



Statement on non-financial information

extract from the full Directors' report on the operations of Netguru S.A. in the period from 1 January to 31 December 2023 r.

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ESG introduction and management

This is the second statement regarding Netguru's non-financial information. The Company's Management believes that transparent sharing of ESG initiatives is crucial for the role that businesses play in the world.

The Company began reporting in this area in 2022 with the aim to:

1. transparently present data related to the company's impact on the environment and society, and provide access to this information to the company's stakeholders;
2. prepare for the requirements of the CSRD directive and future ESG data reporting obligations; at this point, legal regulations do not require Netguru S.A. to provide such a report;
3. inspire other companies, with a particular focus on the IT sector.

Netguru has been a member of the United Nations Global Compact since 2019, obtained B Corporation certification since 2020, and since 2022, the company formally includes in its statute a commitment to long-term and positive impact on the world, as well as considering stakeholders' voices in the decision-making process.

Furthermore, in 2023, the company introduced a compliance clause into the standard framework of the cooperation agreement, which constitutes a general commitment - both for the client and for Netguru - to conduct business in an ethical and sustainable manner, with respect for human rights, legal regulations, and business standards.

At Netguru, responsibility for the ESG strategy and monitoring changes and market requirements in this area is assigned to the Sustainability Lead, who reports to the Head of People and presents the status of affairs to the top-level management. At the same time, the goals arising from this strategy (e.g., related to equal opportunities or measuring carbon footprint) are assigned to individuals in various, most relevant teams within the company.

Netguru actively shares its experience in sustainable development at conferences, webinars, and on the company's blog.

The structure of this statement reflects that from 2022. The information contained in the report includes selected significant indicators from all areas indicated in the ESG reporting guidelines issued by the Warsaw Stock Exchange for companies listed on the GPW: corporate governance, environment and society, as well as additional data (proprietary indicators) relevant in the technology sector.

Organizational structure, team diversity, and employment turnover

Data as of the end of 2023:

- Netguru team: 453 people (employees and contractors)
 - 42% women;
 - 89% of people between 20 and 40 years old, 11% above 40 years old;
 - 33 foreigners;
 - 331 people in technical positions, including 32% women;
- Leadership positions: 43 people, 67% women;
- Managerial positions: 25 people, 56% women;
- Core Team management: 7 people, 57% women;
- Netguru Board: 2 people (1 woman and 1 man);
- Supervisory Board: 4 people, (3 men and 1 woman).

Women Representation

Netguru monitors the representation of women at all levels of the organization and in key organizational units of the company. All governing bodies, including the Supervisory Board since 2023, have female representation. The proportion of women in each monitored organizational category (overall representation, in technical positions, leadership positions, managerial roles, management board, Supervisory Board) has increased compared to 2022.

Gender Pay Gap

Since 2022, the company has been monitoring the raw gender pay gap, which examines structural differences in salaries between women and men, and it stood at 33% for 2023. This indicator results from an overrepresentation of men in technical teams - better-paid roles, while women make up the majority in administrative and support positions, which are less paid in the market.

Additionally, the company monitors the pay gap calculated as the difference between the median total compensation of women and men, expressed as a percentage of men's total compensation, based on data from organizational units that are gender-diverse. It excludes data from organizational units that are homogeneous in terms of gender to avoid influencing calculations of the pay gap between women and men. In 2023, this gap was 17%.

There are many factors that contribute to the gap, and we know that this measure should also be analyzed with a focus on various demographic data of employees and companies. Currently, after experimenting with general

models for calculating the difference in salaries between women and men, the company is working on a more adequate model to monitor the adjusted pay gap.

Employee Turnover at the end of 2023: 32% - the number of actual voluntary departures (the number of individuals who spent their last day at the company, despite the contract still being in effect) during the period, relative to the average number of employees in that period.

In 2023, the Company made the decision to reorganize, which resulted in the necessity of parting ways with 75 employees and terminating the cooperation with 119 subcontractors. The reasons for this reorganization are described in Chapter 2 of the Management Report titled "Significant Events". Depending on the agreement, severance packages included appropriate financial benefits, a paid non-compete period, the option to purchase equipment from Netguru, and an extended period of using company laptops. Individuals affected by the restructuring had access to medical and psychological care after the termination of employment. The Company took actions aimed at facilitating reintegration into the job market: these included consultations with HR and Recruitment teams to support further job search efforts and an active referral program utilizing the company managers' network of contacts.

Employee Opinion Survey and Engagement – eNPS: -53; Engagement Index: 42.

In its quarterly employee opinion surveys, Netguru utilizes the eNPS (Employee Net Promoter Score) and the Engagement Index. The eNPS indicator helps measure how the company is perceived by employees and whether employees are advocates for the company in the job market. The eNPS measurement uses a scale from -100 to +100 and asks the question about the willingness to recommend the company to friends/family by selecting a response on a scale from 0 to 10. In Q4 2023, the eNPS score at Netguru significantly decreased to -53. In-depth studies reveal that the direct cause of this decline was the conducted reorganization, a sense of instability in the IT industry, and concerns about job security. Meanwhile, the Engagement Index, which is more comprehensive and indicates the level of loyalty, motivation, and readiness to stay with the company, remained at a relatively high level: 42% (close to half of the employees and collaborators declare a high or very high level of engagement).

Actions supporting diversity, mental health and employee inclusion

Netguru S.A. is building an organizational culture conducive to integration, supporting participation in social life, and promoting diversity support outside the company. Since mid-2023, the company's People strategy has been based on three components, contributing to a sense of belonging to the company (according to the Deloitte Insights 2020 study):

1. Safety (Comfort)
2. Connection (Connection)
3. Participation (Contribution)

Netguru provides access to services and solutions supporting mental health, including:

- since January 2023, every individual in the company has had access to a platform providing unlimited access to psychological and therapeutic support around the clock, as well as extensive personal development opportunities;
- private health insurance offering support for physical and mental health;
- a benefit cafeteria platform allowing access to a sports card and participation in regular sports challenges;
- webinars on remote work culture, adaptation, and building relationships in an online work environment.
- programs and development materials for leaders regarding mental health and team resilience.
- a channel for exchanging information among employees regarding mental health.

The company conducts regular internal information campaigns on occasions such as:

- International Women's Day (with a focus on health in 2023)
- International Day for Cultural Diversity
- Pride Month
- World Mental Health Day

The company regularly monitors well-being indicators through pulse engagement surveys and analyzes the Happiness Index and Project Happiness Index.

Internal due diligence procedures and consulting teams at Netguru

In 2023, we maintained the procedures that were in place in 2022:

- **The Speak Up mechanism**, which includes policies to prevent workplace bullying, discrimination, and other negative behaviors. In 2022, the Speak Up policy was refreshed with the involvement of representatives from the employees and collaborators of the company, and in 2023, the process of selecting three internal Persons of Trust for the Speak Up Committee was completed. An independent external expert also sits on the Committee. In 2023, the Committee reviewed 2 reports.
- **The Code of Conduct**
- **The Information Security Management System**, based on ISO 27001 standards
- **General Compliance Policy**

Consulting teams:

- **Netguru Consulting Group** - a diverse group of individuals from Netguru provided feedback on selected company solutions and projects. NCG consulted on various matters, including changes to the sales strategy, an internal customer referral program, updates to the travel policy for employees, performance evaluation and compensation processes, updates to the regulations regarding remote work for employees under employment contracts, and the results of the employee opinion survey. NCG also served as a consultative group in the conducted restructuring processes. Additionally, in 2023, elections were held for new members of the NCG group (one-year term), and a series of regular meetings between NCG and the CEO and members of the Core Leadership team of the company were initiated.
- **The Ethics Committee for Projects** - a group that provides opinions on ethical issues related to cooperation with selected clients and recommends a decision to the CEO. As a result of its actions in 2023, Netguru declined to collaborate on 2 projects (out of 5 submitted for evaluation by the Commission) whose impact on society and the environment was assessed as negative.

Pro publico bono activities

Every year Netguru delivers pro or low bono projects (free or at cost) for organizations solving important social and environmental problems in Poland and around the world and supporting the Sustainable Development Goals.

Projects implemented in 2023:

- **project Clarin** (continuation of the project from 2022) - a project aimed at jointly developing with the Office of Competition and Consumer Protection (UOKiK) a dataset and artificial intelligence model to detect abusive clauses, which are unfair contract terms appearing in consumer agreements.

- mobile application for the **Pismo Foundation**, which publishes the Pismo opinion magazine - continuation of the collaboration started in 2022.
- prototype of a mobile application for the **Uwaga Śmieciarka Jedzie Foundation** based on GenAI - cooperation resulting from a hackathon organized by the Tech To The Rescue foundation, aimed at using generative artificial intelligence in initiatives with significant social and environmental impact. Netguru won the hackathon and continued collaboration with the Foundation. Read more about the project: [Boosting a Zero Waste Marketplace With a GenAI-Powered Mobile MVP](#).

Social impact projects completed pro bono in 2023:

- chatbot for volunteers of the communication center of the **Wielka Orkiestra Świątecznej Pomocy**; another year in a row;
- collaboration with the **Zwolnieni z Teorii Foundation** - creation of a website gathering the Foundation's activities and effectively supporting the registration process for teachers for training. The solution provided by Netguru increased the number of registered teachers.

Involvement in pro and low bono activities	2023
Number of people involved in the above projects	94 people
Number of hours worked on the above projects	11 240,50 hours

IT pro-bono

Netguru is a co-founder and co-financier of the Tech To The Rescue (TTTR) foundation, established in 2020 in response to the Covid pandemic and the growing need to support the non-governmental sector in digitization. The TTTR foundation connects non-profit organizations with technology companies willing to support their digital development on pro and low bono terms. In 2023, TTTR successfully connected IT companies with organizations in need of digital support in a total of 429 pro bono digital projects across 6 continents. You can read TTTR's impact report for 2023 on a dedicated website. TTTR is the main source of pro and low bono projects for Netguru.

Cash and in-kind donations

Value of cash and in-kind donations in 2023: PLN 114 681.

Beneficiaries of the largest cash donations in 2023:

- The Tech To The Rescue Foundation: EUR 15 000

Other beneficiaries of monetary donations in 2023:

- Zrzutka.pl - as indicated by an employee celebrating their fifth anniversary with the company, the designated social goal for the company's donation.
- Pomagam.pl - the social goal for the company's donation, chosen by an employee celebrating their fifth anniversary with the company.
- Siepomaga Foundation - the donation is intended to assist those affected by earthquakes in Turkey and Syria.

Beneficiaries of in-kind donations - computer equipment and interior equipment articles in 2023:

- the Karuzela Foundation based in Warsaw
- the Tęcza Association of Parents and Friends of People with Down Syndrome based in Cracow
- Rzeszowski Klub Wysokogórski

Environmental impact and carbon footprint

Sources of CO2 emissions	2020	2021	2022	2023
Total CO2 emissions in all 3 scopes	391 tons	376 tons	362 tons	237 tons
Main sources of emissions				
Energy consumption in offices (scope 2)	238 tons	222 tons	152 tons	105 tons
Energy consumption by laptops and monitors (scope 2)	36 tons	46 tons	73 tons	54 tons
Business travel (scope 3)	36 tons	20 tons	113 tons ¹	61 tons ²
Cloud computing data (scope 3)	31 tons ³	37 tons ⁴	5 tons ⁵	2,6 tons ⁶

¹ increase in the number of business trips

² decrease in the number of business trips

³ estimated data

⁴ estimated data

⁵ data according to usage from suppliers

⁶ data according to usage from suppliers

Since 2020, Netguru has been tracking its carbon footprint. The company's main sources of emissions include energy consumption in offices and at home (by remote workers), business travel, and data stored in the cloud. Each year **since 2020, the company's carbon footprint has decreased**. This reduction is mainly attributed to the limitation, depending on the year, of business travel or rented office space. In 2023, Netguru discontinued the use of offices in Warsaw and Krakow. Additionally, most of the data stored in the cloud is hosted on servers in low-emission (or carbon-neutral) computing clouds such as GCP, AWS, and Azure. Employees and the company primarily use these three options, while the remaining data is stored and processed directly in clients' infrastructures and external projects.

Apart from the mentioned actions (reducing office space, cutting down on travel, choosing low-emission data storage servers), the company does not have further opportunities for emissions reduction. Any unavoidable carbon dioxide emissions are offset by utilizing high-quality carbon credits through an agroforestry program in Belize.

The agroforestry project in Belize (Central America) is implemented by the Polish startup TerGo. This project not only removes carbon dioxide from the atmosphere but also positively impacts the local community and biodiversity, based on high-quality carbon credits.

Additionally, in 2023, through a partnership with TerGo and UNEP/GRID Warsaw, Netguru supported peatlands in the Orawa National Park, in the nature reserve "Bór na Czerwonem," as part of the UN Decade on Ecosystem Restoration. Peatlands, found in over 180 countries, are essential ecosystems for the functioning of the planet. In Poland, only 7% of the total area of wetlands consists of high peatlands.

Environmental Hackathons

In 2023, teams representing Netguru participated in two hackathons organized by the Tech To The Rescue Foundation, aimed at developing digital solutions to support the natural environment:

- AI for Good - Netguru's team won the hackathon with a project supporting the Uwaga Śmieciarka Jedzie Foundation and developed a prototype mobile application for the Foundation based on GenAI. The company published a case study on their website.
- Air Quality Hackathon - Two teams prepared two solutions:
 - a chatbot for an organization in Thailand working to introduce legislation for cleaner air;
 - virtual lungs for the Smog Alert campaign.

Every year, Netguru supports environmental education for its employees through internal informational campaigns. In 2023, these campaigns included Earth Day, World Environment Day, and International Day of Climate Action.