	p. 15-16	✓	
2-17	Collective knowledge of the highest governance body	p. 5-6, 8	✓	
2-18	Evaluation of the performance of the highest governance body	p. 5-6, 8	✓	

# GRI	Disclosure name	References	Completeness	SDG
2-19	Remuneration policies	p. 7	✓	
2-20	Process to determine remuneration	p. 7, 43	✓	
2-21	Annual total compensation ratio	no disclosure	✗	
2-22	Statement on sustainable development strategy	p. 5-6	✓	
2-23	Policy commitments	p. 8, 9-10, 61	✓	
2-24	Embedding policy commitments	p. 8, 9-10, 15, 29, 46	✓	
2-25	Processes to remediate negative impacts	p. 15, 16	✓	
2-26	Mechanisms for seeking advice and raising concerns	p. 15, 16	✓	
2-27	Compliance with laws and regulations	p. 16	✓	
2-28	Membership associations	p. 24	✓	17
2-29	Approach to stakeholder engagement	p. 11, 12-13, 37	✓	11, 17
2-30	Collective bargaining agreements	p. 43	✓	
Most material reporting topics 2021				
3-1	Process to determine material topics	p. 5-6, 11, 18-19, 37, 61	✓	
3-2	List of material topics	p. 11, 61	✓	
3-3	Management of material topics	p. 8, 9, 11, 14-16, 18-19, 20, 24, 27, 28-29, 30, 32-36, 37, 38, 39, 40, 41, 42-45, 45-46, 47-48, 49, 51-54, 56-57, 58, 62-67	✓	
Environmental issues 2016				
Materials				
301-1	Materials used by weight or volume	p. 56, 62	✓	8, 12

# GRI	Disclosure name	References	Completeness	SDG
Energy				
302-1	Energy consumption within the organization	p. 53, 62	✓	13
302-2	Energy consumption outside the organisation (indirect consumption)	p. 53, 62	✓	13
Water*				
303-1	Interactions with water as a shared resource	p. 54	✓	
303-2	Management of water discharge-related impacts	p. 54	✓	
303-3	Water withdrawal	p. 54, 62	✓	
303-4	Water discharge	p. 62	✓	
303-5	Water consumption	p. 62	✓	
Emissions				
305-1	Direct (Scope 1) GHG emissions	p. 53, 63	✓	12, 13, 15
305-2	Energy indirect (Scope 2) GHG emissions	p. 53, 63	✓	12, 13, 15
305-3	Other indirect (Scope 3) GHG emissions	p. 53, 63	✓	12, 13, 15
Waste**				
306-1	Waste generation and significant waste-related impacts	p. 56-57	✓	3, 12, 15
306-2	Management of significant waste-related impacts	p. 56-57	✓	3, 12, 15
Environmental compliance				
307-1	Non-compliance with environmental laws and regulations	No incidents	✓	
Supplier environmental screening				
308-1	New suppliers that were screened using environmental criteria	p. 29, 63	✓	12, 13
Social issues 2016				
Employment				
401-1	New employee hires and employee turnover	p. 42, 63	✓	5, 8

* GRI 2018

** GRI 2020

# GRI	Disclosure name	References	Completeness	SDG
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 44	✓	5, 8
Occupational health and safety*				
403-1	Occupational health and safety management system	p. 47	✓	3, 8
403-2	Hazard identification, risk assessment, and incident investigation	p. 47	✓	3, 8
403-3	Occupational health services	p. 47-48	✓	3, 8
403-4	Worker participation, consultation, and communication on occupational health and safety	p. 47	✓	3, 8
403-5	Worker training on occupational health and safety	p. 47	✓	3, 8
403-6	Promotion of worker health	p. 48	✓	3, 8
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 47	✓	3, 8
403-8	Workers covered by an occupational health and safety management system	p. 47	✓	3, 8
403-9	Work-related injuries	p. 47, 66	✓	3, 8
403-10	Work-related ill health	p. 47, 66	✓	3, 8
Training and education				
404-1	Number of training days per employee per year by employment structure	p. 46, 65	✓	8, 10
404-2	Programs for upgrading employee skills and transition assistance programs	p. 46, 65	✓	8, 10
404-3	Percentage of employees receiving regular performance and career development reviews	p. 46, 65	✓	8, 10
Diversity and equal opportunity				
405-1	Diversity of governance bodies and employees	p. 45-46, 65	✓	5, 8
Anti-discrimination				
406-1	Incidents of discrimination and corrective actions taken	No incidents	✓	5, 8

* GRI 2018

** GRI 2020

# GRI	Disclosure name	References	Completeness	SDG
Employment rights				
408-1	Operations and suppliers at significant risk for incidents of child labour	p. 29	✓	8
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	p. 29	✓	8
Local communities				
413-1	Operations with local community engagement, impact assessments, and development programs	p. 37, 39, 40	✓	9, 10, 11
413-2	Operations with significant actual and potential negative impacts on local communities	No negative impact	✓	9, 10, 11
Supplier social evaluation				
414-1	New suppliers that were screened using social criteria	p. 29, 66	✓	8, 9, 12
Public policy				
415-1	Political contributions	p. 66	✓	9, 10, 11, 15, 17
Customer privacy				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 38, 66	✓	16
Economic issues 2016				
Economic impact				
201-1	Direct economic value generated and distributed	p. 25, 67	✓	8, 9
203-1	Significant indirect economic impacts	p. 25, 67	✓	8, 9
204-1	Proportion of spending on local suppliers	p. 25, 67	✓	8, 9
Anti-Corruption				
205-1	Operations assessed for risks related to corruption	p. 17, 67	✓	16
205-2	Communication and training about anti-corruption policies and procedures	p. 17, 67	✓	16
205-3	Confirmed incidents of corruption and actions taken	p. 17, 67	✓	16
Anti-Competitive Behaviour				
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	p. 24, 67	✓	16

TCFD

AREA	INDICATOR	PAGE IN THE REPORT
Governance Description of corporate governance on climate-related risks and opportunities	Management Board oversight of climate-related risks and opportunities	8, 52, 54-55
	Role of management in assessing and managing climate-related risks and opportunities	
Strategy Indication of the actual and potential impact of climate-related risks and opportunities on the organisation's operations, strategy and financial planning in areas where such information is material	Climate-related risks and opportunities that the organisation identified in the short, medium and long term	54-55
	Impact of climate-related risks and opportunities on the organisation's operations, strategy and financial planning	51, 54-55
	Resilience of the organisation's strategy, taking into account different climate-related scenarios	56-58
Risk management Indication of how the organisation identifies, assesses and manages climate-related risks	Processes for identifying and assessing climate-related risks	18-19, 54-55
	Processes for managing climate-related risks	54-55
	Integration of climate-related risks into the overall risk management system	19
Measures and targets Identification of metrics and targets to assess and manage risks and climate-related opportunities in areas where such information is material	Metrics for assessing climate-related risks and opportunities in line with the risk management strategy and processes	18-19, 55
	Scope 1, 2 and, where relevant, 3 greenhouse gas emissions and associated risks	53, 62-63
	Objectives for managing climate-related risks and opportunities and performance against these objectives	53, 55, 57



CONTACT DETAILS

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