

# **REPORT OF THE MANAGEMENT BOARD OF ACTION S.A. (COMPANY / ISSUER) ON OPERATIONS OF THE ACTION CAPITAL GROUP (THE GROUP) IN 2021**

## **1) Basic financial data and description of the development perspectives for the current financial year**

In 2021, the ACTION S.A. Capital Group achieved sales revenue of PLN 2,307,109 thousand, which constituted the growth in comparison with the value from the previous year by 11.9%. Similarly to a year ago, the Group has once again showed profitability at all result levels, which in particular presented as follows:

- Profit on sales        PLN 201,687 thousand,
- Operating profit     PLN 116,143 thousand,
- EBITDA                PLN 124,307 thousand,
- Net profit             PLN 100,863 thousand.

The year 2021 was the first of the Company's functioning after the completion of restructuring proceedings. This year was also the first year when the Issuer serviced its composition liabilities. Last year, all liabilities under the composition agreement were serviced in a timely manner.

In addition to events resulting from servicing of the composition agreement, the values described hereinabove are encumbered with other factors and events of unusual nature detailed in section 14 of this report.

As before, the Management Board will focus on further implementation of the forecast described in detail in current report no. 59/2018 of 24 October 2018 (updated in current report no. 40/2019 of 03/09/2019), taking into account its deviations which may result from:

- the Management Board's assessment of the impact of the COVID-19 threat on the activities of the ACTION Capital Group,
- the consequences of the ongoing war in Ukraine.

The main areas of activities planned and basic pillars of the Company's new strategy are:

- I) The exploitation of the current market situation connected with the COVID-19 pandemic, which strengthens the demand for products offered by the Company
- II) The use of business areas worked out during the restructuring process.
  - i) Action Business Centre
  - ii) E-commerce Automation
  - iii) Consumer Product
- III) Development of the product portfolio in the scope of high-margin products, compliant with current trends and innovations.

The detailed description of the adopted strategy and main risks connected with its implementation are presented in the Company's restructuring plan published in the form of current report no. 55/2016 of 2 November 2016, approved by the Judge Commissioner on the basis of Article 315(1) of the Restructuring Law on 4 July 2017.

Nevertheless, regardless of the adopted strategic assumptions, the Management Board is concerned about the situation changing along with the ongoing state of war in Ukraine and potential risks which have resulted from adverse effects of COVID-19.

In the opinion of the Management Board, the most important factors affecting the results generated in the future include:

in relation to internal factors:

- a) Ongoing processing of composition agreement payments.
- b) Current analysis of the profitability of transactions and markets served with a clear focus on the market of small clients and the retail market, in particular e-commerce in Poland and abroad.
- c) Constant supervision over the development of Sferis.pl and Krakvet.pl
- d) Operations connected with active participation in the renewable energy market, in particular the PV market.
- e) Current supervision over the scope of commercial offer and entering new markets.
- f) Strict control of the effectiveness of managing the current assets, in particular stocks.
- g) Current monitoring of risks connected with the Company's operations and undertaking measures aimed at their limitation or elimination.
- h) Current analysis and strict control of the cost effectiveness of operations conducted.
- i) Current control and effective management of finances in the conditions of limited financing.
- j) Effective use of logistic resources.

regarding external factors:

- a) Further course of fiscal proceedings conducted against the Company and appeal proceedings connected therewith.
- b) Results of fiscal proceedings conducted against the Company's biggest competitors and their impact on their operating activities and the market structure.
- c) Conduct of financial institutions, including banks and insurers.
- d) Changes on the distribution market and consumer behaviours.
- e) Technological changes in products offered.
- f) Changes in market shares of the Company's largest suppliers and clients.
- g) Economic and political situation in Poland and in the world.
- h) Effects of implemented and planned changes in law.
- i) Scale of investments implemented in Poland, in particular IT investments.
- j) Changes in the current and long-term monetary policy in Poland and in the world.
- k) Impact of the COVID-19 epidemic effects, in particular on supply and demand for goods offered by the Company and the above-mentioned issues.
- l) Effects of the war in Ukraine.

## 2) Essential risk factors connected with the Group's operations

Detailed information about financial instruments in the scope of:

- a) the risk of price changes, credit risk, risk of significant interruptions of cash flows and loss of financial liquidity to which the Group is exposed,
- b) purposes and methods of the financial risk management adopted by the Group, together with security methods for significant types of planned transactions to which hedging accountancy is applied, are included in note 28 *Financial instruments* of additional explanatory notes to the consolidated financial statement.

Positive effects of the conducted restructuring give the ACTION Capital Group strong grounds for further development. The effects of these strong grounds are once again reflected in the Company's above-average results. The greatest challenge to fully exploit these development opportunities is to obtain additional funding for the Group's operations. The ACTION Capital Group constantly works to reconstruct financing in the form of trade credit and interest debt, which is to provide additional security for the implementation of planned operational objectives.

Since the first reports of COVID-19, the ACTION Capital Group has undertaken measures to secure trade, in particular within the supply chain. Together with reports on the first cases of COVID-19

infections in Europe, the Group began to implement sanitary safety and remote work procedures. In addition, the ACTION Capital Group on an on-going basis reviews the existing procedures, including in particular in the scope of the control of processes, information flow and cash flows.

Another year of efficient functioning in the sanitary regime confirms that the preparations of the ACTION Capital Group for work in the state of epidemic proved successful and there were no disturbances or interruptions in the Group's operations. In addition, the pandemic caused an increased demand for products offered by the ACTION Capital Group. Potential negative effects of COVID-19 and their impact on further results are still present, but it is difficult to determine them.

Currently, the entities of the ACTION Capital Group thoroughly analyse reports of war in Ukraine on an ongoing basis and regularly assess the impact of its unfavourable effects on the Company's and the Group's operations.

The set of external factors affecting the ACTION Capital Group's operation continuity may be divided into 2 groups of negative and positive factors:

1. Negative external factors:

- a. Risk related to possible suspension of the activity of courier companies (pandemics, blackout, exclusion of some European and Polish routes due to the war in Ukraine).
- b. Risk connected with temporary decrease in the number of trained employees of the supply chain resulting from the necessity to undergo the quarantine or involve in the war in Ukraine, either directly or indirectly.
- c. Risk of closing borders to the movement of goods – current restrictions in the entire EU do not have influence on the restrictions in the movement of goods.
- d. Disturbances related to the war in Ukraine. However, none of the entities of the ACTION Capital Group conducts significant activity on Eastern markets.
- e. Risk of decrease in demand related to a long-term crisis caused by the pandemic or indirect impact of the war in Ukraine.
- f. Risk of disruption of the supply chain due to the pandemic or indirect impact of the war in Ukraine.
- g. Increased foreign exchange risk accompanying the unprecedented volatility on the currency market, causing the possibility of recording both exceptional losses and profits connected with transactions made, including also transactions hedging the risk. In the period of growing uncertainty, the scale of these securities is also changing. Nevertheless, the company updates on an ongoing basis the prices of offered goods pursuant to current market rates in relation to goods measured in foreign currencies. Moreover, goods are purchased mainly against prepayments and the high warehouse rotation contributes to the low generation of differences. As a consequence, the ACTION Capital Group is more exposed to the risk of unfavourable foreign exchange differences in relation to receivables in foreign currencies, compensating at the same time for the risk in question through the generation of above-average margins on sales made in PLN.

2. Positive external factors:

- a. Increase in demand for products connected with:
  - i. Remote work – notebooks, tablets, network infrastructure.
  - ii. Increase in the number of refugees in Poland – first need products, home furnishings, household appliances, electronics and IT.
  - iii. Organisation of free time – gaming products, consoles, computers, games.
  - iv. Meeting needs satisfied by external services – cosmetic products, equipment used to produce food, semi-finished food products.
- b. Low involvement of the ACTION Capital Group entities in cooperation with retail chains, and at the same time high growing involvement in the dispersed database of resellers.
- c. Increase in demand from online stores.
  - i. In Poland – cooperation with the majority of online stores and ongoing increase in their demand for goods – the only restrictions concern online

- stores of big retail chains which have a large stationary cost base causing temporary suspension of decisions concerning payments.
- ii. Abroad – in the EU cooperation with a very large number of online stores, noticeable increase in demand in connection with the restrictions in the entire EU imposed on stationary trade.
- d. Good availability of goods and two different price trends.
  - i. Goods available in stock in Poland and the EU – prices are falling due to restrictions imposed on companies, companies are disposing of goods in order to maintain financial liquidity.
  - ii. Goods for production – the increase in prices due to the increase in costs of production, transport, transfer of production, limited production resources.

Such price volatility gives huge possibilities on the market in the case of good management of the stock and its rotation and in the case of highly dispersed customer base which ensures the stability of sales.

The situation is monitored in detail by the Management Board of the ACTION Capital Group parent undertaking and, if necessary, the Management Board corrects on an ongoing basis the existing processes in order to adjust them in the best way to current conditions, which to a great extent is supported by organisational and process changes implemented during the performance of the restructuring process.

The Management Board carried out an analysis of a possible impact of the COVID-19 pandemic on the Company's operations in 2022 and does not see any risk to their continuity. At the same time, the Management Board carries out optimisation processes in the ACTION Capital Group in order to ensure that the increase in sales will not be accompanied by simultaneous and parallel increase in costs. In the case of drop in turnover, the Group has tools prepared in order to reduce costs in this period and, in the case of the company's business interruption e.g. for a month – it is able to resume the sale and the production and to continue operations.

The Management Board also analysed the potential impact on Group of the Ukraine Crisis Group and sees no threat to the continuation of operations.

### 3) Corporate governance rules

From 1 January 2016 to 30 June 2021, ACTION S.A. was subject to corporate governance principles included in the "Code of Best Practice for WSE Listed Companies 2016" adopted by way of Resolution no. 26/1413/2015 of the Supervisory Board of the Warsaw Stock Exchange of 13 October 2015. Since 1 July 2021, ACTION S.A. has been subject to corporate governance principles included in the "Code of Best Practice for WSE Listed Companies 2021" adopted by way of Resolution no. 13/1834/2021 of the Supervisory Board of Warsaw Stock Exchange of 29 March 2021.

The corporate governance principles are available at the GPW website ([www.corp-gov.gpw.pl](http://www.corp-gov.gpw.pl)) and the Company's website ([www.action.pl](http://www.action.pl)). The application of the discussed rules is voluntary.

The statement concerning the application of corporate governance principles by ACTION S.A. in 2021, constituting an appendix to this Report, will be published as a separate component of the Annual Report.

### 4) Information about basic groups of goods offered by the Group and their share in total sales

The basic scope of ACTION S.A. Capital Group's activity is the sale of computer hardware and software. The sales reflect the market situation and clients' needs. On the basis of many years of experience on the market, the Group flexibly reacts to changes occurring in the structure of demand to meet the growing requirements of clients.

The sales structure in 2021 together with comparative data is presented below.

No.	Name of the goods group	Value of sales in 2021	%	Value of sales in 2020	%
1	Consumer electronics	796,875	34.54%	725,053	35.2%
2	Components	688,672	29.85%	564,899	27.4%
3	Ready solutions	623,612	27.03%	557,186	27.0%
4	Peripheral devices	92,284	4.00%	77,899	3.8%
5	Office and consumable materials	72,213	3.13%	75,899	3.7%
6	Software	24,455	1.06%	29,177	1.4%
7	Other	8,998	0.39%	33,051	1.6%
	<b>Total sales revenue</b>	<b>2,307,109</b>	<b>100.0%</b>	<b>2,62,236</b>	<b>100.0%</b>

## 5) Information about sales market

The basic sales market is the foreign sales market of computer hardware and software. In 2021, 59.4% of net revenue from sales of goods and materials was generated thereby. In 2020, the share of net revenue from sales of goods and materials on the foreign market was 54.1% in relation to the total amount of net revenue from sales of goods and materials. The territorial structure of sales in individual years was as follows:

Net revenue from sales of goods and materials (territorial structure)	Change	2021	2020
a) Poland - sales of goods	-1.13%	924,929	935,494
b) export - sales of goods	73.94%	90,126	51,814
c) deliveries in the EU	20.14%	1,265,033	1,052,925
<b>Total net revenue from sales of goods and materials</b>	<b>11.76%</b>	<b>2,280,088</b>	<b>2,040,233</b>

Both the structure of the Group's clients and suppliers show a large dispersion. In 2021, the threshold of 10% of share in total sales and in total purchases in relation to any of the contractors was not exceeded.

## 6) Information about executed agreements of significant importance to the Group's operations

In the period covered by the statement, the following important agreements were signed:

On 01 February 2021, the ACTION Capital Group parent undertaking received signed Annex no. 7 to Agreement no. 2017/149/DDF with Bank Polska Kasa Opieki Spółka Akcyjna, with its registered office in Warsaw, for opening a line for guarantees and letters of credit. On the basis of this annex the Bank extended the following periods:

the validity period of guarantees and the anticipated final deadline for executions and payments on account of open letters of credit may be: for guarantees for suppliers – up to 12 months and it cannot extend beyond 31 January 2023, for guarantees for CERN – up to 36 months and it cannot extend beyond 31 January 2025, for letters of credit – up to 12 months and it cannot extend beyond 31 January 2023.

On 10 May 2021, the ACTION Capital Group parent undertaking received Annex no. 6 to the multi-purpose credit facility agreement of 25 July 2014, as amended ("Agreement") signed by the Bank to Bank Polski S.A., in order to change the limitation of legal securities for the Issuer's liabilities as a borrower under the Agreement, i.e.:

1. Change of the registered pledge to the highest security amount of PLN 4,500,000.00 on stocks of commercial goods owned by the Issuer;

2. Transfer of cash receivables from the contract of insurance of stocks of commercial goods referred to in item 1 above,  
3. Assignment of receivables from agreements, contracts, orders as well as future receivables, which are vested and will be vested in the Company in relation to its counterparties, in the total amount not lower than PLN 3,000,000.00.

**7) Information about capital links, determination of main capital investments and characteristics of the Group's development directions**

ACTION S.A. forms the ACTION S.A. Capital Group, in which it is the parent company. It is ACTION S.A. that bears the main responsibility for the entire process of purchasing computer hardware and other goods included in the offer of the companies forming the Group. Moreover, ACTION S.A. is responsible for the distribution, production of equipment under own brands, maintenance of the Internet sales channel, marketing and public relations activities, as well as overall management of the Group.

**8) Description of significant transactions with related entities made under non-market conditions**

In the period covered by the report, the Group's companies did not make transactions with related entities under non-market conditions.

Transactions with related entities are described in note 25 *Transactions with related entities Additional notes to the Consolidated Financial Statement*.

**9) Information about loans taken out by the Group's companies, borrowing agreements as well as guarantees and sureties granted for the Group's companies**

Information about credit limits, interest and current balance of loan liabilities is included in note 22 *Loans, borrowings and other liabilities on account of financing Additional notes to the Consolidated Financial Statement*.

**10) Information about borrowings, guarantees and sureties granted**

**10.1 Borrowing agreements**

ACTION S.A. granted ACTION GAMES LAB S.A. (currently SFERIS MARKETING Sp. z o.o.) a borrowing of PLN 450 thousand maturing on 31 December 2017. The Issuer created a write-off for the borrowing in question of 100% of the borrowing amount due to the lack of repayment until the publication date of the financial statement. By the publication date of the statements, the Company repaid PLN 59.5 thousand of the capital, it also pays interest on the loan on an ongoing basis.

ACTION S.A. granted ACTION GAMES LAB S.A. (currently SFERIS MARKETING Sp. z o.o.) a borrowing of PLN 140 thousand maturing on 31 December 2017. The Issuer created a write-off for the borrowing in question of 100% of the borrowing amount due to the lack of repayment until the publication date of the financial statement. By the publication date of the statements, the Company repaid PLN 18.9 thousand of the capital, it also pays interest on the loan on an ongoing basis.

ACTION S.A. granted an unrelated entity three borrowings: in the amount of PLN 500 thousand with the final repayment deadline determined on 31 December 2016; in the amount of PLN 600 thousand with the repayment deadline determined on 31 December 2016 and in the amount of PLN 500 thousand with the repayment deadline determined on 31 December 2016. These borrowings together with interest due were covered by a write-down due to the lack of repayment until the publication date of the financial statement.

**10.2 Guarantees and sureties granted**

As at 31 December 2021, the value of guarantees and sureties granted amounted to PLN 10,871 thousand, of which:

**to other entities**

Bank guarantees for the total amount of (USD 50 thousand) PLN 330 thousand,  
Bank guarantees for the total amount of (USD 12.5 thousand) PLN 51 thousand,  
Bank guarantees for the total amount of PLN 3,000 thousand,  
Bank guarantees for the total amount of PLN 7,490 thousand.

**11) Description of the use of inflows from the issue**

In 2021, the Issuer did not issue any shares.

**12) Explanations of differences between projections and values indicated in the annual report**

The Company does not prepare stock market forecasts of results at the consolidated level.

**13) Assessment of the financial resource management and characteristics of the structure of assets and liabilities in the consolidated statement of financial position**

<b>Liquidity ratios</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
Current liquidity ratio (current assets / current liabilities)	3.34	2.05
Fast liquidity ratio (liquid current assets / current liabilities)	1.62	1.22
Cash ratio (short-term investments / current liabilities)	0.36	0.45

Despite the significant value of payments made in connection with the operation of the composition agreement, in the following year the ACTION Capital Group maintained an above-average value of liquidity ratios. As a consequence, the above-described liquidity ratios significantly exceed values recorded in the sector and in general in the economy.

<b>Level and structure of working capital in thousands of PLN</b>	<b>Change</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
1. Current assets	2.86%	484,836	471,350
2. Cash and securities	-52,032	52,577	104,609
3. Adjusted current assets (1-2)	17.86%	432,259	366,741
4. Current liabilities	-36.81%	145,341	229,991
5. Short-term loans	100.00%	1,025	0
6. Adjusted current liabilities (4-5)	-37.25%	144,316	229,991
7. Working capital (1-4)	40.66%	339,495	241,359
8. Need for working capital (3-6)	110.56%	287,943	136,750
9. Net cash balance (7-8)	-50.72%	51,552	104,609
10. Share of equity in the financing of current assets (7:1) in %	18.82%	70%	51%

As in 2020, very good operating results recorded in 2021 give an overview of the management of current assets. Despite a clear, almost 12% increase in sales, current assets increased slightly by only less than 3 %. However, the structure of current assets changed, which was particularly reflected in a decrease in cash. The above was due to the repayment of arrangement liabilities whose weight in the first year of repayment was the highest. At the same time, trade liabilities decreased significantly on the liabilities side. The repayment of the composition agreement was reflected in the growing demand for current assets, but high profitability of the conducted activity met the growing demand. As a consequence, the Company once again presented a very safe picture of working capital, and sources of its financing. Once again, the structure of the balance sheet indicates full possibilities to handle both business needs and arrangement liabilities.

Debt ratios	31/12/2021	31/12/2020
General debt ratio	0.37	0.52
Equity to assets ratio	0.63	0.48
Interest debt / Equity	0.01	0.00

Carrying amounts recorded in 2021 have once again significantly improved the value of debt ratios. As a result, the total debt ratio decreased from the already safe level of 0.52 to 0.37. However, the value of debt liabilities remained close to zero at the end of 2021.

The percentage structure of the consolidated balance sheet as at 31 December 2021 and as at 31 December 2020 is as follows:

	31/12/2021		31/12/2020	
<b>ASSETS</b>				
<b>Fixed assets</b>	<b>150,874</b>	<b>23.73%</b>	<b>159,269</b>	<b>25.26%</b>
Tangible fixed assets	139,092	21.88%	139,511	22.12%
Goodwill	0	0.00%	0	0.00%
Other intangible assets	5,813	0.91%	6,168	0.98%
Investment real properties	3,585	0.56%	3,545	0.56%
Financial assets	0	0.00%	0	0.00%
Shares in associates measured with the equity method	0	0.00%	0	0.00%
Deferred income tax assets	2,384	0.38%	10,045	1.59%
Trade and other receivables	0	0.00%	0	0.00%
<b>Current assets</b>	<b>484,836</b>	<b>76.27%</b>	<b>471,350</b>	<b>74.74%</b>
Stocks	250,013	39.33%	190,919	30.27%
Trade and other receivables	181,805	28.60%	175,450	27.82%
Current income tax receivables	0	0.00%	0	0.00%
Financial derivatives	441	0.07%	372	0.06%
Other financial assets	0	0.00%	0	0.00%
Cash and cash equivalents	52,577	8.27%	104,609	16.59%
<b>Total assets</b>	<b>635,710</b>	<b>100.00%</b>	<b>630,619</b>	<b>100.00%</b>
<b>EQUITY</b>				
<b>Equity attributable to the Company's shareholders</b>	<b>401,050</b>	<b>63.09%</b>	<b>300,303</b>	<b>47.62%</b>
Share capital	2,004	0.32%	2,004	0.32%
Surplus resulting from the sale of shares above their nominal value	77,272	12.16%	62,231	9.87%
Other reserve capitals	-989	-0.16%	-901	-0.14%
Retained profit	323,860	50.94%	238,283	37.79%
Other components of equity	0	0.00%	0	0.00%
<b>Minority interests / Controlling interests</b>	<b>-1,097</b>	<b>-0.17%</b>	<b>-1,314</b>	<b>-0.21%</b>
<b>Total equity</b>	<b>401,050</b>	<b>63.09%</b>	<b>300,303</b>	<b>47.62%</b>
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>	<b>89,319</b>	<b>14.05%</b>	<b>100,325</b>	<b>15.91%</b>



Loans, borrowings and other liabilities on account of financing	0	0.00%	0	0.00%
Lease liabilities	1,070	0.17%	70	0.01%
Trade and other liabilities	88,249	13.88%	100,255	15.90%
Deferred income tax provision	0	0.00%	0	0.00%
<b>Short-term liabilities</b>	<b>145,341</b>	<b>22.86%</b>	<b>229,991</b>	<b>36.47%</b>
Trade and other liabilities	140090	22.04%	222,854	35.50%
Loans, borrowings and other liabilities on account of financing	1025	0.16%	1,023	0.16%
Lease liabilities	478	0.08%	147	0.02%
Current income tax liabilities	1871	0.29%	4,604	0.73%
Employee benefit liabilities	1877	0.30%	1,363	0.22%
Financial derivatives	0	0.00%	0	0.00%
Provisions for other liabilities and charges	0	0.00%	0	0.00%
<b>Total liabilities</b>	<b>234,660</b>	<b>36.91%</b>	<b>330,316</b>	<b>52.38%</b>
<b>Total equity and liabilities</b>	<b>635,710</b>	<b>100.00%</b>	<b>630,619</b>	<b>100.00%</b>

In 2021, the ACTION Capital Group continued a safe policy in the scope of the balance sheet structure, which manifested itself in further increasing the share of equity in the financing of its operations and further increase in the share of current assets in the structure of assets.

#### Characteristics of assets

At the end of 2021, the value of current assets once again increased and amounted to PLN 484,836 thousand, which constituted 76.27% of the value of assets, in which the value of stocks constituted 39.33% of assets, while the value of receivables 28.60%. The value of financial resources had 8.27% share in assets. The noticeable increase in the share of inventories was mainly due to the need to secure the continuity of sales in conditions of disruptions in supply chains. At the same time, the decrease in the share of cash was a consequence of the recorded repayments of arrangement liabilities.

The remaining part of assets, i.e. fixed assets, was dominated by tangible fixed assets, whose share in assets amount to 21.88%.

#### Characteristics of liabilities

In relation to liabilities, the largest change was an above-average increase in the value of equity, whose value at the end of 2021 reached 401,050 thousand, which represented the share in asset financing constituting 63.09%.

As to the liabilities:

1. As regards long-term liabilities, their value was similar to that observed at the end of 2020. The value of lease liabilities increased noticeably, but their share was still negligible.
2. A significant decrease in the main group of short-term liabilities that still remain trade and other liabilities resulted directly from the service of arrangement liabilities.

#### 14) More important events affecting the result from operations

Similarly to 2020, in 2021 there were many unusual events affecting the results from operations. They may be divided into the following types of events:

1. Events resulting from the implementation of the restructuring plan,
2. Effects of the completion of the restructuring proceedings and the operation of the arrangement,
3. Other events.

As regards events resulting from the implementation of the restructuring plan, the most important ones include:

1. Change of the business model, in particular revealing through:
  - a. Maintained limitation of cooperation with retail chains.
  - b. Further essential support for own distribution network and e-commerce channels.

In the part concerning effects of the proceedings, the most important factors included:

1. Limitation of financing availability.
2. Low level of insurance credit limits allocated to the Company for the Company's suppliers.

The most important effects of the operation of the composition agreement include:

1. increase in negative cash flows from operating activities.
2. increase in financial costs due to recorded discount of long-term arrangement liabilities.
3. Impact of the above events on the structure of the balance sheet.

Other significant factors and events of atypical nature should include the measures undertaken by tax authorities detailed in Note 3.4 *Taxes Additional Notes to the Consolidated Financial Statements*. These activities have an essential impact on the way of perceiving the Company by its contractors, which may affect the implementation of the assumptions adopted by the Company.

All the above-described aspects had an essential impact on the Company's volumes of sales.

## **15) Description of the structure of main capital investments**

In 2021 the Group did not make any capital investments.

## **16) Description of the Capital Group organisation with the indication of entities subject to consolidation**

ACTION S.A. forms the ACTION S.A. Capital Group, in which it is the parent company. The object of business carried out by the Capital Group is the wholesale of components, parts and computer and IT equipment.

In the period covered by the statement, the following entities belonged to the Group:

### **parent company:**

ACTION S.A. with its registered office in Zamienie

### **subsidiaries and associated entities:**

SFERIS MARKETING Sp. z o.o. (formerly ACTION GAMES LAB S.A.) with its registered office in Zamienie – a subsidiary (40%)<sup>1</sup>

CLOUDTEAM Sp. z o.o. (formerly ACTION CENTRUM EDUKACYJNE Sp. z o.o.) with its registered office in Warsaw – an associated entity (24.38%)<sup>2</sup>

ACTIVEBRAND Sp. z o.o., with its registered office in Zamienie – a subsidiary (52%)<sup>3</sup>

ACTION EUROPE GmbH in Liquidation, with its registered office in Braunschweig (Germany) – a subsidiary (100%)<sup>4</sup>

<sup>1</sup> SFERIS MARKETING Sp. z o.o. (formerly ACTION GAMES LAB S.A.) with its registered office in Zamienie, was incorporated and consolidated as at 12 December 2011. The name was changed on 23 June 2020. On 22 October 2020, the joint stock company was transformed into a limited liability company.

<sup>2</sup> CLOUDTEAM Sp. z o.o. with its registered office in Warsaw – a company measured using the equity method since 1 October 2012. On 28 February 2020, SYSTEMS Sp. z o.o. was merged with CLOUDTEAM Sp. z o.o. as the acquirer.

<sup>3</sup> ACTIVEBRAND Sp. z o.o., with its registered office in Zamienie, was established on 3 September 2012.

<sup>4</sup> ACTION EUROPE GmbH in Liquidation, with its registered office in Braunschweig (Germany), was consolidated as of 8 July 2013. On 1 April 2014, by way of a purchase of non-controlling interests (33.33%), the share of ACTION S.A. was increased to 100%.

### **Changes in the Group's composition during the reporting period**

During the reporting period, ACTION (GUANGZHOU) TRADING CO., LTD in Liquidation was excluded from consolidation due to its liquidation and removal from the court register in January 2021. On 1 April 2021, as a result of the acquisition of 48% in ACTIVEBRAND Sp. z o.o., ACTION S.A. became the sole shareholder of this company.

SFERIS MARKETING Sp. z o.o. (formerly ACTION GAMES LAB S.A.) provides advertising services. The main business profile of CLOUDTEAM Sp. z o.o. is training and IT services, and the rental of computer hardware. ACTIVEBRAND Sp. z o.o. conducts commercial activity in the field of animal products. ACTION EUROPE GmbH was engaged in distribution activities in the wholesale of IT equipment, consumer electronics and household appliances. In October 2018, ACTION EUROPE GmbH filed a liquidation petition with the court. As of the date hereof, the company has not been liquidated.

### **Third-party shares in subsidiaries**

SFERIS MARKETING Sp. z o.o. (formerly ACTION GAMES LAB S.A.) – 60% of shares vested with 75% of votes at the meeting of the company's shareholders is owned by Piotr Bieliński

## **17) Characteristics of the policy in the scope of the Capital Group development**

The main directions of changes in the scope of the structure of the ACTION S.A. Capital Group and the distribution of competences are included in points 1 and 7 of this statement and in the restructuring plan constituting an appendix to current report no. 55/2016 of 2 November 2016. In the coming period, the Issuer plans to concentrate operations further within the Issuer's business activities.

In 2021, the Group did not have any significant achievements in the field of research and development.

## **18) Description of essential balance sheet items**

Balance sheet items include exclusively receivables and contingent liabilities described in point 10.2.

## **19) Information connected with the entity authorised to audit financial statements**

Detailed information connected with the entity authorised to audit financial statements is included in note 35 *Remuneration of a statutory auditor or an entity authorised to audit financial statements of Additional notes to the Consolidated Financial Statement*.

## **20) Information of the Management Board about the selection of the audit firm**

The Management Board informs that the Supervisory Board of ACTION Spółka Akcyjna with its registered office in Zamienie declared that:

- a) the audit firm carrying out the audit of the annual financial statement of ACTION Spółka Akcyjna with its registered office in Zamienie and the consolidated financial statement of the Capital Group of ACTION Spółka Akcyjna with its registered office in Zamienie, i.e. Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa with its registered office in Poznań (entered into the list of audit firms kept by the Polish Agency for Audit Oversight under registration number 4055) was selected pursuant to the regulations, including provisions concerning the selection and the procedure of selection of an audit firm,
- b) the above-mentioned audit firm and members of the team carrying out the audit met the conditions of the preparation of an unbiased and independent report on the audit of the annual financial statement and the audit of the annual consolidated financial statement pursuant to the applicable provisions of law, standards of practising the profession and rules of professional ethics,

c) ACTION Spółka Akcyjna with its registered office in Zamienie complies with the applicable provisions of law connected with the rotation of an audit firm and a key statutory auditor as well as obligatory periods of grace,

d) ACTION Spółka Akcyjna with its registered office in Zamienie has a policy in the scope of the selection of an audit firm and a policy in the scope of services provided to the issuer by an audit firm, an entity related to the audit firm or a member of its network of additional services which are not audits, including services conditionally exempt from the ban to be provided by an audit firm.

**21) List of changes in the Issuer's shares held by persons managing and supervising the Company, according to the information available to the Company**

As at the date of submitting the annual report for 2021, i.e. 30 March 2022, the persons managing and supervising ACTION S.A. were in the possession of the following number of shares:

First and last name	Position in the management of ACTION S.A.	Number of shares of ACTION S.A.
Piotr Bieliński	President of the Management Board	3,811,749
Sławomir Harazin	Vice-President of the Management Board	15,017
Iwona Bocianowska	Chair of the Supervisory Board	0
Piotr Chajderowski	Member of the Supervisory Board	0
Marek Jakubowski	Member of the Supervisory Board	0
Krzysztof Kaczmarczyk	Member of the Supervisory Board	0
Adam Świtalski	Member of the Supervisory Board	0
Wojciech Wietrzykowski	Holder of the commercial power of attorney	1,199,390
Andrzej Biały	Holder of the commercial power of attorney	20,000

**22) Identification of material proceedings pending before a court, competent arbitration authority or public administration authority**

Information about material proceedings pending before courts and public administration authorities is included in note 3.4 *Taxes of Additional notes to the Consolidated Financial Statement*.

**23) Statement on non-financial information**

**INTRODUCTION**

This statement contains non-financial information of the ACTION S.A. Capital Group for the financial year ended 31 December 2020. The statement was prepared pursuant to Article 49b of the Polish Accounting Act in reference to the guidelines of the Standard of Non-Financial Information.

The statement includes non-financial information in the scope in which it is necessary to assess the development, results and situation of the ACTION S.A. Capital Group and the impact of its activities on social, employee and environmental issues as well as issues connected with respect for human rights and fight against corruption.

**DESCRIPTION OF THE BUSINESS MODEL AND THE CORPORATE GOVERNANCE**

**Business activity description**

The ACTION S.A. Capital Group is engaged in wholesale and retail trade of IT equipment, consumer electronics, household appliances and a wide range of consumer products. It has been operating on the market since 1991 and since 2006 it has been listed on the Warsaw Stock Exchange. Currently, the Group includes the following entities:

- ACTION S.A. (parent company) – distribution company responsible also for the overall management of the ACTION Group,
- ACTION EUROPE GmbH in Liquidation (100% of shares) – German distribution company,

- SFERIS MARKETING Sp. z o.o. (former ACTION GAMES LAB S.A.) (40% of shares) – advertising services,
- ACTIVEBRAND Sp. z o.o. (52% of shares) – sales of pet products,

Associates were not covered by the scope of non-financial information due to their marginal strategic importance for the Group.

In addition, currently the portfolio of the ACTION S.A. Capital Group also includes such own brands as:

- Actina – producer of computers and server solutions,
- Activejet – producer of consumables for printers, computer accessories and lighting,
- Actis – producer of cost-effective consumables for printers and lighting,
- Sferis – online store offering goods from different product segments,
- Gram.pl – internet portal and store for players.

The core activity of the ACTION S.A. Capital Group is ACTION S.A. responsible for a larger part of the Group's revenue. After the initiation of the liquidation process of ACTION EUROPE GmbH, the second largest company in the Group, ACTION S.A., i.e. the parent company, became actually the only crucial company in the Group in terms of the volume of turnover, employment and intensity of operating activities. It is reflected also in non-financial aspects, which in practise are totally concentrated in the parent company.

ACTION S.A. operates in complex supply chains. Depending on their location, the company obtains goods: directly from global producers, their local representatives, other distributors, authorised partners and, in rare cases, retail stores. The company sells the obtained products through differentiated sales channels, such as resellers, export, online sales, corporate sales, largest commercial networks and telecom companies.

Commercial activities of the ACTION S.A. Capital Group are carried out through its own logistic centre located in the registered office in Zamienie near Warsaw, in the immediate vicinity of expressway connecting Gdańsk with Kraków. The logistic centre occupies over 30 thousand square metres of the warehouse space. It is equipped with state-of-the-art logistic solutions, including 22 thousand containers in the automated small parts warehouse and 5 km of conveyor lines. Due to this, the ACTION S.A. Capital Group's warehouse achieves high efficiency at the level of 100 thousand packages per day, which are delivered within 24 hours to customers from Poland and within 48 hours to any place in the world.

### **Description of the market**

Initially, the activities of the ACTION S.A. Capital Group, in particular of the parent company, i.e. ACTION S.A., focused mainly on the IT distribution market. Historically, it was a dynamically developing market – regular launches of new breakthrough consumer electronic devices, such as tablets and smartphones, continuously boosted demand, creating very good conditions for growth of all entities operating in the sector. In recent years, however, the situation has changed due to many factors. Firstly, the market has saturated due to a huge number of producers fighting for customers and offering similar products. Secondly, the lack of launches of innovative products over the past years has significantly limited the demand. Thirdly, shopping habits in society have changed, due to which currently the distribution model is gradually supported by online and direct sales. As a result, the developing IT market has become mature and the growth rate of sales has begun to drop.

In the case of ACTION S.A., unfavourable decisions of the Tax Audit Offices in Olsztyn and Warsaw, which the company received in July 2016, contributed to the difficult situation in the sector. Pursuant to those decisions, the Tax Audit Offices questioned the value of VAT paid by the Company in periods from July 2011 to January 2012 and from January to February 2013. In order to protect jobs, shareholders' interests and the company's financial liquidity, the Management Board of ACTION S.A. decided to submit to court a request for opening the restructuring proceedings for the Company. The court acceded to the request. As a result, the Company was subject to the restructuring proceedings as of 1 August 2016. It allowed the transformation of the ACTION S.A. business model and its adoption to contemporary market requirements.

### **Description of the business model**

In the course of the restructuring proceedings, a new business model for ACTION S.A., acting as the parent company, was developed. Its essential purposes include better response to current market needs and protection of the Group's activity stabilisation. Within the new model, ACTION S.A. activities were divided into two key segments: the business segment addressed to corporate clients and the consumer segment addressed to end clients. In the business area, the company focuses on the so-called distribution of added value, offering its partners an extensive package of services and training. To this end, ACTION S.A. created the Action Business Centre, a specialised over-departmental structure which deals with the implementation of strategic assumptions for this area. Consumer activities are carried out by Sferis, the own brand of ACTION S.A. In this area, the company focuses on offering the most desirable products at the best market prices. In addition, in both segments the company promotes own brands: Actina, Activejet and Actis. Pursuant to the assumptions of the adopted model, strong own brands, alongside the above-mentioned business and consumer areas, are to be the pillar of the operations of the ACTION S.A. Capital Group. This segment's strategic purpose is to strengthen further their market position through promotion and marketing activities.

Due to activities undertaken, currently the ACTION S.A. Capital Group is highly diversified in terms of the range of products as well as sales channels and forms, which guarantees its independence from the situation on the IT market.

All indicators in the Non-Financial Report of the ACTION S.A. Capital Group were calculated taking into account data from the parent company, i.e. ACTION S.A., and all subsidiaries.

### **Certified management systems and internal control system**

ACTION S.A. has the following certified management systems in place:

- ISO 9001:2015 Quality Management System,
- ISO 14001:2015 Environmental Management System,
- ISO 27001:2013 Information Security Management System,
- ISO 28000:2007 Supply Chain Security Management System.

In ACTION S.A., control functions are performed by the Representative for the ISO Integrated Management System reporting directly to the Management Board of ACTION S.A. Their obligations include:

- a) ensuring the compliance of the ISO Integrated Management System with the requirements of ISO standards,
- b) planning and organising reviews of the ISO Integrated Management System,
- c) managing internal audits covering the issues of quality, environment protection, information security and supply chain,
- d) initiating and supervising corrective and preventive actions,
- e) improving the ISO Integrated Management System.

Reports on regular audits together with risk analyses and appropriate recommendations are submitted to the Management Board of ACTION S.A.

### **ETHICS MANAGEMENT**

The ACTION S.A. Capital Group as a commercial group carrying out activities at the international level is obliged to comply with the most important standards in the scope of ethics management. The belief that the ethical approach to the performance of business activities is a very important element of the Group's organisational culture. Due to the long presence on the market, ACTION S.A. is deeply aware of risks resulting from the nature of its business activities. It indicates the following risks as the main ones: contractor-employee and employee-contractor corruption, breach of confidentiality, all kinds of abuse and irresponsible use of the company's resources. Issues connected with anti-corruption and privacy protection policies are described in relevant sub-chapters of the Non-financial Report of the ACTION S.A. Capital Group.

In order to regulate policies applicable in the scope of ethics within the organisation, in 2015 ACTION S.A. developed and implemented the Code of Ethics. This document contains the set of principles governing conduct within the organisation and relationships with the company's key stakeholders: capital market participants, clients, partners and competitors. It was introduced in order to limit to a maximum extent the risk of unethical conduct, abuse and any breaches of the applicable provisions of

law and regulations resulting from the company's presence on the Warsaw Stock Exchange. The ACTION S.A. Code of Ethics was developed on the basis of the analysis of risks connected with the company's business activities and consultations with representatives of almost all departments functioning in the company, including traders, product managers, warehouse, HR and management employees. Focus group interviews allowed the determination of key challenges and ethical issues in the daily work of the company.

The ACTION S.A. Code of Ethics specifies key values followed by the company, i.e. honesty, cooperation and high activity as well as including the set of guidelines necessary to carry out daily tasks. It regulates such areas as: conduct at the workplace, use of the company's resources, compliance with the confidentiality obligation, prevention of corruption and bribery as well as acceptance and provision of gifts. It also includes recommendations concerning conduct in the case of conflict of interest, discrimination and unfair competition. In order to manage ethical issues effectively, the function of an Ethics Officer was established on the basis of the Code of Ethics. Their tasks include:

- dissemination of the provisions of the Code of Ethics and the ethics programme (including the development of the organisational culture based on ethical values), which comprises, for example, the implementation of communication and ethical education activities,
- implementation of activities allowing the increase of employees' involvement in common development of ethical culture; particularly in the case of senior management,
- acceptance and examination of reports on breaches of the Code of Ethics and the provisions of law, including the submission of feedback to the person reporting breaches and abuse,
- provision of advice on ethical issues to employees,
- recommendation of disciplinary proceedings and conducting disciplinary interviews,
- representation of the company towards external stakeholders,
- proposing changes in the Code of Ethics and in the company's ethics programme,
- preparation of semi-annual activity reports which are accepted by the ethics board.

Another integral part of the Code includes instructions concerning the submission by employees of ethical issues and irregularities in this scope. Each employee may report such an issue to their direct supervisor or the Ethics Officer.

The provisions of the Code of Ethics apply to all employees of the companies belonging to the Action S.A. Capital Group. Therefore, the implementation of the Code was widely communicated. At the turn of 2015 and 2016, the company organised a cycle of training focused on promoting the Code provisions, which covered the majority of ACTION S.A. employees. Currently, new employees get to know about the Code of Ethics from documents available during the process of introducing a given employee to work.

So far, the provisions of the Code of Ethics have not been widely promoted among the company's suppliers of products and services. Initially due to restructuring, later in 2020-2021 also due to the COVID-19 epidemic. ACTION S.A. upheld the plan for strengthening actions in the scope of the contractors' obligation to comply with the standards of ethical conduct adopted by the company. Currently, only suppliers liable for delivering components and sub-assemblies for products sold under the own brands of ACTION S.A, i.e. Activejet, Actis and Actina, are monitored for ethical conduct. In the case of components for Actina brand products, the policy adopted by the company assumes the cooperation only with known and recognized suppliers, which allows limiting to a maximum extent the risk of ethical breaches. In the case of components for Activejet brand products, part of which comes from plants located in China, brand managers within the framework of best practices carry out annual audits aimed at the verification of the working conditions of employees declared by suppliers.

## **ENVIRONMENTAL POLICY**

After the announcement of liquidation and cessation of commercial activities in September 2018 of ACTION EUROPE GmbH – the second largest company in the ACTION S.A. Capital Group – ACTION S.A. became in practise the only company in the Group having significant impact on the environment.

### **General description of the environmental policy**

Since 2005, ACTION S.A. has had in place the environmental management system compliant with the ISO 14001:2004 international standard. In the second quarter of 2018, the transition to this standard new edition, i.e. ISO 14001:2015, took place. The Company is subject to regular audits carried out by

a reputable certification unit of the British Standards Institution. The scope of certification covers all processes performed in the company's headquarters in Zamienie near Warsaw.

Pursuant to the requirements of the ISO 14001 standard, ACTION S.A. has the documented Environmental Policy. It is communicated to the company's employees at the recruitment stage and, later, during training. The ACTION S.A. Environmental Policy is also available in an electronic version on the company's server and in a printed form on notice boards in the warehouse, service and manufacturing premises. The document was also published on the ACTION S.A. corporate website for wider access ([www.action.pl](http://www.action.pl)). The Policy is regularly verified and, when necessary, updated.

ACTION S.A. declares its compliance with all provisions of law connected with the protection of the environment.

Environmental actions undertaken by ACTION S.A. are focused on:

- protecting natural resources through limiting the use and rational management of electric and heat energy,
- conducting the policy of packaging and production waste recycling,
- conducting the sustainable waste management,
- introducing to the market biodegradable packaging of own brand products that will undergo bio-degradation quickly, without contaminating the natural environment at the same time.

Pro-environmental ideas are popularised among employees, suppliers and clients through appropriate training and marketing actions and the provision of knowledge of environmentally friendly products manufactured under own brands: Actina, Activejet and Actis.

### **Direct and indirect impact: raw materials and materials**

#### **General description of the area**

Within its core business activities, ACTION S.A. distributes products:

- a) from other producers; they are IT products, consumer electronics, household appliances, toys, home and garden and many more
- b) of own brands:
  - Activejet, Actis – consumables (inks and toners for printing equipment), lighting (LED bulbs, wall lights, decorative lamps), uninterruptible power supplies (UPS), computer accessories (keyboards, mice),
  - Actina – PC type computers, servers.

#### **Activejet and Actis**

The company makes every effort to ensure that materials applied in the manufacturing of products offered under own brands have no harmful effects on the environment. The composition of typical ink for Activejet and Actis ink printers is as follows:

- a container manufactured from polystyrene (popular plastic) widely used in the electrotechnical and automotive industry;
- a photosensitive drum consisting mainly of aluminium and steel rod. Both these materials are harmless to the environment and recyclable;
- a number of connecting parts.

In order to eliminate the risk of the application in the production of materials harmful to the environment or the user, all sub-assemblies applied by ACTION S.A. come from reliable producers and have appropriate certificates described in the "Safety of products and consumers" chapter.

Toners and inks have appropriate material safety data sheets (MSDM) containing the description of hazards potentially caused by a specific chemical substance or mixture.

Used cartridges are classified to the group of hazardous waste. In order to reduce the risk of environmental pollution, the company runs a programme of collecting empty and damaged consumables. Each partner has the possibility to return them. Collected cartridges are transferred to a professional plant authorised to process this type of waste. Due to the programme, approximately 5 thousand kg of waste was directed to treatment in 2021.



## Actina

In the manufacturing of Actina brand computers and servers, ACTION S.A. uses sub-assemblies manufactured by other producers. They are typical electronic components, such as motherboards, memory modules, hard drives and power supplies. Also in this segment, the company cooperates only with global verified producers, such as Intel Corporation, Advanced Micro Devices, Inc. ASUSTeK Computer Inc., Toshiba Corporation, Supermicro®, Kingston.

## Programme of changes in volumes of product packaging

The problem of untreated packages placed on the market in large quantities is one of the issues included in the ACTION S.A. Environmental Policy. In order to limit to a maximum extent this type of impact on the environment, the company runs the programme of changes in volumes of product packaging, which covers:

- a) packages of commercial goods purchased from suppliers,
- b) packages of own brand products and transport packages.

Producers aimed at the implementation of this programme consist in:

- replacement of plastic with packages made from waste paper: cardboard and paper;
- application of the principle of maximum reduction of packaging layers;
- use of unnecessary carton packaging as filler in transport packages;
- optimisation of the number and dimensions of packaging boxes used for the transport of goods by means of proprietary IT system for 3D design;
- change in the way of closing packaging boxes so that their upper lids are glued. Due to this the weight of a packaging box is reduced and the quantity of fillers is limited;
- application of the principle of maximum use in the production of ecological plant-based adhesives;

Amount of plastic packaging placed on the market in 2018-2021:

Packaging type	2018	2019	2020	2021
Plastic [thousands of kg]	3.0	5.6	13	38

Weight percentage of types of packaging placed on the market in 2018-2021:

Name of packaging material	2018	2019	2020	2021
Paper, cardboard	89.37%	79.89%	92.93%	73.0%
Plastic	0.29%	0.65%	2.12%	5.5%
Wooden pallets	10.34%	19.46%*	4.95%*	21.5%*

\* a relatively higher share of wooden pallets in all packages in 2020 was caused by the increase in share of export sales of the so-called 'large' household appliances (washing machines, refrigerators, cookers) and TVs with a diagonal screen size of more than 50 inches; products are sent on pallets

The effects of the application of the programme of changes in volumes of product packaging include:

- almost complete elimination of gluing in packaging boxes – currently only covers are glued, boxes are stapled and folded in an appropriate way;
- maximum reduction of paints; boxes are grey and without overprint, whereas labels are printed with the use of black toner, the main component of which is carbon black neutral for the environment;
- reduction of the dimension of Activejet and Actis ink and toner containers.

## Direct and indirect impact: fuels and energy

### General description of the area

To carry out its business activities, ACTION S.A. uses the following kinds of energy:

- a) electricity,

- b) heat energy obtained from combustion of natural gas in own heating boilers,
- c) liquid fuels (used in 99% by car fleet).

The total electricity consumption in unified units [GWh] and percentage of energy carriers in 2021 are presented in the table below.

Distribution of the use of individual energy carriers:			
<b>Electricity</b>	<b>Energy from natural gas</b>	<b>Energy from motor fuels</b>	<b>TOTAL</b>
[GWh]	[GWh]	[GWh]	[GWh]
3.822	2.326	2.367	8.515
44.9%	27.3%	27.8%	100%

Each of the energy carriers is analysed in detail in the further part of the report. The analyses resulted in the development of programmes leading to the minimisation of the energy use by the company.

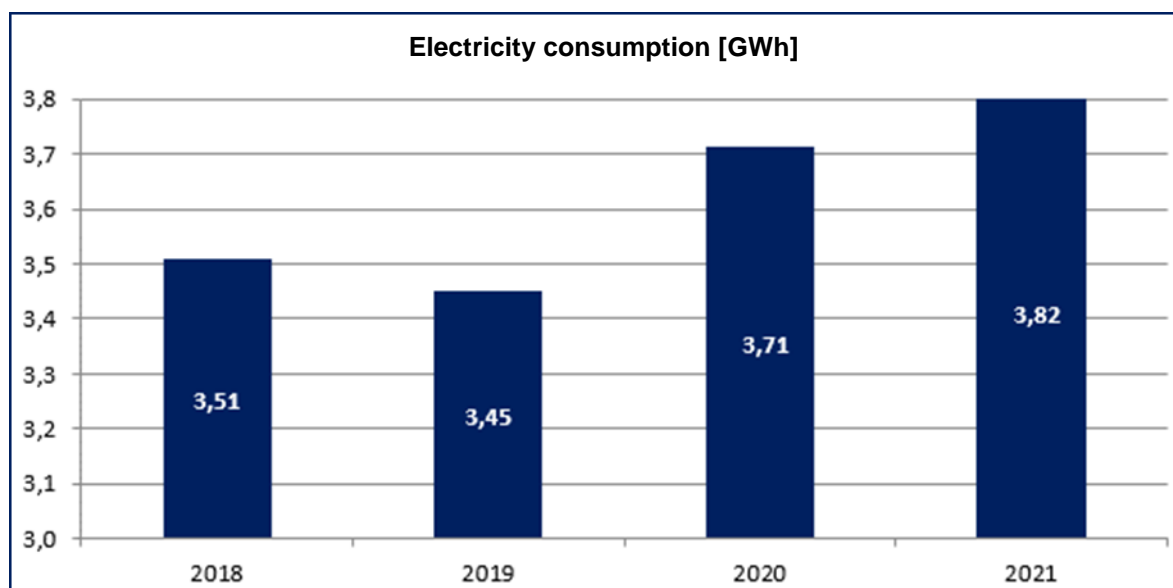
Pursuant to the requirements of the Polish Energy Efficiency Act of 20 May 2016, the Company has a valid energy audit carried out in the second half of 2011 (the next audit will be carried out in 2025). During the audit, the areas and processes which use the largest quantity of electricity were identified:

<b>Area</b>	<b>Share in the total use of electricity</b>
Automated warehouse transport system supplied directly by electricity and indirectly by the compressed air system	27%
Air conditioning and ventilation system	26%
Interior lighting	18%

#### **Electricity-savings programme**

Within conscious management of electricity, ACTION S.A. implemented the electricity-savings programme. The key purpose of this programme is to limit the use of electricity and, at the same time, to maintain the safety of employees and property and the continuity of processes. This purpose is achieved through the following measures:

- Application of the principle of savings in lighting used in warehouses and office premises by the division into lighting zones in individual large surface premises, halls and corridors;
- Installation in the warehouse of automated racks and a roller transport system causing the reduction in employment by approx. 20% and the increase in productivity by approx. 30%, which translates into the reduction of the warehouse operation time and, as a result, savings in electricity and water;
- Sustainable management of ventilation and air conditioning systems of premises, adjusted to current needs of users. Each air-conditioned premises has its separate control system, which allows users to use it economically;
- Optimisation of the operation of battery-powered trucks in the warehousing process. Communication routes of forklifts were designed to optimise in the best way the time of the pallet delivery to the rack and to ensure their mutual collision-free communication.



Electricity consumption calculated on a year-on-year basis increased by 2.9%. It results from the quantitative analysis that the consumption in subsequent years stabilises at the level from 3.5 to 3.8 GWh.

#### Heat energy-savings programme

The key purpose of this programme is to limit the use of heat energy obtained from combustion of natural gas and, at the same time, to maintain the safety of employees and property and the continuity of processes. It is achieved through:

- Limitation of the use of heat energy in the company's registered office by automatic adjustment of temperature inside premises to external conditions and users' needs.
- Setting ventilation control rooms at minimum acceptable temperatures: offices – 20 degrees Celsius, warehouse – 18 degrees Celsius.
- Limitation of the use of heat energy by limitation of temperature on non-working days and at night in places where employees are not present.
- Ensuring efficient functioning of the heating installation and system by the performance of regular reviews pursuant to the technical manual, maintenance and replacement of elements that may reduce the system effectiveness.

Quantities of emissions into the atmosphere for ACTION S.A. in 2021:

GAS CONSUMPTION [m <sup>3</sup> ]	SO emission [kg]	NO emission [kg]	CO emission [kg]	CO <sub>2</sub> emission [kg]	Dust emission [kg]
255,278	10.211	410.224	70.792	510,556.000	0.128

Quantities of emissions into the atmosphere for ACTION S.A. in 2020:

GAS CONSUMPTION [m <sup>3</sup> ]	SO emission [kg]	NO emission [kg]	CO emission [kg]	CO <sub>2</sub> emission [kg]	Dust emission [kg]
207,376	8.295	333.247	57.508	414,752.000	0.104

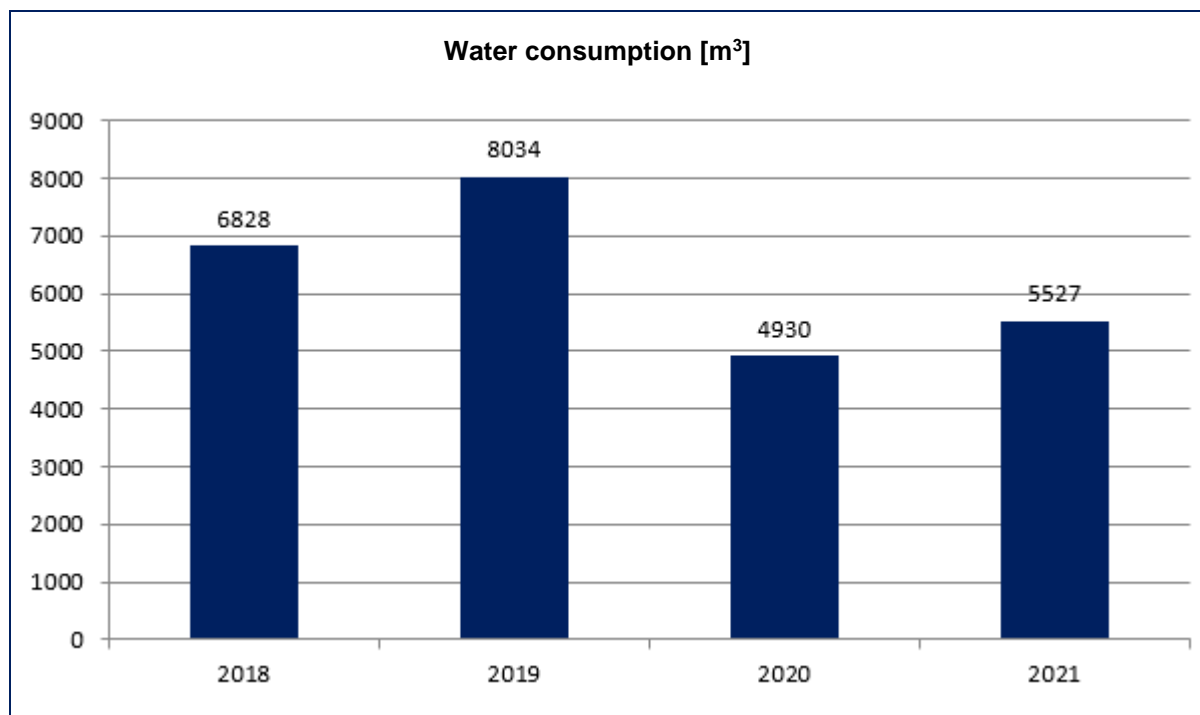
ACTION S.A. submits reports on quantities of emissions into the atmosphere of substances from combustion of natural gas and quantities of liquid fuels used to the National Centre for Emissions Management.

#### Direct and indirect impact: water

##### General description of the area

Water is used in the Company mainly for social purposes. It is also in the sprinkler system intended for extinguishing a possible fire in the warehouse. It is taken from its own two Oligocene water wells. The company also has its own water treatment facility.

Rain water is collected in an underground tank. Its excess is discharged to a drainage ditch running through the company's premises.



Water consumption is correlated to the number of employees in ACTION S.A.

In 2021, a significant part of employees worked in a hybrid work model, which resulted in a low increase in consumption.

#### **Direct and indirect impact: waste and sewage**

##### **Programme of soil and ground water protection**

The purpose of the programme is to limit the impact of waste, including sewage, on the environment.

The company is not connected to the public sewerage network, sewage is collected in own sealed sewage pits. The quantity of sewage results from the quantity of water used. Sewage is regularly removed by a specialist company on the basis of a relevant agreement.

In the company's building there is a snack-bar run by an external company. Sewage from the snack-bar is directed to the fat and oily waste separators. The condition of separators is inspected on an ongoing basis by a maintenance technician. Also this waste is removed by a specialist company.

##### **Programme of production and packaging waste segregation and recycling**

Employees in the warehouse, service and manufacturing premises segregate packaging waste. Used packaging boxes are moved to the central press container and then to the treatment facility. When necessary, part of cardboard boxes is used by the service department for packing products being objects of complaints.

Metal waste occurs in trace amount. The excess number of bolts and mounting strips in the production department is collected for further use.

Used cardboard boxes and remains of foil and polystyrene are used as fillers in packages; other waste is dealt with by an appointed recycling company. Waste is stored in a designated place and then transferred to recycling.

## **Extended environmental responsibility: products and services**

### **Programme of management of used electrical and electronic equipment, fluorescent lamps, batteries and auxiliary materials**

ACTION S.A., as the entity placing on the market electrical and electronic equipment, is obliged to fulfil obligations resulting from the Polish Act of 11 September 2015 on waste electrical and electronic equipment. To this end, the company signed an agreement with a recovery organization.

As the entity introducing batteries and accumulators, the company is obliged to fulfil obligations resulting from the Polish Act of 24 April 2009 on batteries and accumulators (hereinafter referred to as: the BA Act).

The agreements have been in force since 1 January 2013.

ACTION S.A. is entered into the database of products and packaging and on waste management (BDO) under number 000035215 as the entity marketing: used electrical and electronic equipment, batteries and accumulators and packaging.

## **SOCIAL AND PERSONNEL AREA**

### **General description of the area**

The main assumption of the personnel policy is to acquire, maintain and develop employees and management staff capable of fulfilling strategic corporate goals of the ACTION S.A. Capital Group. We link the achievement of this purpose not only with the implementation of basic procedures in the scope of recruitment, training, remuneration, etc., but also with social elements. Therefore, an integral part of our policy is:

- the creation of jobs for disabled persons and treating them on equal terms,
- the creation of the working environment characterised by an atmosphere of healthy competition inspired by sport,
- the creation of equal opportunities for professional development, regardless of the age, sex, nationality, religion and political views, expressed in equal access to promotion, knowledge and remuneration,
- the recruitment of the best candidates, taking into account chances of the local community.

The personnel policy applies to all companies of the ACTION S.A. Capital Group. However, due to the restructuring proceedings pending since 2016 and the change in the business model connected therewith, at the moment the Group does not have its current formal personnel policy. After the completion of the restructuring process, it plans to update the document of the personnel policy to adjust it better to the current structure of the Group.

Main assumptions of the personnel policy are implemented through applicable procedures, to which the following ones belong:

- 'Recruitment Guide' containing instructions about the correct course of the recruitment process. This document puts emphasis on legal and social aspects of this process, such as prohibition of discriminatory practices and personal data protection.
- "Recruitment and dismissal procedure" ensuring the compliance with the provisions of law in the area of recruiting and dismissing employees.
- "We invest in the best people" programme covering all employees of the Group, whose main purpose is to select talented employees and to develop their competencies and creativity. The last edition of this programme took place in 2015. In 2016, this programme was suspended due to the restructuring proceedings. The Management Board plans to resume the programme after the completion of the restructuring process.
- Salary grid implemented in ACTION S.A., which regulates remuneration issues on the basis of the evaluation of job positions.

### **Employment**

At the end of 2021, the Action S.A. Capital Group employed 512 people, i.e. 13.5% more year-over-year. This tendency is consistent with strategic assumptions aimed at sustainable development after the completion of restructuring proceedings, according to which the employment structure is to be adjusted to the directions of business development.

In the ACTION S.A. Capital Group, women account for approx. 37.5% of employees and men for approx. 62.5%. Such gender structure results from the fact of possessing own logistic centre, in which – due to the specifics of required competencies – mainly men are employed. They account for approx. 80% of employees in the warehouse and the logistic department. Among office employees, the proportions of employment broken down by gender are as follows: women account for 40% and men account for 60%.

In the ACTION S.A. Capital Group, the majority of employees (approx. 68%) is employed on the basis of employment agreements made for an indefinite period of time. Agreements for a definite period of time are applied as standard in the case of new employees.

The employment broken down by the term of the employment agreement in 2021 and 2020 was as follows:

TYPE OF AGREEMENT	Number of employees in 2021	Number of employees in 2020
Agreement for an indefinite period of time	350	314
Agreement for a definite period of time	137	122
Agreement for a trial period	25	15
<b>Total</b>	<b>512</b>	<b>451</b>

Additionally, the ACTION S.A. Capital Group also applies civil law agreements. Pursuant to the principles applicable in the Group, this kind of agreements is limited to a maximum extent and signed only in the case of positions at which flexible working time is essential. At the end of 2021, 80 people were employed in the ACTION S.A. Capital Group on the basis of civil law agreements.

Civil law agreements: number and average remuneration in 2021 and 2020.

	2021		2020	
Gender	Number of persons	Average gross remuneration in PLN	Number of persons	Average gross remuneration in PLN
Women	34	2,941	24	2,448
Men	46	2,983	51	2,470
<b>Total</b>	<b>80</b>	<b>2,962</b>	<b>75</b>	<b>2,459</b>

In 2021, the employment in the ACTION S.A. Capital Group was characterised by moderate turnover, which amounted to 11.7%. The turnover indicator is connected with the following factors: a large share of warehouse employees and employees dealing directly with clients – this kind of work is connected with seasonal variations in the employment level;

Turnover of employees in 2021 to 2020.

	2021	2020
Number of employees	121	87
Number of leaving employees	60	70
Turnover	11.7%	15%

Average remuneration of employees working on the basis of the employment agreement broken down by gender in 2021 and 2020.

	2021		2020	
Gender	Average gross remuneration in PLN	Number of persons	Average gross remuneration in PLN	Number of persons
Women	7,166	192	7,269	158
Men	7,317	320	7,042	293
<b>Total</b>	<b>7,242</b>	<b>512</b>	<b>7,156</b>	<b>451</b>

The ACTION S.A. Capital Group takes an active part in the employment activation of disabled people. The company ACTION S.A. is the Partner of the "Efficient at Work" Social Programme. The modern infrastructure of the office and warehouse facility is fully adjusted to the needs of disabled people. At the end of 2021, the ACTION S.A. Capital Group employed 26 people with varying degrees of disability, accounting for 5% of the total staff. Since 2014, ACTION S.A. received a subsidy for salaries of employees with disabilities from the National Fund for the Rehabilitation of the Disabled (PFRON) due to the maintenance of employment of disabled people at the level of 6% in terms of total employment. In 2017, this share dropped to 5% due to the merger with subsidiaries which had not employed disabled people previously.

#### Remuneration

The implementation of the personnel policy in the area of equal treatment is also visible in the average gross remuneration broken down by gender. The position and salary grid based on the evaluation of job positions has been functioning in the Group since 2006, when it was implemented with the assistance of an external company.

In 2021, the average gross remuneration among employees working on the basis of employment agreements was PLN 7.2 thousand. The remuneration of women and men is at the similar level, i.e. men's remuneration is 2% higher.

Average remuneration broken down by job positions in 2021 and 2020.

	2021		2020	
Group of positions	Average gross remuneration in PLN	Deviation from the average	Average gross remuneration in PLN	Deviation from the average
Management staff	13,788	190%	13,270	185%
Specialist staff	7,281	101%	7,250	101%
Blue-collar staff	5,692	79%	5,319	74%
<b>Total</b>	<b>7,242</b>	<b>100%</b>	<b>7,156</b>	<b>100%</b>

The ACTION S.A. Capital Group applies additional non-wage benefits for employees. ACTION S.A. invested in an additional infrastructure comprising its own gym and squash court allowing employees to spend their free time and develop. Within the company's premises, there is also a canteen, car park and bicycle rack.

The key non-wage benefits include:

- access to private health care,
- access to group insurance,
- access to a sports card and transport card,
- holiday packages.

One of the benefits implemented for the employees of the ACTION S.A. Capital Group is “**two Fridays off each month**”, which has been operating since September 2021.

#### **Participation in ACTION S.A. competitions / programmes**

- The company is the partner of the ‘Efficient at Work’ programme. By its participation in the programme, it declares its intention and willingness to engage in cooperation aimed at improving the position of disabled people on the market.
- In 2013, the company won the prestigious Trustworthy Employer award in the 5th edition of the programme in the “ICT services” category. The idea of this programme is to promote correct and exemplary models of employer’s behaviours. The Jury comprising representatives of well-known and recognised non-governmental institutions awarded the company’s personnel policy and opportunities provided by the company to its employees for professional development and education. ACTION S.A. was honoured as a company caring for the natural and working environment.
- In 2013, the company received the Reliable Employer of the Decade award. The Reliable Employer of the Decade is a special edition of the Reliable Employer of the Year national competition, aimed at selecting the best employers in Poland that during the last 10 years ran an exemplary personnel policy.

#### **Safety of products and consumers**

##### **Computers**

ACTION S.A., as the manufacturer of recognised computers and servers of Actina and Actina Solar brands, since the beginning of its activities in this segment has set clearly formulated purposes in the scope of the development and implementation of safety policies and procedures connected thereto at the production stage. The policies developed and implemented in ACTION S.A. cover both the issues of product and service quality as well as broadly understood safety of clients. The guarantee of the company’s successes in the manufacturing segment is the quality management system compliant with the PN-EN ISO 9001 standard.

In striving to maintain the leading position on the market of manufacturers of PC computers and servers, the company’s key criterion is the client’s satisfaction and the delivery of a product that can be safely used and 100% disposed. The assumed purpose is achieved through the identification, analysis and full implementation of clients’ needs and expectations, the identification, planning and management of processes as well as current analysis of norms and standards required by law. ACTION S.A. uses only materials and products from verified and reputable suppliers; however, regardless of their reputation and good opinion, the company ask for and verifies reports and statements from technical and qualitative tests as well as, pursuant to its own procedures and methods developed by the company, it checks the quality of samples within supplies. Due to this approach, the company eliminated from supplies to an almost full extent materials and semi-products constituting a physical hazard to clients and a threat to the natural environment.

Potential risks that the company may encounter at the stage of computer and server manufacturing include a risk resulting from lack of use in the manufacturing of components non-compliant with the required qualitative standards, which may result in a reduced quality of products and their increased unreliability as well as creating in specific cases a threat during the use of a device. However, due to the above-mentioned process of verification of suppliers and products (compliant with the ISO 9001 standard implemented in the company), these types of risk are eliminated before the commencement of series production. The additional stage of the quality verification takes place during the process of the prototype construction and examination.

In the reporting period, there were no cases of complaints connected with product safety in relation to PC computers of ACTINA brand and servers of ACTINA SOLAR brands.

##### **Inks and toners**

Since the beginning of its activities, ACTION S.A., the manufacturer of consumables of Activejet and Actis brands, has put special emphasis on integrated and long-term approach to product development. The implemented procedures of continuous monitoring of their quality, supported by pre-sales and post-sales analyses, guarantee the availability of top-quality products for the user. Products of Activejet and Actis brands are subject to numerous tests performed by independent laboratories. One of them is TUV Rheinland, which granted to the company’s products a certificate compliant with the most recent international EN-ISO productivity standards. Moreover, Activejet and Actis consumables



have a CE certificate issued on the basis of the scope of tests of PN-EN 55032:2015-09 (EN 55032:2012) and PN-EN55035:2017-09 (EN 55035:2017) standards, which indicate safety of these products in printing equipment.

At the time of the consumable portfolio extension, the safety data sheet is compiled on the basis of MSDS sheets. The sheet includes the chemical composition of the colouring agent, first aid measures, procedure in case of accidental release into the environment, personal protective equipment, ecological information, etc.

In 2021, the production of Activejet and Actis consumables was compliant with EN 62321 standard, European Directive 2011/65/EU (RoHS) and European Directive 2015/863. The test performed by TUV SUD was aimed at the verification whether the composition of ink and containers does not exceed permissible values of carcinogenic chemicals harmful to the environment and to human health. The positive effect is the maintenance of the CE safety mark.

In 2021, the Company further raised its clients' awareness of the environment policy introduced. Due to the fact that clients often do not know what to do with empty ink cartridges, ACTION S.A. prepared a special information campaign. Special envelopes for empty ink cartridges are attached to inks. The client – instead of throwing an empty ink cartridge to a bin – may use our envelope and send the cartridge for free to the company which deals with waste processing. All they have to do is to drop the envelope with ink to a postbox or send it at the post office. The letter is prepaid and the client does not incur any costs.

ACTION S.A. prepared the ECMA-370 6th edition Eco declaration, which indicates the scope of activities and certificates for environmental protection.

## **Labelling of products**

### **Computers**

The standard and requirements concerning labelling of computers and servers manufactured in ACTION S.A. are clearly and precisely determined in the Design and Development Procedure, which constitutes part of the Integrated Management System developed pursuant to ISO standards. The purpose of the procedure is to ensure that own brand products (including computers and servers) are designed and developed in a planned and effective manner under supervised conditions meeting the assumed requirements, in particular legal, quality and environmental requirements.

All own brand products are subject to labelling, which takes into account the product type differentiation (electronic devices, consumables, etc.) on the basis of the division into product lines determined in the above-mentioned procedure. Computers and servers are labelled pursuant to the current legal requirements in the European Union (CE RoHS disposal mark, etc.) and project assumptions of these products, covering e.g. easy product identification, basic technical parameters characterising a given product and compliance with industry norms or standards.

The Design and Development Procedure also determines the responsibility for individual stages of its implementation, including proper labelling of products spread over many stages and concerning departments which create product labels, the Research and Development Department responsible for the fulfilment by a given product of required norms and the Production Department, which actually marks products.

In the period from 8 November 2016 to 10 March 2017, the company was subject to an audit in the scope of labelling, correctness of documentation and compliance with energy requirements of ACTINA computers by the Office of Electronic Communications. The audit involved checking four different models of computer in terms of the correctness of documentation, marking of the Energy Star® programme and compliance with energy requirements of this programme in the laboratory of the Office of Electronic Communications. The audit indicated irregularities in marking of products, resulting from changes of the graphic symbol of the Energy Star programme and content of information published at: <https://actina.pl/pl/page/ekologia><http://komputery.actina.pl/pc/actina/certyfikaty.html>; <http://komputery.actina.pl/pl/pc/actina/ochrona-srodowiska/Energy-Star> and the Office of Electronic Communications issued post-audit recommendations. The implementation of these post-audit recommendations was completed on 9 March 2017 and involved:

- update of the Design and Development Procedure,

- change of the graphic symbol of the Energy Star programme on packages of products,
- change of the text available at the above-mentioned websites of the company,
- response to the Office of Electronic Communications in connection with post-audit recommendations.

It was the only identified case of non-compliances connected with incorrect marking and no financial penalties were imposed on the company.

### **Inks and toners**

The introduced procedure of marking Activejet and Actis brand products is the guarantee that the client will receive the correct product compliant with current legal regulations. Each product has a unique name identifying the product model and its version / type.

Products have all necessary markings allowing our company to sell them in Poland and Europe. Information placed on packages includes technical information (capacity / efficiency, print colour, etc.) and the list of devices for which the product is dedicated; inside the box there are product instructions and, in some models, expert advice. On the box of the product there is also information about certificates which the product received, e.g. ISO / IEC norms and CE. Together with the TUV Rheinland logo on the box, there is the number of the certificate which Activejet and Actis inks and toners received.

Pursuant to the requirements, on the box and on the product there is a logo informing about the fact that the product may not be disposed of with unsorted regular waste.

Descriptions on boxes and instructions are prepared in several languages.

### **Privacy protection in the ACTION S.A. Capital Group**

#### **Introduction**

Personal data are any types of information which allows the identification of a particular natural person, especially such data as first and last name, postal address, e-mail and phone number. Due to the nature of business activities conducted, ACTION S.A. is the controller of the above-mentioned information and undertakes to ensure the protection and confidentiality of personal data processed within its business processes.

During the determination of the privacy policy for companies from the ACTION S.A. Capital Group, the existing business processes and IT systems were analysed with the use of the Privacy Impact Assessment analysis. The purpose of this analysis was to find optimal technical and organisational conditions to be met by IT systems used for the processing of personal data (indicating the required structure and the length of the password together with the password change frequency), functional requirements for the above-mentioned IT systems and the necessity to apply cryptographic protection.

The analyses carried out showed that in the case of the ACTION S.A. Capital Group areas most vulnerable to adverse effect of personal data include the HR area and IT systems constituting the sales platform for individual clients (B2C).

The privacy policy of the ACTION S.A. Capital Group, together with the IT Safety Policy and the ISO / IEC 27001 Information Safety Policy adopted in 2012, defines the individual selection of security measures based on the requirements of ISO/IEC 27001:2014 standard, adequate to identified risks (risk-based approach). The Group's operational measures in this area are coordinated by the Data Protection Officer specifically appointed for this purpose by the Management Board of Action S.A.

In order to protect and respect privacy of its employees and clients, the companies belonging to the ACTION S.A. Capital Group apply modern means of cryptographic protection to secure the transmission between the browser of a user / client and the Group's servers supporting sales platforms. Currently, these technologies are: SSL (Secure Socket Layer) or TLS (Transport Layer Security). These technologies ensure the protection of data against third parties' access.

#### **Collection, use and storage of personal data**

Clients' personal data are collected as a result of the registration of products purchased or at the time of the purchase of accessories through the B2B I-service platform or Sferis.pl, the online store. They

are processed only in the scope in which it is necessary to achieve the purposes determined in the Privacy Policy.

Personal data are collected in order to open an account, register the product purchased and contact the companies of the ACTION S.A. Capital Group in order to file a complaint or to complete the 'order form' sent to purchase a product.

The submission of personal data in the sales systems of the ACTION S.A. Capital Group is voluntary, but necessary to create an account or register a product. The completion and transfer of the product registration form is not obligatory; however, in the case of the resignation from the product registration, the fulfilment of expectations and provision of appropriate support to clients that purchased a specific device may prove to be impossible.

After receiving personal data, the ACTION S.A. Capital Group processes them for the following purposes:

- management of relationships with product purchasers, registration of messages and correspondence, use in order to comply with the applicable provisions of law and policies of accounting, administrative and fiscal procedures in force in the Group;
- provision of personal data to other companies from the ACTION S.A. Capital Group which may use them for purposes determined in the Privacy Policy. The list of the companies from the ACTION S.A. Capital Group is available at the request submitted to ACTION S.A.;
- making personal data available to partners of the ACTION S.A. Capital Group for the purposes defined in the Privacy Policy. The list of partners is available at the request submitted to ACTION S.A.;
- for marketing purposes, after the prior submission by the client of their consent and in the scope permitted by the provisions of law applicable in the European Union;
- providing clients with information on all sales initiatives of the ACTION S.A. Capital Group.

### **Commercial information**

Upon the clients' consent and in the scope permitted by the provisions of law applicable in Poland and in the European Union, the ACTION S.A. Capital Group will use clients' personal data to send to the e-mail addresses provided by the clients the following information:

- commercial information about innovations, gifts, products or new articles placed on the market, promotions / offers for the sales of products, also online, by ACTION S.A., other companies from the ACTION S.A. Capital Group and selected partners whose list is available at the request;
- commercial information, offers and messages (e.g. newsletters) concerning the extension of guarantees granted by ACTION S.A. for products which were registered or products in which the clients were interested;
- invitations to participation in the market research concerning products sold by the ACTION S.A. Capital Group or customer service;
- invitations to participation in lotteries, games, contests, trade fairs and product exhibitions organised by companies from the ACTION S.A. Capital Group, etc.

Each client of the ACTION S.A. Capital Group may, at any time, withdraw their data from the database run by ACTION S.A. and they will not receive commercial materials and information. The instruction how to do it is included in each message sent to clients.

### **Safety of personal data**

The ACTION S.A. Capital Group applies appropriate safety measures in order to protect data collected against unauthorised access, misuse, disclosure, unauthorised modification, unlawful destruction or accidental loss, pursuant to ISO 27001 standard (annual audits). Personal data will be stored for as long as it is necessary to conduct commercial activities compliant with law and for purposes determined in the Privacy Policy.

### **Accuracy of personal data stored in ACTION S.A.**

ACTION S.A. undertakes that personal data stored will be accurate and current. Changes in personal data will be made only on the basis of information from the Client. The obligation to inform about inaccuracies or changes of personal data lies with the Client. In the case of the occurrence of any changes or inaccuracies of personal data, the client should inform ACTION S.A. by sending a message to the e-mail address indicated for the correspondence with ACTION S.A. The content of the message should contain information allowing the identification, due to which ACTION S.A. employees will be able to make appropriate changes.

### **Disclosure of information and transfer of personal data**

ACTION S.A. reserves the right to disclose personal data in cases provided for by law or in cases necessary to protect rights of ACTION S.A., in connection with pending court proceedings or at the administration body's request or in connection with other proceedings in which ACTION S.A. is obliged to disclose these data. If ACTION S.A. is subject to acquisition or disposal, it may disclose clients' personal data to the new owner of the company.

### **Direct marketing in ACTION S.A.**

In the case when ACTION S.A. clients granted their consent to the receipt of marketing information, they also accept the situation in which the Marketing Department of ACTION S.A. may send them marketing e-mails connected with their purchasing preferences.

### **Information about Internet traffic on ACTION S.A. websites and Cookies applied**

Internal servers of ACTION S.A. and servers of service providers being third parties (which may be located outside the European Economic Area) automatically record data concerning visits to ACTION S.A. websites on the basis of the IP address. In order to ensure free access to its websites / sales systems, ACTION S.A. uses this information in order to increase the performance of ACTION S.A. websites through the collection of information concerning the manner in which it is used by visitors. Anonymous information collected in this passive manner is used in order to provide people visiting the ACTION S.A. website with a better service, adjust it to clients' preferences, compile and analyse statistical data and sales trends, administer the ACTION S.A. website and improve it. Cookies are not merged with personal data collected in another manner on the website if the client does not grant their consent thereto.

### **System logs / Technical data of ACTION S.A.**

For statistical purposes, ACTION S.A. collects information about the use of its websites by means of the server system logs. The company collects the following information: connection date, IP address, URL of the website visited, type of operational system, type of web browser. It uses these data to adjust ACTION S.A. sales systems to the requirements of the ACTION Group's clients.

### **Changes after the introduction of the GDPR in 2018**

In order to coordinate all actions aimed at the maintenance of privacy in the ACTION S.A. Capital Group, in 2018 after the introduction of the GDPR, the Privacy Policy was redefined. This Policy indicates which data are collected and the purposes of their collection, the manner of their processing and the manner of exercising the individual right to access, update, correct and remove personal data.

A completely new IT system which collects permissions for processing personal data was implemented. It was obtained from the B2B and B2C sales systems and currently it allows:

- the right to be forgotten (addressed to clients who wish to have their personal data removed);
- the right to request the transfer of data to other companies;
- the reinforced client's right to access and view their personal data, the way to obtain them and the place of their use.

Data subjects were granted the extended right to object to the processing of their data, including the right to prohibit direct marketing with the use of their personal data.

### **Limitations of profiling**

After the introduction of the GDPR, limitations were introduced to the ACTION S.A. marketing and analytical systems in the scope of profiling. They include the obligation to obtain consent for profiling before the commencement of data collection, strict obligation to inform about profiling and necessity to obtain an approval for a lack of consent for profiling.

### **Appointment of the Data Protection Officer**

ACTION S.A. appointed the Data Protection Officer, possessing expertise in personal data protection, who was obliged to prepare and maintain comprehensive records of processed data, which take into account: reasons for data processing, categories of data subjects and personal data, addressees of data, records of international data transfers, records of violations and incidents, development and maintenance of privacy protection rules for each product line, storage of confirmed consents to data processing, etc.

Within the function of the Data Protection Officer (DPO), the following is ensured:

- detailed audit (at least every 6 months) of ACTION S.A. of obtaining and processing personal data, including an audit of its IT systems,
- audit of all channels of downloading personal data, including electronic channels of websites, servers, web and mobile applications, etc.,
- report after the audit, within which the DPO indicates all deficiencies and ways to eliminate them,
- introduction of regular reviews of procedures of personal data processing pursuant to the GDPR,
- creation and update of internal personal data protection policies,
- maintenance of records of personal data processing activities,
- continuous consultancy regarding personal data processing and support in their protection,
- connection point for the supervisory authority and data subjects,
- performance of the assessment of effects of personal data processing for their protection,
- fulfilment of the information obligation towards data subjects,
- unlimited consultancy for ACTION S.A. in the scope of personal data protection,
- analyses of documentation, including agreements and contracts, in the scope of the correct personal data processing,
- training for employees and maintenance of records of employees authorised to process personal data in ACTION S.A. business processes.

The DPO acts on a regular basis, ensuring constant updates, training and supervision over ACTION S.A. employees.

#### **Extension of the information obligation and update of existing consents to data processing**

The provisions of the GDPR indicate a great amount of information which was taken into account in the communication of the manner of personal data processing addressed to data subjects through regulations modernized pursuant to the GDPR. New or supplemented rules for obtaining from data subjects important and verifiable consents to personal data processing were introduced.

#### **Records concerning data processing and specialist training**

As the entity processing data, ACTION S.A. created and now maintains records which include: reasons for data processing, categories of data subjects and personal data, addressees of data, records of international data transfers, records of violations and incidents, development and maintenance of privacy protection rules for each product line, storage of confirmed consents to data processing, etc.

In order to limit the impact of the human factor on possible violation of personal data protection rules, the company introduced the limitation of access of the ACTION S.A. Capital Group employees to data processed in IT systems and determined the schedule of training aimed at increasing the knowledge of processing rules. Currently, approx. 98% (including 100% of new) employees have completed such training.

For quick exchange of knowledge in this scope, the company created a special contact address for the submission by employees of their questions and queries directly to the controller of personal data.

#### **Occupational health and safety**

The provision of the employees with an appropriate level of safety and occupational health at the workplace is one of the key purposes of the policy of the ACTION S.A. Capital Group. The fundamental obligation of the Group as the employer is to fulfil all requirements imposed by the labour law and the European Union law. This obligation is fulfilled in particular through:

- the organisation of work in a way ensuring safe and healthy work environment,
- ensuring the company's compliance with the provisions and rules concerning occupational health and safety through constant monitoring of workplaces,
- removal of irregularities,
- responding to needs in the scope of occupational health and safety and adjustment of measures undertaken in order to improve the existing level of protection of employees' health and lives through the performance of the working environment measurements, taking into account changing conditions of work performance,
- taking care of the safe and hygienic condition of work premises and technical equipment as well as the efficiency of collective and individual protection measures (helmets, safety vests, safety harnesses) and their use in accordance with their intended purpose,

- taking into account health of pregnant employees or employees who are breastfeeding and disabled employees within prevention measures,
- ensuring that orders, recommendations, decisions and rulings issued by bodies supervising work conditions are implemented,
- carrying out initial and periodic training on occupational health and safety, first aid and fire prevention,
- performing initial and periodic health screening and medical check-ups of employees,
- carrying out the assessment of occupational risk related to job positions, documenting the risk and informing employees thereof,
- pursuing consistent policy on preventing accidents at work and occupational diseases, which takes into account technical issues, work organisation, social relationships and impact of working environment, by the appointment of a team dealing with issues connected with accidents at work,
- familiarising employees with position-related OHS instructions,
- ensuring measures necessary to provide first aid in emergency by placement of first-aid kits in all service buildings and departments and appointment of persons responsible in this scope and trained to provide first aid,
- appointing the OHS Committee,
- issuing opinions on all projects concerning construction and alteration of the company's facilities by the OHS and Ergonomics Expert, the Hygiene and Sanitation Expert and the Fire Safety Expert,
- the Group's facilities are equipped with fire protection devices and systems, such as fire detectors, call buttons, sprinklers, fire extinguishers, fire blankets, hydrants and fire alarm connected directly to the State Fire Service.

ACTION S.A., as the only company with the warehouse in the ACTION S.A. Capital Group, undertook actions going beyond obligations imposed by the Polish law in the scope of OHS. In the warehouse, there is the Schäfer automated completion and transport system, which minimises manual handling of goods. Products are transported, sorted, completed and packed automatically or with the use of mechanical equipment, due to which manual transport works are eliminated. Other manual works connected with the completion are supported by clear messages displayed for employees – the Pick by Light system. Employees' activities are monitored by the supervision in order to minimise distances covered; manual handling of goods was completely eliminated – employees use hand trucks.

The ACTION Group's purpose is to minimise the occupational risk by undertaking such measures as:

- the mitigation of the risk of electric shock – the application of insulation, sheaths and system that shuts off automatically when an electric shock occurs,
- the mitigation of the risk of being knocked down by a forklift – the application of sensors that automatically stop the forklift before an obstacle,
- prevention of visual fatigue – the application of appropriate lighting and monitors with low radiation emission.

Employees may use additional group insurances on favourable terms in the scope of life and personal accident insurances.

### **Relationships with employees and freedom of association**

Relationships with employees are maintained in the ACTION S.A. Capital Group mainly through internal communication which is realised mainly in the form of internal online meetings with the use of instant messengers and current newsletters. The Company implemented a tool in the form of Workplace, an internal social platform used for communication and integration of employees, encouraging them to interact and exchange information concerning the company and business life. It is the place of publication of information and news about strategy, business, marketing, human resources and organisational topics.

In the ACTION S.A. Capital Group there are no trade unions.

In order to minimise the risk of conflicts in the workplace, ACTION S.A. has drawn up **Regulations for internal notifications concerning violations of the law and follow-up actions at ACTION S.A.** The aforementioned regulations have been introduced on the basis of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law in order to reduce damage to the public interest, take follow-up actions and ensure sustainable and effective protection of persons who report breaches. The objective indicated above and popularization of the whistleblowing attitude are implemented by the Employer on the basis

of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law and protection programmes for persons who wish to report breaches internally. Elections were held for employee representatives and 3 persons representing employees were selected.

### **Development and education**

The fulfilment in the ACTION S.A. Capital Group of employees' development needs requires ensuring the opportunities to improve professional qualifications and skills. The Group ensures soft-skill and hard-skill training, both internally and externally. Training activities are planned for each year and, during the year, the plan is updated on an ongoing basis. Since 2005, language courses have been carried out (group and individual), depending on the employees' needs. The company also organises product training for employees from the Sales Division. The ACTION S.A. Capital Group, as one of the largest distributors with state-of-the-art logistic facilities, has focused on the development and training in this field.

Training was carried out in the scope of licences for forklifts or training on the validity and changes in customs regulations for 2021.

In 2021, apart from standard training, we carried out a training project "Grow with Action" and included training in soft skills development such as time management, generational differences, ABC of a Manager, negotiations or leadership.

Training was also provided in the field of IT, after-sales service and marketing.

Improving the process of cost control and amendments to financial legislation, we send employees for training which will deepen their knowledge of the above-mentioned field. Our employees also took part in tax and HR training, such as intra-Community transactions 2021.

Training courses are carried out also in the case of business needs or employees' promotions. Moreover, new employees in the first days of their employment undergo induction training during which they get to know the work of other departments, the company's structure and policies. Employees have the opportunity to deepen their expert knowledge of law, accounting and human resources on an ongoing basis by access to paid sector-related portals, such as LEX, LEGALIS.

In 2021, in connection with the ACTION S.A. situation, the company organised internal language, induction and product training courses, and 20 specialist courses, in which more than 130 employees took part.

The ACTION S.A. Capital Group sees a potential risk in the area of human resources causing lack of work effectiveness and motivation as well as employees' insufficient competencies. In order to prevent the occurrence of this risk, each year appointed persons prepare the plan of specialist training, taking into account both the company's and the employees' needs. The training project "Grow with Action" is planned for 2 years in the scope of improvement employees' competences.

### **Marketing communication**

The employees and management staff of the ACTION S.A. Capital Group are aware of the responsibility in the scope of marketing, advertising and communication.

Continuing the policy adopted in the previous year, the Group carries out marketing activities pursuant to the Code of Advertising Ethics and Marketing Communication implemented in the Group. The Group complies with basic values applicable in public life. In advertising messages, it is not allowed to convey contents encouraging violence, advocating discrimination or evoking fear which would result in inducing the recipient to make a purchase. We comply with a number of rules determining the manner in which adverts and marketing content should be conveyed to recipients. We take care to ensure that recipients receive reliable information, easy for understanding as an advert.

In previous years, we additionally improved procedures of the management, planning, creation and reporting of advertising campaigns. Furthermore, the company began to use new advertising channels, which resulted in the increase in the number of clients from new segments and helped to retain existing clients. Due to the adopted changes, the clarity and effectiveness of activities performed improved, as well as the return on investment in advertising significantly increased.

The company also initiated activities aimed at the reduction of costs of gaining an individual client by strengthening the image of the company's brands and the increase in the level of clients' trust in these brands. To this end, modern marketing automation tools were applied, which additionally has allowed the reduction of labour costs.

The effects of the Group's marketing activities are verified and evaluated regularly and cyclically. Managers of individual departments, reporting to the Marketing Director of ACTION S.A., take care of that. The consistency, timeliness and effectiveness of activities are measured by indicators appropriate for a given department and/or channel, and the careful selection of software supporting the preparation and performance of a campaign translates into minimised risk of error.

The Group's activities in this scope have been appreciated by specialists, for example in the form of presentation of the most effective case studies from campaigns performed at conferences and in the media from the marketing sector.

## **Membership in organisations**

### **Association of Importers and Manufacturers of Electrical and Electronic Equipment (ZIPSEE)**

ACTION S.A. is an active member of the Association of Employers – the Association of Importers and Manufacturers of Electrical and Electronic Equipment of the Audio-Video and IT Sector – ZIPSEE "Digital Poland" (hereinafter referred to as: ZIPSEE). ZIPSEE is a non-profit employers' trade organization associating the largest companies from the Audio-Video and IT Sector operating in Poland.

ZIPSEE tasks include the issue of opinions on and creation of proposals of legislative solutions having impact on broadly understood interests of the sector, including such areas as the environment, copyrights, digitalisation and taxes.

The Representative for the ISO in ACTION S.A. is a member of ZIPSEE Management Board.

### **Association of Stock Exchange Issuers**

ACTION S.A. is the member supporting the Association of Stock Exchange Issuers (SEG). SEG is a prestigious organisation promoting the development of the Polish capital market and representing interests of companies listed on the Warsaw Stock Exchange.

## **Sponsoring and supporting local communities**

### **ACTION and own brands**

With regard to sponsoring activities, the ACTINA brand belonging to ACTION S.A. has repeatedly demonstrated that helping is a part of its DNA and that it engages in charity initiatives for those in need. In January 2021, wanting to provide a better, new place for the pupils of the Mother and Child Home in Jasieniec Iłżecki Dolny, together with Good Game League, the Company made every effort to raise funds for renovation. Filip Neo Kubski became the ambassador of the action.

In 2021, the ACTINA brand organised two sets of educational campaigns addressed to parents: "Gaming is not bad" and "Computer that grows with your child". The objective of the first one was to break the stereotype of gaming as unhealthy and antisocial entertainment by showing a number of specific, positive aspects related to playing games and the gaming environment. In the second campaign entitled "Computer that grows with your child", representatives of the ACTINA brand and experts advised parents how to reasonably choose a computer and what way it may go through together with the development of children's needs. This campaign showed the savings that can be made when purchasing a computer.

In 2021, the ACTINA brand also supported actions addressed to children and young people, which made it possible to develop their physical condition as well as e-sport competencies. During the Pasha Gaming Camp, over 200 participants took part in walks, bicycle trips and good aim workshops on virtual CS maps. Legia e-Sport Schools is a professional e-sport training for children aged 6 to 16, during which an innovative program combining virtual sports with traditional sports is implemented. At the turn of August and September 2021, ACTINA accompanied Marcin Gortat during sports camps organised by the MG13 Foundation all over Poland.

From the technological point of view, the ACTINA brand brings e-sport teams to a higher level, which enables players to achieve the greatest successes: Wisła All In Games! was awarded the title of the



Polish ESL Master, and HONORIS was awarded the title of the Polish ESL Vice-Champion. ACTINA, becoming the titular sponsor of the Pasha Gaming Camp team, provided young players with further opportunities to develop and participate, among others, in the Professional Division in the Polish E-Sports League. In 2021, Pompa Team and K1CK, the leading European team League of Keys, were also supported.

In the scope of sponsoring activities, in 2021, the Activejet brand belonging to ACTION S.A. continued to support the local sports club - Association of Football Fans, FC Lesznowola. Moreover, in 2021 it sponsored a series of events, which included the "Nowy Targ Road Challenge" on 16-18 July 2021, "Tatra Road Race" on 11 September 2021 and "Europa Starachowice Race" on 25 September 2021. The Activejet brand was also a sponsor of a series of events in 2021, which included the following ones:

"Ślężański Mnich" in Sobótka (2 May)

"Szosowy Klasyk" in Złotoryja (16 May), Szklarska Poręba (4 July 2021), Obiszów (31 July) and Miękinia (29 August)

"Grand Prix Doliny Baryczy" in Żmigród-Prusice (13 June),

"Dog's Head Predator Race" in Gromadka (27 June)

"Grand Prix Kargula i Pawlaka" in Lubomierz (8 August)

"Grand Prix Sport Center Factory" in Świdnica (12 September)

"Runda Spadających Liści: season finale" in Sobótka (10 September).

The brand was also the sponsor of a series of ŻTC BIKE RACE events, i.e. Żyrardowskie Towarzystwo Cyklistów, which organises cyclical, road, amateur cycling races and street runs.

With regard to direct support of the local community during the Christmas period, in 2021 ACTION S.A. provided cleaning products as a donation to the Single Mother Home in Chyliczki next to Warsaw and the Children's Family Home in Puszcza Mariańska (city in the Masovian Voivodeship, located less than 70 km from Warsaw). In addition, as part of the employees' initiative, a collection of toys and stationery products for children from this Children's Home was organised. Representatives of ACTION S.A. received warm and official thanks from both institutions for their donations.

### **Campaign for the Earth Day Sferis.pl**

In April 2021, Sferis.pl launched a campaign for the Earth Day in which we encouraged the purchase of used equipment, such as laptops, phones and post-leasing computers, but also photovoltaic, smart home, food containers and water filter bottles.

### **COUNTERACTING CORRUPTION**

The principles of counteracting corruption in the ACTION S.A. Capital Group are included in the Code of Ethics. The Group also applies procedures implemented within ISO and Best Practices of WSE Listed Companies.

The Group developed a number of its own procedures of counteracting corruption, which are communicated to employees during internal training.

The area particularly essential for the sector is connected with VAT frauds. From 2015 to 2016, PriceWaterhouseCoopers (PWC), an audit firm, carried out a cycle of workshops for employees and management staff of ACTION S.A. on VAT frauds, with special reference to the specifics of the electronics sector. A total of 50 people that have direct contact with contractors took part in these workshops and received certificates confirming their participation.

In cooperation with PwC, ACTION S.A. improved control mechanisms aimed at protection against the effects of activities of dishonest contractors in the scope of VAT frauds, in particular procedures connected with the verification of potential contractors in terms of meeting ethical criteria adopted in the Capital Group of ACTION S.A.

### **RESPECT FOR HUMAN RIGHTS**

The Management Board of the parent company, i.e. ACTION S.A., declares compliance with the European Convention for the Protection of Human Rights and Fundamental Freedoms in the entire ACTION S.A. Capital Group. The articles of the Convention concerning the right to private and family

life, freedom of thought, conscience and religion, freedom of expression, freedom of assembly and association as well as prohibition of discrimination are of particular importance.

The expression of respect for human rights is the Code of Ethics implemented in the ACTION S.A. Capital Group, described in detail in the 'Ethics Management' chapter.

Within the adopted ethical principles, we make every effort to create friendly atmosphere for each employee – regardless of their age, sex, religion, sexual orientation, race, origin, opinions or level of physical fitness (we employ disabled people at equal job positions). We respect our work and work of other members of the team as well as someone else's rights and property. We are of the opinion that the workplace should allow employees to develop professionally. We also take care of employees' safety, being one of our priorities.

We avoid offensive language which stigmatises and discriminates. All employees and associates are obliged to react if they are witness to social exclusion or stigmatisation of co-employees. Decisions of senior management on granting a promotion or award for subordinates are based on merits.

The Group implemented safety procedures, which include: protection of personal data of employees, associates and clients. Any violations of safety rules must be reported to the supervisor or the Ethics Officer.

Pursuant to the applicable procedure, each person in the company may report a violation of ethical principles in the organisation. Not a single report was received in 2021.

## SUSTAINABLE DEVELOPMENT

Pursuant to Regulation 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investments, the key performance indicators of the ACTION S.A. Capital Group and disclosures concerning the structure of their denominators are presented below.

### Key Performance Indicators

Business activity	Revenue	Capital expenditure	Operating expenses
A. Activities eligible for systematics (thousand PLN)	0	0	0
Activities not eligible for systematics (thousand PLN)	2,307,109	1,321	1,370
Share A/B (%)	0%	0%	0%

Revenue	PLN '000	%
Ready solutions	623,612	27%
Consumer electronics	796,875	35%
Components	688,672	30%
Peripheral devices	92,284	4%
Office and consumable materials	72,213	3%
Software	24,455	1%
Other	8,998	0%
<b>Total</b>	<b>2,307,109</b>	<b>100%</b>

Capital expenditure	PLN '000	%
Machinery	622	47%
Technical equipment	322	24%
Cars	111	8%

Buildings	105	8%
Other	82	6%
Intangible assets	75	6%
Specialised machinery, equipment and apparatus	4	0%
<b>Total</b>	<b>1,321</b>	<b>100%</b>

<b>Operating expenses</b>	<b>PLN '000</b>	<b>%</b>
Costs of repairs, maintenance, monitoring, technical inspections and operation		
- warehousing equipment	513	37%
- electrical installations	197	14%
- fire protection system	137	10%
- ventilation and air conditioning	127	9%
- monitoring system	114	8%
- water treatment plant	75	5%
- water and sewage installations	41	3%
- other installations	36	3%
Cost of cleaning the warehouse	65	5%
Costs of renovation of buildings	65	5%
<b>Total</b>	<b>1,370</b>	<b>100%</b>

Piotr Bieliński  
 President of the Management  
 Board

Sławomir Harazin  
 Vice-President of the Management  
 Board

Zamienie, 30 March 2022.