



Report on non-financial information of the STS Holding Spółka Akcyjna Group of Companies

covering activities in 2022

drawn up according to GRI Standard

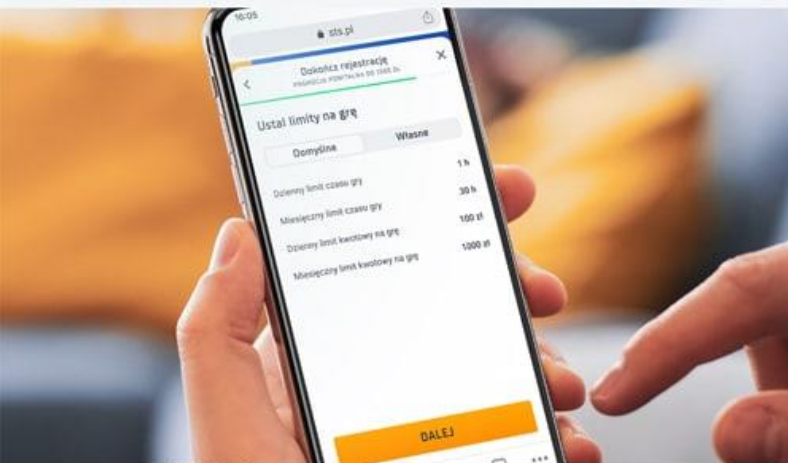


Table of Contents

I. Introduction.....	3
II. Business model and corporate governance in the STS Group.....	6
III. Responsibility towards the customer	22
IV. Care for our employees.....	28
V. Social activity.....	35
VI. Impact on the environment and climate.....	41
VII. About the report	44
VIII. Tabular data	69

I. Introduction



Dear Shareholders,

GRI 2-22

For the STS Group, that is the group of companies headed by STS Holding S.A., 2022 was record-breaking in many respects. Our operating and financial ratios are at historical highs. A very good year for the Group is behind us, although the macroeconomic and geopolitical environment remains extremely unfavourable. High inflation, rising interest rates, declining economic activity, decreasing disposable income of the society, unstable prices of raw materials and the war in Ukraine make it impossible to predict the condition of the Polish economy and the entities operating on it. The whole of 2022 was full of uncertainty, which affected consumers and businesses. This year, many of the risks from 2022 will continue to affect our reality.



Due to the nature of the Group's business, our focus is largely on the gaming community. In 2022, the number of active users amounted to 783,000, compared to 693,000 in the previous year, which represents an increase by 13%. From January to December 2022, the Group recorded 439 thousand new registered users, as compared to 370 thousand in the previous year. Therefore, there was a year-on-year increase of 19%. Furthermore, the number of customers who made their first deposit has also increased. In 2022, their number amounted to 317,000, compared to 249,000 in the previous year, which represents a year-on-year increase by 27%.

The growing popularity of bookmakers and the growing number of active users means that we are constantly professionalising our activities in the field of responsible gaming. Our goal, as a responsible company, is to develop the Responsible Gambling concept, whose goal is to provide players with appropriate tools and knowledge to ensure that they can enjoy our services safely. We are investing in our own solutions that allow us to better identify the needs of our players. Hence, the safety and comfort of our users is the key aspect of our business. A special team for managing all actions related to responsible gaming has been created within the STS Group.

As part of our social responsibility, we also conduct a number of activities for the benefit of our employees - there are approx. 1.5 thousand of them in the Group. We are actively involved in building a positive employer image among potential, new and current employees. The company is involved in several projects aimed at promoting the Group as a first-choice employer.

Apart from that, we conduct activities in the area of corporate social responsibility through the Sport Twój Szansą foundation, whose statutory goal is to undertake activities supporting the development of Polish sport. The foundation, established on the initiative of the subsidiary STS S.A., supports talented sports enthusiasts by providing them with material assistance and substantive support.

The STS Group also remains one of the largest sponsors of Polish sports. The Company is the official sponsor of the Polish National Football Team, the strategic sponsor of Lech Poznań, the main sponsor of Jagiellonia Białystok and the official bookmaker of Widzew Łódź, KS Lechia Gdańsk, Zagłębie Lubin, Polish Volleyball League and other clubs and sports associations. The Group also supports eSports.

In the STS Group, which provides the dominant majority of services via Internet channels, there are no significant environmental issues affecting our operations, financial situation and the use of tangible fixed assets. Therefore, we do not implement environmental policies, but we take steps to introduce more ecological solutions.

For example, STS S.A. holds a certificate that guarantees the use of 100% of electricity in 2022 from renewable sources. The group focuses on implementing pro-ecological solutions in its betting outlets and offices. We have also taken steps to reduce the amount of plastic waste. In view of the digitization of betting shops, the Group's offer is more and more often presented in electronic form (tablets and mobile displays), which significantly reduces the demand for paper.

Our goal for the coming years is further business growth based on the sustainable development concept. Through annual reports, we will share with you our achievements in the field of ESG.

Mateusz Juroszek

II. Business model and corporate governance in the STS Group



I. BASIC INFORMATION

STS Group - one of the largest bookmakers in Central Europe and the market leader in Poland - was established in 1997. The portfolio of the Group includes sports betting, Virtual Sports, BetGames and a wide range of eSports.

The Group provides online services not only via the desktop website, but also through its mobile version, as well as Android and iOS dedicated applications and a network of approx. 400 retail betting shops across Poland. The Group is continuously improving its offering by, among others, providing more live bets and strengthening its leading position in the field of eSports. The bookmaker has also created its own withdrawal system – STSpay – allowing quick 24/7 transfers. The Group additionally owns Betsys – the company providing betting engine.

Thanks to effective 24/7 customer service, the Group can respond to increasing customer needs. Moreover, the company offers the opportunity to watch live sports events on the Internet, via STS TV. This service is also available to mobile users. Every month, the Company broadcasts nearly 5,000 sports events, including, among others, football, tennis, volleyball, basketball and other sports.

The bookmaker is actively involved in supporting Polish sport, being the largest private entity on the domestic sponsorship market. The Company is the official sponsor of the Polish National Football Team, the strategic sponsor of Lech Poznań, the main sponsor of Jagiellonia Białystok and the official bookmaker of Zagłębie Lubin, Widzew Łódź, Lechia Gdańsk, Polish Volleyball League and other clubs and sports associations. The Group also supports eSports.

The company has modern betting shops, which are located in every major city in Poland - there are approx. 400 of them in total throughout the country. The Group has over 1,200 employees.

The Group operates also in the Czech Republic (Betsys) and Malta. The group remains focused on Poland. The company also does not rule out the interest in new directions of foreign expansion and the commercialisation of the Betsys system in order to offer it to other bookmaking operators.

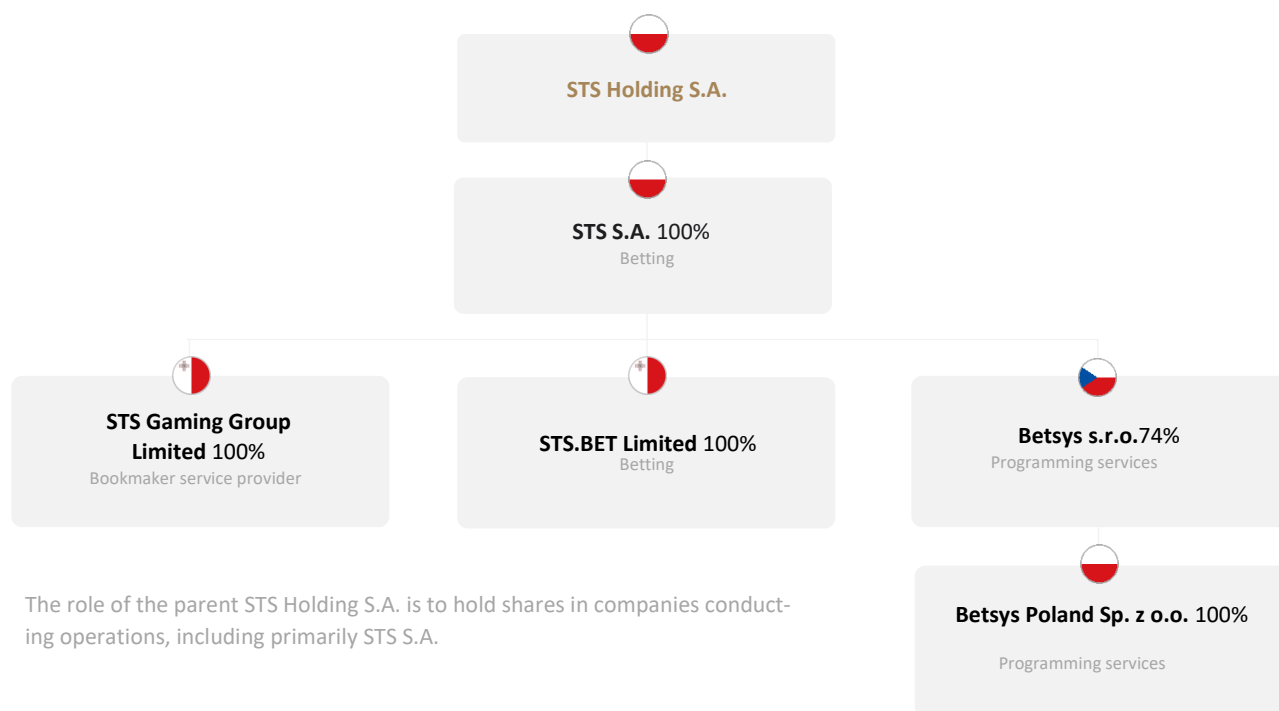
The STS Group - through its subsidiaries STS S.A. - has offered sports betting, online casino, Virtual Sports, BetGames and a wide range of eSports as part of the license in the United Kingdom and Estonia. On 16 January 2023, it began limiting operations on foreign markets, closing the possibility of registering accounts. The purpose of the reorganisation is to exploit, to the fullest extent possible, the potential of the Polish market, which remains the most important area of the STS Group's operations. The operating results indicate the extremely high attractiveness of the Polish market. The Group intends to concentrate its activities in order to be able to use the development potential in Poland.

II. STS Holding S.A. Group of Companies

The Group consists of STS Holding S.A. (parent company), one subsidiary company STS S.A. (wholly and directly controlled by the parent company), two subsidiaries STS Gaming Group and STS.BET Limited (both companies wholly controlled by STS Holding S.A. through STS S.A.), one subsidiary Betsys s.r.o. (controlled by STS Holding S.A. in 74% through STS S.A.), and one subsidiary Betsys Poland Sp. z o.o. (wholly controlled by Betsys s.r.o.). The dominant shareholder of STS Holding S.A. is Mateusz Juroszek, who exercises actual control over 70% of the company's shares. The ultimate beneficiary is Mr Mateusz Juroszek. The remaining 30% of the company's shares are in free float, of which approx. 6% belongs to NN PTE S.A.

GRI 2-1
GRI 2-6

The corporate structure of the STS Group is presented below:



The role of the parent STS Holding S.A. is to hold shares in companies conducting operations, including primarily STS S.A.

Significant changes in the STS group

In 2022, there were no other significant changes in the STS Group related to the location and functioning of the business and relations with business partners.

III. Group strategy

The STS Group is the largest Polish entity in the gaming industry, with nearly 25 years of experience on the Polish market). The portfolio of the Group's services includes sportsbook, virtual sports, live dealer games and a wide range of eSports betting. Currently, the Group's business growth efforts are focused particularly on further expansion of its footprint through its mobile services, with online channels being currently the largest sales channel, contributing 82% of the Group's NGR in 2022. The STS Group employs a mobile-first strategy (driven by first-class proprietary technology and supported by retail operations). The Group's strategy is based on its ability to acquire and retain customers, geographical expansion, maintaining technologically sound and innovative infrastructure and continuous introduction of new products and services.

Goals of the STS group



Pozycja lidera rynkowego w Polsce

The Group is the **largest player in the sports betting industry in Poland**. Due to development of the portfolio of products and services and a scalable proprietary platform, the Company is ideally positioned to acquire new customers, the number of which grows due to organic growth of the market and the migration of players away from the grey market.



Platforma pierwszego wyboru angażująca kibiców sportowych

Thanks to its own innovative technology platform, the Group provides its players with the best-in-class customer experience. STS S.A has a **high level of customer satisfaction** – NPS (Net Promoter Score) in 2022 reached the level of as high as 43.



Ekspansja na wybrane rynki międzynarodowe oraz fuzje i przejęcia

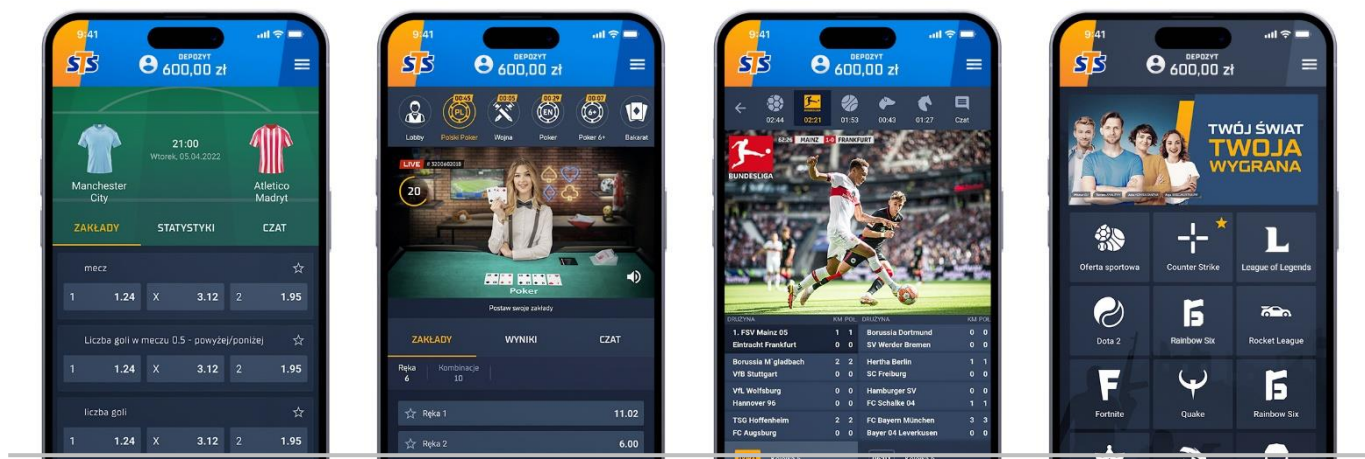
The Group intends to consider attractive options for **foreign expansion** and focus on markets insufficiently served in terms of innovation or advancement of product offering. As part of this selective approach, it is possible that the Group will enter new markets, acquire an entity from the technology industry or will commercialise Betsys' system as a B2B product in countries in which the Group does not intend to operate in the future.



Wiodący gracz pod względem satysfakcji klienta i innowacyjności

The Group intends to **maintain its status as the bookmaker of choice** for sports fans in Poland. The goal of the Company is to become a one-stop provider of sports entertainment with high level of player engagement

IV. STS products



Sports betting

Bets on over 70 different sports disciplines, over 300 thousand in-play (live) events per year and over 1.5 million pre-match events.

BetGames

Proprietary live dealer games with exclusive odds allowing customers to bet on poker, war games and baccarat, along with a real-time exchange rate offer published on the game's website.

Online casino (offered by the Group outside of Poland, under the license in the UK and Estonia)

The company offers over 1 thousand games, including roulette, blackjack, slots and video games. Online casinos simulate real-world casino play. Furthermore, online casinos may allow players to play against each other in other games such as poker.

Virtual Sports

Betting on the results of virtual sports. The results of the games are determined by the Random Number Generation (RNG) software.

Esport

Electronic sports are games between players in video games, often in the form of organized leagues and tournaments (incl. Counter Strike, League of Legends, Dota 2, StarCraft 2 or Fortnite). Electronic sports enable the Group to enter new markets and acquire new customers (in particular Millennials and Generation Z), who are generally less interested in traditional sports. The STS Group was the first bookmaker in Poland to introduce an offer for esports games, and it also has dedicated channels in social media for esports fans. A separate team of specialists is responsible for product support for esports.

Our products and legal regulations

The STS Group is subject to a number of domestic and EU regulations, including in particular, those stemming from the Gambling Law of November 19, 2009, which introduces restrictive regulations concerning gaming and imposes strict requirements on gaming operators.

The only forms of online gambling currently permitted in Poland for private sector operators are betting and promotional lotteries. Conducting either of these requires obtaining a prior permit. All other forms of online gaming are subject to state monopoly.

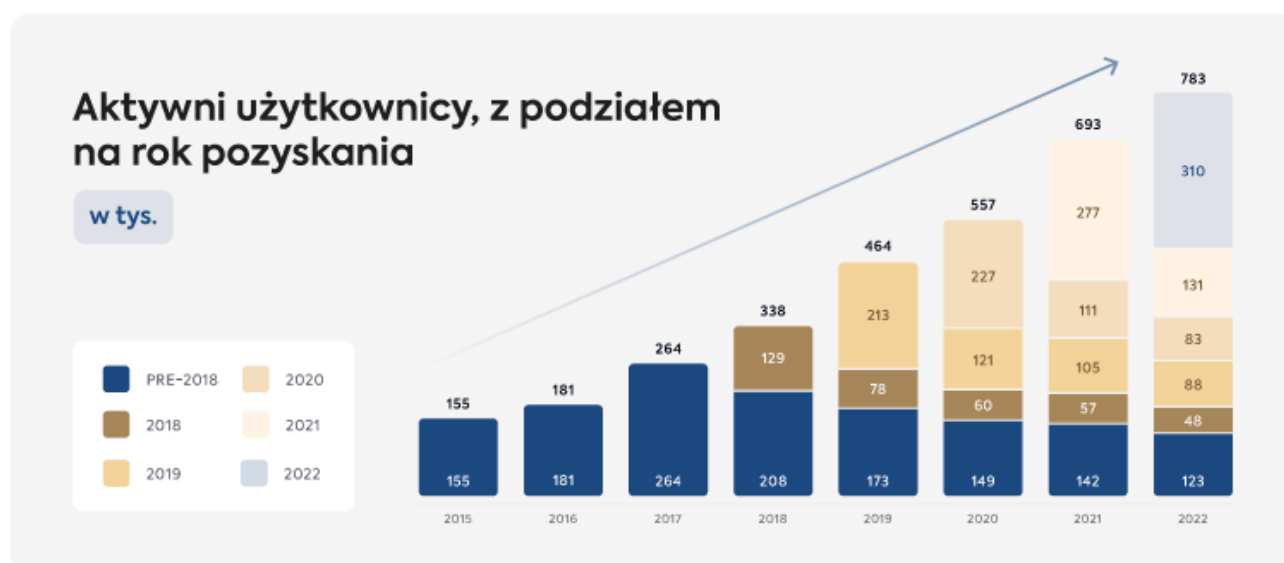
V. Customers of the STS Group

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STS Group customers are adult individuals who make use of the Group's products; we provide them with both online and land-based services.

The Management Board estimates that the Group's current market share in the Polish betting market is approx. 40%, and approx. 82% of the Group's NGR comes from the Group's online channels – dedicated Android and iOS applications as well as the Group's website and its mobile version.

The Group also has modern betting outlets, which are located in every major city in Poland - there are approx. 400 of them in total throughout the country.



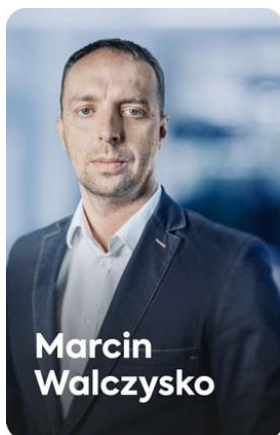
VI. Management Board and Supervisory Board of STS Holding S.A.

The following is a presentation of the Management Board of the Parent Company, which comprises the following members:



Mateusz Juroszek - President of the Management Board

The President of the Management Board and key shareholder is Mateusz Juroszek, who is a key person in the Group's development and is responsible for such areas as product development, finance, marketing, sportsbook and technology. Mateusz Juroszek is a graduate of the Faculty of Strategic Management of the Leon Koźmiński Academy in Warsaw. He graduated with a Master's degree in Management and Marketing, specialization: Strategic Management. Since 2012, he has been the President of the Management Board of STS S.A. Since 2017, he has been a Member of the Management Board of Betsys Poland sp. z o.o. and is also a Member of the Management Board of Betsys s.r.o. Since 2016, he has been the President of the Management Board of STS.BET Limited, and since 2015 he has also been the President of the Management Board of STS Gaming Group Limited.



Marcin Walczysko – Member of the Management Board.

Marcin Walczysko is an executive with experience gained with the largest gaming industry players and is responsible for the Group's retail operations. Marcin Walczysko has been a member of the Management Board of STS S.A. since 2012, and has been its Chief Operating Officer since 2010. In the years 2002-2004, Marcin Walczysko studied Information and Telecommunication Systems at the University of Information Technology and Management in Bielsko-Biała, earning the title of engineer. In the years 2004-2006, he completed graduate studies in Computer Science in Management and Marketing at the University of Economics in Katowice. From 2007 to 2010, he was the Marketing Manager at Fortuna Zakłady Bukmacherskie sp. z o.o.



Zdzisław Kostrubała – Member of the Management Board

Zdzisław Kostrubała is an expert in the field of gambling law, responsible for legal issues and compliance in the Group. Since 2019, Zdzisław Kostrubała has been a member of the Management Board at STS S.A. and also heads its Legal and Compliance Department. In 1992-1997, Zdzisław Kostrubała studied Mining and Geology at the Silesian University of Technology in Gliwice, specializing in Organization and Economics of Mining. In 2017-2018, he studied Business and Commercial Law at the Faculty of Law and Administration of the University of Silesia as his postgraduate studies. From 2009 to 2010, he was the President of the Management Board of Star-Typ Sport Zakłady Wzajemne sp. z o.o. and from 2010 to 2019 he held the position of advisor to the Management Board and Director.

The Supervisory Board of the Parent Company is composed of the following persons:



Maciej Fijak - Chairman of the Supervisory Board

Certified financial control specialist, with experience in the field of corporate banking and in working in financial departments of WSE listed companies. From 2010 to 2012, he was Deputy Director of Capital and Financial Affairs at ATAL S.A., and from 2012 to 2017, he was the Financial Proxy there. From 2011 to 2015, he was the President of the Board in ATAL-Wysoka sp. z o.o. Since 2017, he has been running his own business "Biuro Obsługi Biznesu Maciej Fijak". The Chairman of the Supervisory Board does not perform any other functions in the STS Group.



Zbigniew Juroszek, Vice-Chairman of the Supervisory Board

One of the main shareholders who has knowledge and skills in the gambling industry. He is an entrepreneur with over 30 years' of experience, founder and main shareholder of ATAL S.A. He is also a co-owner of the Company, along with the The President of the Management Board, Mateusz Juroszek. Since 2002, he has been the President of the Management Board at STS S.A. Since 2013 he has been the President of the Management Board of Betplay Capital sp. z o.o., and since 2014 he has also held this position in Juroszek Holding sp. z o.o. In STS Holding S.A., he is also a Member of the Audit Committee.



Elżbieta Spyra, Independent Member of the Supervisory Board

Meets the criteria for independence within the meaning of the Act of 11 May 2017 on Statutory Auditors, Auditing Firms and Public Supervision and in accordance with the Code of Best Practice for WSE listed companies 2021. She gained her professional experience during internships abroad and while working in law firms. In recent years, she has been associated with companies listed on the Warsaw Stock Exchange from the industrial, development and bookmaking industries. She is a qualified legal counsel and a holder of the Compliance Officer certificate. Since 2022, she has been associated with the American Heart of Poland Group.



Krzysztof Krawczyk, Independent Member of the Supervisory Board

He manages the Warsaw office of CVC Capital Partners, one of the world's leading Private Equity funds. Since 2020 he has been a Member of the Board of Directors of AR Packaging Group AB, a Member of the Supervisory Board of Genomtec S.A. and a Member of the Board of the "Good Energy - PKP Energetyka Foundation". He is also a member of the Supervisory Board of PKP Energetyka S.A. and Żabka Polska sp. z o.o.



Milena Olszewska-Miszuris, Independent Member of the Supervisory Board

Meets the criteria for independence within the meaning of the Act of 11 May 2017 on Statutory Auditors, Auditing Firms and Public Supervision and in accordance with the Code of Best Practice for WSE listed companies 2021. She sits on the Corporate Governance Committee at the Warsaw Stock Exchange S.A. She is an active member of supervisory boards. Currently, she runs a boutique advisory company (WM Advisory Sp. z o.o.). In STS Holding S.A., he is also a President of the Audit Committee.

The STS Group has various teams which carry out selected tasks in the scope of sustainable development (e.g. the Employee Council at STS S.A.) and delegated employees, whose work is supervised by the Management Board of the Group. Due to the nature of the activities of the STS Group, a significant set of a small part of the Group's activities eligible for the EU taxonomy is delegated, among other things, to the Administration and Investment Department. It is directly under the control of one of the members of the Group's Management Board. The Management Board is directly involved in overseeing the process of managing the impact on sustainable development. The Management Board reviews and approves the data disclosed in the report on non-financial information. The Management Board has a collective knowledge of sustainability issues.

Additional information on the term of office, method of appointment, election, representation, competences, independence of both the Management Board and Supervisory Board members can be found in the Management Board's Report on the activities of the STS Holding S.A. Group of Companies for the period from 1 January to 31 December 2022 in chapter "4. Corporate Governance".

In addition, information on the value of remuneration, awards or benefits, including those resulting from incentive or bonus programs based on the issuer's capital is presented in Notes 44 and 43 to the consolidated financial statements of the STS Holding S.A. Group of Companies from 1 January to 31 December 2022 and in the Management Board's Report on the activities of the STS Holding S.A. Group of Companies for the period from 1 January to 31 December 2022 in chapter "4. Corporate Governance".

Critical issues are communicated and the Management Board is informed about situations that may have a negative impact on the Group's stakeholders during regular meetings of the top management. It is attended by the managers of the Group's operating divisions and the Management Board. In 2022, the Group did not record any critical issues that may affect the functioning of the STS Holding S.A. Group of Companies.

VII. Risk management

In each financial year, the Company's Management Board prepares its own assessment of the effectiveness of the risk management systems.

As part of monitoring risk management systems, the tasks of the Audit Committee include in particular: 1) monitoring the financial reporting process, the effectiveness of internal control systems and risk management systems as well as internal audit, including in the scope of financial reporting and performing financial audit activities, 2) controlling and monitoring the independence of the statutory auditor and the auditing firm, 3) informing the Supervisory Board about the results of the audit and explaining how the audit contributed to the reliability of financial reporting in the Company, as well as about the role of the audit committee in the audit process, 4) assessing the independence of the statutory auditor and consenting to the provision of permitted non-audit services by the auditor, 5) developing a policy for selecting an auditing firm to conduct the audit, 6) defining the procedure for selecting an auditing firm by a public interest entity, 7) submitting recommendations to ensure the reliability of the financial reporting process in the Company.

In addition to the matters specified in legal regulations and other provisions of the Articles of Association, the competences of the Supervisory Board include: 1) assessing the Management Board's report on the Company's activities and the Company's financial statements, as well as assessing the Management Board's report on the activities of the Company's group of companies and the consolidated financial statements of the Company's group of companies for the previous financial year, both with regard to their compliance with the books and documents and with the actual state of affairs, and examining the Management Board's interim and annual reports, motions for the distribution of profits and coverage of losses, and submitting a written report on the results of the examination to the General Meeting, 2) submitting an annual written report to the General Meeting on the results of the assessment referred to in item 1) above, 3) providing opinions on motions submitted by the Management Board to the General Meeting for consideration, 4) concluding and terminating employment contracts with members of the Company's Management Board, with such contracts being signed on behalf of the Supervisory Board by the Chairman of the Supervisory Board or a Vice-Chairman of the Supervisory Board authorised by the Supervisory Board, or another authorised member of the Supervisory Board, 5) appointing an auditor to audit the Company's financial statements and consolidated financial statements of the Company's group, 6) determining the amount of and rules for remunerating members of the Management Board, 7) giving consent for the Company to pay an advance on the expected dividend 8) approving the Regulations of the Management Board, and 9) giving consent to the Company's acquisition or disposal of real properties, a perpetual usufruct right or interest in a real property or a perpetual usufruct right, 10) suspending individual or all members of the Management Board for important reasons and to delegate members of the Supervisory Board, for a period of no longer than three months, to temporarily perform the duties of members of the Management Board who have been recalled, have resigned or who, for other reasons, are incapable of performing their duties, 11) adopting of the Regulations of the Supervisory Board.

At the same time - pursuant to Art. 380 (1) of the Code of Commercial Companies and Partnerships - the Management Board of the Company is obliged to regularly inform the members of the Supervisory Board about the current situation of the Company and related companies within the limits of its knowledge and the provision of the indicated legal basis. The right of the Company's Supervisory Board to receive such information has not been excluded or limited in any way in the Company's Articles of Association, in order to ensure transparency of the Company's operations and far-reaching protection of the interests of minority shareholders.

The Company maintains risk management and supervisory systems appropriate to the size of the Company and the nature and scale of its operations. The Company does not have a separate organizational unit responsible for risk management.

The Management Board is responsible for implementing and maintaining an effective risk management system.

The Company's key risk areas include: (i) liquidity risk; (ii) personal data protection risk; (iii) risk of business downtime and IT system failure; (iv) regulatory risk; (v) competition risk; (vi) AML related risk; (vii) risk of failure to execute the Company's strategy. The risk

areas above are regulated by the Group's internal procedures, including the procedure on counteracting money laundering and terrorist financing, personal data protection procedures and policies and other internally applicable procedures and policies.

As part of its internal risk management system, the Company conducts an ongoing assessment of the level of risk associated with the factors listed above. The level of liquidity risk is examined as part of internal management reporting based on the observation of standard liquidity measures. As the other key risks associated with the Company's operations are of a nature that is difficult to measure, the risk management system in relation to these factors significantly relies on the internal incident reporting system.

A detailed description of risk management in the STS Group, including corporate, social and environmental aspects, can be found in the Management Board's Report on the activities of the STS Holding S.A. Group of Companies for the period from 1 January to 31 December 2022 in chapter "4. Corporate Governance".

VIII. Ethics and standards

GRI 2-23
GRI 2-24

Within its activities, the STS Group not only complies with the restrictive minimum requirements stemming from provisions of law, but also pursues voluntary initiatives aimed at increasing the responsibility of our business. The STS Group holds a leading position in the pari-mutuel betting industry in Poland, and thus feels responsible for promoting its business in a completely transparent manner, taking into account the highest ethical standards.

The STS Group does not have unified policies or procedures with regard to responsible business, but makes use of documents which regulate certain aspects thereof, such as work regulations or betting regulations which comply with the responsible gambling concept. More information on each area is provided in the chapters below.

The Group is continuously working on improving its relevant compliance procedures and their correct application in its operational practice. As part of its ongoing supervision of the Group's operations, the Supervisory Board monitors all key risk areas, including anti-money laundering risk, regulatory risk, competition risk.

Top-level managers managing the Group's operational divisions and employees delegated by them are responsible for relations with business partners. The STS Group pays attention and ensures that relations with the Group's environment, including business partners, are based on partnership, trust and mutual fulfillment of obligations.

Anti-money laundering

The industry in which the Group operates is exposed to an increased risk of prohibited money laundering activities and therefore there is a risk that the Group's products may be used for those purposes by its customers, employees or third parties.

The activities of the STS Group are subject to the Act of March 1, 2018 on prevention of money laundering and financing of terrorism. Additionally, STS.BET Limited, as an entity holding a license to organize gambling in the United Kingdom and Estonia, is also subject to regulations on preventing money laundering and terrorist financing and is subject to supervision by the relevant authorities in the countries in which it operates.

Custom Index: Anti-Money Laundering
GRI 3-3

The General Inspector of Financial Information (Ministry of Finance) is authorised to carry out inspections on whether the anti-money laundering obligations have been performed correctly.

The internal document which regulates these issues is the Procedure for the Prevention of Money Laundering within the STS Group. In March 2022, the Group has adopted a policy with regard to AML issues. Like any policy in the STS Group, it has been approved by the Management Board. The risk related to money laundering is being monitored at the level of the STS Group.

AML, or Anti Money Laundering, means counteracting money laundering.

Examples of actions taken by the STS Group which stem from legal regulations include:

- verification and registration of identity of its customers,
- reporting of all transactions whose value exceeds a set amount as well as those transactions which may be related to money laundering, e.g. a single bet of at least EUR 15,000.00 or frequent bets of less than EUR 15,000.00; an entity which provides pari-mutuel betting services is obliged to monitor not only the bets, but also winnings exceeding EUR 2,000.00.
- appointment of an employee holding a managerial position responsible for ensuring compliance of activities with provisions related to prevention of money laundering and financing of terrorism.

Grey market prevention

The STS Group, as a entity legally operating in Poland, takes all measures possible for the Group to counteract the grey market, which in Poland was estimated to be worth over PLN 1 billion in 2020 based on gross gaming revenue (GGR) (according to EY's study Szara Strefa Na Rynku Hazardowym Online w Polsce ("The Grey Online Gambling Market in Poland"). For comparison, it is estimated that the regulated Polish market represents approximately PLN 2.9bn in gross gaming revenue (approximately 72% of the total market).

Grey market activities have an economic impact on the state, but may also affect the success of the Group's business. Responsibility for regulating the grey market lies with state bodies; however, the Group does undertake various actions aimed at reducing illegal activities within the industry via:

- supporting the activities of the following organizations: Stowarzyszenie Pracodawców i Pracowników Firm Bukmacherskich (Association of Employers and Employees of Bookmaking Companies) and Stowarzyszenie na Rzecz Likwidacji Szarej Strefy Zakładów Wzajemnych w Polsce "Graj Legalnie" (Association for the Liquidation of the Grey Zone of Betting in Poland "Play Legally")
- holding meetings with the Ministry of Finance, preparing recommendations based on the Group's experience in legal activities,
- monitoring the betting and gambling market.

Grey market entities do not hold appropriate gambling licenses in Poland and typically do not meet stringent regulatory requirements with respect to players.

Custom index: combating grey market
GRI 3-3

No restriction of competition

The most important market for the Group's activities is Poland, where the Group is the largest entity offering pari-mutuel betting services. Even though the Group has a dominant position on the Polish market, it faces continuous competition from both established market players and new entrants to the market.

The Group competes with a large number of betting operators, whether in betting outlets (i.e. stationary betting shops) or in the Internet, as well as with providers of other gambling products. Article 24 of Competition Act prohibits practices infringing collective

GRI 206-1
GRI 3-3

consumer interests. The President of UOKiK is the controlling entity and may issue a decision and impose on an entrepreneur a fine for, inter alia, a breach of Polish (or EU) competition law.

As part of its ongoing supervision of the Group's operations, the Supervisory Board monitors all key risk areas, including competition risk.

In 2022, no legal action was taken against the STS Group with respect to violations of competition and antitrust law.

Anti-corruption

GRI 205-3
GRI 3-3

The STS Group is aware of the need to comply within its activities with applicable laws, regulations and ethical standards aimed at preventing any forms of corruption.

Currently, the Group's anti-corruption policy is being implemented and will apply to employees, customers and business partners. Reports will be verified by a person appointed within the Group for this purpose.

The STS Management Board will be obliged to assess compliance with rules provided for in the Anti-Corruption Policy on a regular basis, and to assess every reported incident on an ad-hoc basis. The content of the Policy will be updated every time it is deemed necessary.

In 2022, no corruption incidents were identified within the STS Group.

Compliance with legal regulations

GRI 2-27

There were no significant cases of non-compliance with laws and regulations in the reporting period. Thus, there are no fines paid for non-compliance with laws and regulations. In the event of non-compliance, the Company will make a relevant notification in the future in accordance with applicable regulations.

Mechanisms for violation reporting and seeking feedback

GRI 2-25
GRI 2-267

The STS Group stakeholders can report violations, complaints and opinions via 1) the contact form available at <https://www.sts.pl/pl/customer-service/kontakt/> 2) the Customer Service hotline 3) the press office <https://biuro-prasowe.sts.pl/> 4) the Investor Relations department <https://stsholding.pl/kontakt/> or 5) general e-mail kontakt@sts.pl

Violation reports, complaints and opinions are directed to the relevant operational divisions of the STS Group in accordance with the nature of the case. They are verified and considered in individual departments. The legal department, and in selected cases the Group's Management Board, is also involved in the procedure.

IX. Awards and distinctions

GRI 205-3
GRI 3-3

Both the STS Group and its individual companies received numerous awards and distinctions in 2022:

<p>WYGRANA</p>  <p>Best Mobile Operator App</p>	<p>2 BRĄZOWE SPINACZE</p>  <p>PR miejsca, miasta lub regionu, PR finansowy i relacje inwestorskie</p>	<p>2 WYRÓŻNIENIA</p>  <p>Digital Public Relations, Games & Esport</p>
<p>WYRÓŻNIENIE</p>  <p>Kampania zintegrowana digital</p>	<p>WYRÓŻNIENIE</p>  <p>HR Dream Team 2022: „Get Involved”</p>	<p>WYRÓŻNIENIE</p>  <p>Digital Marketing: Kampania internetowa</p>
<p>7. MIEJSCE</p>  <p>Najlepsi Polscy Pracodawcy 2022</p>	<p>21. MIEJSCE</p>  <p>Ranking EGR Power 50 2022</p>	<p>2 NOMINACJE</p>  <p>Best native app, Innovation in esports</p>
<p>5 NOMINACJI</p>  <p>Operator of the year, Mobile sports product, Employer of the year, Customer services operator, Marketing campaign</p>		<p>DEBIUT</p>  <p>Debiut giełdowy roku</p>

- Bronze Paperclip (“Złote Spinacze” competition) in the category of Financial PR and Investor relations
- Bronze Paperclip (“Złote Spinacze” competition) in the category of PR of a place, city or region
- Two distinctions at the IAB Mixx Awards; categories: Digital PR, Games & Esport
- Distinction in the Kreatura competition in the category of Integrated Digital Campaign
- Distinction in the HR Dream Team competition
- Distinction in the Golden Arrow competition in the category of Digital marketing - Internet campaign
- Winning prize in the SBC Awards in the category of Best Mobile Operator App
- 5 nominations in the EGR Operator Awards competition (categories: Operator of the year, Mobile sports product, Employer of the year, Customer services operator, Marketing campaign)
- 2 nominations in the EGR Marketing & Innovation Awards competition (categories: Best native app, Innovation in esports)
- 21st in the EGR Power 50
- Stock exchange debut of the year of Parkiet and Rzeczpospolita
- 7th in the “Food, tourism, sport and recreation services” category in the Forbes ranking - Best Polish Employers 2022

X. Cooperation with business partners and organisations

GRI 2-6
GRI 2-28

The Group relies to varying degrees on a number of third party vendors, service providers as well as strategic partners to efficiently operate the business, offer its products and meet the expectations of customers.

In particular, certain key elements of the Group’s services are operated by third parties. Examples of the most important contracts concluded with partners:

- Contracts with Sportradar AG for the provision of services related to the transmission of online sports events and the No-voPrime service, i.e. a platform for the operation of sports betting, the provision of betting terminals and the use of virtual sports products.
- Contract for the provision of a service package concluded with TV Zaidimai Ltd granting permission to make use of simulated card games as well as other online and land-based games.
- Contract concluded with PZPN (the Polish Football Association) and Ekstraklasa S.A. concerning the right to use the results of I and II Liga (First and Second League) matches, Puchar Polski (Polish Cup) matches as well as matches played by the Polish national team and to use the results of Ekstraklasa (the top football league in Poland) matches.
- Contract for the provision of programming and IT services concluded with UAB TG LAB to create and adapt a gaming platform owned and/or controlled by TG LAB UAB to enable STS.BET Limited to provide online gaming services.
- Contract with Perform Media Channels for the provision of video and data analysis services by Perform.

The Group also works with lawyers, banks, auditing companies, consulting companies and marketing companies. It also leases some of its office spaces and stationary betting shops.

The STS Group plays a significant role and supports:

- Stowarzyszenie Pracodawców i Pracowników Firm Bukmacherskich (Association of Employers and Employees of Bookmaking Companies)
- Stowarzyszenie na Rzecz Likwidacji Szarej Strefy Zakładów Wzajemnych w Polsce “Graj Legalnie” (Association for the Liquidation of the Grey Zone of Betting in Poland “Play Legally”)

XI. Economic impact (financial results)

GRI 201-1
GRI 3-3

The economic impact of STS Group stems from its ongoing operating activities. The primary source of the Group's revenue is provision of pari-mutuel betting services which involve guessing the results of various events, especially sports and socio-political events. The STS Group prepares financial statements annually, where it summarises all important financial data of the organisation. These statements are available publicly, which confirms the transparency and openness of the organisation's business. Financial results are analysed by the Group's experts and the most important business decisions are made with reference to them.

Consolidated financial information of the STS Group is available at:
<https://stsholding.pl/relacje-inwestorskie/raporty/okresowe/>

GRI 207-1
GRI 3-3

Tax strategy

Within its business of provision of pari-mutuel betting services, the STS Group is strictly regulated by its obligations under the law. The industry in which the Group operates is exposed to an increased risk of prohibited activities, therefore the Group's transparency is of key importance.

STS S.A. is obliged to prepare and publicly announce information concerning its tax strategy for the given fiscal year, in accordance with the Act of 15 February 1992 on corporate income tax. STS S.A. has a Tax Strategy for 2020 and 2021, published on STS S.A.'s website.

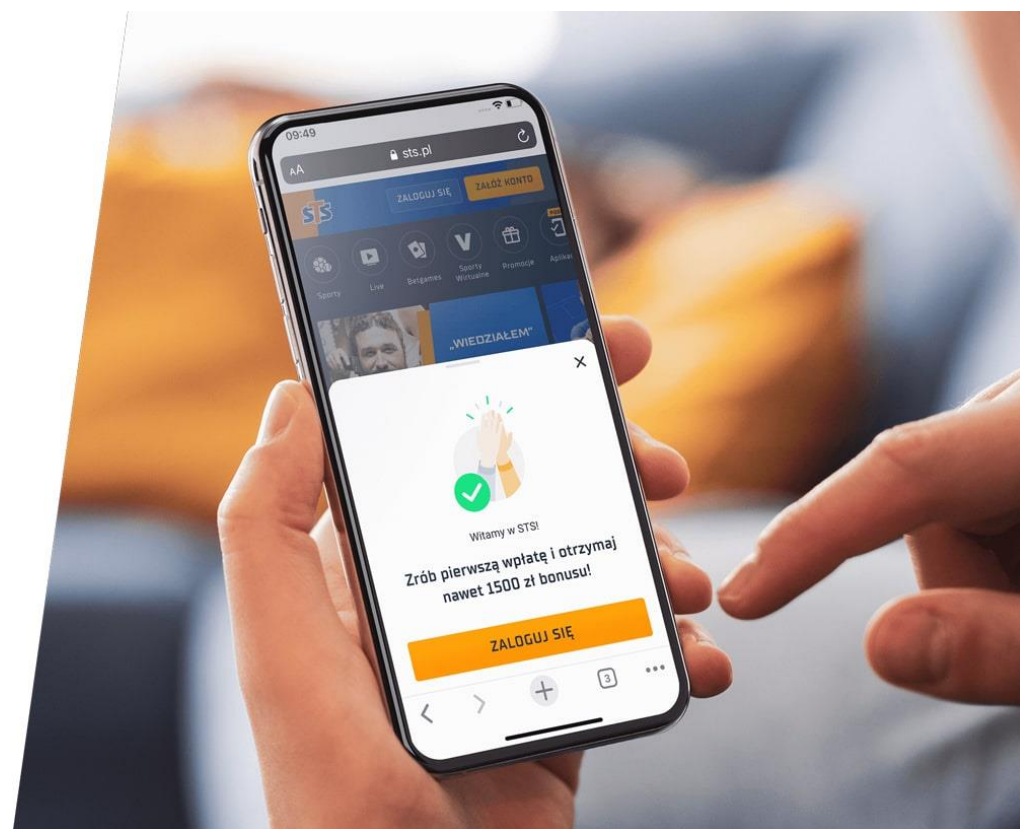
The Company pursues a tax strategy aimed at assuring proper performance of its tax function, decision-making formulas, goals and means in order to ensure due and timely fulfilment of its tax obligations. The Company views payment of taxes not only as a legal obligation, but also as a basic social and moral obligation of a business entity.

The Company has a system of internal regulations which contain written procedures that directly and indirectly affect the Company's due fulfilment of its obligations under tax law and limit the tax risk in key aspects of the Company's business.

Tax strategy is subject to approval of the Management Board of STS S.A. as well as periodic verification and is published annually.

III.

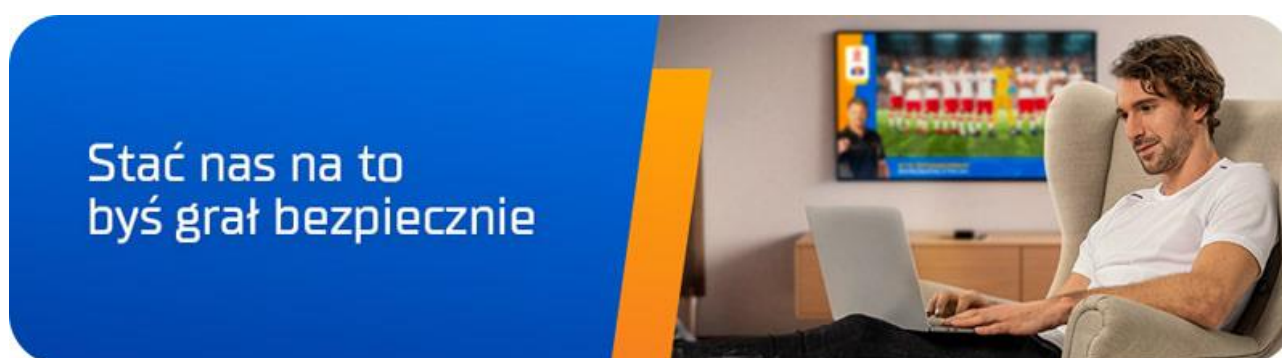
Responsibility towards the customer



I. The responsible gambling concept

GRI 416-1
GRI 3-3

The STS Group is a responsible company which regularly invests in the latest technical solutions meant to ensure the safety and comfort of its users. Activities of STS, i.e. bookmaking, are classified as gambling. For this reason, for several years now STS has been developing the Responsible Gambling concept, whose goal is to provide players with appropriate tools and knowledge to ensure that they can enjoy our services safely. A special team for managing all actions related to responsible gambling has been created within the STS Group. The Group has prepared rules and procedures for responsible gambling aimed at both the Polish market and foreign markets.



STS companies carry out their activities on the basis of local requirements placed on companies operating in a given country. For example, STS S.A., as the biggest bookmaker in Poland, conducts its business legally under a licence granted by the Ministry of Finance of the Republic of Poland. For the purposes of operating in the country, responsible gambling regulations have been created, with the goal to protect against negative consequences of gambling. This document was approved by the Ministry of Finance of the Republic of Poland and can be found on the website of STS S.A. Regulations are available at: <https://www.sts.pl/pl/regulaminy/>

The following is a presentation of responsible player tools, which have been created with safety of STS Group customers in mind:

On a dedicated website, new players can find information on how to use the services offered by STS safely. Furthermore, STS website has a section dedicated solely to responsible gambling, where players can find the necessary information and take a self-assessment test to find out whether they are in control of their gambling habits.

Time limits

Time limits help players manage their gaming time. Daily limit can be set to between 1 hour and 18 hours of being logged in, while monthly limit can be set to a maximum of 558 hours. Once the logged-in limit is exceeded, conclusion of new bets is impossible.

Amount limits

Amount limits help players manage their gaming budget. Bet amounts placed both from the deposit account and the bonus account over one day and one month can be specified. Once the limit is reached, player bets will not be accepted until the next settlement period.

Changing the set limits

Limits are tools that should help players manage their time and budget, and so they should be thought out and adapted to the player's resources. Setting a lower limit is done immediately once the player makes the appropriate change. On the other hand, setting a higher limit involves waiting time for the changes to be introduced, during which players can think their decisions over to make sure that they are correct; the first change is introduced after 24 hours, the second after 7 days, while the third and any subsequent – after 3 months.

Suspension of the account for 24h

We make it possible for players to suspend conclusion of bets for 24 hours. During this time, players can rest and focus on other activities. After 24 hours, player account is unlocked automatically.

Self-exclusion from the game

Sometimes it is a good idea to take a break from the game for a while. For this reason, STS makes it possible for players to exclude themselves from gaming for 3 months. During this time, bets cannot be placed. After 3 months, the account is unlocked and the player can return to gaming with a fresh attitude.

Closing the account

Closing the account is a serious decision. For this reason, this option is not offered automatically; however, every player can close their account by contacting customer service. They must send email to kontakt@sts.pl with the subject line "Account closure" and the body stating the reason for the decision, the e-mail address registered for the account as well as the first digit and the three last digits of their PESEL (Polish national identification number).

Player clock

Within their individual accounts, STS provides each player with a clock which shows and counts how long the customer has been active since login.

The STS Group strives to improve the effectiveness of responsible gambling, and thus further steps are being taken to bring the Group closer to fulfilment of its assumptions. Currently, STS has begun working with Neccton in the scope of the innovative Mentor tool, which will be introduced first in the British market, and then in the Polish market. As part of cooperation with the University of Economics in Katowice, the Group is working on the implementation of an artificial intelligence tool to verify the behavior of players that may indicate addiction.

Cooperation with the University of Economics in Katowice resulted in the creation of a prototype tool based on artificial intelligence, which was passed for further development and implementation to the internal Data Science team. The cooperation was so fruitful that the Group decided to extend it with another project related to the analysis of natural language and NLP in communication both on the client-client and client-STS basis. The aim of all this is to better understand customer expectations, their moods, and pay attention to signals that may require intervention.

II. Responsible marketing

As the STS Group mainly operates in the business-to-consumer model, its operations are covered by the consumer protection regulations. Extensive restrictions apply to the marketing of betting or other gaming services in some countries in which the Group operates. In countries where such restrictions exist, it is necessary to adapt advertising activities to applicable provisions of law.

In Poland, the pari-mutuel betting services offered by STS are advertised only in accordance with the Act of 19 November 2009 on gambling and in compliance with the following conditions:

- advertising is not targeted at minors,
- advertising does not make claims of easy winnings,
- advertising does not suggest that gaming has a relaxing or calming effect,
- advertising does not encourage higher bets by implying that it is a factor which increases the chance of winning,
- advertising does not associate gaming services or activities with physical or mental prowess,
- advertising does not present refraining from or limiting gaming in a negative manner,
- advertising does not associate pari-mutuel betting with sexual attractiveness, rest and relaxation, studying, work or with professional, personal or financial success.

Pari-mutuel betting services may not be advertised in TV, in radio, in cinemas or in theatres between 6 AM and 10 PM (excluding broadcasts of sponsored sports events), in press aimed at minors, on covers of newspapers and magazines and in public spaces (except for sponsored sports events).

Advertising for pari-mutuel betting services must include information concerning the consequences of participation in illegal gambling, the risk related to gambling and the held permit to provide pari-mutuel betting services.

STS Group makes every effort to ensure that every advertisement is verified for compliance with local regulations before being made public.

In 2022 (as well as throughout 2021), there were no instances of violation of regulations resulting in a fine, a penalty or a caution, and no instances of non-compliance in relation to any marketing-related issues.

III. Data privacy protection and Customer safety

GRI 418-1
GRI 3-3

As part of its regular operations, the STS Group processes significant quantities of personal data. Therefore, the Group has implemented robust privacy policies and IT solutions to ensure compliant processing of personal data. All personal data of users is protected via an encrypted connection using a qualified certificate issued by GeoTrust Inc, which ensures a high level of encryption. STS servers are located in an appropriately secure datacentre, which is inaccessible to third parties.

Personal and operational data of STS Website users is protected and processed in compliance with requirements of generally applicable provisions of law, especially those stipulated in the GDPR. In addition, a number of specific gambling-related documents which concern personal data are applicable in Poland, such as the Act on prevention of money laundering and financing of terrorism, the Act on gambling or the Regulation of the Minister of Development and Finance on the manner and scope of archiving of data related to gambling services provided via the Internet.

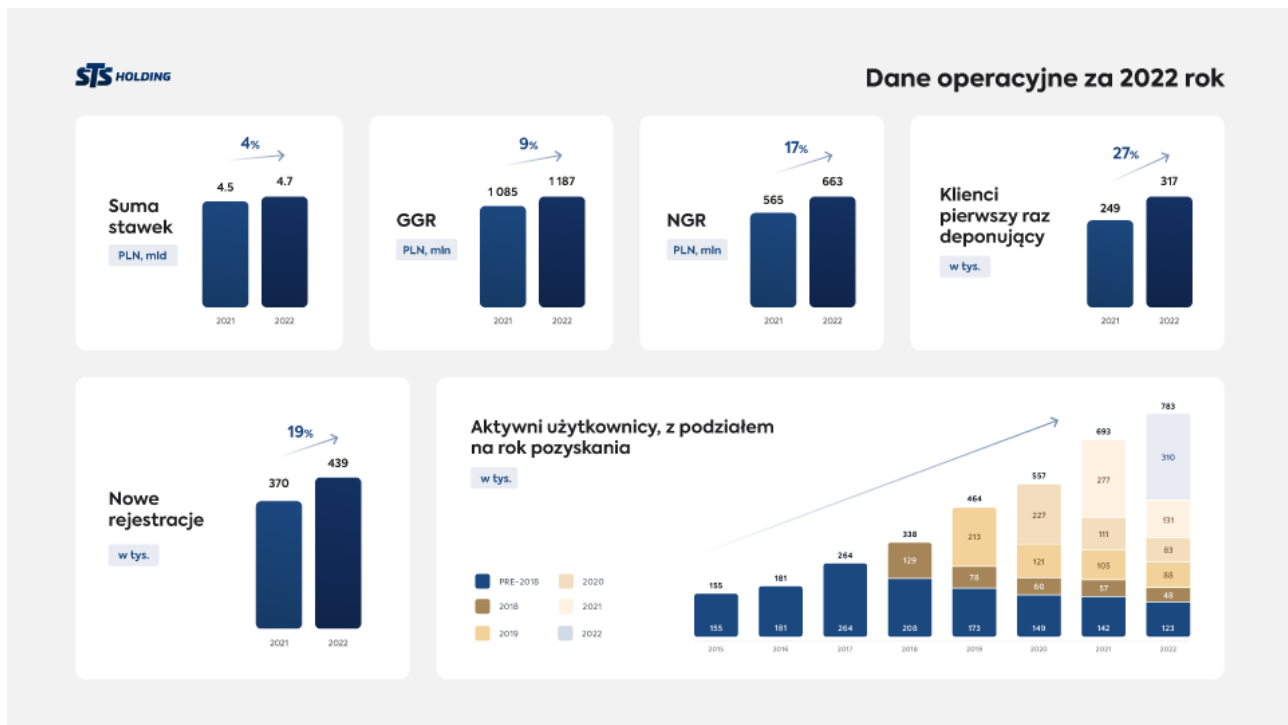
The STS Group is making every effort to comply with personal data protection regulations. Example procedures and policies related to protection of personal data can be found on the website of STS S.A. The policies have been approved by the Group's Management Board. In case of any doubts, questions, comments or reservations concerning the manner in which personal and operational data is managed, those STS companies which are obliged by law to do so provide access to a Data Protection Officer.

As part of its ongoing supervision of the Group's operations, the Supervisory Board monitors all key risk areas, including the risk related to the protection of personal data.

In 2022, no instance of leak, theft or loss of customer data was identified and no justified complaint concerning the violation of customer privacy was received.

IV. Customer satisfaction

Custom index
GRI 3-3



One of the strategic goals of the STS Group is to maintain the status of a bookmaker of first choice for sports fans in Poland.

The STS Group can boast significant achievements and knowledge in providing its customers with the best experience, enriched by an innovative technical platform developed by the Group itself. The Group intends to use its data analysis and interpretation capabilities to provide its customers with the best and most advanced product offer that meets their needs. The Net Promoter Score for the STS S.A. online channel increased from +29 in 2021 to +43 in 2022. The Group intends to follow and set trends with its product offer, including the development of activities in the field of live betting, virtual sports and electronic sports (eSports). The group is also planning to develop customer service functions, which in the long run should contribute to customer retention, commitment and loyalty.

NPS stands for Employee Net Promoter Score. It is a customer satisfaction assessment tool. The score can fall between -100 and +100.

The Group has been constantly investing in the development of internal tools to improve everyday work. An excellent example is the modernisation of the verification system, which has accelerated the account verification process by a factor of five - which was especially important for customers registering before and during the World Cup in Qatar. In addition, work is underway to optimise the entire customer journey process, which will increase comfort and shorten the response time at every point of contact between the customer and STS.

Last year, the number of active users amounted to 783 thousand, compared to 693 thousand in 2021. In 2022, the Group recorded: 439 thousand new registrations (370 thousand in 2021), and the number of customers who made their first deposit amounted to 317 thousand (249 thousand in 2021).

Furthermore, the number of customers who made their first deposit has also increased. In 2022, their number amounted to 317,000, compared to 249,000 in the previous year, which represents a year-on-year increase by 27%.

V. Procedures related to human rights

GRI 2-23

Due to the nature of the industry in which the STS Group operates, care for human rights is present, inter alia, with regard to actions towards the customer.

The STS Group approaches human rights issues in several areas: the responsible gaming concept (section I), custom advertising campaigns (section II), preventing the participation of minors, protection of personal data (section III).

The STS Group carries out responsible gambling initiatives aimed at, among others, promoting awareness of possible threats associated with gambling, may require the Group to incur additional costs related to the implementation of the industry best practices or to cease to offer certain products, in the event they are considered harmful to customers. Based on the UK's operations experience, and in light of requirements imposed on gambling companies by the Polish Gambling Act, the Group has adopted industry best practices with respect to responsible gambling, including inter alia, time or amount limits or quota limits and the possibility of self-exclusion by the players.

The STS Group is obliged to prevent minors from participating in the offered gambling games. All forms of gambling (with the exception of raffle and promotional lotteries) are prohibited for minors. Failure to respect the rules and principles of the prohibition of underage gambling is likely to have a significant impact on the image and reputation of STS Group and may entail the non-compliance with applicable legal and regulatory provisions.

Both the stationary and online services offered by the STS Group allow verification of the customer's identity. Gaming operators can ask for ID to check the participant's age.

Examples of information concerning the prevention of the participation of minors can be found in the Betting Regulations of STS S.A. This is available at: <https://www.sts.pl/pl/regulaminy/>

IV. Care for our employees



I. Conditions of employment

GRI 2-7
GRI 2-8
GRI 401-1
GRI 3-3

The group employs approx. 1,200 people, including sole traders. Most of the people working in the Group are employed under an employment contract; others are working under different contracts - mostly sole traders (B2B contracts) and those employed under civil law contracts, i.e. contracts of mandate and contracts for specific work. The Group hires staff based on contracts of mandate and contracts for specific work in the event of increased demand for specialized services in connection with the implementation of projects. The group hires specialists and other highly qualified team members under B2B contracts.

The vast majority of the Group's employees work in Poland under an employment contract, including approximately 450 people at the company's headquarters in Katowice.

STS Group employees:



1,201

Employees working under an employment contract

At the end of 2022, the STS Group had 1201 employees employed pursuant to an employment contract, including 78% women and 22% men.

The organization saw no significant fluctuations in the number of employees, neither during the year (no seasonal work) nor compared to the previous fiscal year (2021). Data concerning the number of employees was compiled using the HR and payroll software utilised by the company. Detailed figures related to employment can be found in table no. 1 at the end of the report. Moreover, as on 31 December 2022, 182 people cooperated with the STS Group under B2B contracts.

There are no collective bargaining agreements in force in the Group and there are no trade unions. The STS Group does not hinder employee initiatives aimed at establishing trade unions or collective labour agreements. In Poland, every citizen can exercise this right in view of the provision in the Constitution of the Republic of Poland. There is an employee council in STS S.A. Business partners have not been verified as to whether their companies have freedom of association. The STS Group is making every effort to choose partners who are responsible and comply with the law, including with the right to freedom of association.

STS Group provides a range of standard benefits for full-time employees. Those include: a private healthcare package, Multisport, free tickets to sports events, pension schemes and others. The Group companies offer a slightly different benefit package, which stems primarily from varied locations of offices and workplaces.

The employee quit ratio, i.e. the ratio of the number of employees who quit their jobs to the total number of employees at the end of 2022, was **0.26**

The new hires ratio, i.e. the ratio of the number of newly hired employees to the total number of employees at the end of 2022, was **0.21**

GRI 401-2
GRI 407-1
GRI 3-3

The Group is actively involved in building a positive image of the employer among potential, new and current employees. The company is involved in several projects aimed at promoting the Group as a first-choice employer. In an employee satisfaction survey conducted in 2022, the principal operating company STS S.A. achieved a very high eNPS (Employee Net Promoter Score), which indicates the number of respondents who would recommend the company to others, of +12. The change in the result may be due to the newly adopted research methodology. The Group will monitor the performance of the score in the coming years.

eNPS stands for Employee Net Promoter Score and is a tool used to assess work satisfaction.

The score can fall between -100 and +100.

II. Training and OHS

GRI 404-2
GRI 3-3

Training

The STS Group is aware of the fact that training is beneficial both for employees and for the company. Employees frequently take advantage of training courses offered by the employer, which help develop their competences. They become more efficient, involved and satisfied with their workplace. The company, in turn, shapes competent staff, which also translates to financial gains. Each individual STS Group company offers slightly different training courses, which stems from the specific nature and type of work performed. The information presented below concerns the most popular training courses and programmes targeting the greatest number of employees.

The Group offers a number of programmes targeting employees at various stages of their career:

“Buddy” Programme	The "Buddy" programme As part of the programme, new employees are assigned to experienced colleagues who help them find their way in the first days and help them get used to work.
Leader Workout	Launching a project addressed to the Leaders (workforce management level). A demand survey was carried out and a framework action plan for the following year was adopted. The project aims to develop strategic competences among the management staff.
Competency models	A series of cross-company workshops aimed at identifying the most desirable competences for the development of the organisation. They will serve as the basis for the creation of two competence models, for the level of Specialist and Leader, respectively.

The organisation holds a number of training courses mandatory for all employees, which stem from local legal considerations, including training courses dealing with personal data protection procedures as well as courses dealing with cybersecurity. Employees involved in specific projects and issues are obliged to undergo a training cycle, which includes courses dealing with AML, Compliance, ITSecurity and the GDPR, among others.

The STS Group also offers voluntary training courses, available to all employees:

Internal Coach Project	Open training conducted by our employees, aimed at sharing knowledge in the organisation.
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Dolineo	Induction training for employees of specific departments, such as CS, AML. Basic training in GDPR and Cybersecurity assigned to each of the new employees. Open development paths for all employees to develop soft and technical skills, such as knowledge of Excel.
TechTalks	A series of open meetings for employees focusing on technological innovations and the retrospective of ongoing projects.
Internal Training Cycle	Training is conducted by employees specialising in various topics and areas.

The STS Group also pays for books and technical literature, which are available to all employees. There are also closed training courses dedicated to interested teams; these are conducted by external instructors at STS headquarters in accordance with reported needs. They are typically attended by members of various teams. Training courses deal with both soft and technical skills, e.g.: Tableau, personal effectiveness, negotiation skills, advanced Excel, Product Discovery, selected technical courses.

The HR Department and the Manager for Involvement and Communication organise several actions targeting employees every year. Every department has a budget for training courses, which is allocated by the Management Board and coordinated by the HR Department. Employees from each department decide on the areas in which they require training on their own, while the HR Department also coordinates appropriate training courses e.g. with external partners. The combined annual budget for employee training is approx. PLN 0.75 million. In 2022, a total of 205 people attended training in the STS Group.

In addition, there are language training courses, English and Polish for foreigners, conducted by a language school, generally available, free of charge and within working hours. Training is tailored to the level of advancement. The company also offers business language classes, conversations with native speakers and classes targeted at specific departments, e.g. customer service by Customer Service employees.

Occupational health and safety (OHS)

GRI 403-1
GRI 3-3

The STS Group is covered by an OHS system 100% compliant with applicable provisions of law. The STS Group employs OHS procedures consistent with local considerations. In 2022, the Group reported 4 accidents at work and 2 accidents on the way to or from work (severity index - 62.5).

For example, all employees of Polish STS companies undergo initial OSH training before commencing work. This training consists of two parts:

- general initial training – meant to familiarise the employee with basic OSH provisions stipulated in the Labour Code and in all regulations and with first aid procedures to be employed in case of an accident;
- workplace induction training – meant to familiarise the employee with work environment factors which can potentially occur at their workplace and with the occupational risk related to performed work.

During employment, periodically at intervals specified separately for each workplace, employees are obliged to participate in periodic training sessions meant to update and revise the knowledge and skills in terms of OHS..

As the majority of jobs in STS involve administrative and office work, significant OHS risk factors are highly limited.

III. Diversity, equal opportunity and prevention of discrimination

GRI 2-19
GRI 2-20
GRI 2-21
GRI 202-1
GRI 202-2
GRI 405-1
GRI 405-2
GRI 3-3

Diversity among employees

The data on diversity among employees collected for the STS Group indicate that the Group is a relatively young team, with the largest number of employees in the middle age group (30 to 50 years old), which represents approx. 69%, followed by the group aged up to 30 years old, i.e. almost 21%. In the STS Group, the majority of employees are women, that is over 78%. The overwhelming majority of employees (approx. 96%) are employed in Poland. The issue of remuneration and the process of how it is determined is regulated by the Remuneration Regulations. The other locations of employment are the Czech Republic and Malta. Detailed percentage figures concerning diversity among employees can be found in table 2 at the end of the report.

Diversity policy towards the Management Board and the Supervisory Board

The parent company and its subsidiaries have not set diversity targets for the composition of the Management Board and Supervisory Board, but they focus only on the quality of management. It means that a balanced proportion of women and men on the Board of Management in the future will be taken into account depending on the responsibilities assigned, the availability of suitable candidates for the position and the size of the Board of Management and the Supervisory Board. The composition of the Management Board of the parent company STS Holding S.A. is 100% middle-aged men. On the other hand, the Supervisory Board of STS Holding S.A. consists of both women and men of different ages. Detailed figures can be found in tables 3 and 4 at the end of the report. All senior management members (100%) in the parent company come from Poland.

Equal pay

In accordance with the Remuneration Regulations of STS S.A., which apply to all employees regardless of the type of performed work and held position, employees are entitled to remuneration adequate with respect to the type of performed work and qualifications specified in the employment contract, and the base remuneration is specified by the employer via negotiations with the employee. The Remuneration Regulations state that remuneration for work performed on a full-time basis may not be lower than applicable minimum remuneration, while the base remuneration and other remuneration components for an employee working on a part-time basis are determined in proportion to the working time specified in the employment contract.

In addition, remuneration depends on the time during which the employee actually performed work throughout the given settlement period. The Remuneration Regulations also govern, among others, night shift and overtime allowances, the manner of payment of remuneration and deductions from remuneration, remuneration components other than base remuneration to which an employee is entitled and other benefits related to performed work as well as conditions for granting bonuses.

STS S.A. has a social benefit fund which can be used by employees, retired former employees of STS S.A. and members of their families.

The ratio of the average monthly base remuneration of a female employee to the same of a male employee was determined for Poland, which in this case was defined as the major location of business activity. The ratio of the average monthly base remuneration for managerial staff is nearly 1 and equals 0.99. For expert staff, the ratio of remuneration of female employees to that of male

employees is lower than one and equals approx. 0.09. Finally, employees working at betting outlets and other employees receive virtually the same remuneration regardless of gender, as indicated by the ratio of remuneration of female employees to that of male employees of 1.02. Detailed aggregate figures can be found in table no. 5 at the end of the report. The ratio of remuneration of employees at the lowest level in the dominant location of activity compared to the local minimum wage is 1.08 for women and 1.05 for men.

The ratio of the total annual remuneration of the person with the highest salary in the STS Group to the median of the total annual remuneration of all employees (excluding person with the highest salary) was 1,319% in 2022.

IV. Procedures related to human rights and prevention of child labour and forced labour

GRI 412-1
GRI 408-1
GRI 409-1
GRI 414-1
GRI 3-3

Throughout the entire STS Group, with respect to procedures related to human rights, labour law is respected and employee privacy is protected in accordance with applicable local laws. For example, employees are informed about their rights by means of an information clause and have access to a Data Protection Officer.

To protect minors against the negative effects of gambling caused by indirect influence, i.e. working for a bookmaker, the STS Group decided to prohibit the employment of minors. Furthermore, as the organisation's activities are strictly regulated, STS cannot employ minors also due to the fact that they are prohibited from entering its betting outlets. The activities of STS are deemed to entail no risk of child labour.

Activities of the STS Group do not entail a risk of forced or compulsory labour, which is regulated by local laws of EU Member States where the Group conducts its business. Good working conditions are also confirmed by a high eNPS, as mentioned in subchapter I of this chapter. The STS Group will strive to maintain the high level of employee satisfaction.

Partners working with the STS Group are not verified in terms of compliance with human rights, prevention of forced labour and child labour or other social criteria. The STS Group is making every effort to choose partners who are responsible and comply with the law.

The STS Group does not have unified policies or procedures with regard to human rights, but makes use of documents which regulate certain aspects thereof, such as work regulations. The STS Group will be monitoring these issues and disclosing them in future sustainable development reports. In 2022, activities of the Group were not subject to any reviews with regard to human rights or assessments of impact on human rights.

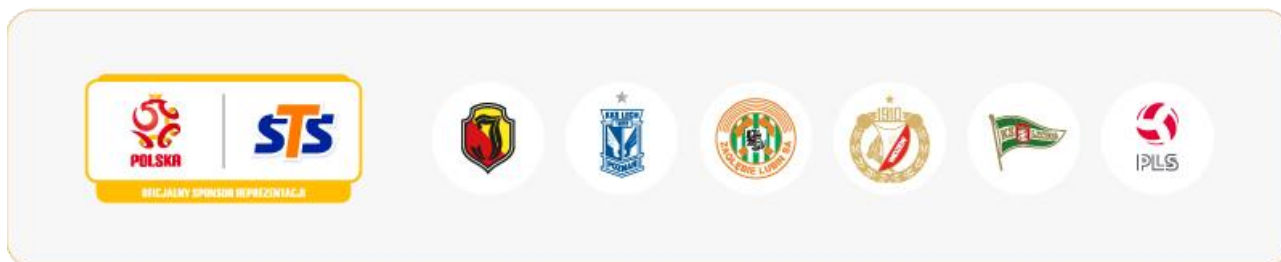
V. Social activity



I. Supporting Polish sports

The STS Group is one of the largest sponsors actively supporting Polish sports. The subsidiary STS S.A. is the official sponsor of the Polish National Football Team, the strategic sponsor of Lech Poznań, the main sponsor of Jagiellonia Białystok and the official book-maker of Zagłębie Lubin, Widzew Łódź, Zagłębie Lubin, Lechia Gdańsk, Polish Volleyball League and other clubs and sports associations. The Group also supports eSports.

Custom index: Supporting Polish sports
GRI 3-3



The Group has been supporting Polish sport since 2013. Since then, until 2022, STS S.A. has allocated tens of millions Polish zlotys for activities related to the sponsorship of Polish sports. Last year, the amounts allocated towards support increased by several percent. The Group works not only with sports clubs and associations, but also with supporter associations and local sports initiatives, such as GKS Urania and Ruch Radzionków. The Group’s strategy in this area is closely linked with providing support for sports communities in many regions in the country. STS S.A. has a dedicated Sponsorship Department, which makes decisions concerning support and manages the budget.



In 2022, the STS Group took the patronage over the mural from the series "Let's remember about athletes"! In Łódź at ul. Świętego Kazimierza 11, you can admire the mural of Włodzimierz Smolarek, one of the best Polish footballers and a legend of Widzew Łódź S.A. The project was created on the 10th anniversary of the player's death and as part of the activation of the sponsorship agreement with Widzew Łódź.

In 2022, the STS Group took the patronage over another mural from the series "Let's remember about athletes"! An initiative to commemorate Włodzimierz Lubański was launched in Gliwice on the occasion of the 50th anniversary of winning the Olympic gold medal in Munich by the representatives of Poland.



In 2022, STS conducted an activation campaign for volleyball fans together with the Polish Volleyball League. As part of the campaign, the level of fan attendance at 14 stadiums across the country was measured. Each person present at a match from the tour is the equivalent of PLN 1, which STS donated to three organizations - the Polish Volleyball Foundation, the Polish Disabled Sports Association "Start", and the Heroes Foundation (a public benefit organisation that actively helps children with cancer and those from orphanages). The total amount of support provided by the STS Group was PLN 25,853.

In July 2022, in the cup match between KKS Lech Poznań S.A. and Karabakh Agdam, the STS logotype on the front of T-shirts was replaced again with the logotype of the STS Foundation (Sport Is Your Chance). In Azerbaijan, it is forbidden to advertise betting companies that are not licensed in the country.



In September 2022, in the cup match between KKS Lech Poznań S.A. and Hapoel Baar Sheva, the STS logotype on the front of T-shirts was replaced again with the logotype of the CukierAsy Foundation. In Israel, it is forbidden to advertise betting companies that are not licensed in the country.

In 2022, the STS Group team took part in the Poland Business Run initiative. That is the largest charity run in Poland, which helps make the dreams of people after amputations come true. Every year in September, employees of small enterprises and large international corporations, presidents, managers, assistants, financiers and artists - everyone, regardless of their profession or position, run in a relay race, which gives several people a chance to return to normal life.



II. The activity of Fundacja Sport Twoją Szansą (Sport is Your Chance Foundation)

The Group conducts its activities in the area of corporate social responsibility through the Sport Is Your Chance Foundation, whose statutory goal is to undertake activities supporting the development of Polish sport. The foundation, established on the initiative of the subsidiary STS S.A., supports talented sports enthusiasts by providing them with material assistance and substantive support.

The Foundation aims to support various types of initiatives related to the development of Polish sports. Its support is addressed to both individuals and legal entities, regardless of whether the sports activity is recreational, amateur or professional.

What is more, the Foundation helps athletes who, for various random or financial reasons, are unable to take part in national and international competitions. The Foundation also wants to promote Polish sport outside Poland.

The Foundation was established in 2014 and since then it has undertaken several dozen sports initiatives at local, national and international level.

Examples of activities carried out in 2022



The STS Foundation (Sport Is Your Chance) together with Jagiellonia Białystok club conducted an auction of T-shirts, in which the players of "Jaga" played in the jubilee match on the occasion of the 100th anniversary of Lech Poznań. The amount collected - PLN 5,823 - was allocated to the trip of the Białystok Disabled Fan Club to the match against Górnik Łęczna. The campaign's ambassador was Ivan Runje.

Lech Poznań and the STS Foundation conducted an auction of 17 T-shirts worn by Lech players in the last match of the 21/22 season. It was on the initiative of STS that the sponsor's logo on the jersey's front was replaced the championship slogan. The funds collected in the campaign - PLN 30,903 - were allocated to the football camp of CukierAsy - a team of children with diabetes.



In addition, in 2022, the Sport is Your Chance Foundation supported Laura Ścisłowska, Wiktoria Wieczorkiewicz, Andrzej Kuch and Szymon Kural.

III. Care for those in need

The Group's employees and the Management Board choose social initiatives that receive support from both employees and the Management Board - those are individual but recurring donations to selected foundations.

The Group regularly cooperates with non-governmental organizations such as the Great Orchestra of Christmas Charity (WOŚP), the largest Polish charity organisation, or Special Olympics, and for many years about half of the Group's employees have been involved in the activities of Noble Gift (Szlachetna Paczka), one of the largest and most recognizable social projects in Poland. In the holiday season, a company committee is formed to select families who receive support under Szlachetna Paczka project. Both employees and management are financially involved. This is a bottom-up initiative but employees devote themselves to charity during working hours. The Management Board decides to approve the implementation of initiatives and is also involved in the activities. The evaluation of the actions carried out comes from the employees coordinating the actions.

Custom index: Supporting employees in taking up social initiatives
GRI 3-3



In addition, in 2022, the STS Group and its employees were involved in helping Ukraine and refugees from Ukraine when their country was attacked by Russia. STS S.A. donated PLN 100,000 to the Polish Humanitarian Action. The employees of the STS Group also get involved in a collection of items for those in need, organised by the Polish-Ukrainian Center Foundation and the Bartla Foundation.

VI. Impact on the environment and climate



I. Climate change, energy and CO₂ emissions

GRI 201-2
GRI 302-1
GRI 305-1
GRI 305-2
GRI 3-3

The STS Group conducts service activities and provides the vast majority of services through the Internet. The STS Group believes that due to the nature of its business, there are no environmental issues that are significant for its operations, financial condition and the use of property, plant and equipment.

On the other hand, during the stakeholder engagement, the impact of the STS Group's operations on energy consumption and, consequently, on CO₂ emissions and climate change was distinguished. Due to the nature of its business, the Group does not have environmental policies in place, but it is taking steps to introduce more ecological solutions.

Selected risks and opportunities for the STS Group resulting from climate change

- Physical risks/opportunities:
 - long-term risk - raising outdoor temperature - measures to provide air conditioning in workplaces,
 - acute risk - municipal floods, storms - periodic verification of the technical condition of technical infrastructure,
- Risks/opportunities for a low-carbon economy (including regulatory risk):
 - striving to reduce CO₂ emissions in the European Union, increasing operating costs, stakeholder expectations - activities to increase the energy efficiency of buildings and equipment used by the STS Group, increasing the share of renewable energy sources, optimization of operating costs, building the image of an environmentally responsible company.

Climate risk management is based on ongoing monitoring of compliance with legal regulations and the implementation of individual actions to minimise the effects of potential risk.

Energy consumption and CO₂ emissions

According to the GHG Protocol Corporate Standard, two ranges of greenhouse gas emissions are mandatory for reporting:

Scope 1 - direct emissions from emission sources controlled by the organization, such as e.g. vehicles, heat sources (e.g. gas boilers), process emissions.

Scope 2 - indirect emissions related to electricity and heat consumption purchased from suppliers.

The reporting includes data from companies located in Poland and the Czech Republic. Detailed figures are presented in Table 6 in the final chapter of the report.

Scope 1 in 2022:
327 tons of CO₂e

Scope 2 in 2022:
2,606 tons of CO₂e

STS S.A. holds a certificate that guarantees the use of 100% of electricity in 2022 from renewable sources. In the current report, only due to the lack of formal confirmation from the Energy Regulatory Office, the Group does not include this origin in the calculation of CO2 emissions.

II. Examples of our pro-environmental solutions

The group focuses on implementing pro-ecological solutions in its betting outlets and offices. During renovation works, the energy-saving lighting was installed. The offices in Katowice, Warsaw, Prague and Malta use light bulbs based on light emitting diodes (LEDs). This light source is also used in about 40% of betting shops. In the nearest future, photovoltaic panels are planned to be installed at the Group's headquarters, which will enable a further increase in the share of energy from renewable sources in the total energy consumed.

The group has also taken steps to reduce the amount of plastic waste. The drinking water supplier in the offices of STS S.A. has been changed and plastic bottles have been replaced with ecological tap water dispensers. In view of the digitization of betting outlets, the Group's offer is more and more often presented in electronic form (tablets and mobile displays), which significantly reduces the demand for paper. The ongoing transformation of betting shops will bring further benefits in this area.

Danube House, our office in the Czech Republic, has been assessed in terms of the building's environmental performance according to the internationally recognized LEED rating system. The facility is the LEED PLATINUM certified building, which is the highest level of certification.

VII. About the report



I. Basic information about the report

GRI 2-2
GRI 2-3

In 2021, we decided to prepare the first sustainable development report for the STS Group. Due to the obligation to publish non-financial data of our Group, and the growing expectations of our stakeholders, we have prepared a report for the period from 1 January to 31 December 2022. In the document, the data and non-financial results of the companies included in the consolidated financial statements are taken into account (companies presented in the chapter STS Holding S.A. Group of Companies). New reports are planned to be published cyclically every year to cover the previous calendar year (analogically to annual financial statements).

The report has been prepared in accordance with the GRI Standards, taking into account the requirements of the Accounting Act in the field of non-financial reporting and the basic indicators included in the ESG Reporting Guidelines prepared by the WSE (May 2021). The document also covers information on the EU Taxonomy eligibility. Sweco Polska supported us in the preparation of the sustainable development report.

Contact person for the report:



Łukasz Borkowski
Head of Corporate Communications
& Investor Relations



lukasz.borkowski@sts.pl

II. Defining report content

In preparation for reporting on sustainable development issues, we organized internal workshops with participants representing various departments of the STS Group. During the meeting, we learned the basics of reporting in accordance with GRI Standards, defined our stakeholders and determined the Group's impact on social (including human rights), environmental and economic issues from the company's perspective. In 2022, we reviewed the results of the workshops, consulted selected key employees of the Group on aspects related to sustainable development and the activities of the STS Group.

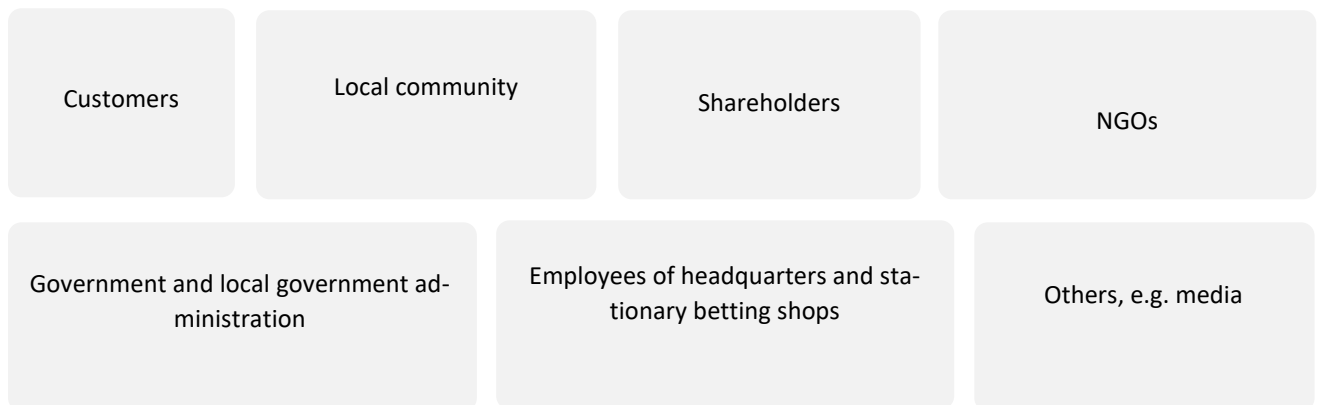
GRI 3-1

In order to define the content of the sustainability report, we used the Reporting Principles (GRI 1y), taking into account the broader context of sustainable development, relevance and completeness of the content. The basis of the process was the involvement of our stakeholders, both external and internal. The significance of a given area was determined based on two dimensions: the Group's impact on social, environmental and economic issues and the impact on the assessment of our stakeholders.

III. Stakeholders of STS Group

GRI 2-29

During internal workshops in the STS Group, we defined groups of stakeholders that are influenced by our activities or have an impact on the Group. There are various methods of communication with each group, depending on the needs. The groups we communicate most often with are our customers, employees and shareholders. The government administration (Ministry of Finance) and sports organizations are also significant stakeholders who are actively involved due to the nature of our activities. As part of the verification of the content of the report for 2022, the persons responsible for reporting agreed with key employees on the basis of information collected from stakeholders that it was reasonable to maintain the material topics identified in the previous year.



The Investor Relations Department is responsible, among others, for communication with the stakeholders.

The purpose of communication with stakeholders as part of sustainable development management is, among others, providing information on the activities of the STS Group and obtaining feedback. In order to increase the involvement of stakeholders, the STS Group adapts the means of communication to specific target groups.

The methods of communication implemented by the Group include:

- running websites, including STS Holding, STS SA and social media: STS Gaming Group, STS Holding ,
- publication of periodic and current reports,
- publication of articles, press releases,
- direct meetings as part of the business and additional initiatives,
- newsletters and messages in the application for online customers,
- advertising in the media, posters, messages in stationary betting outlets,
- publication of messages in the staff internal system.

For the purposes of creating the content of the 2021 report, a dedicated online survey was prepared for the STS Group, which was sent to stakeholder groups with varying degrees of connection with the Group's operations. The survey was also made publicly available on social media in order to reach those who would like to share their opinion. Over 500 various stakeholders were involved in the process; they gave their opinion on the impact of the STS Group on the issues of sustainable development.

In 2022, we observed and collected the opinion of stakeholders through various means of communication, which allowed us to maintain the reporting of important topics like last year.

IV. Significant aspects for reporting

GRI 3-2

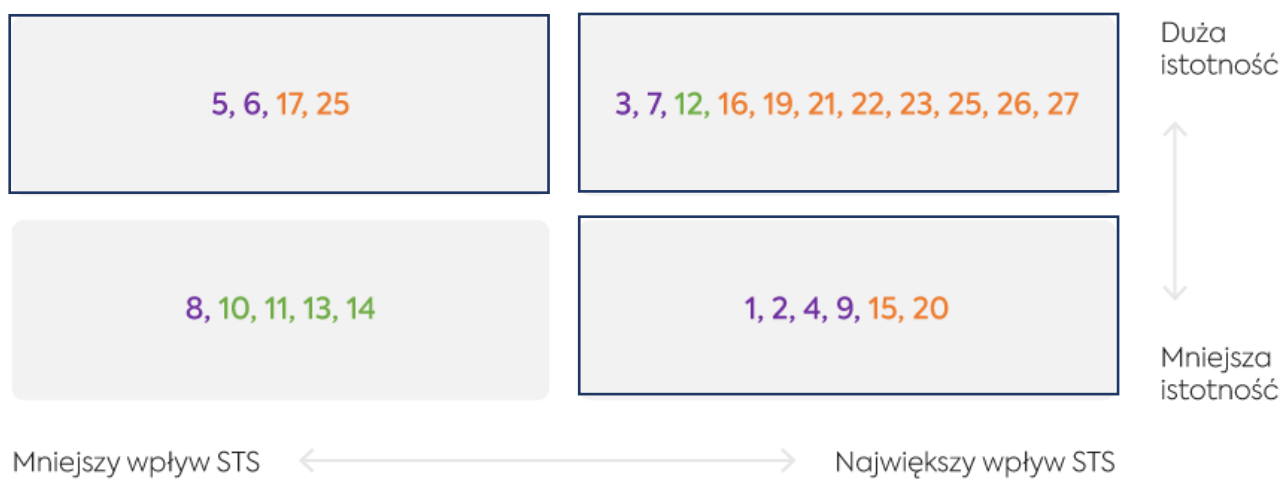
The Management Board of the STS Group as well as external and internal stakeholders were involved in the identification of areas significant for reporting on sustainable development issues. Bearing in mind the dual perspective of significance, the results are presented in the significance matrix. Reporting will cover both the issues significant from the perspective of the Group's Management Board and stakeholders.

Subject

- 1 STS financial results
- 2 STS customer satisfaction
- 3 STS support for the domestic economy
- 4 STS counteracting corruption and money laundering
- 5 STS counteracting the gray market
- 6 STS activities that do not restrict free competition on the betting market
- 7 STS opportunities and risks resulting from climate change
- 8 State support for STS
- 9 STS taxation approach
- 10 Environmental protection and STS impact on biodiversity
- 11 Materials used and waste management by STS
- 12 Energy consumption and greenhouse gas emissions by STS
- 13 Water use by STS
- 14 Environmental impact in the STS supply chain
- 15 Employment conditions at STS
- 16 Education of STS employees
- 17 Diversity and equal opportunities at STS
- 18 Non-discrimination at STS
- 19 Occupational health and safety at STS

- 20 Safety and health of STS customers
- 21 STS customer privacy protection
- 22 Responsible marketing at STS
- 23 Supporting Polish sport by STS
- 24 Community support by STS
- 25 Socially responsible STS partners
- 26 Human rights (including forced labor, child labor)
- 27 Freedom of association

Significance matrix



Subject to reporting

IV. Correlation tables

Accounting Act in the scope of non-financial information

Subject	Comments or location in the report
Business model	-> Business model (p. 7)
Key non-financial performance indicators	---> Table below
<p>Policies applied by the company in relation to social issues, employee issues, natural environment, respect for human rights and counter-acting corruption, and the results of applying these policies</p>	<p>The STS group of companies does not have unified policies for each of these areas, but it has internal procedures regulating the selected areas:</p> <ul style="list-style-type: none"> - in social matters, among other things, procedures and policies for the protection of personal data, betting regulations - in employee matters, for example, work and payroll regulations, occupational health and safety regulations - in anti-corruption matters, for example, the procedure for counteracting money laundering and terrorist financing, betting regulations (the anti-corruption policy is at the implementation stage at the Group level) <p>The STS Group does not have separate policies related to the environment (due to the service nature of its operations) and the respect for human rights. In the case of the STS Group, the respect for human rights is taken into account as part of social and labor matters. In the future, the STS Group will adapt its policies depending on equal regulations and stakeholder expectations.</p> <p>The examples of the results of the applied policies are described in the following chapters:</p> <ul style="list-style-type: none"> II. VIII. ETHICS AND STANDARDS III.I. THE RESPONSIBLE GAMBLING CONCEPT III.III. DATA PRIVACY PROTECTION AND CUSTOMER SAFETY III.V. HUMAN RIGHTS PROCEDURES IV.I. EMPLOYMENT CONDITIONS IV.II. TRAINING IV.III. DIVERSITY, EQUAL OPPORTUNITY AND PREVENTION OF DISCRIMINATION IV.IV. HUMAN RIGHTS PROCEDURES, COUNTERACTING CHILD LABOR AND FORCED LABOR
Due diligence procedures	<p>Detailed procedures applied by the STS Group to ensure the effectiveness of the policies applied in the field of social and employee issues are described in the following chapters:</p> <ul style="list-style-type: none"> II. VIII. ETHICS AND STANDARDS III.I. THE RESPONSIBLE GAMBLING CONCEPT III.III. PROTECTION OF PRIVACY OF DATA AND SAFETY OF CUSTOMERS III.V. HUMAN RIGHTS PROCEDURES IV.I. EMPLOYMENT CONDITIONS IV.II. TRAINING IV.III. DIVERSITY, EQUAL OPPORTUNITIES AND ANTI-DISCRIMINATION

IV.IV. HUMAN RIGHTS PROCEDURES, COUNTERACTING CHILD LABOR AND FORCED LABOR

Significant business risks and risk management -> Risk management (p. 15)

Key non-financial performance indicators	2021	2022	change
Total number of occurrences of non-compliance with marketing communications regulations	0	0	0
Total number of identified leaks, theft, or loss of customer data	0	0	0
NPS - Net Promoter Score for retail network	52	49	-3
NPS - Net Promoter Score for the online channel	29	43	+14
eNPS - Net Promoter Score of an STS S.A. employee	60	12	-48
Direct and indirect CO2 emissions (Scope 1,2) [tonnes CO2e]	3,802	2,933	-869
Total number of confirmed cases of corruption	0	0	0

Due to the impact of the COVID pandemic, the NPS indicator in 2020 has not been calculated. In 2019, it was 46. In STS S.A., it was the first time in 2021 that the eNPS indicator was calculated. In 2022, the methodology of the employee satisfaction survey was changed, which could have had a significant impact on the result of the survey.

EU taxonomy

In 2020, EU Regulation 2020/852 on the establishment of a framework to facilitate sustainable investment was adopted. On 4 June 2021, the European Commission issued Delegated Regulation 2021/2139 setting out technical compliance criteria. It defines the compliance criteria for making a significant contribution to climate change mitigation and adaptation without significant detriment to other environmental goals. Compliance criteria have not been defined for the remaining four environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems;

Turnover

The analysis of the STS Group shows that 100% of the turnover comes from activities that are not eligible for the EU Taxonomy.

Capital expenditures

The analysis of the STS Group shows that 2% of capital expenditures are eligible for the EU Taxonomy regarding the activity "8.1 Data Processing; website management (hosting) and similar activities" and "7.2 Renovation of existing buildings".

98% of capital expenditures concern activities that are not eligible for the EU taxonomy.

Operating expenses

The analysis of the STS Group shows that 15% of operating expenses are eligible for the EU Taxonomy regarding the activity "8.1 Data Processing; website management (hosting) and similar activities" and "7.2 Renovation of existing buildings".

85% of operating expenses concern activities that are not eligible for the EU taxonomy.

Taxonomy in the STS Group:

1. Determination of the NACE activity codes in which the economic activity of the STS Group is located.
2. Identification of turnover, capital expenditures and operating expenses in all companies of the STS Group, in accordance with the methodology set out in Annex 1 to the EU Delegated Regulation No. 2021/2178 of 6 July 2021.
3. Data on revenue, capital expenditures and operating expenses have been consolidated at the level of the STS Group. The percentage of turnover, capital expenditures and operating expenses for each activity with a NACE code has been calculated at the level of the STS Group.
4. Determination whether the activities of the STS Group are defined as eligible for taxonomy in Annexes 1 and 2 of the EU Delegated Regulation 2021/2139.
5. Activities identified and classified in the taxonomy should be reviewed in accordance with Delegated Regulation 2021/2139. It must be assessed whether the activities meet the criteria for making a significant contribution to climate change prevention or mitigation, and for each activity it must be verified that it does not seriously harm other environmental objectives. For all activities, it must also be specified whether it is a "transition" or "support" activity. Then, it should be verified whether the activities are conducted in a way that ensures compliance with the Minimum Guarantees set out in the regulation.
6. Presentation of sheets for turnover, capital expenditures and operating expenses in accordance with the Delegated Regulation 2021/2178.
7. The range of activities of the STS Group eligible for taxonomy was strongly limited. The activity of the STS Group is strictly service-oriented, of which over 80% of NGR (net revenue from games) is generated in online channels. Therefore, the Management Board of the STS Group decided to introduce a materiality threshold of PLN 2 million. If a given activity included in revenue, capital expenditures and operating expenses was classified in the EU taxonomy and had a value below PLN 2 million, it was assumed - without examination - that it is not consistent with the taxonomy. Compliance with the Minimum Guarantees was also not tested in this case. Thus, such activities were recognised as environmentally unsustainable. The Group will continue to explore the subject, knowing that not all eligible capital expenditures and operating expenses are taxonomy-eligible.
8. Both capital expenditures and operating expenses, disclosed as eligible but environmentally unsustainable activities, have been estimated on a year-by-year basis consistent with the approach taken in the financial statements. For the purposes of allocating costs to a given year, no need for a different approach in taxonomy was identified.

Percentage share of capital expenditures from services related to taxonomy-compliant business activity in 2022

Business activities (1)	Code or codes (2)	Investment expenditures in absolute terms (3) [PLN thousand]	Percentage share of capital expenditures (4) [%]	Substantial Contribution Criteria						Do No Significant Harm Criteria						Minimum guarantees (17) [Y/N]	Percentage of turnover consistent with the taxonomy, 2022 (18) [%]	Percentage of turnover consistent with the taxonomy, 2021 (19) [%]	Category (supporting activity) (20) [E]	Category (transition activities) (21) [T]
				Climate change mitigation (5) [%]	Adaptation to climate change (6) [%]	Water and marine resources (7) [%]	Circular economy (8) [%]	Pollution (9) [%]	Biodiversity and ecosystems (10) [%]	Climate change mitigation (11) [Y/N]	Adaptation to climate change (12) [Y/N]	Water and marine resources (13) [Y/N]	Circular economy (14) [Y/N]	Pollution (15) [Y/N]	Biodiversity and ecosystems (16) [Y/N]					
A. Activities eligible for taxonomy																				
A.1. Types of environmentally sustainable activities (taxonomy-compliant)																				
Capital expenditures from environmentally sustainable activities (taxonomy-compliant) (A.1)		0	0%																	
A. Activities eligible for taxonomy but not environmentally sustainable (taxonomy-non-eligible activities)																				
8.1 Data processing, hosting and related activities;	63.11	10	0.05%																	
7.2 Renovation of buildings	43.3	736	1.95%																	

Percentage share of operating expenses from services related to taxonomy-compliant business activity in 2022

Business activities (1)	Code or codes (2)	Substantial Contribution Criteria								Do No Significant Harm Criteria								Category (supporting activity) (20)	Category (transition activities) (21)	
		Operating expenses in absolute terms (3)	Percentage share of operating expenses (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum guarantees (17)	Percentage of turnover consistent with the taxonomy, 2022 (18)			Percentage of turnover consistent with the taxonomy, 2021 (19)
		[PLN thousand]	[%]	[%]	[%]	[%]	[%]	[%]	[%]	[Y/N]	[Y/N]	[Y/N]	[Y/N]	[Y/N]	[Y/N]	[Y/N]	[%]			[%]
A. Activities eligible for taxonomy																				
A.1. Types of environmentally sustainable activities (taxonomy-compliant)																				
Operating expenses for environmentally sustainable activities (taxonomy-compliant) (A.1)		0	0%																	
A. Activities eligible for taxonomy but not environmentally sustainable (taxonomy-non-eligible activities)																				
8.1 Data processing, hosting and related activities;	63.11	10.5	0.10%																	
7.2 Renovation of existing buildings	43.3	1626.5	15.37%																	

Compliance with the core indicators of the Warsaw Stock Exchange

WSE core index

The name of the basic indicator		Comments or location in the report
Environment (E)		
E-P1	Greenhouse gas emissions	---> Climate change, energy and CO2 emissions (p. 42)
E-P2	Energy consumption	---> Climate change, energy and CO2 emissions (p. 42)
E-P3	Climate-related risks and opportunities	---> Climate change, energy and CO2 emissions (p. 42)
Society (S)		
S-P1	Diversity in supervisory authorities	-> Diversity, equal opportunities and anti-discrimination (p. 32)
S-P2	Equal pay index	-> Diversity, equal opportunities and anti-discrimination (the indicator was calculated in accordance with the more extensive requirements of GRI Standard) (p. 32)
S-P3	Employment rotation	--> Conditions of employment (page 29)
S-P4	Freedom of association and collective bargaining	--> Conditions of employment (page 29)
S-P5	Human rights policy	-> Human rights procedures, counteracting child labor and forced labor (p. 34)
S-P6	Human rights due diligence procedures	-> Human rights procedures, counteracting child labor and forced labor (p. 34)
Corporate Governance (G)		

G-P1	Structure of management bodies	--> Management Board and Supervisory Board (page 11)
G-P2	Code of ethics	-> Ethics and standards (p. 16)
G-P3	Anti-corruption policy	-> Ethics and standards (p. 16)
G-P4	Breach notification mechanism	-> Ethics and standards (p. 16)

GRI content index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
GRI standard/ other source	Name of disclosure	Comments or location in the report	Omissions	
General disclosures				
	The organization and its reporting practices			
GRI 2: General Disclosures 2021	2-1	Organizational details	STS Holding Spółka Akcyjna Group of Companies, ul. Porcelanowa 8, 40-246 Katowice, Poland Basic information (p. 7), STS Holding S.A. Group of Companies (p. 7)	-
	2-2	Entities included in the organization's sustainability reporting	Basic information about the report (p. 8)	-
	2-3	Reporting period, frequency and contact point	Basic information about the report (p. 45)	-
	2-4	Restatements of information	The information has not been restated in relation to the previous reporting period.	-
	2-5	External assurance	The sustainable development report was not subject to external verification by an independent auditor.	-
		Activities and workers		
	2-6	Activities, value chain and other business relationships	Basic information about the report (p. 45), STS Holding S.A. Group of Companies (p. 7), STS products (p. 10), STS Group clients (p. 11), Cooperation with business partners and organizations (p. 20)	

2-7	Employees	Conditions of employment (page 29)
2-8	Workers who are not employees	Conditions of employment (page 29)
Governance		
2-9	Governance structure and composition	Management Board and Supervisory Board of STS Holding S.A. (p. 12)
2-10	Nomination and election of the highest governance body	Management Board and Supervisory Board of STS Holding S.A. (p. 14)
2-11	Chair of the highest governance body	Management Board and Supervisory Board of STS Holding S.A. (p. 12)
2-12	Role of the highest governance body in overseeing the management of impacts	Management Board and Supervisory Board of STS Holding S.A. (p. 14)
2-13	Delegation of responsibility for managing impacts	Management Board and Supervisory Board of STS Holding S.A. (p. 14)
2-14	Role of the highest governance body in sustainability reporting	Management Board and Supervisory Board of STS Holding S.A. (p. 14)
2-15	Conflict of Interest	Management Board and Supervisory Board of STS Holding S.A. (p. 14)
2-16	Communication of critical concerns	Management Board and Supervisory Board of STS Holding S.A. (p. 14)
2-17	Collective knowledge of the highest governance body	Management Board and Supervisory Board of STS Holding S.A. (p. 14)
2-18	Evaluation of the performance of the highest governance body	Management Board and Supervisory Board of STS Holding S.A. (p. 14)
2-19	Remuneration policies	Diversity, equal opportunities and anti-discrimination (p. 32)
2-20	Process to determine remuneration	Diversity, equal opportunities and anti-discrimination (p. 32)

2-21	Annual total compensation ratio	Diversity, equal opportunities and anti-discrimination (p. 33)
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Introduction (p. 4)
2-23	Policy commitments	<p>The STS Group does not have unified policies or procedures with regard to responsible business, and it does not refer to international guidelines related to this area. With reference to the subject of human rights, the Group has internal procedures regulating selected areas:</p> <ul style="list-style-type: none"> - in social matters, among other things, procedures and policies for the protection of personal data, betting regulations - in employee matters, for example, work and payroll regulations, occupational health and safety regulations - in matters of counteracting corruption <p>More information in Ethics and Standards (p. 16), Human Rights Procedures (p. 34), Risk Management (p. 15)</p>
2-24	Embedding policy commitments	
2-25	Processes to remediate negative impacts	Ethics and standards (p. 34)
2-26	Mechanisms for seeking advice and raising concerns	
2-27	Compliance with laws and regulations	Ethics and standards (p. 34)
2-28	Membership associations	Cooperation with business partners and organizations (p. 20)
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Stakeholders of STS Group (p. 46)

	2-30	Collective bargaining agreements	STS Group employees are not covered by collective bargaining agreements.	
Material topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Defining report content (p. 46)	-
	3-2	List of material topics	Significant aspects for reporting (p. 46)	-
Economic performance				
GRI 3: Material Topics 2021	3-3	Management of material topics	Economic impact (p. 21), Climate change, energy and CO2 emissions (p. 42),	
GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic impact	
	201-2	Financial implications and other risks and opportunities due to climate change	Climate change, energy and CO2 emissions (p. 42)	The indicator does not include financial implications
Supporting the national economy				
GRI 3: Material Topics 2021	3-3	Management of material topics	Diversity, equal opportunities and anti-discrimination (p. 32)	
GRI 202 Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Diversity, equal opportunities and anti-discrimination (p. 32)	
	202-2	Proportion of senior management hired from the local community	Diversity, equal opportunities and anti-discrimination (p. 32)	
Anti-corruption				

GRI 3: Material Topics 2021	3-3	Management of material topics	Anti-corruption (p. 18)
GRI 205 Anti-Corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Anti-corruption (p. 18)
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3	Management of material topics	No restriction of competition (p. 17)
GRI 206 Anti-Competitive Behavior 2016	206-1	Anti-competitive behavior	No restriction of competition (p. 17)
Approach to taxation			
GRI 3: Material Topics 2021	3-3	Management of material topics	Economic impact (p. 21)
GRI 207 Tax 2019	207-1	Approach to tax	Economic impact (p. 21)
Energy and greenhouse gas emissions			
GRI 3: Material Topics 2021	3-3	Management of material topics	Climate change, energy and CO2 emissions (p. 42)
GRI 302 Energy 2016	302-1	Energy consumption within the organization	Climate change, energy and CO2 emissions (p. 42)
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Climate change, energy and CO2 emissions (p. 42)
	305-2	Energy indirect (Scope 2) GHG emissions	Climate change, energy and CO2 emissions (p. 42)

Employment			
GRI 3: Material Topics 2021	3-3	Management of material topics	Conditions of employment (page 29)
GRI 401 Employment 2016	401-1	New employee hires and employee turnover	Conditions of employment (page 70)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Conditions of employment (page 29)
Occupational health and safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	Training and OHS (p.30)
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Training and OHS (p.30)
Education & Training			
GRI 3: Material Topics 2021	3-3	Management of material topics	Training and OHS (p.30)
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	Training and OHS (p.30) Transition assistance programs provided to facilitate the maintenance of employability and the management of career endings resulting from retirement or termination of employment are not in place.
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3	Management of material topics	Diversity, equal opportunities and anti-discrimination (p. 32)
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Diversity, equal opportunities and anti-discrimination (p. 32)
	405-2	Ratio of basic salary and remuneration of women to men	Diversity, equal opportunities and anti-discrimination (p. 33)

Freedom of association			
GRI 3: Material Topics 2021	3-3	Management of material topics	Conditions of employment (page 29)
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Conditions of employment (page 29)
Child Labor			
GRI 3: Material Topics 2021	3-3	Management of material topics	Human rights procedures, counteracting child labor and forced labor (p. 34)
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Human rights procedures, counteracting child labor and forced labor (p. 34)
Forced labor			
GRI 3: Material Topics 2021	3-3	Management of material topics	Human rights procedures, counteracting child labor and forced labor (p. 34)
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human rights procedures, counteracting child labor and forced labor (p. 34)
Social impact in the supply chain			
GRI 3: Material Topics 2021	3-3	Management of material topics	Human rights procedures, counteracting child labor and forced labor (p. 34)
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Human rights procedures, counteracting child labor and forced labor (p. 34)
	414-2	Negative social impacts in the supply chain and actions taken	Human rights procedures, counteracting child labor and forced labor (p. 34)
Customer health and safety			

GRI 3: Material Topics 2021	3-3	Management of material topics	The responsible gambling concept (p. 23)
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	The responsible gambling concept (p. 23) The percentage of significant products and services assessed for improvement in terms of health and safety impact is 100%
Responsible marketing			
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible marketing (p. 24)
GRI 417: Marketing and Labeling 2016	417-3	Incidents of non-compliance concerning marketing communications	Responsible marketing (p. 24)
Customer Privacy			
GRI 3: Material Topics 2021	3-3	Management of material topics	Data privacy protection and customer safety (p. 25)
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data privacy protection and customer safety (p. 25)
Custom index			
Anti-money laundering - custom index	3-3	Management of material topics	Anti-money laundering (p. 16)
	-	Anti-money laundering activities	Anti-money laundering (p. 16)
Grey market prevention - custom index	3-3	Management of material topics	Grey market prevention (p. 17)
	-	Activities against grey market	Grey market prevention (p. 17)
	3-3	Management of material topics	Care for those in need (p. 39)

Supporting employees in taking up social initiatives - custom index	-	Supporting employees in taking up social initiatives	Care for those in need (p. 39)
Supporting Polish sports - custom index	3-3	Management of material topics	Supporting Polish sports (p. 36)
	-	Supporting Polish sports	Supporting Polish sports (p. 36)
Customer satisfaction - custom index	3-3	Management of material topics	Our customer satisfaction (p. 26)
	-	Customer satisfaction	Our customer satisfaction (p. 26)

VIII. Tabular data



Table 1 Employment conditions number and turnover of employees

STS Group

GRI 2-7
GRI 401-1

Reporting period		2022	2022	2021	2021
Gender		F	M	F	M
	full-time	74.44%	23.04%	71.36%	26.24%
	part-time	1.46%	1.06%	1.42%	0.97%
	definite of up to one year	10.83%	5.78%	18.74%	9.60%
	indefinite period and definite period over one year	65.15%	18.24%	53.90%	16.87%
Percentage of employees (employment contract) - year-end balance	Poland	Definite period		28.59%	
		Indefinite period		64.15%	
	Czech Republic	Definite period		0%	
		Indefinite period		6.13%	
	Malta	Definite period		0%	
		Indefinite period		1.13%	
Total number of new hires (employment contract)	aged under 30	30.27%	26.82%	24.09%	22.97%
	aged 30-50	28.35%	12.26%	29.13%	19.61%

	aged over 50		1.92%	0.38%	2.52%	1.68%
	region	Poland	91.96%		88.52%	
		Czech Republic	7.66%		9.24%	
		Malta	0.38%		2.24%	
	by gender		60.54%	39.46%	55.74%	44.26%
new hires general ratio *			0.21		0.28	
	by agreement, expiration, termination by the employee		88.14%		86.81%	
	termination by the employer		11.86%		13.19%	
	aged under 30		23.73%	21.47%	29.75%	13.80%
	aged 30-50		35.58%	13.78%	34.36%	14.72%
Percentage of employees who have left the company (employed under an employment contract)	aged over 50		4.80%	0.64%	6.13%	1.23%
	region	Poland	96.79%		92.33%	
		Czech Republic	3.21%		6.13%	
		Malta	0%		1.53%	
	by gender		64.1%	35.9%	70.25%	29.75%
general ratio of employees who have left the company**			0.25		0.26	

* The ratio of new hires is the ratio of the number of new hires to the total number of employees at the end of the year

** The ratio of employees who have left the company is the ratio of the number of employees who have left the company to the total number of employees at the end of the year

In 2022, the Group had no employees for an indefinite period. In the Czech Republic, 3 people were part-time employees in 2022. In Malta, 1 person worked part-time in 2022.

The figures were collected based on the number of employees at the end of 2022.

Table 2 Workforce percentage by category

STS GROUP

GRI 405-1

GRI 401-2

Reporting period		2022			2021		
By structure		Executives	Specialists	Betting shop staff and other	Executives	Specialists	Betting shop staff and other
Percentage of employees	aged under 30	0%	9.77%	12.62%	0.83%	12.16%	13.51%
	aged 30-50	3.50%	17.59%	47.96%	3.08%	16.14%	45.65%
	aged over 50	0.33%	0.90%	8.79%	0.23%	0.75%	7.43%
	female		75.90%			72.90%	
	male		24.10%			27.10%	
	by region	Poland	3.42%	25.33%	67.26%	2.85%	24.10%

Czech Republic	0.41%	2.69%	0.65%	1.20%	4.73%	0.00%
Malta	0%	0.24%	0%	0.08%	0.23%	0.75%

Table 3 Percentage of the Management Board by category

STS Holding S.A. *

Reporting period		2022	2021
Percentage of employees	aged under 30	0	0
	aged 30-50	100%	100%
	aged over 50	0	0
	female	0	0
	male	100%	100%

- Data on the main parent company - STS Holding S.A. have been disclosed

Table 4 Composition and percentage of the Supervisory Board by category

STS Holding S.A. *

Reporting period		2022	2021
Percentage of Supervisory Board members	aged under 30	0	0
	aged 30-50	80%	80%
	aged over 50	20%	20%

percentage of Supervisory Board members by gender	women	40%	40%
	men	60%	60%

- Data on the main parent company - STS Holding S.A. have been disclosed

Table 5 Value of basic salary and remuneration of women to men by employee position

STS Group in Poland*

GRI 405-2

Reporting period		2022	2021
The ratio of the average monthly base remuneration of a female employee to male employee in major location	Management Board	x	x
	Executives	0.99	1.28
	Specialists	0.90	0.89
	Betting shop staff and other	1.02	1.04

- The average monthly salary was not included in the reporting; data on the remuneration of the Management Board are not included in the reporting due to the the fact that there are no women in its composition. The data in Table 5 refer to Polish companies as a significant location.

Table 6.1 Energy consumption (electricity, heat, cooling, steam) within the organization - from renewable and non-renewable sources

STS Group

Reporting period	2022	2021
Consumption of electricity from fossil fuels (in MWh)	2,489	3,483
Consumption of heat from fossil fuels (in MWh)	1,757	2,029
TOTAL	4,246	5512.85

Table 6.2 Fuel consumption within the organization

STS Group

Reporting period	2022	2021
Gasoline consumption in company cars (in liters)	64,068	46,737
Diesel fuel consumption in company cars (in liters)	6,328	8,510
Gas consumption in sources controlled by STS (in m3)	81,717	94,367

Table 6.3 Direct greenhouse gas emissions (in tonnes of CO2e)

STS Group

Reporting period	2022	2021
Gasoline emissions in company cars	145	106

Diesel fuel emissions in company cars	17	23
Emissions from combustion of gas for heating in sources controlled by STS	165	191
TOTAL	327	320

Table 6.4 Total indirect greenhouse gas emissions (in tonnes of CO2e)

STS Group

Reporting period	2022	2021
Electricity emissions from fossil fuels	1,929	2,700
Emissions from fossil fuel heat	677	782
TOTAL	2,606	3,482

Katowice, 21 March 2023:

Mateusz Juroszek

President of the Management Board of STS Holding S.A.

Zdzisław Kostrubała

Member of the Management Board of STS Holding S.A.

Marcin Walczysko

Member of the Management Board of STS Holding S.A.