

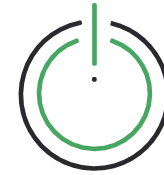
2021 ESG Report



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TTMS in Figures



We have been
operating since

2015



People

650+



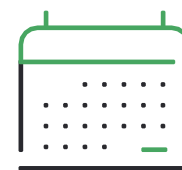
Continents

3



Revenue in 2021

130+ million



TT Capital Group

1991



Client references

200+



Headquarters

Warsaw



Locations

12

A Map of TTMS Activities



Europe

Warszawa (HQ)

ul. Pawia 55
01-030 Warszawa, Poland
Phone: +48 22 378 45 58

Wrocław

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Phone: +48 22 378 45 58

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Sarasota

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Asia

Kuala Lumpur

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75-122 Koszalin, Poland
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Lublin

ul. Jana Pawła II 17
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Olsztyn

ul. Bartosza Głowackiego 14
10-448 Olsztyn, Poland
Phone: +48 22 378 45 58

San Francisco

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Łódź

ul. Piotrkowska 276
90-361 Łódź, Poland
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Kraków

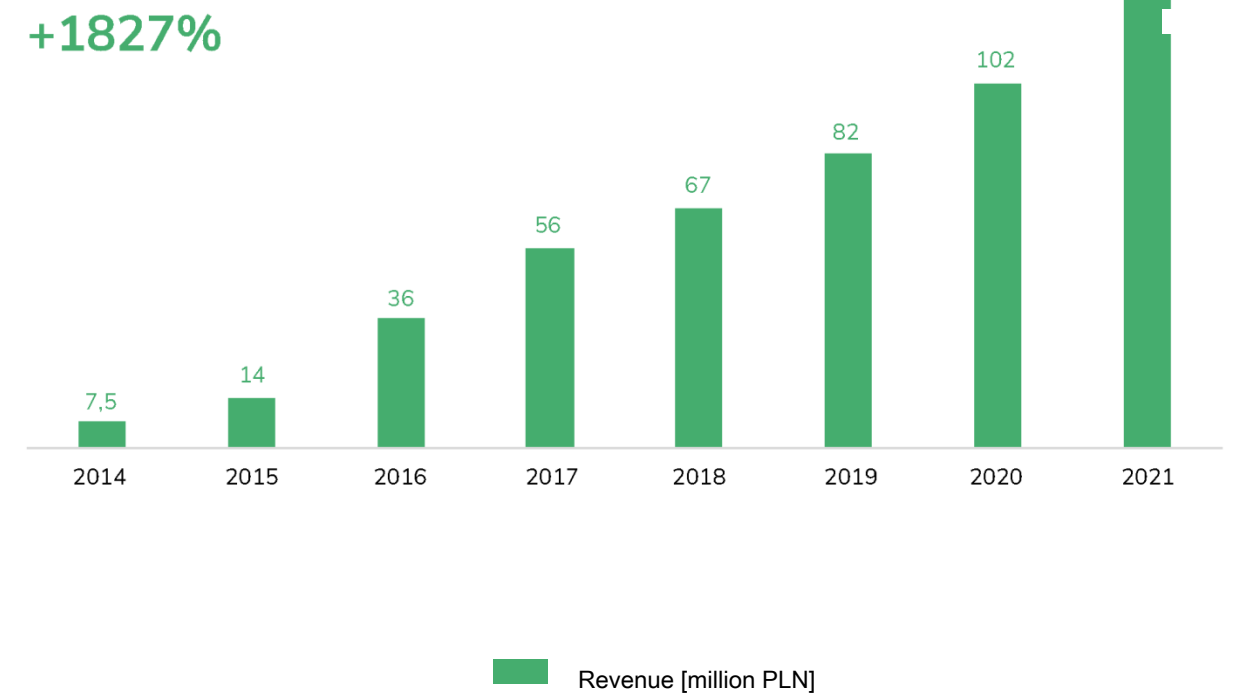
ul. Wadowicka 6
30-415 Kraków, Poland
Phone: +48 22 378 45 58

London (UK)

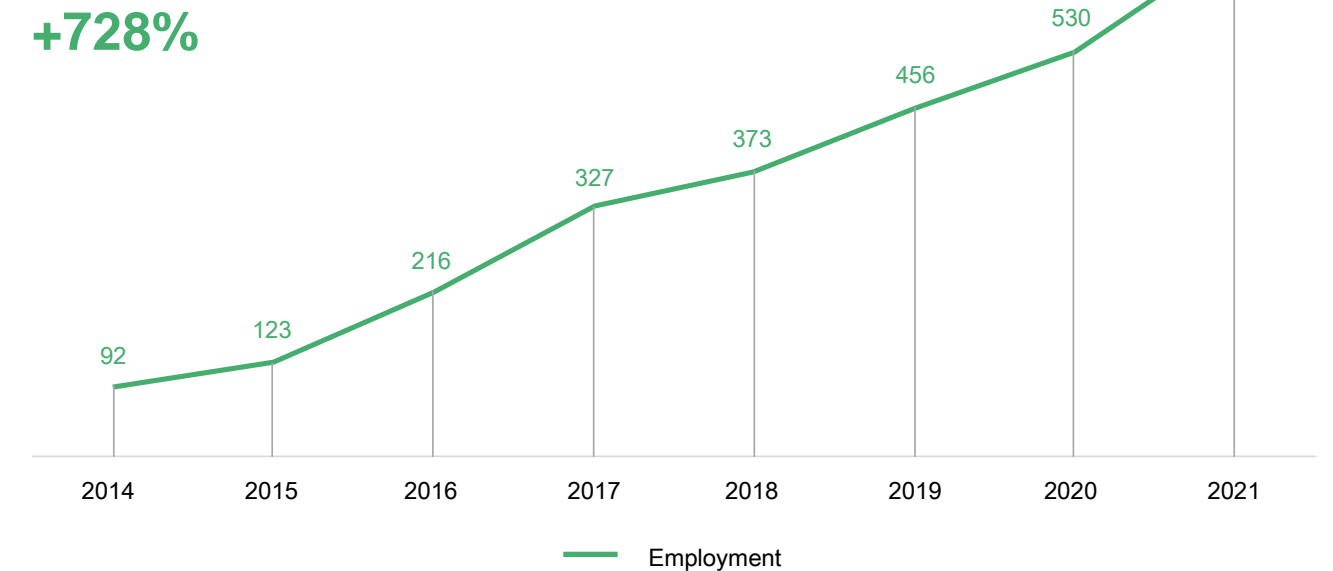
590 Kingston Road
London SW20 8DN
Phone: +48 697 550 385

Growth Since the Beginning of TTMS Business Activity

Revenue growth since the beginning of TTMS business activity



Employment growth since the beginning of TTMS business activity



History of TTMS

2015

We are launching. Transition Technologies Managed Services is created within the TT Capital Group.

2016

We are accelerating! A new company in the UK is being established under the wing of TTMS — TT Managed Services Ltd. In Warszawa, we open a Dedicated Service Centre for one of our strategic Clients.

2017

We are setting sail on broad waters. We start operating in Palo Alto, California (USA). A few months later, a new office and a company is established in Kuala Lumpur, Malaysia.

2018

We are continuing our expansion. We operate in 7 locations in Poland; we are expanding in London and Kuala Lumpur; and we are establishing new contacts in Silicon Valley.

2019

We are keeping up the pace. We already have 8 locations in Poland and new representative offices in the USA and Singapore.

2020

We are breaking records. TTMS opens a new office in Kuala Lumpur and records a record profit for the company after 5 years of operations.

2021

We are transforming into a Joint Stock Company, and we are beginning to pursue an acquisition strategy, buying a majority stake in the Danish company ConCor.

TTMS Management Board



Sebastian Sokołowski
President of the Management Board



Lena Rożak
CFO



Krzysztof Zapala
COO Asia Pacific



Adam Kaczmarczyk
COO Europe

1. Letter from the President

Dear Sirs and Madams,

[102-14, 102-15] A dozen or so months ago, given the responsibility that falls on any large, rapidly growing company, we decided on non-financial reporting. In 2021, our first ESG report included the undertakings we made in the spheres of environmental protection and corporate social responsibility, as well as the principles that make up our corporate governance.

If we consider the ESG report as a certain means through which we get to know the company, the question arises: how is our company different from the one we presented to you a year ago?

The report and the mere awareness of the need to report over time gave our activities a framework. While planning everything related to Environmental, Social and Governance issues, we had gradually began to look into things through the report's perspective. We have systematized what, back in 2020, was a collection of often unrelated actions. And, if something was to resonate in the following document in particular, I would like this matter to resonate first and foremost.

I hope that our 2021 report will provide you with all the information you need to make decisions with Transition Technologies MS.

This is a set of data, useful, of course, to those wishing to thoroughly assess the risks and opportunities associated with sustainability issues for their investments, as well as the effects of these investments on people and the environment. I also believe that such a knowledge compendium about the company will also be used by more and more candidates looking for an employer they can identify with.

As I write these words, a draft of CSRD (Corporate Sustainability Reporting Directive) is awaiting adoption by the European Parliament and the Council of the European Union. The directive will require companies with more than 500 employees to report both on how sustainability issues affect their business performance, situation and development, and on their impact on people and the environment. This is an important directive that will not only turn our duty into a legal obligation, but also impose certain reporting standards onto us. Through them, we will strive to meet the growing demand for information on sustainable development more effectively every year.

I hope you will find the information exhaustive and comprehensive. Enjoy your reading.

Yours faithfully,

Sebastian Sokołowski

CEO of Transition Technologies MS



Sebastian Sokołowski
President of the Management Board

2. About the Company

History

We are a Polish company with an international reach, with subsidiaries or sales representatives present in Malaysia, the United Kingdom, Denmark, the United States, Australia and Singapore. At the same time, we are also part of Transition Technologies Capital Group, which has been active on the market for over 30 years. It is currently one of the largest groups operating in the IT industry in Poland. It offers proprietary IT systems, technological solutions as well as IT and engineering services addressed mainly to large, global customers from the industrial, power and gas sectors, and to the medical and public sectors.

Mission:

[102-16] Providing the highest quality services, created on the basis of world and national scientific and technical know-how, while fully using their skills and experience to achieve innovation in information systems solutions.

Our values:

- Client success is our success
- Quality and the search for efficient solutions
- Creativity and innovation
- Enduring client relationships
- Transparent communication and mutual understanding

Our company was formally established in 2015, but our history of providing IT services in an outsourcing model is longer, dating back to 1991.

This is because we were originally a division of Transition Technologies, which was separated from the company in 2015 and transformed into a separate business entity. This is how Transition Technologies – Managed Services Sp. z o.o., whose legal successor is today's Transition Technologies MS S.A., appeared on the market. The resulting new entity employed 93 people, including, in addition to IT experts, a team of experienced managers. Even then, TTMS's broad catalogue of IT services focused primarily on using cutting-edge technology and offering services in a niche managed services model. Once we began operating independently, we took over and continued projects previously implemented, primarily with Roche and Schneider Electric corporations. We partnered with ABB, a pioneering technology leader in the digitization of the industry. Since the beginning of our activity, we have specialised in serving clients from the pharmaceutical industry and widely understood industrial enterprises. In 2016, we made the decision to expand our business to include services for the defence sector. In 2017, our company had all the necessary procedures in place and obtained the indispensable and rare safety certifications and specialised permits in the market. This enabled the company to win a number of IT projects in this sector — not only in Poland, but also abroad.

Our competencies

[102-2, 102-4, 102-6] We have been developing our competencies for years now by specialising in specific technology solutions. Salesforce, Adobe Experience Manager (AEM), Microsoft or e-learning design and development play a key role in our offerings today. Winning new projects and building long-term relationships with clients, which result in long-term cooperation, translates into the growth of the organisation, and thus resulting in the opening of new offices in Poland and abroad. Today, we have 8 offices in Poland.

Apart from the headquarters in Warszawa, our teams are also located in Białystok, Koszalin, Kraków, Lublin, Łódź, Olsztyn and Wrocław. Some of the locations were established on request and in cooperation with clients, while maintaining strict requirements concerning security or access rules. An example of such an office is the Offshore Development Centre in Warszawa, established in 2017, which serves a key client, being Roche.

The most commonly used technological solutions:

[102-2] TTMS operations are focused on using the latest and most advanced information technology.

- **Salesforce platform** — the most often associated with the world's best cloud-based solution for client and audience relationship management, dedicated to supporting the sales and marketing areas of small, medium and largest enterprises, but also from lesser-known areas: the world's leading integration platform for SOA;
- **Adobe Experience Manager (AEM)** — a leading platform that enables building the largest, most complex, multilingual web portals, supported by solutions related to marketing automation, and providing personalization of experiences of potential companies' clients;
- **Microsoft cloud solutions** — the world's leading provider of cloud services, Microsoft Azure Cloud, enabling the construction of the most complex, efficient and secure infrastructures for enterprises of all classes, from the largest global corporations to small and medium-sized businesses. Based on Microsoft Azure, Microsoft Teams platform — a leader in the world of solutions for communication, collaboration in teams, organization of remote and on-line work in organizations;
- **Cloud Computing** — solutions based on cloud platforms, Microsoft Azure, AWS, Google Cloud and others, using both the capabilities of building distributed IT infrastructures and their providers' dedicated services, tools and libraries to increase the efficiency and power of the IT systems constructed on their basis;
- **Enterprise-class systems** — enterprise-class integration solutions, integration buses, systems that enable data flows and joint, integrated functioning of the most complex processes in organizations, based on multiple information systems, created at different times and in different technologies.

The most commonly used technological solutions, continued:

- **Artificial Intelligence / Data Science** — tools for modelling mathematical algorithms and building solutions based on mathematical models in the field of artificial intelligence, machine learning for solving and optimizing various types of issues of high complexity and requiring analysis of very large amounts of data;
- **Business Intelligence** — tools and platforms to perform complex analysis of very large amounts of data, build reports, dashboards and entire information systems to support decision-making, monitor business processes, provide all kinds of information to professionals and managers at all levels of management;
- **e-Learning** — comprehensive, multi-channel solutions for on-line employee development. These trainings use a variety of innovative ways to communicate and engage users (e.g., gamification) to increase effectiveness, are deployed on dedicated platforms designed to be shared and maintained across entire organizations, including global ones, and are often used as early as the on-boarding stage.

in the UK market. The investment in Malaysia and the establishment of TTMS Software SDN Bhd. was originally intended to provide services only on local Malaysian market (mainly for Roche's local IT centre). The company's growth has led to opportunities to expand its operations into other countries in the region.

Today, our company offers its services to clients in the region of Asia and Australia. On the other hand, as for the Danish company, ConCor A/S, a majority stake in it was acquired by us in 2021 in connection with our expansion plans in the Danish market and the markets of other Scandinavian countries.

ConCor A/S — the youngest member of TTMS family

It has been operating since 2002, providing services in an outsourcing model in Scandinavian countries, specializing in Salesforce products and being a recognized consultant in the area of agile methodologies, Scaled Agile Framework (SAFe), allowing efficient management of teams in large organizations. ConCor has 19 framework agreements with clients in Denmark and Sweden and ConCor's largest clients include: TDC, Nuuday, Energinet, and Ørsted. ConCor specializes in dedicated services for telecommunication and energy sectors and regularly organizes SAF-e Meetup Denmark events (a regular industry event dedicated to Agile techniques).

International development

Most of our key clients are multinational or even global companies. Therefore, from the beginning of our activity, we assumed its internationalization in order to best respond to their expectations. Using synergies within Transition Technologies Group, we have been able to expand our sales in the US market: in 2017 we opened a sales representative office in Silicon Valley, followed by one in 2019, in Florida.

Achieving a position as a global service provider will be accomplished both by expanding the existing overseas sales network utilizing current offices and business partners, as well as through acquisitions of complementary IT companies. The Group's geographic development strategy covers three macro-regions: Europe, Asia and Australia, as well as the US. In each of these three areas, the Board adopts a different development strategy, as appropriate to the region.

The Group's growth in Europe is focused on three regions: DACH (Germany, Austria, Switzerland), the United Kingdom, and Scandinavian countries (especially Denmark and Sweden).

Separate from the dealerships, we have three subsidiaries operating overseas: Transition Technologies Managed Services Ltd. ("TTMS Ltd."), based in London; TTMS Software SDN Bhd., based in Klang Valley (Kuala Lumpur), Malaysia; and ConCor A/S, based in Brøndby, Denmark. The UK-based company was founded in November 2015 with the aim of participating in local tenders and building relationships with potential clients. In October 2018, TTMS Ltd was awarded active bidder status on the UK's public tender platform, the Digital Marketplace, which has implications for the ability to participate in even more tenders and projects



2021 TTMS Group in figures:
[102-7]

-  **670** employees and associates, including 110 abroad
-  operations in **5** time zones on **3** continents
-  more than **500** completed projects
-  **8** offices in Poland, branches in Malaysia, Denmark and the UK
-  sales of **PLN 136.9 million**
net profit **PLN 19.2 million**
-  balance sheet total: **PLN 57.8 million**, including equity: PLN 14.5 million, and liabilities: PLN 43.3 million

Business model / Services and technologies

[102-2, 102-4, 102-6] The object of our activity is to provide advanced IT outsourcing with specialisation in managed services for large, as well as medium-sized enterprises. Managed service is a comprehensive, mature form of outsourcing. The client is provided with a complete team of experts who, thanks to their competences, cover all roles required to complete a project or maintain and develop the entire IT system. The team has its own structure, work organisation, and designated communicators. This makes them more effective, aware of its business goals, and the results of its work more accurately address client's needs. One of the key advantages of working in the managed service model is the focus on achieving the business objectives of the service, rather than just completing individual technical tasks.

The team takes full responsibility for the delivery of requirements in scope, which means that the client does not need to be operationally involved in its work. In this way, financial and organisational savings are achieved, including a lack of necessity to hire technical people on its side to supervise the work.

A team built this way penetrates deeper into the client's organisational structure, making it more effective in collaborating with other teams. The *managed service* formula is more stable and long-term, and its benefits for the client grow with time and the progressing knowledge of the company's structures and specifics.

The benefits of managed services model are mutual. For us, such cooperation means more stable and long-term contracts. It also means closer relations within the client's organisation and better understanding of its business needs, resulting in greater trust and comfort on the part of the client.

Managed service, as opposed to typical forms of IT personnel leasing (body leasing or team leasing), requires, on one hand, the provider company to have much higher technological competence of its own and, on the other hand, has a long-term character and offers more attractive margins.

In parallel, and in addition to the basic business model, we also provide services in the form of a comprehensive software development process. It includes a detailed analysis of the client's needs, implementation of the prepared software, its testing and production start-up, as well as subsequent post-implementation care, maintenance and further development.

We specialise in innovative methodologies of conducting Agile projects, which are more increasingly used in the implementation of IT projects, displacing traditional but less effective approaches. Not only do the experts employed by our company have certificates confirming their knowledge and experience in this field, applying them in the projects they conduct, but they also act as trainers, helping to effectively implement these methodologies in the teams and organisations of Transition Technologies Group's clients.



Agile methodologies assume working in short (several weeks) cycles, with continuous involvement of people from the client's side and frequent verification of the effects of work progress. Detailed, specific client requirements are delivered, verified and corrected on an ongoing basis, which eliminates unnecessary misunderstandings and prevents wasting time on corrections and significant modifications to the built solution. A well-structured project that follows Agile best practices enables the work to be completed within the required time-frame, budget, and expected scope. Our employees highly value working in the agile model for many reasons: working in this model is comfortable, you can easily see the next stage of the project and, most importantly, it is harder to burn out professionally.

Business model / Client relationships

[103(417); 417-2; 417-3] Every our project, every service we offer, even if based on the same technological solutions, is always tailor-made for a specific company. We can understand these needs better than others because we specialise in specific industries. This way we know their characteristics. We also know our clients because we have been working with most of them for years. When it comes to our services, especially managed services, understanding the specifics of the business, the resulting expectations and challenges faced by our clients is crucial. Our employees practically become members of client's teams, which promotes good communication and has an invaluable impact on the success of ongoing projects. In the last year, but in previous years, too, we have not recorded incidents relating to allegations of misinformation about a service, or more broadly, inappropriate service marketing communications. The best proof of our integrity and honesty in our relationships is that we have been working with the same clients since our inception as an independent legal entity. What is more, not only do we continue to work together, but we are increasing the range of services we provide. The best example of this is the opening of an office in Malaysia, which allows us to take a more comprehensive approach to the needs of Roche, that is our key client.

Business model / A role in the economy

[103(203); 203-2] Because the work of our teams is often inextricably intertwined with that of our clients, it is more difficult to distinguish our indirect, let alone direct, impact on the economy and its development. Undeniably, however, the implemented technological solutions directly contribute to improving the efficiency of management of specific business areas, including ensuring the highest quality and predictability of processes, e.g. production or related to production.

No one needs to be convinced of the enormous importance of this matter in the pharmaceutical industry, which in turn has played a key role in reverting global social and economic life to normal standards.

It is also impossible to overestimate the socio-economic role of the cyber-security area, which — due to cyber attacks from Russia and Belarus as early as in 2021 — has proven to be critical to the stability of the functioning of state institutions. Russia's aggressive policies and its unprovoked attack on Ukraine have only strengthened the threat of cyber attacks. They are hazardous to, both, state institutions and businesses, especially in strategic sectors. Appropriate security and professional management of the IT area may determine the continuity of operational activities and production of enterprises. Given the international situation related to the war in Ukraine and the potential risk of a spillover of the conflict, the defence sector is of particular importance for the security of Poland and Poles, with whose entities we also cooperate and which we support with our knowledge and competence. This makes us all the more proud that by becoming a member of NATO's Innovation Hub, we are directly involved in solving the problems of the defence sector and thus enhancing Poland's security.

The earlier pandemic period, in turn, confirmed how crucial a role can be played by both remote working tools and cloud solutions, which we have been implementing and promoting for years. Technologically advanced companies could start working remotely overnight, without the risk of losing business continuity and with security procedures in place. Others were just discovering how such remote solutions could work in their companies.

Transition Technologies MS, a member of NATO Innovation Hub

TTMS has joined the ranks of companies and academic institutions supporting the Innovation Hub, a special unit established by NATO at the Transformation Command in Norfolk, USA. TTMS experts support its activities in the area of information systems development.

In 2013, NATO established a specialized unit, the Innovation Hub, at Allied Command Transformation, dedicated to adapting NATO's military capabilities to constantly emerging geopolitical challenges. It helps solve current and future problems of the armed forces, even if only those related to improving the management of military supply logistics or the development of autonomous defence systems.

Thanks to close cooperation between end users (representatives of the military sector) and experts from around the world — from amongst the academia, policy-makers or developers — hitherto unused technological solutions for security and defence are being developed. Innovation Hub arranges an incubator environment for creating and testing new ideas, allowing them to be quickly implemented based on Agile DevSecOps best practices.

TTMS experts have become members of the architecture and development teams of this unique research unit. Their task is to solve the most difficult and complex problems of today's battlefield and to anticipate future needs, context and opportunities brought by the latest solutions from the world of information technology.

— *"This is not TTMS' first collaboration with an international public safety organization. As of 2019, we have been providing services, among others, to the European Space Agency (ESA). However, this is the first time we are working directly with a NATO subordinate institution. Activities for such clients give us a sense of real influence on shaping the defence or space sectors, which are extremely important to the world,"* said Sebastian Sokółowski CEO at Transition Technologies MS S.A.

Business model / Dissemination of Knowledge

We strive to share knowledge of contemporary solutions with the community, demonstrating their capabilities and training professionals. Continuous, literally ongoing training of experts is nowadays inextricably linked to the dynamically changing IT industry. Only by constantly updating their knowledge can they provide solutions that meet today's needs.

Our activities were not interrupted even in 2020, when the pandemic broke out and the strictest epidemic restrictions were introduced. Through the use of remote working tools, we have been able to realize a number of market-important events. All the more so, therefore, in 2021, when society and the market have become accustomed to operating in a new reality, we could be even more active.

We have invariably hosted open webinars; in the previous year, these were:

- "Microsoft 365 – Sales Automation,"
- "O365 – Process Automation for Sales,"
- "Migration to Microsoft Azure,"
- "Change — How to Increase the Probability of Success? A Case Study of m365 Implementation."

Our specialists were also speakers in many events and conferences, and we, as a company, have been actively involved in organizing some of them. This was the case with the international **E-Learning Fusion conference**, of which we were not only a sponsor, but which was substantively supported by our experts. Similarly, our employees have been speakers at the **Azure Summit** conference, or at the **Kraków IT Days**. We also supported financially and substantially the organization of **.Net User Group meet-up** in Bydgoszcz.

Engaging more and more strongly in sustainability issues, we were also present with our stand at the international **Carbon Footprint Summit in Kraków**.

Business model / Supply chain

[102-9, 204-1] Among suppliers and service providers, TT Group companies should be mentioned first. In situations where we need to supplement competency resources for a specific project, we use teams from companies within the capital group. Similarly, a number of highly qualified experts participate in our projects and we cooperate with them on a long-term basis founded on B2B agreements. The latter come from local markets, although in individual cases we cooperate with experts from neighbouring countries providing services remotely.

At the same time, suppliers include a number of entities related to complementary functions, e.g. PR services or cleaning services, as well as energy suppliers, office space lessees, etc. The nature of cooperation makes them local suppliers.

The nature of the supply chain means that virtually all purchases of products and services are made within the group or in local markets. The exceptions to this are the aforementioned individual cases of experts sourced abroad, but also licence fees paid to global IT solution providers.

Business model / Management structure

[102-18] Following the change in legal form, i.e. the transformation of Transition Technologies – Managed Services Sp. z o.o. into Transition Technologies MS S.A., the president of the former, who had previously managed the company single-handedly, headed a four-member board of directors, which included managers originally associated with the company and holding key management positions there. By joining the board, they retained their previous roles. At the end of 2021, the board consisted of:

Sebastian Sokolowski — **President of the Management Board** of Transition Technologies MS S.A. has held the position since the Company's inception in 2015. He was previously involved in the development of the SSC (Software Solution Centre) department responsible for IT outsourcing at Transition Technologies Group, which he has been involved with since 2001. From 2006 to 2015, managing director of the SSC department. He boasts more than 20 years of experience in the IT industry. Master of Science in Computer Science. A graduate of Cybernetics Department at the Military University of Technology and Executive MBA at the University of Warsaw and the University of Illinois. From 2001 to 2004, employed at the Air Force and Air Defence Meteorology Centre as a programmer.

Lena Rożak — **Member of the Board of Directors and Chief Financial Officer** of Transition Technologies MS S.A. She is responsible for shaping and implementing the company's financial strategy, planning and supervising the company's costs, and co-creating and optimizing processes. She earned her master's degree in Economics at the University of Lodz, where she also completed postgraduate studies in accounting for small and medium-sized enterprises.

Adam Kaczmarczyk — **Member of the Board of Directors and Chief Operating Officer (DACH)**

of Transition Technologies MS S.A. He is responsible for the company's operational processes and the implementation of its international development strategy.

He earned his master's degree in Computer Science Engineering at Bialystok University of Technology. Since 2007, he has been continuously involved professionally with the IT industry, starting his career as a programmer, then developing as a solution architect.

Krzysztof Zapala — **Member of the Board of Directors and Chief Operating Officer (Asia)**

of Transition Technologies MS S.A. Since the inception of TT MS S.A., he has served as the Chief Operating Officer. Since 2017, he has also been Managing Director of TTMS Software Sdn Bhd. subsidiary, developing the Asian business.

He has more than 15 years of professional experience with the software development process, IT service delivery and resource management in this field. He is a graduate of the Faculty of Electrical Engineering and Computer Science at the Lublin University of Technology.

Overseeing the proper management of the company was originally a three-member Supervisory Board, which was expanded to five after the legal form was changed to a joint stock company. At the end of 2021, it was composed of the following members:

- **Konrad Świrski** — Chairperson of the Supervisory Board,
- **Tomasz Gilarski** — Vice-Chairperson of the Supervisory Board, Member of the Audit Committee,
- **Grażyna Sokołowska** — Member of the Supervisory Board,
- **Karol Słoma** — Member of the Supervisory Board, Member of the Audit Committee,
- **Konrad Romanowski** — Member of the Supervisory Board, Chairperson of the Audit Committee.

Sustainability issues are the responsibility of the Administrative Director, reporting directly to the CEO.



3. Exceptional People

People-oriented

[103(401)] The business model of a company like TTMS is based on people and the competencies they possess. Their knowledge and skills are the most valuable assets TTMS has at its disposal. What is more, projects executed by our clients often require very specialized knowledge, skills related to specific languages and technologies, but also domain-specific knowledge necessary to prepare solutions reflecting the needs of specific market segments. This includes the ability to identify and align with the processes and business situation of corporate or institutional clients.

Forecasts for the future of the IT labour market speak of an insufficient number of specialists graduating from universities, which means the persistence of the employee market. This situation translates into competition for employees in areas other than salary. What matters is the attractiveness of the implemented projects, the style of managing teams, the chosen technologies, but also the package of non-wage benefits.

We view the potential loss of our key employees and the difficulty of attracting people with the right skills to the labour market as key risks, not only in terms of ESG risk, but generally among all categories of business risk. At the same time, however, we are convinced that despite the limited supply of IT workers, who additionally represent the right personal qualities, we manage to successfully counteract the risks associated with the existing limitations.

[103(202), 103(204)] Among the people recruited at TTMS the most often are developers, systems architects, testers, business analysts, project managers, as well as people involved in direct client support. The most sought-after people on the market today are those who specialise in popular technologies.



Monika Kondyjowska
2021 Runmagedon

Our business model allows, on the one hand, to guarantee competitive and decent employment conditions to our employees and, on the other hand, to offer our clients attractive services of the highest quality. We apply a similar approach to natural and legal persons who work with us (B2B). As a result, our team is growing rapidly. We focus on attracting employees from domestic markets, i.e. to work on the Polish market, we primarily seek employees from Poland. Nevertheless, when we need highly qualified experts, we are open to cooperation with people from other countries, mainly, but not limited to, Central Europe. Our team includes experts from the Czech Republic and Romania, among others, as well as Ukrainian and Belarusian citizens residing in Poland. Thinking ahead, we are also analysing the potential of non-European markets, including, in particular, selected African countries. The continent is particularly promising, especially because of the satisfactory level of competence of the workers and their very good knowledge of English, in countries where it is the official language. Infrastructure investments made by some of Africa's governments in recent years also ensure good data transmission performance. At the time of publishing the report, we had already hired our first two employees in the form of remote work: one from Nigeria, and the other one from Kenya. These markets seem so attractive to us that we are considering opening an office in one of African countries by the end of 2022 and employing both substantive and administrative personnel there. In the future, when our potential presence on African continent succeeds, we do not rule out establishing cooperation with African technical universities, along the lines of the relationship we have with universities in Poland. This is because we want to be perceived as a company that shares knowledge with young people in training, that gives opportunities for development and decent wages, but above all, that focuses on local employees.

Also, in the case of the company in Kuala Lumpur, we decided to bet on Malaysian specialists: as soon as we decided to enter the local market, we decided to appoint a person who would take care of recruiting local specialists, and as we acquired them, employees temporarily posted from Poland were withdrawn back to the country. Hiring local employees is crucial not only from a corporate social responsibility perspective, but also pragmatically: cultural fit significantly facilitates communication with the public.

Decent wages or attractive non-wage benefits are nowadays necessary, but not sufficient, a condition for attracting the best employees. What matters are the broadly understood working conditions, the comfort of the work, and the non-corporate nature of the organization, increasingly emphasized by candidates for TTMS. The lack of the typical schematic approach to people in large organizations, or mechanisms that foster unhealthy competition, are what make people choose TTMS in the first place. Our ambition, despite our rapid growth, is to maintain as many of the features and friendly atmosphere of the small company we have grown out of as possible. We also continue to maintain a flat management structure, and avoid arranging office space in the manner characteristic of corporations. We strive to make the office space friendly and comfortable to work in. Employees are involved in its final shaping. As an organisation we are open to such voices and try to take them into account as far as possible, i.e. starting with asking employees for their opinions on the most convenient office location, and ending with taking their opinions into account when it comes to office space organisation.

We aim to reduce the likelihood of a work atmosphere that would foster unfavourable phenomena, such as unhealthy, even pathological competition. The starting point is to recruit employees with the right personality profile.

Of course, this further narrows the choice, but it pays off in the years to come. It fosters the preservation of the special character of the company we have grown up with and care so much about. This is a huge challenge, especially since with each new branch that opens, it will become more and more difficult to know each other. It will be increasingly difficult to maintain a situation in which a CEO associates with literally every employee of the company.

Our primary goal is to provide optimal working conditions and teamwork. Other aspects, i.e. the arrangement of space, its friendliness, guaranteeing better well-being, are subordinated to this aim. We are taking measures to make employees feel simply good at work. We do a lot to ensure that our employees, although they work for external clients and operationally perform tasks together with colleagues from other companies, work in our offices and feel like TTMS employees. This is also the purpose of joint outings to restaurants or team-building trips and any other activities that make us feel like one team. A team of people who like each other. Regardless of the tasks at hand, problems arising during projects, personal successes or failures, we are able to go out and spend time together in the afternoon after work.

Although it was a year that passed still in the shadow of the COVID-19 pandemic, in 2021, it was possible to initiate a number of attractive and engaging projects for employees. Representing the Lublin office, the Ping Pong TTMS team formed and fought valiantly in the Lublin Amateur Table Tennis League (Polish: Lubelska Liga Tenisa Stołowego Amatorów). A sizeable group of employees has been involved in the "Kilometres Move Us" campaign (Polish: "Kilometry nas kręca" campaign). Throughout May, we encouraged employees to be physically active. Employees ran, walked and rode bicycles, recording the covered kilometres in the app. 68 people who joined the project ran, cycled or walked in total as much as 15,349 kilometres, or more than 1/3 of the circumference of the Earth's equator!

Another way to spend our time actively was to take part in the "Let's Dance with Gabi!" On-line Dance Course (Polish: "Roztańczmy się z Gabi!" course),

during which we mastered the basic steps of bachata and salsa dancing.

The course was conducted by: Gabriela Adamek — Polish Vice-Champion in the Bachata Open Solo and Salsa Open categories at the 2020 WADF Polish Championships. We also had fun in another way: dressing up for Halloween, when our work was accompanied by pumpkins, decorations and candy. We organized the "TTMS on Vacation" Photo Contest (Polish: "TTMS na Urlopie" contest), through which we shared not only photos, but also indirectly impressions of our vacation. The "Share the Passion" (Polish: "Podziel się Pasją") series of meetings continues uninterrupted. These are casual once-in-a-month meetings with interesting people from our company, sharing remarkable passions.


Being together is not just fun. Sometimes it is support in difficult times. This was the focus of the "You've Got a Friend in Me" (Polish: "Ty druha we mnie masz") webinar, which was held for employees in November. It was supported by us, but led chiefly by a representative of "The Presja" project (the project's name being a word pun in Polish, and meaning "depression"). His topics included mental crises, the role of collegial support, emotions and empathy.

[401-2] A friendly and non-corporate atmosphere is also the honesty and transparency often emphasised by employees or flexible working hours. All employees, i.e. people employed on the basis of an employment contract, regardless of its length or full-time employment, can also count on additional benefits, in the Polish market these are: co-financing of Multisport cards, private medical insurance, life insurance, co-financing of foreign language courses, reimbursement for the purchase of glasses, or benefits from the Company's Social Benefit Fund (e.g. co-financing of holidays, including holidays for children, co-financing of day nurseries and kindergartens, layette for babies and primary school first-graders, assistance for parents of disabled children). Already in 2021, the package of services available to employees has been expanded to include free psychological consultations, which cover such typical advice from a psychotherapist as well as, for example, nutritionists.

Internships and recruitment

We strive to actively seek out the best IT students, offering internships and apprenticeships, and attractive employment terms to promising graduates. We work with universities, both through career offices and by reaching out to students through on-line portals or through events such as:

 **Białystok Test of Computer Scientists**

 **"Engineer on the Labour Market" Job Fairin Lublin**

 **Białystok University of Technology Job Fair**

We also participated in a webinar for students from the .NET Group of Lublin University of Technology and the Pentagon Café Study Circle in Lublin. We plan that our activity in this area will be much more extensive in 2022: it will cover as many as 6 cities and various technological areas. We have offered the best of our interns and trainees in the past year to stay at TTMS permanently. Thus, in 2021, our team grew by 16 people.

When recruiting employees we try not to prolong the recruitment process unnecessarily. The process itself usually consists of 2–3 stages, in which, apart from the recruiter, a technical person takes part, and in the case of some positions also a client's representative. As a matter of principle, prior to the outbreak of the COVID-19 pandemic, these were face-to-face meetings. Regardless of the outcome of the recruitment process, i.e. also in a situation when we do not decide to start cooperation with a candidate and do not offer him or her employment, as long as he or she is interested, we try to provide feedback. As a result, we, in turn, often find that the recruitment process was sympathetic and friendly. What is important, people who used to work for us and decided to leave the company often re-apply for jobs with us. Our unwritten policy does not preclude returns, especially since those who risked changing jobs and were alienated by a new employer will potentially be more loyal employees. The returns, by the way, are the best proof that people feel comfortable at TTMS.



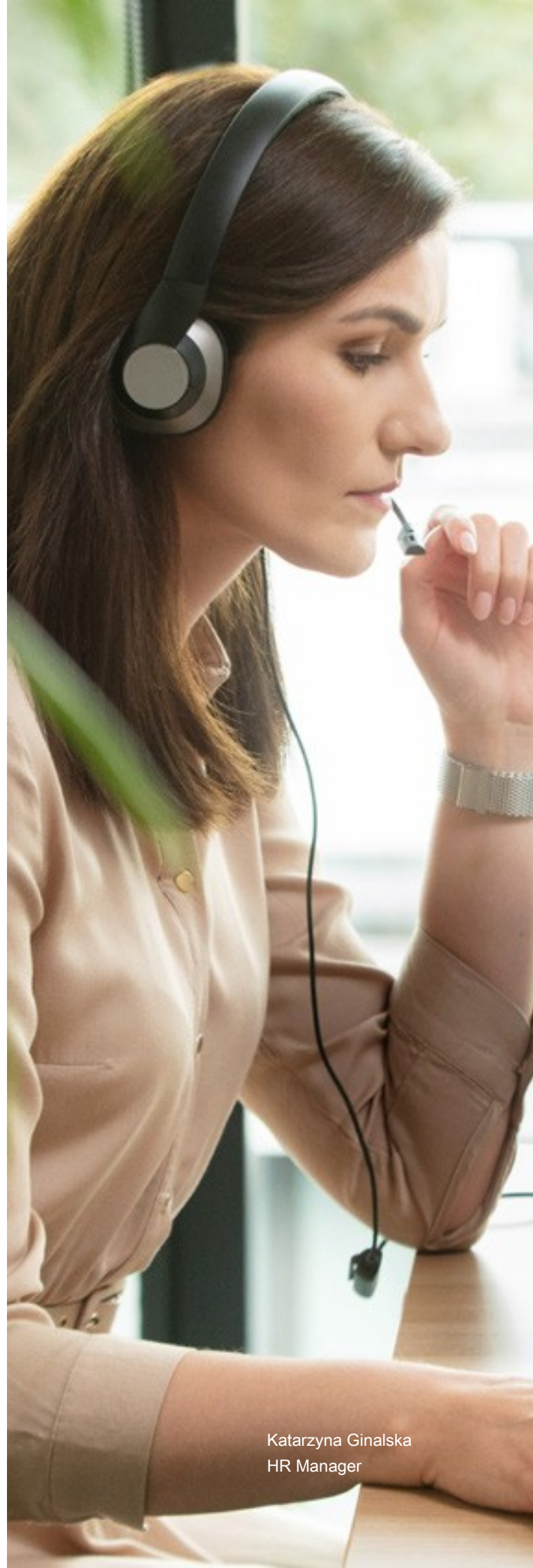
Carbon Footprint Summit
Kraków, 2021

When looking for employees and co-workers we are flexible and, depending on the preferences of candidates, we are able to offer both employment contract and business cooperation with persons conducting business activity (B2B). It should be made clear here, however, that TTMS not only does not pressure the professionals it wants to work with to work with us in a B2B relationship, but offers, as a preference, an employment contract. However, given the limited supply of skilled workers and the fact that some prefer a freelance position, TTMS is not opposed to another form if a particular professional offers it.

Employees, including often those freshly recruited or even interns or trainees, and tying their future to TTMS, have the chance to develop their competencies during the proprietary so-called TTMS Academies (Quality Academy, AEM Academy, Salesforce Academy, Power BI Academy, Webcon Academy). These programs allow people to gain sought-after skills and knowledge about technologies that are not taught at universities. Such multi-week training is the first step to specializing and working in a particular area. First and the most often — on internal projects, and then — at external clients.

Flexibility in HR management

[103(404), 404-3] While on issues directly related to the quality of IT services and information security, we are uncompromising when it comes to procedures and adherence to them, in areas such as human resource management we try to be as flexible as possible. A flexible approach translates into greater efficiency and better results. For example, we have not decided to introduce beaten career paths. Our employees are not required to pass a specific exam nor certification after a certain amount of time with TTMS. We are of the opinion that any rigid model, one standard would be inadequate and could lead to suboptimal decisions from the point of view of the organisation and its competence development.



Katarzyna Ginalska
HR Manager

Certainly, we support our employees in their development, we finance specialised training and costs of certification of their competences, but this is done on a voluntary basis and at a pace decided on by the person concerned. Feeling under pressure is not conducive to well-being, and that is what matters most to us, i.e. highly skilled IT professionals. That is why we do not exert it. We are different and this is one example of respecting the differences that exist.

Social commitment of the team

[416-1] We try to encourage our employees to engage in joint activities. Social activities can also be those that allow us to do something together, spend time together, share goals and values. That is why we like to involve employees in activities that go beyond their typical tasks.

In 2021, together, in response to an initiative by a colleague, we collected plush toys for the ambulance rescue teams of Wolski Hospital in Warszawa. The plush mascots have a chance to at least reduce the stress of young patients and, as a result, better withstand the ambulance ride. Thanks to the commitment of employees, several bags of toys were delivered to hospital emergency teams. Together with the team of Transition Technologies Software (TTSW), part of the same Transition Technologies capital group of companies, we were able to collect and donate food, treats, as well as essential blankets, pillows, towels and bowls for the four-legged charges of the Dog's Angel Asylum Foundation (Polish: Fundacja Azylu pod Psim Aniołem).

Our employees also took on the challenge as part of this fall's "Take Care of a Tree with TTMS!" (Polish: "Zaopiekuj się drzewkiem z TTMS!") campaign.

As a result, 212 plants were planted in 10 cities in employees' home gardens or other areas whose owners did not oppose the initiative. In turn, as part of the "Spring Clean-up" (Polish: "Wiosenne porządki") campaign, we mutually promoted good, ecological habits in daily life, which, in turn, promoted reducing the volume of waste and saving raw materials.

In an effort to support NGOs working for the benefit of children in the cities where we have offices, last year we subsidized them with donations totalling PLN 30,000:

MATIO Foundation (Polish: Fundacja MATIO) from Kraków (supports people with cystic fibrosis),

Happy Kids Foundation (Polish: Fundacja Happy Kids) from Łódź (helps orphaned and disabled children, as well as children from rural areas with a more difficult start in life),

Comfort Foundation (Polish: Fundacja Pociecha) from Wrocław (supports children from poor and educationally inefficient families).

Regardless of the aforementioned activities, we are committed on a long-term basis to supporting "The Presja" project implemented by the Foundation of Choice (Polish: Fundacja z Wyboru). Depression, as well as the whole sphere of mental life, are still some social taboos. At the same time, depression is a disease of civilization that can affect anyone. Countering and fighting depression is not a typical area of corporate social engagement. It was this gap that encouraged us to join in supporting an issue that may not be media-savvy, but is extremely important socially.

4. Data Security

[103(418)] When working for leading companies in the pharmaceutical or defence sectors, for whom data security is mission critical, and when using the most technologically advanced, specialized solutions and IT systems, we must apply above-average measures for information security in the broad sense. This are both technical and management solutions. The latter form an integrated management system consisting of:

- Information Security Management System **ISO/IEC 27001**,
- **MIA Concession:** defines standards for work in software development projects for the police and military, addressing standards: ISO 9001, ISO 27001, ISO 20000, ISO 45000,
- **PSCI Standards:** set out the principles for responsible supply chain management and for ethics, labour, health and safety, environment and related management systems.
- At the same time, at TTMS, we are committed to perform individual and team tasks in accordance with the standards that are implemented in Transition Technologies Capital Group (GKTT). GKTT Integrated Management System includes the following standards:
- Quality Management System in respect of: Design, programming and implementation of IT and automation systems for industry, including power and gas industries, as well as outsourcing of these services under ISO 9001
Information Security Management System in respect of: Integration and production of software, eBusiness solutions, systems for industrial clients, the electricity and gas market and engineering outsourcing in this area under ISO/IEC 27001
Information Technology Service Management System supporting the delivery of services by the Product Solution Service department in accordance with the catalogue and service level defined in contracts under ISO/IEC 20000

- Occupational Health and Safety Management System in respect of: Implementation and maintenance of specialized information technology and automation systems compliant with ISO/IEC 45000 requirements.

In accordance with the PN-ISO/IEC 27002 standard, information security is understood as maintaining confidentiality, integrity, availability, accountability, authenticity, non-repudiation and reliability. The standard distinguishes eleven areas that affect information security in an organization: security policy, information security organisation, asset management, human resources security, physical and environmental security, system and network management, access control, business continuity management, acquisition, development and maintenance of information systems, information security incident management, compliance with legal requirements and own standards. We implement our management approach by, among other things, analysing the security expectations of our clients and, at the same time, applying solutions and technologies of high and proven standards as well as by partnering with their manufacturers. It is mission critical to ensure that our operations comply with legal requirements in a changing regulatory environment. Nevertheless, what is no less important from the technological side is raising qualifications, especially awareness and involvement of employees in information security activities. Only then does smooth management based on defined processes and through defined objectives and risks become possible. As a result, it becomes feasible to ensure confidentiality, integrity, availability of information. The key is to define, adhere to and control the rules and regulations for protecting systems, data and information, and to ensure that systems and services are available to guarantee efficient operation. Information security incident management becomes crucial here. It is also important to manage the physical security of the entrusted resources.

The applicable Data Protection Policy guarantees the secure processing of personal data in accordance with the principles of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC ("GDPR") and the Act of 10 May 2018 on the protection of personal data (as amended). In particular, it concerns ensuring protection of the processed personal data against their disclosure to unauthorised persons, taking by an unauthorized person, processing with the violation of the Act, as well as against change, loss, damage or destruction. The data controller shall ensure control over what personal data, when and by whom have been entered into the filing system and whom they are transferred to. Regardless of the general policies and procedures related to information security management described in the PN-ISO/IEC 27002 management system, due to the industry specialisation, we have implemented procedures specific to particular sectors and expected by them. Because we work for companies in the pharmaceutical industry, sometimes referred to as the Bio-Tech-Farm industry (e.g. Roche, Polpharma Biologics), we periodically undergo audits, thanks to which we are accredited by the **Pharmaceutical Supply Chain Initiative (PSCI)**. It enables us to provide services and build and operate Offshore Development Centre (ODC) offices around the world. At this moment, TTMS has ODCs in Warszawa (Poland) and Kuala Lumpur (Malaysia).

The **Pharmaceutical Supply Chain Initiative (PSCI)** accreditation defines standards for work in distribution and manufacturing projects, implementation, maintenance of software (application groups and systems) for Bio-Tech-Farm companies. Accreditation addressing standards: ISO 9001, ISO 27001, ISO 20000, ISO 45000, ITIL and Lean, as well as Good Manufacturing Practice (GMP) standards also in the area of Computers System Validation (CSV).

PSCI is a non-profit organization established in 2006 in the United States. It aims to establish and promote responsible practices that will contribute to the continuous improvement of social, health, safety and environmental performance in industry supply chains.

In connection with the decision to engage in business engagement in providing services to the military sector, we were obliged to obtain the appropriate concession of the Polish Ministry of Internal Affairs and Administration (MSWiA), which authorises to conduct business activity in the field of manufacturing and trading of explosives, weapons, ammunition and products for military or police use, as well as trading in technology for military or police use. The Polish Ministry of Internal Affairs and Administration concession defines standards of work in projects of distribution and production, implementation, maintenance of software for the police and army. The concession addresses standards: ISO 9001, ISO 27001, ISO 20000, ISO 45000.

[418-1] In 2021, an internal audit was carried out on the ISO/IEC 27001 standard and the MSWiA concession. Both ended with a positive recommendation. Two incidents were identified that may indicate a threat. Recommendations identified by the auditors have been implemented.

5. Business Ethics

[102-16, 102-17] Since 2015, our company has had a code of ethics (Code of Conduct) in place, clearly defining what types of behaviour are unacceptable. Knowing that everyone makes decisions that are not always clear-cut, we wanted to help employees resolve all sorts of dilemmas. We do not want anyone to be left helpless with their doubts about which direction to choose. While we respect employees' privacy and do not interfere in this sphere of life, we know that there are times when private life intertwines with professional life and conflicts can arise. Therefore, the code of ethics encourages employees to share concerns, declaring that no one will be left alone with their problem.

The document, which is the cornerstone of our approach to ethics management, among other things defines what a conflict of interest is and how to deal with it. For example, you may find that a company in which you own stock becomes a client of TTMS, or that an applicant for a job at TTMS in whose hiring process you are to participate turns out to be a good friend of yours. Informing about such circumstances allows preventive measures to be taken and operations to be conducted in full transparency. Because potential conflict situations can vary widely, we always encourage employees to discuss them with their supervisor or the Legal Department. The issue of potential conflicts of interest is all the more important because we work for external clients whose best interests we are obliged to take special care of.

[103(205)] Bearing in mind the transparency of our relations with clients as well as with representatives of the administration, in the code, we regulate the issues related to giving and receiving gifts in a very detailed and strict manner.

It is absolutely unacceptable, for example, to offer any gifts to representatives of the administration and people working for the administration. In the case of representatives of private business, it is acceptable both to offer and to accept invitations to dinner, as long as it is a business meeting, or small gifts of moderate value, especially if they are related to, e.g. Christmas or New Year. In view of possible doubts about the acceptability of, for example, a small occasional gift, we have introduced, along with a policy of absolute non-acceptance of bribery, guidance and recommendations on unacceptable behaviour and those that are acceptable. At the same time, any questionable situation can and should be discussed with superiors or the legal department so that ethically questionable behaviour is clearly ruled out.

We also regulate the issue of insider trading in detail, strictly prohibiting the use of any information about TTMS or the company's business partners, including, of course, Clients, for purposes related to the purchase or sale of their securities. By definition, our employees who work on your projects may know about your strategic plans and decisions, and any speculative use of that knowledge would be a gross breach of confidentiality and break of trust in TTMS.

Obviously, particular emphasis is placed in the code on issues related to the protection of personal data, indicating at the same time that all employees and associates of TTMS are obliged to sign a non-disclosure agreement (NDA), which in practice means the prohibition of disclosing any confidential information to third parties.

At the same time, while respecting employees' right to hold diverse political views and activities, we unequivocally oppose any actions that could suggest political involvement of our company. As a company, we are apolitical and do not support political parties or any organisation of a political nature.

The code expressly prohibits any conduct that could have the characteristics of discrimination, but also favouritism, harassment or mobbing. We also do not accept work under the influence of alcohol or psychoactive substances. At the same time, we declare our help and support to people we work with, and who are struggling with the problem of alcohol or psychoactive substance addiction, as well as gambling. Each such case will be treated with utmost care and confidentiality.



6. Unique Place

Friendly workplace

[103(403)] We are committed to ensuring that the space in which we work is welcoming and landscaped in a way that promotes focus. It has to be a place that provides optimal conditions for work, where we will not be unnecessarily distracted, but also that will allow for free and effective teamwork. For us, the friendliness of our offices means, among other things, lots of daylight and plants. We make sure that the air we breathe in the offices is clean, hence we are constantly increasing the amount of specially selected species and varieties of plants, selecting those that stop some of the pollution. There is also enough space to relax. Kitchens are, of course available, for personnel use, with coffee and teas. Sweet days have become a tradition, when employees can treat themselves to sweet rolls. On the other hand, those who want to take a moment away from work and de-stress can enjoy one of the Xboxes. In order to meet our employees' expectations, we allow them to come to work with their beloved pets. We are also thinking about creating relaxation areas, as well as obtaining WELL or Fitwel certifications for our new headquarters, i.e. certifications that focus on the health of the space's users and their well-being. Providing such conditions reduces long-term fatigue and tiredness, but also makes us work better, more efficiently, and the work itself comes easier.

[403-2, 403-3, 403-5, 403-6, 403-9, 403-10]

Office work does not involve a high risk of standard work accidents. The risk of such events is low, and while we can never fully eliminate the risk of, let's say, a traffic accident, there has never yet been an event in our history that would qualify as a work-related accident or occupational disease. For us, work hygiene means ergonomics and organising the workplace in such a way as to make it friendly and healthy.

On the one hand, it is healthy for the spine or eyes, but on the other, it allows to reduce mental fatigue. Hence, on the one hand, the care for appropriate furniture, lighting of workplaces, or even air quality, on the other hand, the care for places to relax, the possibility to de-stress, e.g. with Xbox, but also a lot of greenery, or the possibility of psychological support. For this reason, we are regularly reminded in internal communications of the need for mental health.

While working on behalf of clients, we simultaneously become members of their teams, living their challenges and current problems. However, the shared space in TTMS is supposed to help us be one team. Its members work on different projects and for different entities, but they are still one group of people who share common values and goals. Shared office space, including kitchens or relaxation areas, becomes a space that helps maintain camaraderie and feel like one team, which is crucial for a company and its corporate culture. It is important for us to meet our employees during team building trips as well as during everyday work. Remarkably, for all the undoubted benefits of remote work, the vast majority of employees would not want to abandon the traditional form of work altogether and favour a hybrid solution.

Our contribution to sustainable development

[203-1] Our industry, although it has no apparent significant impact on the environment, is a globally significant consumer of electricity, which translates into its carbon footprint. At the same time, however, the same industry, being one of the more innovative, is becoming a source of solutions that will reduce the carbon footprint of other sectors. Such a simple solution as remote working, which became massively popular in the pandemic era, eliminated the need to travel millions of kilometres a day, which translated into a visible reduction in CO2 emissions.

It is also a number of specific solutions that optimize business processes or the operation of machinery and equipment, which, by improving the performance of their operation, bring savings to both businesses and the environment.

[103(302), 103(305)] Regardless of the types of solutions we can contribute to developing or disseminating, we feel obliged to improve our own emissions. While our impact on the energy intensity of global solutions and worldwide ICT infrastructure is at least limited, we seek to minimize carbon footprint associated directly or indirectly with our operations.




All of these activities make up our ongoing "TTMSgoesGREEN" program, which is part of Transition Technologies Group's broader, pro-environmental approach. Despite our limited direct impact on the environment, we have been systematizing and improving our management approach in this area for years. We decided to implement an environmental management system in accordance with ISO14001. Its compliance with the standard has been confirmed, albeit only in 2022, by an independent auditor.



Małgorzata Szewczyk
TTMS Chief Administrative Officer

Objective(s): By 2025, we plan to achieve climate neutrality

To achieve this:

-  we want all TTMS offices to be powered by **PV panels** or **green energy** confirmed by suppliers,
-  we will replace 100% of the car fleet with **electric** or **plug-in hybrids**,
-  we support **planting trees** in cities where we have our offices to reduce urban heat islands



[305-1, 305-2] The Scopes 1 and 2 of carbon footprint estimation initiated several years ago has allowed us to realistically manage this area. By identifying sources of emissions, we can eliminate or reduce them. Where possible, we encourage administrators of our leased office space to install photovoltaic panels or switch to purchasing renewable energy. At the same time, mindful of direct emissions, we are upgrading our small fleet of company cars, which consists of several vehicles. Gradually, alternative-powered vehicles are increasingly constituting it. Our ambition is to halve our existing carbon footprint by 2025 and then reduce it by 2030 to the minimum we can neutralise, achieving climate neutrality.

We are already initiating long-term projects that will allow us to offset emissions that we cannot avoid. We actively support plantings in cities where we have offices as part of initiatives to reduce the formation of the so-called urban heat islands. We have signed a cooperation agreement with the Polish State Forests, wanting to join in efforts to revitalize peatlands, which play a particularly important role in carbon sequestration.

Thinking about employees' commute, we not only offer hybrid work, but encourage our employees who do not work remotely at the moment, but have decided to come to the office, to give up their car. We have provided space for bicycles at each of our locations. The very choice of office location is aimed at optimizing commuting to and from work. When making such decisions, we conduct surveys

among the employees and the final selection of the city area where we look for an office that meets our requirements is a resultant of the team votes. Fewer distances travelled each day and, at the same time, the ability to conveniently cover it by public transportation or bicycle, means a significant reduction in the indirect carbon footprint in the long term. The promotion of behaviour consistent with the concept of sustainable development is fostered by organization of competitions such as the already mentioned "Kilometres Move Us" competition (Polish: "Kilometry nas kręca").

As a rule, our offices are located in modern office buildings with high sustainability requirements. The criterion for choosing the new Warszawa office, which is also TTMS headquarters, was the building's BREEM Outstanding certificate. We wanted to work in a building whose construction and day-to-day operation is the least disruptive to the environment. In 2020, despite the pandemic, we were able to modernise the office in Białystok, making it more modern, and people- and environment-friendly.

[307-1] At the same time, apart from the consumption of utilities in the offices (electricity, heat, water for domestic purposes) and the generation of small amounts of waste that are segregated, TTMS has no significant direct environmental impact. The company's offices are not located in environmentally valuable areas and its operations do not involve any risk of accidents which could result in environmental contamination. In 2021, nor ever before, there were no administrative proceedings against TTMS for violations of environmental laws or penalties imposed for such violations.

7. About the Report

[102-45, 102-50, 102-51, 102-54, 102-56]

The presented report is the second non-financial (ESG) report prepared and published by Transition Technologies MS SA together with its subsidiaries: Transition Technologies Managed Services LTD (United Kingdom) and TTMS Software Malaysia Sdn. Bhd (Malaysia). It has been developed in accordance with GRI Standards in the core option. It covers the year 2021, i.e. the period from 01 January 2021 to 31 December 2021. It has not been subject to external auditor verification but the company has taken every care to ensure that the information presented in it is accurate.

[102-40, 102-42, 102-46, 102-47] The scope of the report was defined based on the results of a survey conducted in 2021 for the previous report. It aimed to determine how much and to what extent a particular aspect of social responsibility:

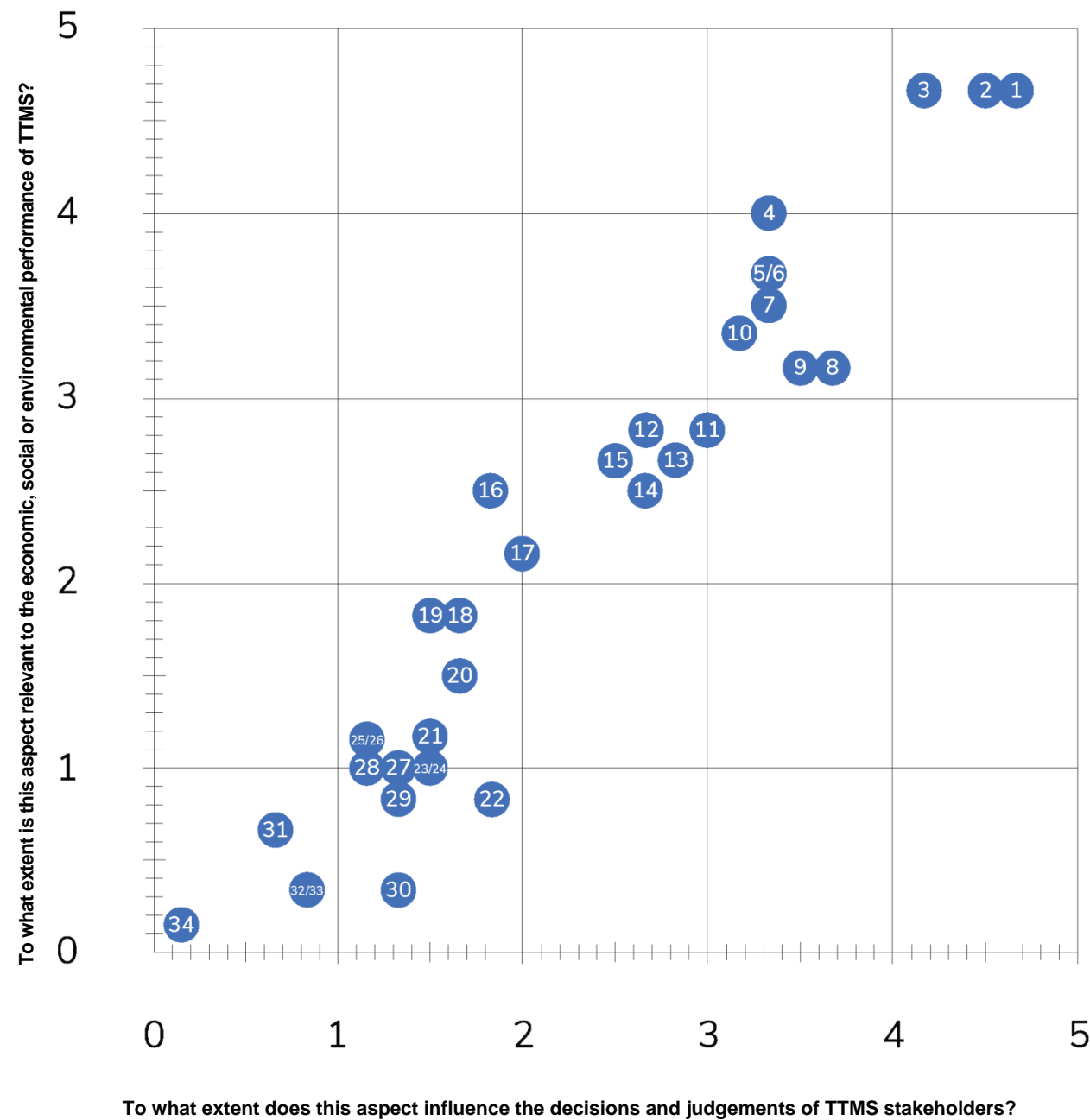
- is relevant to stakeholders, i.e. to what extent they take it into account in their decisions,
- affects the economic, social and environmental performance of the company.
- This approach, i.e. taking into account the assessment factors indicated above, satisfies the expectations of the GRI Standards materiality principle. At the same time, also using a survey that key TTMS managers were invited to complete, the company's key stakeholders were identified and mapped. It is the knowledge about their expectations, interests or concerns that managers managing particular business areas have, which translates into the final assessment of the importance of a given aspect and, consequently, shapes the report itself.



Conducting both of these analyses reflects the approach to implementing a structured social responsibility management proposed by the PN-ISO 26000 standard. In the Company's opinion, defining the scope of the report using internationally recognized standards contributes to not only maintaining the materiality principle (materiality) but also the context of sustainable development.

The approach to data collection, supplemented by individual interviews with departmental representatives, and the approach to data presentation also allowed for the highest degree of diligence in the context of the principles of balance, comparability, accuracy, timeliness, transparency and reliability.

The results of the analysis of significance of particular aspects of social responsibility were as follows:



- 1 Respect for employee and client privacy, including the confidentiality of clients' personal data
- 2 Level of remuneration in relation to salaries in the market
- 3 Terms and conditions of employment (contract types, turnover, salaries, fringe benefits)
- 4 Occupational Health and Safety (OHS)
- 5/6 Role in the economy / Development and training
- 7 Ethical marketing communication
- 8 Anti-corruptive behaviour and bribery
- 9 Issue of hiring local suppliers and employees
- 10 Ethics management / Code of ethics
- 11 Anti-discrimination
- 12 Diversity and equality of opportunities
- 13 Local communities, community involvement and pro-social actions
- 14 Financial implications of climate changes
- 15 Equal pay for men and women
- 16 Waste management
- 17 Anti-competitive and monopolistic actions, and counteracting behaviour
- 18 Fuels and energy use
- 19 Avoiding the company's involvement in political activities
- 20 Environmental impact of products and services offered
- 21 Consumption of materials and efficiency of this process
- 22 Emissions to air
- 23/24 Infrastructure investments and the rights of third parties
Prevention of child labour, prevention of forced labour and modern slavery
- 25/26 Environmental impact of the supply chain and environmental assessment of suppliers
Physical protection of facilities and the rights of third parties
- 27 State aids
- 28 Water and waste management
- 29 Product safety for health and life of customers and users
- 30 Biodiversity and protection of valuable natural habitats, especially near the company's facilities
- 31 Proper labelling of products and services / product and service information
- 32/33 Freedom of association and the right to collective disputes
Protection of the rights of indigenous peoples
- 34 Collective agreements and trade unions

During 2021, as well as in the first months of 2022, preceding the publication of the report, there were no significant changes that would affect the nature of the organization's social or environmental impact. Thus, the areas of responsibility considered to be of key importance have not changed. Material aspects within the meaning of GRI Standards remain the issues relating to **data security, employment conditions in the broad sense, including remuneration policies and health and safety at work, development and training, as well as the localisation of employment, the role played in the economy, or ethical issues, including the prevention of unethical behaviour such as corruption and bribery.**

Particular attention was paid in the report to **environmental issues** which, due to the nature of the activities, are not among the key issues for TTMS, but as such will be of growing interest to EU institutions and, consequently, the capital market in the coming years.

Finally, the report focused on the following aspects and GRI Standards:

Economic, social or environmental aspect	GRI Standards	Materiality
Information security, including privacy	<ul style="list-style-type: none"> GRI 418: Customer Privacy (418-1) 	high
Remuneration policy, employment conditions, health and safety at work	<ul style="list-style-type: none"> GRI 401: Employment (401-1, 401-2, 401-3) GRI 403: Occupational Health and Safety (403-2, 403-3, 403-5, 403-6, 403-9, 403-10) 	high
Role in the economy (impact on socio-economic development)	<ul style="list-style-type: none"> GRI 203: Indirect Economic Impacts (203-2) 	high
Development and training	<ul style="list-style-type: none"> GRI 404: Training and Education (404-1, 404-3) 	high
Ethical marketing communications	<ul style="list-style-type: none"> GRI 417: Marketing and Labelling (417-2, 417-3) 	average
Countering corrupt behaviour and bribery	<ul style="list-style-type: none"> GRI 205: Anti-Corruption (205-3) 	average
Suppliers and employees from local markets	<ul style="list-style-type: none"> GRI 202: Market Presence (202-1, 202-2) GRI 204: Procurement Practices (204-1) 	average
Ethics management	<ul style="list-style-type: none"> Mandatory under GRI 102 General Disclosures (102-17) 	average
Fuels and energy use	<ul style="list-style-type: none"> GRI 302: Energy (302-1) 	low
Emissions	<ul style="list-style-type: none"> GRI 305: Emissions (305-1, 305-2) 	low

If you have any questions relating to the above aspects of our business, as well as others that would be worth addressing in future reports, we would appreciate hearing from you.

[102-53] Please send any questions, feedback, and suggestions to:

Małgorzata Szewczyk

Chief Administrative Officer

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Transition Technologies MS S.A.

ul. Dzielna 60

01-029 Warszawa, Poland

Surrounding

[102-42, 102-43, 102-44] As TTMS, we interact with a variety of stakeholders, among which the following groups should be mentioned:

Employees (full-time employees, collaborators under civil law and B2B contracts, potential employees and collaborators, apprentices and students, former employees and collaborators, employees of sub-suppliers),

Administration, regulators, industry organisations (Personal Data Protection Office (UODO), Office of Competition and Consumer Protection (UOKiK), Office of Electronic Communications (UKE), National Labour Inspectorate (PIP) and similar offices in other countries),

Local community and society (legislators and governments, community residents adjacent to company offices, non-governmental organizations (e.g., charities), educational institutions and universities, media),

Market and clients (clients and customers, competitors, hardware and software suppliers, hardware and software vendors, other contractors and subcontractors),

Capital market (strategic shareholders, other shareholders, stock analysts, Warsaw Stock Exchange, auditors),

- **Environment** (environmental organizations).

The frequency, scope, or form of contact with each group depends on the specifics of the group and varies. On the one hand, contacts with state administration institutions are formalised, concern specific issues and are relatively rare. On the other hand, dialogue with employees is not very formal and at the same time it involves them in making decisions which concern them e.g. decisions concerning the office, its location or preferred form of work are discussed and final decisions in this respect were a result of employees' opinions. Similarly, our employees proposed and voted for NGOs that the company should support. Also, relations with Clients, apart from dialogue on the management level, have the character of everyday operational contacts with varying degrees of formalization, and our employees are even treated as employees of Client's teams. We also try to cooperate constructively with suppliers, e.g. of software, by undertaking, among others, joint educational initiatives. On the other hand, relations and consequently dialogue with NGOs, including environmental NGOs, or contacts with local communities are sporadic, due to the low degree of impact of TTMS on the local community or local natural environment.

8. Tables with Non-Financial Data

[102-8] Employment at year-end

	2021			2020		
	Women	Men	Total	Women	Men	Total
unspecified time	66	74	140	39	47	86
specified time	93	96	189	72	77	149
on probation period	2	4	6	6	5	11
on replacement	0	0	0	0	0	0
full-time	150	163	313	111	123	234
part-time	11	11	22	6	6	12
By age						
aged under 30	50	61	111	43	41	84
aged 30–50	109	110	219	73	82	155
aged over 50	2	3	5	1	6	7
By region						
Europe (Poland, United Kingdom)	125	137	262	101	98	199
Asia (Malaysia)	36	37	73	16	31	47
Total	161	174	335	117	129	246
<i>Cooperators under civil law contracts, self-employment, including field advisers, etc. (persons on appointment are not included)</i>	36	299	335	30	252	281

	2021				2020			
	unspecified time	specified time	on probation period	on replacement	unspecified time	specified time	on probation period	on replacement
Europe (Poland, United Kingdom)	115	141	6	0	77	111	11	0
Asia (Malaysia)	25	48	0	0	9	38	0	0
Total	140	189	6	0	86	149	11	0

[401-1] New employees admission

	2021			2020		
	Women	Men	Total	Women	Men	Total
By age						
aged under 30	24	36	60	12	13	25
aged 30–50	42	49	91	14	12	26
aged over 50	1	1	2	0	5	5
By region						
Europe (Poland, United Kingdom)	41	62	103	20	21	41
Asia (Malaysia)	26	24	50	6	9	15
Total	67	86	153	26	30	56
%	41.6%	49.4%	45.7%	22.2%	23.3%	22.8%

[401-1] Employee departures

	2021			2020		
	Women	Men	Total	Women	Men	Total
By age						
aged under 30	9	12	21	4	10	14
aged 30–50	15	21	36	4	12	16
aged over 50	0	3	3	0	0	0
By region						
Europe (Poland, United Kingdom)	21	25	46	7	16	23
Asia (Malaysia)	3	11	14	1	6	7
Total	24	36	60	8	22	30
%	14.9%	20.7%	17.9%	6.8%	17.1%	12.2%

[401-3] Return to work and job retention index after maternity/paternity leave by gender

	2021			2020		
	Women	Men	Total	Women	Men	Total
Number of employees who were entitled to and used maternity/paternity leave in the year in which their children were born	14	5	19	7	3	10
Did not use the entitlement in the year their children were born	0	3	3	0	1	1
Number of persons with whom the contract was terminated during maternity/paternity leave (contract terminated at the end of the period for which it was concluded)	0	0	0	1	0	1

[404-1] Average number of training hours per year per employee by gender and by employee category (for sample positions)*

	2021			2020		
	Women	Men	Total	Women	Men	Total
IT positions (Manager)	14	21	35	0	0	0
IT positions (non-Manager)	14	14	28			
HR Training	-	-	-	14	0	14
ITIL	-	-	-	14	14	28

*Does not include operations in

[405-2] Ratio of average woman to man remuneration in the given category (for sample positions)

	December 2021	December 2020
Europe		
by position held: Validation Specialist	the average monthly gross remuneration of women was lower than the average monthly gross remuneration of men by 16.99%	the average monthly gross remuneration of women was lower than the average monthly gross remuneration of men by 20.21%
by position held: Programmer	the average monthly gross remuneration of women was lower than the average monthly gross remuneration of men by 21.92%	the average monthly gross remuneration of women was lower than the average monthly gross remuneration of men by 11.84%
by age, employees aged under 30	the average monthly gross remuneration of women was lower than the average monthly gross remuneration of men by 28.49%	the average monthly gross remuneration of women was lower than the average monthly gross remuneration of men by 24.17%
by age, employees aged 30 or over	the average monthly gross remuneration of women was lower than the average monthly gross remuneration of men by 12.98%	the average monthly gross remuneration of women was lower than the average monthly gross remuneration of men by 7.81%
Asia		
by position held: Application Supporter (aged 30–50)	the average monthly gross remuneration of women was higher than the average monthly gross remuneration of men by 4.4%	the average monthly gross remuneration of women was lower than the average monthly gross remuneration of men by 9%
by position held: Positions Developer (aged 30–50)	the average monthly gross remuneration of women was the same as the monthly gross remuneration for men	the average monthly gross remuneration of women was lower than the average monthly gross remuneration of men by 9%

[202-1] Ratio of remuneration of the lowest-level employees by gender with respect to the minimum wage (for exemplary positions)

market: Europe	December 2021	December 2020
Women	average remuneration for women was higher by 91.07%	average remuneration for women was higher by 53.85%
Men	average remuneration for men was higher by 78.95%	average remuneration for men was higher by 91.82%

market: Asia	December 2021	December 2020
Women	average remuneration for women was higher by 516%	average remuneration for women was higher by 65%
Men	average remuneration for men was higher by 858%	average remuneration for men was higher by 80%

[302-1] Fuels and energy consumption

Consumption (Europe)	unit	2021	2020
diesel (ON)	GJ (litre)	271.75 (7,423.24)	297.43 (8,124.72)
petrol	GJ (litre)	92.01 (2,775.77)	55.58 (1,676.86)
Electricity	GJ (kWh)	810.00 (224,999.13)	735.13 (204,201.91)
Total	GJ	1,173.76	1,088.14

Consumption (Asia)	unit	2021	2020
diesel (ON)	-	-	-
petrol	-	-	-
Electricity	GJ (kWh)	51.35 (14,265 kWh)	41.29 (11,469 kWh)
Total	GJ	51.354	41.29

[305-1, 305-2] Estimated CO2 emissions*

Estimated emissions	unit	2021	2020
Scope 1 CO2 emissions (diesel, petrol)	tonnes/kg	26.261 t	24,321.25 kg
Scope 2 CO2 emissions (only electricity)	tonnes/kg	157.049 t	146,821.17 kg
Total	tonnes/kg	183.310 t	171,142.42 kg

Comment: The calculation of emissions from diesel and petrol combustion was based on actual fuel consumption and the UK Government GHG Conversion Factors for Company Reporting. Estimates of emissions resulting from consumption of purchased electricity were based on estimated consumption and emission factors (for Poland, reports published by National Centre for Emissions Management (KOBiZE) in December 2020 and 2021; for Malaysia, based on data sourced from <https://ourworldindata.org/>).

*2020 figures have been adjusted for consumption in Malaysia previously unaccounted for electricity.



9. GRI Index

GRI Standards	GRI Guidelines	Commentary / Description	Page
Profile Indicators (GRI 102: 2016)			
102-1	Organisation name	Transition Technologies MS SA (formerly Transition Technologies Managed Services Sp. z o.o.)	
102-2	Main brands, products and/or services	[About the Company]	10, 11, 14
102-3	Organisation's headquarters location	ul. Dzielna 60, 01-029 Warszawa, Poland	
102-4	Number of countries where the organisation operates, and names of countries where the organisation's main operations are located or that are specifically relevant to the report's contents	[About the Company]	10, 14
102-5	Form of ownership and legal structure of the organisation	On 30 July 2021 Transition Technologies Managed Services Sp. z o.o. was transformed into a joint stock company (SA).	
102-6	Markets served including geographic scope, sectors served, and customer/consumer characteristics	[About the Company]	10, 14
102-7	Scale of operations	[About the Company]	14
102-8	Number of company's and supervised employees by gender and type of contract	[Tables with Non-Financial Data]	40
102-9	Description of the value chain	[Supply Chain]	18
102-10	Significant changes during the reporting period regarding size, structure, ownership or value chain	13 October 2021	
102-11	Clarification of whether and how the organisation applies the precautionary principle	The precautionary principle, in its original environmental sense, has limited application to TTMS's operations. More broadly, TTMS applies to both ethics management (e.g. issues of potential conflict of interest) and technology solutions i.e. if a solution is suspected of being unsafe, it will be treated as such until the situation is clearly understood.	

GRI Standards	GRI Guidelines	Commentary / Description	Page
102-12	External economic, environmental and social statements, principles and other initiatives adopted or endorsed by the organisation	none	
102-13	Membership in associations (such as industry associations) and/or national / international organizations	none	
102-14	A statement from top management (e.g., executive director, CEO, or equivalent) on the importance of sustainability to the organisation and its strategy	[Letter from the President]	8
102-15	Description of key impacts, opportunities and risks	[Letter from the President]	8
102-16	Organisation values, principles, code and standards of behaviour and ethics.	[About the Company], [Business Ethics]	10, 28
102-17	Mechanisms for resolving and raising ethical concerns	[Business Ethics]	28
102-18	The supervisory structure of the organisation, with committees reporting to the highest governance body and responsible for specific tasks, such as developing strategy or oversight of the organisation	[Governance Structure]	18
102-40	List of stakeholder groups engaged by the organisation	[About the Report]	34
102-41	Percentage of employees covered by collective agreements	Lack of collective agreements (0%).	
102-42	Basis for identification and selection of stakeholders engaged by the organisation	[About the Report]	34, 39
102-43	Approach to stakeholder engagement including frequency of engagement by type and by stakeholder group	[Surrounding]	39

GRI Standards	GRI Guidelines	Commentary / Description	Page
102-43	Approach to stakeholder engagement including frequency of engagement by type and by stakeholder group	[Surrounding]	39
102-44	Key issues and concerns raised by stakeholders and the organisation's response, including through their reporting	[Surrounding]	39
102-45	Business entities included in the consolidated financial statements	[About the Report]	34
102-46	Process of defining report content	[About the Report]	34
102-47	Identified significant aspects of social and environmental impact	[About the Report]	34
102-48	Explanation of the effect of any adjustments to the information provided in previous reports, with reasons for and impact of such adjustments (e.g., mergers, acquisitions, change of base year/period, nature of business, measurement methods)	For the 305-2 indicator, which relates to Scope 2 CO2 emissions, it was revalued for 2020. The previous report only considered emissions related to operations in Poland, and the overestimated figure took into account small emissions from energy consumption in the Malaysia office. This affected the volume of Scope 2 emissions and total Scope 1+2 emissions.	
102-49	Significant changes from the previous report regarding the scope, coverage or measurement methods used in the report	See the commentary to the 102-48 indicator.	
102-50	Reporting period (e.g., fiscal / calendar)	01 January 2021 – 31 December 2021	
102-51	Date of last report publication (if published)	13 October 2021	
102-52	Reporting cycle (annual, biennial, etc.)	annual	
102-53	Contact person	[About the Report]	39
102-54	Compliance with GRI Standards	[About the Report]	54
102-55	CSR Index	[GRI Index]	46-51
102-56	Policy and current practice for external verification of the report.	[About the Report]	34

GRI Standards	GRI Guidelines	Commentary / Description	Page
Market presence (GRI 202: 2016)			
103-1 (202)	Nature of the relevant area	[People-oriented]	20
103-2 (202)	Management approach (DMA)		20
103-3 (202)	Measurement and evaluation		20
202-1	Ratio of remuneration of the lowest paid employees by gender to the minimum wage	[Tables with Non-Financial Data]	43
202-2	Percentage of people from the local community in senior management positions	In case of operations conducted in Poland, 100% of the personnel are Polish. In Malaysia, the president of the company is Polish and the office manager is a representative of the local community. The British company is headed by a Pole.	
Indirect economic impact (GRI 203: 2016)			
103-1 (203)	Nature of the relevant area	[Role in the Economy]	16
103-2 (203)	Management approach (DMA)		16
103-3 (203)	Measurement and evaluation		16
203-2	Significant indirect economic impact	[Role in the Economy]	16
Indirect purchasing practices (GRI 204: 2016)			
103-1 (204)	Nature of the relevant area	[People-oriented]	20
103-2 (204)	Management approach (DMA)		20
103-3 (204)	Measurement and evaluation		20
204-1	Percentage of expenditure on local suppliers	[Supply Chain]	18
Anti-corruption (GRI 205: 2016)			
103-1 (205)	Nature of the relevant area	[Business Ethics]	28
103-2 (205)	Management approach (DMA)		28
103-3 (205)	Measurement and evaluation		28
205-3	Actions taken in response to corruption cases.	No probable cases of corruption were identified.	
Environment: energy (GRI 302: 2016)			
103-1 (302)	Nature of the relevant area	[Our Contribution to Sustainable Development]	31
103-2 (302)	Management approach (DMA)		31
103-3 (302)	Measurement and evaluation		31

GRI Standards	GRI Guidelines	Commentary / Description	Page
302-1	Direct and indirect energy consumption by primary energy source	[Tables with Non-Financial Data]	43
Environment: emissions (GRI 305: 2016)			
103-1 (305)	Nature of the relevant area	[Our Contribution to Sustainable Development]	31
103-2 (305)	Management approach (DMA)		31
103-3 (305)	Measurement and evaluation		31
305-1	Direct greenhouse gas emissions (Scope 1)	[Tables with Non-Financial Data]	33, 44
305-2	Indirect greenhouse gas emissions (Scope 2)	[Tables with Non-Financial Data]	33, 44
Environment: environmental compliance (GRI 307: 2016)			
307-1	Non-compliance with environmental laws and regulations	[Our Contribution to Sustainable Development]	33
Human resources: Employment (GRI 401)			
103-1 (401)	Nature of the relevant area	[People-oriented]	21
103-2 (401)	Management approach (DMA)		21
103-3 (401)	Measurement and evaluation		21
401-1	Total number and rates of new hires and personnel turnover by age group, gender and region	[Tables with Non-Financial Data]	41
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	[People-oriented]	22
401-3	Return to work rate and retention rate after maternity/paternity leave, by gender	[Tables with Non-Financial Data]	41
Human resources: occupational health and safety (GRI 403: 2018)			
103-1 (403)	Nature of the relevant area	[Friendly Workplace]	30
103-2 (403)	Management approach (DMA)		30
103-3 (403)	Measurement and evaluation		30
403-2	Threat identification, risk assessment and incident analysis.	[Friendly Workplace]	30

GRI Standards	GRI Guidelines	Commentary / Description	Page
403-3	Occupational health services	[Friendly Workplace]	30
403-5	Training in occupational health and safety	[Friendly Workplace]	30
403-6	Health promotion	[Friendly Workplace]	30
403-9	Accidents at work	[Friendly Workplace]	30
403-10	Occupational diseases	[Friendly Workplace]	30
Human resources: training and development (GRI 404: 2016)			
103-1 (404)	Nature of the relevant area	[Exceptional People]	24
103-2 (404)	Management approach (DMA)		24
103-3 (404)	Measurement and evaluation		24
404-1	Average number of training hours per year per employee	[Tables with Non-Financial Data]	42
404-3	Percentage of employees receiving regular evaluations of their performance and professional development information	[Flexibility in Management]	24
Society: marketing communications and labelling (GRI 417: 2016)			
103-1 (417)	Nature of the relevant area	[Client Relations]	16
103-2 (417)	Management approach (DMA)	[Client Relations]	16
103-3 (417)	Measurement and evaluation	[Client Relations]	16
417-2	Cases of non-compliance of products and services with regard to information and labelling	[Client Relations]	16
417-3	Cases of non-compliance concerning marketing communications	[Client Relations]	16
Society: client privacy (GRI 418: 2016)			
103-1 (418)	Nature of the relevant area	[Data Security]	26
103-2 (418)	Management approach (DMA)	[Data Security]	26
103-3 (418)	Measurement and evaluation	[Data Security]	26
418-1	Significant complaints regarding breaches of customer privacy and loss of customer data	[Data Security]	27