

ON THE RUNWAY TO A 5-STAR REGIONAL AIRPORT

SOFIA
AIRPORT

Sustainability Report

2022



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About this report

We are pleased to present the first full Sustainability Report of SOF Connect. This report is to demonstrate our ongoing performance in becoming a more sustainable airport operator.

The Report covers the period from 1 January 2022 to 31 December 2022 and has been prepared with reference to the Global Reporting Initiative (GRI) Standards. We will continue to report on a yearly basis.

We are committed to transparently reporting and improving our sustainability performance, focusing on the environmental, social and economic impacts of SOF Connect's operations. We have defined our material topics through the GRI Standards materiality analysis process. This process has helped us to identify the most significant sustainability issues for our business and stakeholders, which are described in detail in this report.





Dear reader,

Welcome to the pages of our first full Sustainability Report.

This Report provides an overview of our specific business: you will discover what it means for us to be successful and how we are transforming Sofia Airport. From the outset, we set an ambitious goal to transform our airport into a 5-star regional airport within the next five years. Being a 5-star airport entails efficient travel to and from the airport, outstanding facilities, streamlined operations, friendly staff, and more.

As you progress through the report, you will gain insight into our strategy for this significant transformation and understand its importance for both the airport and Bulgaria. We share the direction of our efforts and their impact. Our approach outlines a path of complete transformation, encompassing not only infrastructure and passenger experience enhancements but also process improvements, technological advancements, full digitization, and, above all, a new customer-centric approach.

To achieve our ambition, we focus on improving the passenger experience, improving efficiency, making tangible economic and social contributions, and ensuring environmental sustainability. We diligently manage our finances following global best practices while sustainably conducting business, with the belief that we can contribute to the economic development of our country.

The Transformation

In 2022, we embarked on the delivery of over 30 projects as part of our journey towards achieving the goal of becoming a 5-star regional airport. Our focus is on overhauling Terminal 2 to accommodate the traffic from the nearly 70-year-old Terminal 1. This includes a complete renovation of various aspects, such as check-in counters, security and border screening areas, retail spaces, restaurants, boarding bridges, and airfield restoration. We have also initiated efforts to improve our service levels and inspire our team to prioritize customer satisfaction. Experiencing this change from within has transformed our team into champions.

The first noticeable result has been significant growth in passenger traffic. As we transitioned from a state-owned entity to a privately managed one, we underwent profound changes in our organizational culture, operational efficiency, and comprehensive digital transformation to meet the demands of the transition successfully.

Our Leadership

In 2022, we established an ESG (Environmental, Social, and Governance) team and started preparing an ESG

strategy. The first steps of this sustainability journey started from the inside – we focused on hiring people with bright potential. Meanwhile, we dedicated the necessary resources to support our goal of becoming a 5-star regional airport.

Another step was establishing direct communication with our key stakeholders. We listened to their needs and prioritized important topics, aiming to establish realistic expectations and foster a constructive relationship. We conducted a full-scale materiality assessment to identify and prioritize key issues that affect both us and our stakeholders, such as traffic growth, customer experience, safety and security, technological innovation, and noise pollution, among many others. Another important aspect of our stakeholder engagement is our commitment to reducing our carbon emissions in collaboration with our partners.

Meaningful Economic Role

Throughout the transformation process, we aim to create sustainable assets and establish a positive impact both at the local community level and on a larger scale. We believe that by expanding the airport, we can contribute to the growth of passenger traffic, which in turn leads to improved connectivity and favorable conditions for business development in the country. This growth also translates into the creation of new job opportunities and amenities for the residents of Sofia. We see our development as a means of supporting Sofia's transition into a smart city through improved interconnectivity and strategic partnerships for information sharing regarding traveler flows.

We are looking forward to your feedback.
Sincerely,

Jesús Caballero
CEO of SOF Connect

Air traffic

6 003 653
passengers

flew through Sofia Airport,
95% of them being
international passengers

The number of
passengers
increased by
78%, as the
passenger flow
grew significantly,
almost reaching
pre-pandemic levels.

The number of
aircraft
movements
increased by more
than **30%** while
commercial
flights grew by almost
50% compared to 2021.

Environment

Our Scope 1&2
emissions per passenger
dropped by
almost 50% to
1.69 kgCO₂e/
PAX compared to 2021.

We **reduced** the
amount of general
non-hazardous
waste generated by
almost **10%** compared
to last year.

Social

A total of **1458**
employees worked
for us, more than **80%**
of which are covered by
collective
bargaining
agreements.

Women represent
35% of the
total workforce
and **27%** of the
employees in
managerial
positions.

A total of **8 500**
hours spent on
training.

0 incidents of
discrimination.



The process of transitioning the airport from state ownership to private management brought about significant changes as we moved to an entirely new business model to achieve our goal of becoming a 5-star regional airport. The transformation includes restructuring the organizational team to improve resource efficiency, implementing digitalization initiatives to reduce emissions, engaging with local stakeholders, and enhancing customer satisfaction. We are developing new processes and policies from scratch, renovating terminal buildings, and actively working towards expanding our airline and destination network. We do all this while ensuring the continuity of normal operations and prioritizing the needs of our passengers.

In contrast, the role of airlines is to provide air transportation and ticketing services and give specific flight information to customers. About 30 airlines fly in and out of Sofia Airport with scheduled and charter services, the most popular being Ryanair, Wizz Air, and Bulgaria Air.

Supporting airlines are ground handling agents, which are accountable for providing baggage handling, including check-in and tagging, loading and unloading cargo, and assisting passengers with boarding and disembarking. SOF Connect is a licensed ground handling operator and provides services to about a third of the aircraft movements, the other part is managed by Goldair Handling and Swissport.

Managing an Airport

An airport is a crucial place where airlines, ground operators, customers, and service providers interact to give the passenger a seamless experience. As an airport operator, SOF Connect is responsible for:

managing and maintaining the airport's infrastructure

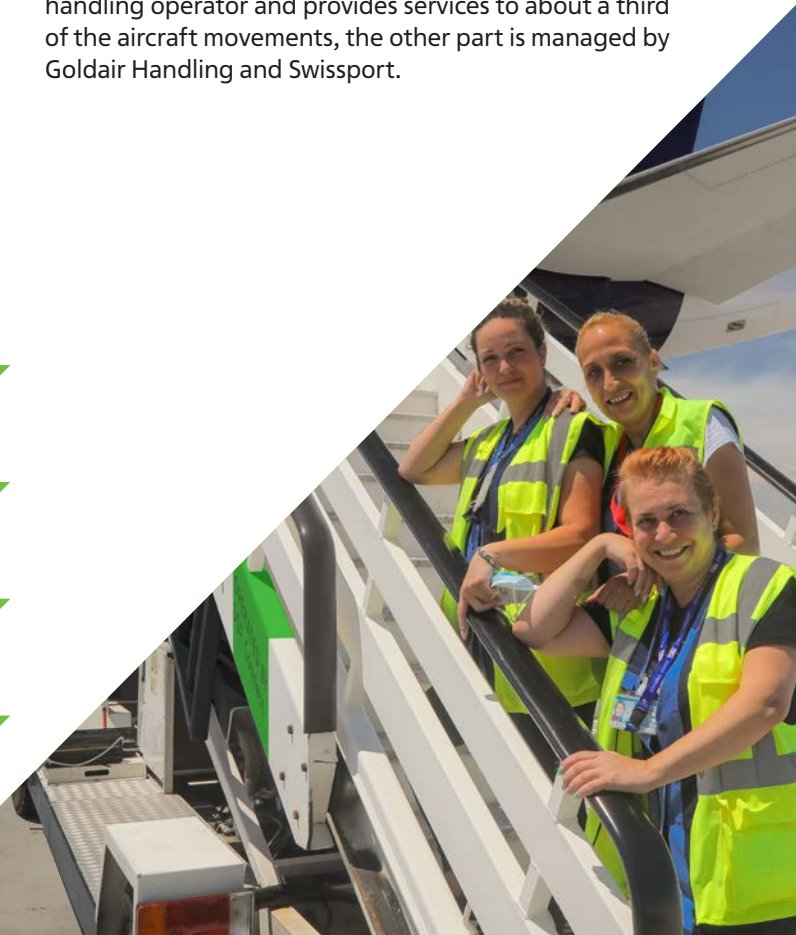
handling the airport's finances

overseeing the airport's operations

ensuring the safety and security of passengers

About SOF Connect

SOF Connect is the operator of the largest international airport in Bulgaria. We took over the management of Sofia Airport for a duration of 35 years starting from 19 April 2021. Meridiam is the main shareholder in the company and owns 100% of the capital, while Munich Airport is our partner operator providing expertise and best practices to transform Sofia Airport. The concession project is a long-term plan to modernize the airport and elevate its services and facilities to high standards. We want to promote economic growth in Bulgaria by attracting more tourists and making it a preferred destination.



Activities performed at the airport

1 Airport operator

- ▶ Providing facilities and services to airlines and passengers, including terminal facilities, runways, taxiways, and parking areas.
- ▶ Ensuring compliance with safety and security regulations and maintaining a safe operating environment.
- ▶ Managing airport finances, including budgeting, revenue management, and cost control.
- ▶ Developing and implementing plans for airport expansion and improvement.
- ▶ Ensuring efficient use of airport resources and optimizing airport capacity.

2 Airline

- ▶ Scheduling and operating flights.
- ▶ Providing ticketing and reservation services to customers.
- ▶ Ensuring compliance with safety regulations and maintaining a safe flight.
- ▶ Providing in-flight services to passengers.

3 Ground handling

- ▶ Providing baggage handling services including airport check-in.
- ▶ Loading and unloading cargo.
- ▶ Marshalling aircraft.
- ▶ Providing aircraft cleaning and maintenance services.
- ▶ Assisting passengers with boarding and disembarking.

4 Air Traffic Control

- ▶ Managing and coordinating the movement of aircraft in and out of the airport, ensuring the safe and efficient flow of air traffic.

5 Food and beverage, specialty shops, and other service providers

- ▶ Retailers and restaurants: businesses that operate within the airport terminals and provide services such as food and beverage, retail, and duty-free shopping to passengers and visitors.
- ▶ Transportation providers: deliver transportation services to and from the airport, such as rental car companies, taxis, and shuttle services.
- ▶ Cargo and logistics companies: provide services to airlines and other businesses operating at the airport, including freight forwarding and warehousing.



Our Business Strategy

We showcased our strategic roadmap to the year 2026 for the first time in our [2021 Sustainability Performance Data Report](#).

SOF Connect's vision is to become a 5-star regional airport by achieving leadership in four strategic pillars:

Customer experience: use modern technology, operations and commercial facilities

Efficiency: for airlines, passengers and airport stakeholders

Environment: put positive environmental impact at the heart of our operations

Social and economic contribution: achieve a positive social impact and act as a hub for the economic development of Sofia and Bulgaria

Zoom on our strategic pillars:



Customer experience

SOF Connect is taking action to improve the passenger experience and upgrade our Airport Service Quality score (further details on activities can be found in the [Customer Experience](#) section):

- ▶ **Terminal facilities:** Several initiatives are underway to upgrade the facilities and the service quality (e.g. cleaning, terminal monitoring).
- ▶ **Airport access:** Strong connections have already been established through the metro link in the Terminal 2 building as well as bus lines.
- ▶ **Staff:** Training of terminal staff is ongoing to improve the quality of services.
- ▶ **Retail and restaurants:** Improving the layout of existing premises and professionalizing duty-free and food and beverage operations by bringing in new partners has significantly improved the customer experience.
- ▶ **Sense of place:** Infrastructure development creating an airport open to the city.
- ▶ **Seamless operations:** We are working towards continuous management improvement that will support the efficiency of operations.
- ▶ **ESG Focus:** Our efforts are presented publicly to raise awareness among passengers and attract sustainability-oriented customers.

Efficiency

SOF Connect's transformation delivers high efficiency through leaner structures, a dynamic way of working, digital processes, and the right mix of capabilities. We achieve efficiency improvements across five main pillars:

- ▶ **Structure and management:** A leaner structure with clear performance accountability and fast decision making.
- ▶ **Processes:** Flexible way of working and streamlined processes with clear responsibilities.
- ▶ **Digitalization:** Digital processes and tools for internal and external users including paperless administration and accounting and contactless travel.
- ▶ **Capability and corporate culture:** Continuously building capacity, attracting top talent, enabling SOF Connect associates to rise, and maintaining a culture of collaboration and inclusion.
- ▶ **Partners and resources:** A balanced mix of capabilities between internal resources and external partners.

Economic and Social Impact

Our strategy will have a positive impact on local development through targeted integration of the city of Sofia. We are working towards:

- ▶ **A platform for new business growth in the airport ecosystem:** passenger traffic growth will increase demand for services and goods in the airport area which will foster commercial and real estate development and will directly impact business growth. Foreign direct investment triggered by improved connectivity will further strengthen the local business environment.
- ▶ **Creation of jobs, new opportunities, and amenities for people living in Sofia:** Job creation resulting from business development within and around the airport will also support the community. We implement social policies aimed at equal opportunities and fair working conditions contributing to career development, attracting local talent, and creating a desirable place to work. The creation of an ecosystem that will support the development of new business and leisure facilities will contribute to the well-being of the community.
- ▶ **Supporting the development of Sofia as a smart city** by Partnering with the city to improve interconnectivity and the flow of information and travelers by offering an open platform for sharing information.

Environment

SOF Connect is committed to being a leader and role model in sustainable business. Key activities include (further details can be found in our [Environment](#) section):

- ▶ **Reducing greenhouse gas emissions** from the airport's direct operations by decarbonizing its fleet and improving the energy efficiency of facilities.
- ▶ **Procuring energy and self-generating electricity from renewable sources** and providing sustainable fuel for both ground vehicles and aircraft.
- ▶ **Working with partners and suppliers** to promote and enforce sustainable and competitive solutions from companies in the wider ecosystem.
- ▶ **Reducing waste and increasing recycling**, as well as optimizing water use.



Hallmarks of the passenger experience in 5-star airports

- ▶ *Fast and optimal travel to and from the airport*
- ▶ *Excellent terminal facilities with the utmost attention to comfort, cleanliness, and accessibility*
- ▶ *Authentic architecture and design offering a better sense of place*
- ▶ *Efficient operations and seamless passage through security and passport control areas*
- ▶ *Access to a wide range of retail outlets and a variety of food and beverage options*
- ▶ *Friendly staff with excellent communication skills*

Memberships



We are part of the World Wide Airport Coordinators Group – a trade association of officially appointed airport coordinators that plan the traffic at airports and ensure runways and terminal facilities are managed efficiently. By applying the Worldwide Slot Guidelines (WSG) we guarantee airline schedules meet the capacity of Sofia Airport and avoid congestion during busy periods.



We are a member of the European Airport Coordinators Association (EUACA) – an association of more than 20 European coordinators and schedules facilitators responsible for allocating slots or advising schedule timings at more than 100 European airports. As a level 2 schedules facilitated airport, we strive for delivering high-quality service to air carriers by applying efficient solutions and optimizing the use of our resources.



We are members of the Airports Council International, collaborating with other airport operators, national airport associations, World Business Partners, and educational establishments. We want effective communication and advocacy regarding legislative, technical, commercial, environmental, passenger, and other matters.

Our Approach to Sustainability

The ambition to become a 5-star regional airport embodies our integrated approach to sustainability: combining the benefit for passengers, employees, and partners while aiding the economic prosperity of Bulgaria and limiting our impact on the environment. In our [Code of Ethics](#), we have explicitly committed to delivering the best services to our passengers and our stakeholders, thereby catalyzing responsible transformation by being an enabler of social, economic, and environmental development and inclusive growth. We are aware that our success is not only dependent on our efforts but also on global trends which are affecting the regulatory framework, the economy, and society as a whole. We are closely following the developments in the political landscape and the emerging legislation in the EU and beyond with a focus on the aviation sector.

Global context

- ▶ The world is in the middle of a global energy crisis which impacts the overall economy: from the cost of food and consumer goods to the viability of businesses and entire industries.
- ▶ The aviation sector has been severely impacted by the COVID-19 pandemic.
- ▶ The economic recovery has been further hindered by the Russian invasion of Ukraine. European sanctions and geopolitical instability have disrupted energy trade, leading to a sharp increase in fuel prices. This has led to higher costs in the transportation sector which accounts for about a third of the continent's energy consumption.

ReFuelEU Aviation initiative

In the pursuit of a structural approach to becoming independent of Russian fossil fuels, the EU has put forward the REPowerEU plan which aims at saving energy, diversifying supplies, and accelerating the use of renewables. In the past year, the deployment of renewable energy has reached a record high which together with improved energy efficiency may be able to reduce fossil fuel demand in the near future.

Next to the efforts towards achieving energy sovereignty, Europe is also tackling climate change. As part of the European Green Deal and the Fit for 55 package, the ReFuelEU Aviation initiative for reaching the EU climate targets with the use of sustainable aviation fuel (SAF) has been put forward. In April 2023 a provisional political agreement was achieved between

the European Parliament and the Council which sets out a fuel blending mandate for all flights departing from European airports requiring a minimum share of 2% SAF in 2025 and reaching 70% by 2050¹ (Figure 1). Once the formal adoption process is completed the new rule will become official with immediate effect. New legislation, coupled with market-based instruments for CO2 pricing such as the EU Emissions Trading Scheme and ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) are pushing the sector's decarbonization in accordance with the global climate targets.

1. Source: <https://www.europarl.europa.eu/news/en/press-room/20230424IPR82023/fit-for-55-parliament-and-council-reach-deal-on-greener-aviation-fuels>

Minimum share of SAF supply at EU airports

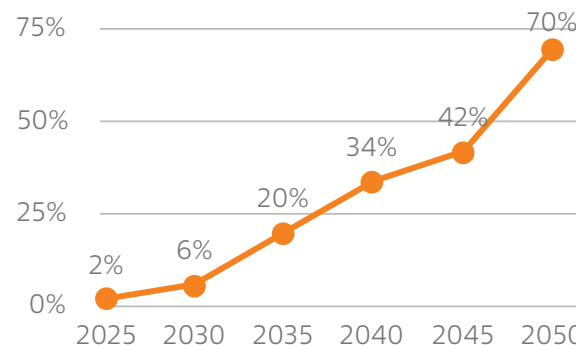
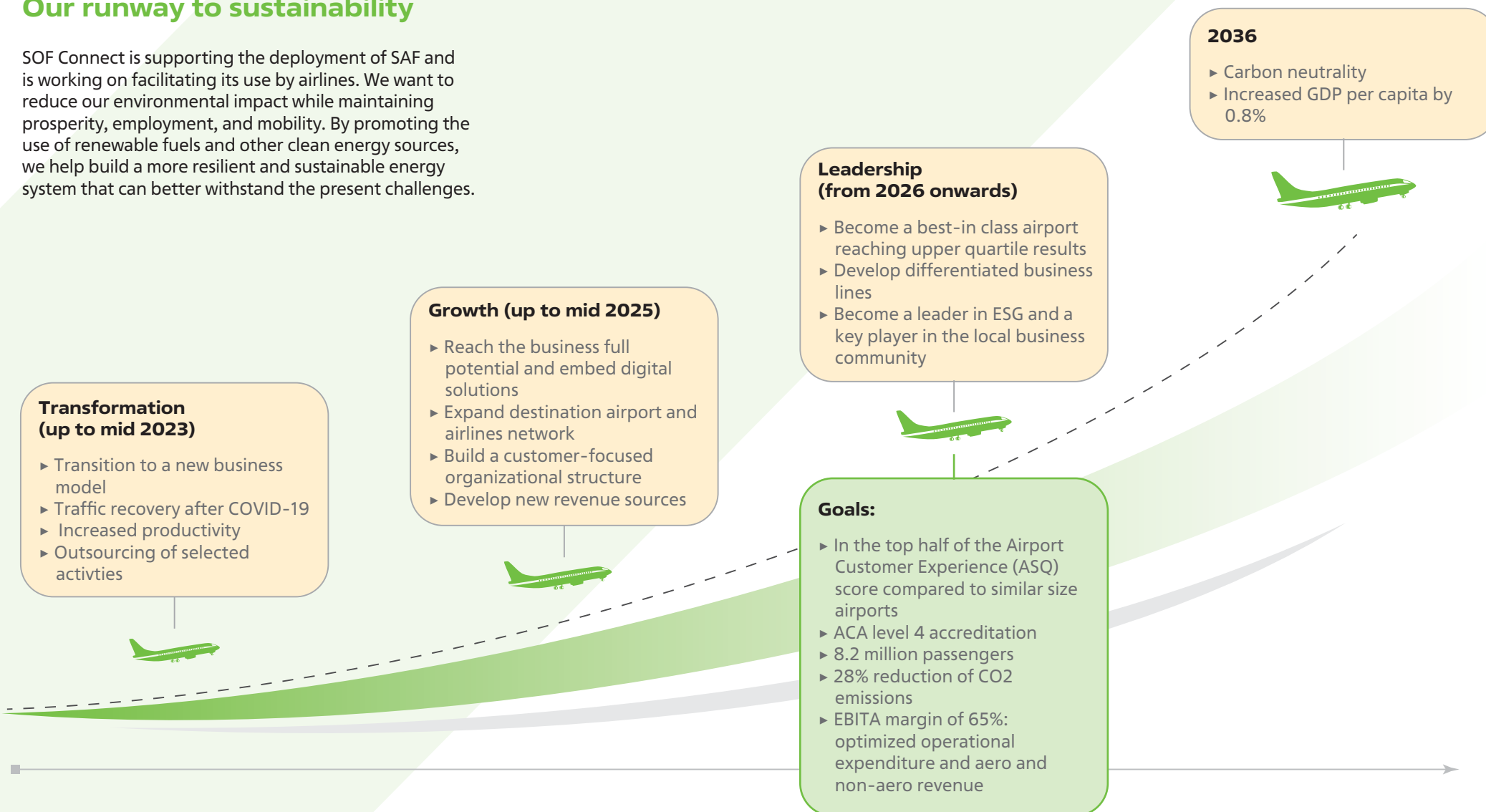


Figure 1. Minimum SAF supply at EU airports



Our runway to sustainability

SOF Connect is supporting the deployment of SAF and is working on facilitating its use by airlines. We want to reduce our environmental impact while maintaining prosperity, employment, and mobility. By promoting the use of renewable fuels and other clean energy sources, we help build a more resilient and sustainable energy system that can better withstand the present challenges.





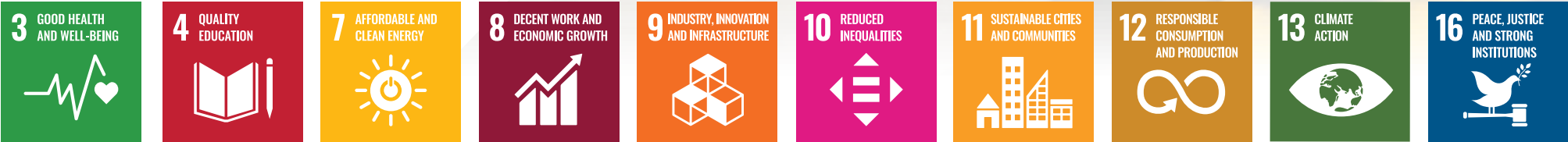
“We are convinced that the efforts of Sofia Airport’s team concerning sustainability will serve as example and pathfinder for other regional airports in Europe and worldwide.”

*David Delgado Romero,
Partner and Director Central and Eastern Europe at Meridiam*



Global context

Our sustainability strategy is aligned with the United Nations Sustainable Development Goals (UN SDGs):

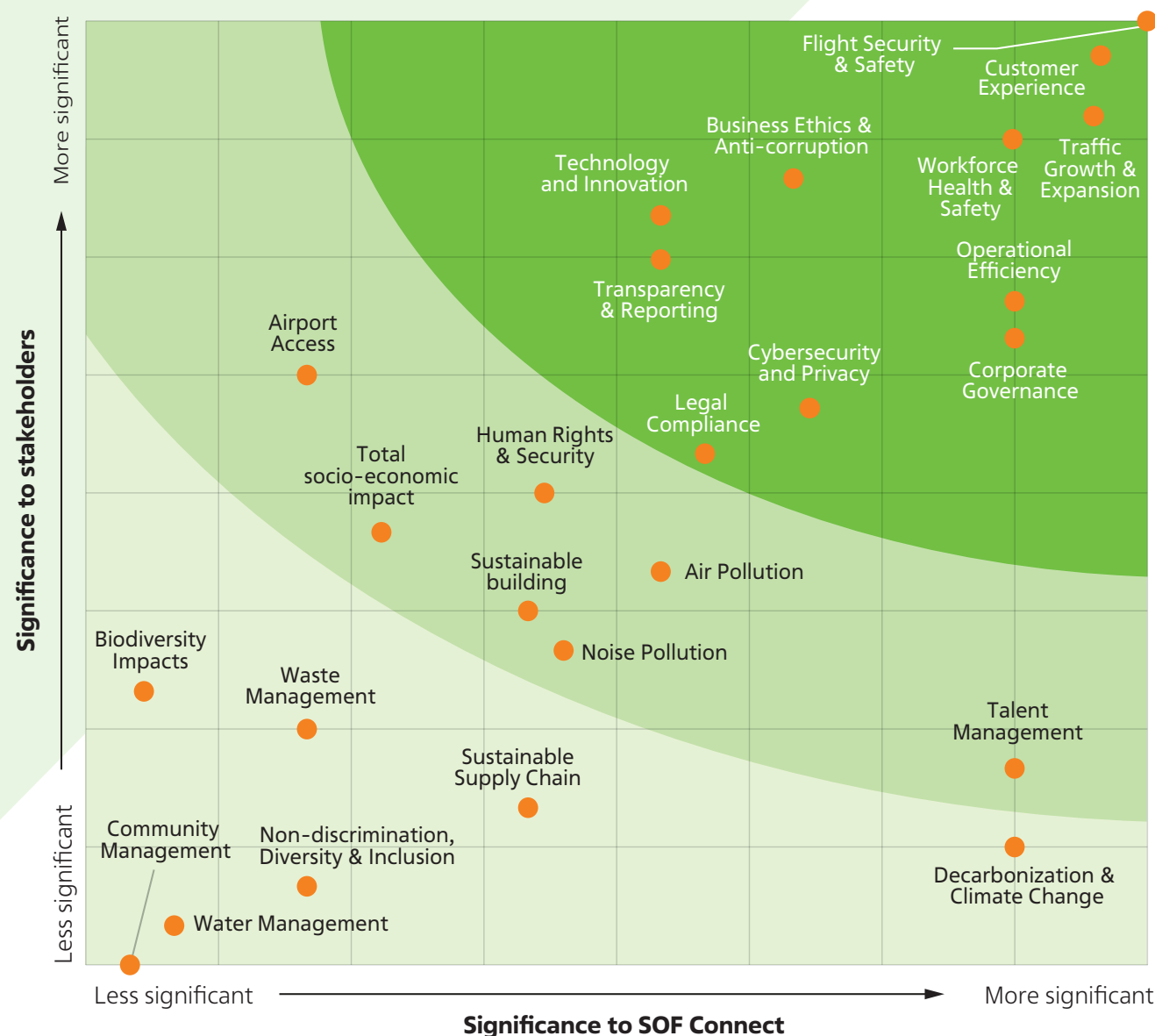


Materiality Analysis

In our Sustainability Report, we focus on the most material topics that affect our business and stakeholders. We did our materiality assessment in 2022 by applying the Global Reporting Initiative (GRI) guidelines (Universal Standards 2016). An aspect is regarded as material when it influences the decision-making of our stakeholders or when it signifies a substantial economic, social, or environmental impact on our organization. The materiality matrix included in this chapter shows how the aspects score on two axes: significance to SOF connect and to our stakeholders.

Internally, we evaluated ESG topics during a workshop with our senior management. The outputs were discussed with experts across different departments. Externally, we consulted a variety of stakeholders such as customers, partners, institutions, and NGOs. The results reflect both the stance of SOF Connect and the priorities of local stakeholders. As part of our commitment to stakeholders, we developed a Carbon Stakeholder Engagement Plan, considering the impact of stakeholders on the carbon emissions of Sofia Airport. For more information on this plan, please refer to the [Decarbonization & Climate change](#), Carbon Stakeholder Engagement Plan, part of this report.

We disclose on the most significant material aspects in the [Our Performance](#) part of this report. This year, we plan to expand our materiality assessment by adopting the double materiality approach and examining the potential impact of climate change on the financial health and outlook of our company. The updated analysis will be published in our 2023 Sustainability Report.



How do we understand our material topics ²

	Topic	Definition
GOVERNANCE	Corporate Governance	Establishing robust rules, practices, and processes that guide the company's operations and strategic direction. Effective corporate governance ensures transparency, accountability, and responsible decision-making, which are crucial for maintaining public trust and promoting sustainable growth.
	Business Ethics & Anti-corruption	Upholding principles and values that prioritize fairness, transparency, and the well-being of all stakeholders. Adhering to strong ethical standards and combating corruption fosters a business environment that is conducive to sustainable development and promotes a level playing field for all airport industry participants.
	Non-discrimination, Diversity & Inclusion	Promoting equal treatment, diversity, and inclusion and opposing discrimination based on class, gender, race, ethnicity, religion, sexual orientation, or anything other than someone's personal traits. Cultivating an inclusive environment that respects the rights and attributes of all individuals nurtures a diverse workforce, fosters social cohesion, and promotes equal opportunities within the airport business environment.
	Cybersecurity and Privacy	Ensuring the protection of data and the privacy of passengers and employees. In an increasingly interconnected and digitalized world, robust cybersecurity measures and privacy protections are essential for maintaining the trust of airport users and safeguarding their personal information, thus supporting secure air travel operations.
	Sustainable Supply Chain	Implementing practices and processes that enhance the social, environmental, and economic impact of the airport's supply chain activities. Prioritizing sustainable sourcing, reducing emissions, and supporting local businesses will help us minimize our ecological footprint and promote responsible business practices throughout the supply chain.
	Legal Compliance	Complying with complex regulations, policies, procedures, and processes specific to an airport concessionaire operating in a public-private partnership. By adhering to international requirements and industry standards, SOF Connect demonstrates its commitment to responsible operations, while mitigating legal and reputational risks.
	Transparency & Reporting	Maintaining open and transparent communication with stakeholders by sharing information about the company's policies, objectives, and programs. Our commitment to transparency and reporting fosters trust and enable stakeholder engagement, and ensures accountability and informed decision-making for all external and internal parties affected by the airport's operations.
ECONOMIC	Flight Security & Safety	Preventing malicious acts against aircraft, passengers, and crews (security), and managing and preventing risks and incidents (safety). Flight security and safety measures ensure the protection of passengers and the integrity of operations thus maintaining confidence in air travel and enhancing the attractiveness of the airport.
	Customer Experience	Increasing customer satisfaction by providing high-quality services and amenities to achieve passenger loyalty, positive engagement, and an improved image of the airport.
	Operational Efficiency	The capacity to optimize efficiency by streamlining processes, minimizing resource utilization, reducing costs, and maximizing the effectiveness of business operations while ensuring superior customer satisfaction.
	Technology and Innovation	Embracing technological advancements and innovation in service creation and operations management to drive progress and improve competitiveness and operational efficiency.
	Airport Access	Ensuring timely, safe, and unhindered access to the airport for all passengers and employees for a seamless travel experience.
	Traffic Growth & Expansion	Establishing partnerships with airlines, expanding flight destinations, modernizing infrastructure, and developing commercial activities. Strategic growth and expansion stimulate economic activity, create job opportunities, and promote connectivity within the region.
	Socio-economic impact	Assessing and measuring the direct, indirect, and induced economic impacts resulting from the airport's activities and its relations with suppliers, employees, customers, and other stakeholders. Understanding and quantifying the socio-economic effect of a business helps enhance its positive influence on the local economy, support community development initiatives, and foster long-term sustainable growth in the region and country of operations.

2. The most material topics discussed in this report are highlighted in the respective color.

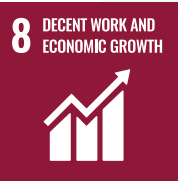
	Topic	Definition
SOCIAL	Talent Management	Identifying and nurturing high-potential employees, providing opportunities for professional development, fair performance appraisal, and retention policies. Fostering a skilled and motivated workforce, promoting career growth, and ensuring the long-term success and resilience of the airport.
	Community Management	Supporting local communities and organizations directly or indirectly linked to the airport's activities. Engaging with and investing in the well-being of the local community promotes social cohesion talent development and supports local businesses.
	Human Rights & Security	Respect for human rights in accordance with the International Bill of Human Rights and compliance with the terms and conditions of employment contracts and the Labor Code. Fostering trust, promoting social well-being, and safeguarding the dignity and ability of individuals to report hazards without threats of dismissal, disciplinary action, and other retaliatory measures.
	Workforce Health & Safety	Promote a culture of safety and security in the workplace, effectively managing risks associated with working conditions. This encompasses proactive measures to prevent accidents, mitigate hazards, and limit occupational risks. Additionally, prioritize the implementation of comprehensive anti-epidemic measures during declared epidemics and pandemics to protect the health and well-being of employees.
ENVIRONMENTAL	Noise Pollution	Implementing measures to manage and mitigate the impact of noise from aircraft landing and takeoff on nearby residents. Addressing noise pollution supports the well-being and quality of life of local communities and fosters harmonious coexistence between the airport and its neighbors.
	Waste Management	Effectively managing waste volume, implementing hazardous waste control, and promoting recycling activities. Responsible waste management practices reduce environmental impacts and resource depletion and support the transition to a circular economy.
	Decarbonization & Climate Change	Adopting policies, practices, and low-carbon technologies to reduce carbon emissions and mitigate the effects of climate change. Establish strategic partnerships and engage stakeholders with our ESG goals, leveraging collective expertise and resources to drive sustainable development and create a competitive advantage within the airport industry. By actively working on decarbonization, SOF Connect supports the global effort to reduce greenhouse gas emissions and enhances the airport's resilience in the face of climate-related challenges.
	Water Management	Implementing measures to minimize water consumption and monitor wastewater discharge. Responsible water resource management reduces environmental impact, addresses regulatory requirements, and mitigates risks associated with water scarcity.
	Air Pollution	Limiting non-GHG emissions that impact human health and the environment and implementing appropriate measures to reduce air pollution.
	Biodiversity Impacts	Protecting birdlife and addressing the impacts on biodiversity caused by airport operations. Implementing measures to preserve habitats, mitigate landscape changes, and minimize disturbances to wildlife contributes to the overall ecological balance within and around the airport.
	Sustainable building	Environmentally conscious practices in the construction and refurbishment of buildings, focusing on minimizing their environmental footprint throughout the entire life cycle. Aim for resource efficiency in construction and reconstruction, while prioritizing energy-efficient heating, cooling, power systems, and water and wastewater treatment. Simultaneously, optimize the building's economic value, user comfort, and safety.

Sofia Airport ecosystem

We collaborate and interact with a diverse group of stakeholders including passengers, employees, airlines, investors, commercial partners, and governmental authorities.



Corporate
Governance



Our Approach

SOF Connect operates in a complex public-private partnership, and we have developed a system for constant monitoring of our compliance with the Concession Agreement (the Agreement).
How we deal with this:

A concession calendar is established to track and report on fulfilling obligations with deadlines.

A joint Committee is held monthly with representatives of SOF Connect and the Ministry of Transportation and Communications. Discussions are focused on clear common priorities.

An ESG Division is established to promote responsibility, respect third-party interests and fulfill our commitments.

SOF Connect operates in partnership with Munich Airport. The effectiveness of our cooperation is systematically monitored. Regular meetings are held between SOF Connect and Munich Airport, where priorities are discussed, expectations are agreed upon and performance is evaluated.

Since 2012 Sofia Airport has implemented Integrated Quality Management and Environmental Management System (IMS) certified according to the International

Organization for Standardization. Our activities are focused on continuous improvement of service quality, as outlined in our [Quality Policy Statement](#). In May 2022 we introduced an Occupational Health and Safety Management System. The ISO 9001, ISO 14001, and ISO 45001 certificates assure that Sofia Airport’s operations prioritize effective resource management, safe and healthy workplaces, and the ongoing enhancement of service quality.

Our Mission

Providing aviation and commercial service ensuring high level of quality, safety and security, reducing the negative impact on the environment and meeting the expectations of all Sofia Airport users.

VISION & STRATEGY

OPERATIONS

Structure & Governance

A more efficient structure with a clear implementation and fast decision making

Processes

A flexible way of working and efficient processes

Digitalization

Digital processes and instruments for internal and external consumers and partners, as well as contactless travel

Partners & resources

An appropriate combination of opportunities between internal resources and external partnerships

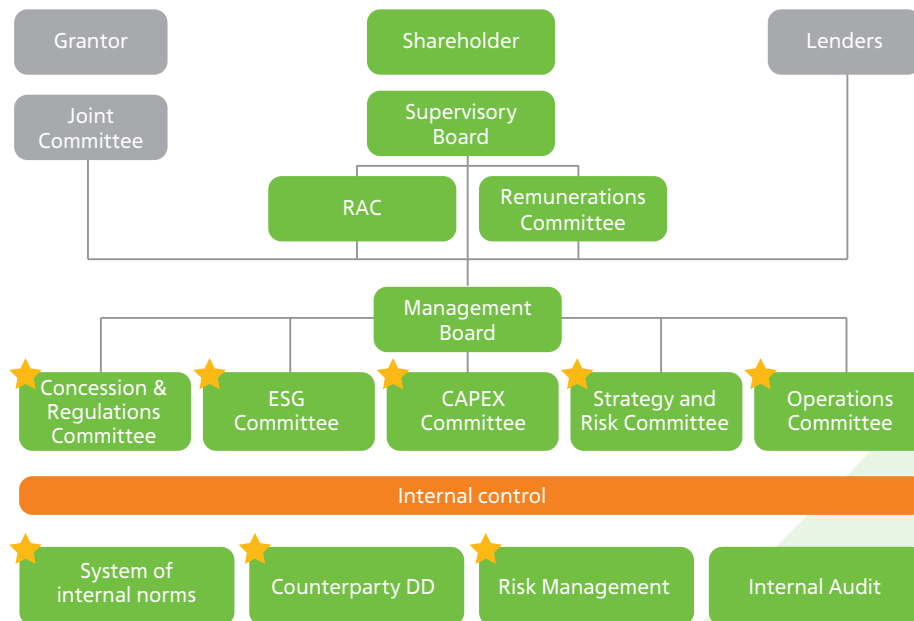
PEOPLE

Opportunities & corporate culture

Continuously building capacity, attracting the best talents, enabling SOF Connect’s employees to develop, and maintaining a culture of collaboration and inclusion

Corporate governance

SOF Connect Corporate governance



Supervisory board:

- Consists of 7 external non-executive members and includes representatives of the investor.
- One of the independent members also participates in meetings of the external ESG expert board.
- Approves plans, policies, and programs mandated by the Concession Agreement, and any necessary updates and amendments requested by Bulgarian authorities.

- Oversees the commissioning and adoption of environmental assessment reports, environmental impact assessments, decarbonization projects, and investments.
- Quarterly meetings to approve investment projects and management decisions, monitor operational progress, and address issues arising from the grievance collection mechanism.
- Chair of the Supervisory Board - Thierry Déau, Founding Partner and Chief Executive Officer at Meridiam.

The Management Board:

- Consists of 4 executives.
- Approves significant topics and resolutions on the company's governance.
- Monitors the progress of the company's strategic pillars.
- Members of the board participate in each of the five committees.

- Weekly meetings to discuss management decisions, track the progress and assess the work in key strategic areas.
- Receives monthly reports on key topics raised in complaints with issues related to the quality of service from ground staff, security checks, and accompanying services at the airport.

Committees:

- Convene at different frequencies based on the nature and significance of the issues under consideration. Generally, assemble on a monthly basis.

- The CAPEX committee meets on a weekly basis to actively oversee and support the execution of the investment plan.

The ESG division:

- Manages the impacts.
- Provides regular reports to the Audit and Risk Committee, which addresses topics

such as financial commitments related to additional ESG expenditure and an examination of ESG risks.

External ESG Expert Group:

- Consists of public figures with expertise in their respective fields.
- Contributes to the airport's sustainable development initiatives.

- Meets every quarter to consult, discuss, and provide expert opinions on significant topics related to SOF Connect's work toward sustainability.

Legal compliance

In all of our business activities, we comply with the relevant laws and regulations. Our core operations are subject to rigorous legal control, necessitating strict adherence to regulations regarding security, ground handling, and other areas. As a public state property, Sofia Airport is obligated to fulfill numerous national regulations. As a concessionaire, we must also comply with rules set by the grantor, the Ministry of Transport and Communications, as well as fulfill the requirements of various investors and financial institutions.

Achievements

PROCEDURAL

We have adopted new requirements for the preparation, approval, adoption, publication, periodic review and updating of the internal rules.

ORGANISATIONAL

We have created a new structure - the Executive Secretary Office, which will unite the activities of:

- ▶ Document management
- ▶ Coordination of the system of internal rules
- ▶ Implementation of a reliable due diligence system to ensure that SOF Connect will enter relations with counterparties that meet the ethical requirements of Meridiam, of the Law on Concessions, the Concession Agreement, the funding institutions, as well as the applicable international rules
- ▶ Coordination of the system for handling signals related to the implementation of the Code of Ethics, the disclosure of abuses, as well as the new Law on the protection of whistleblowers

TECHNICAL

We are currently working on putting into operation a new intranet portal, which will give all employees access to the system of internal regulations and will ensure audit traceability of their creation process and updating.

Future outlook

We adhere to a strict and fair supplier selection process, following a clear procedure. The recently established Procurement Department is responsible for conducting transparent tender procedures, playing a crucial role to ensure the financial stability of both our company and subcontractors. The Department is in the process of creating and updating the Procurement Policy, which we aim to finalize and implement across all company units by mid-2023. Furthermore, the coordination of our risk management system will be assigned to the Chief Financial Officer, supported by a risk management specialist.

The Procurement Department has defined the following goals:

1. Centralization of all company costs in one unit
2. Clear and transparent tender procedures and selection of suppliers
3. Facilitation and acceleration of the processes of delivery of goods and services in SOF Connect
4. Implementation of the company policies during the selection and analysis of suppliers



Business Ethics, Anti-corruption, Transparency and Reporting



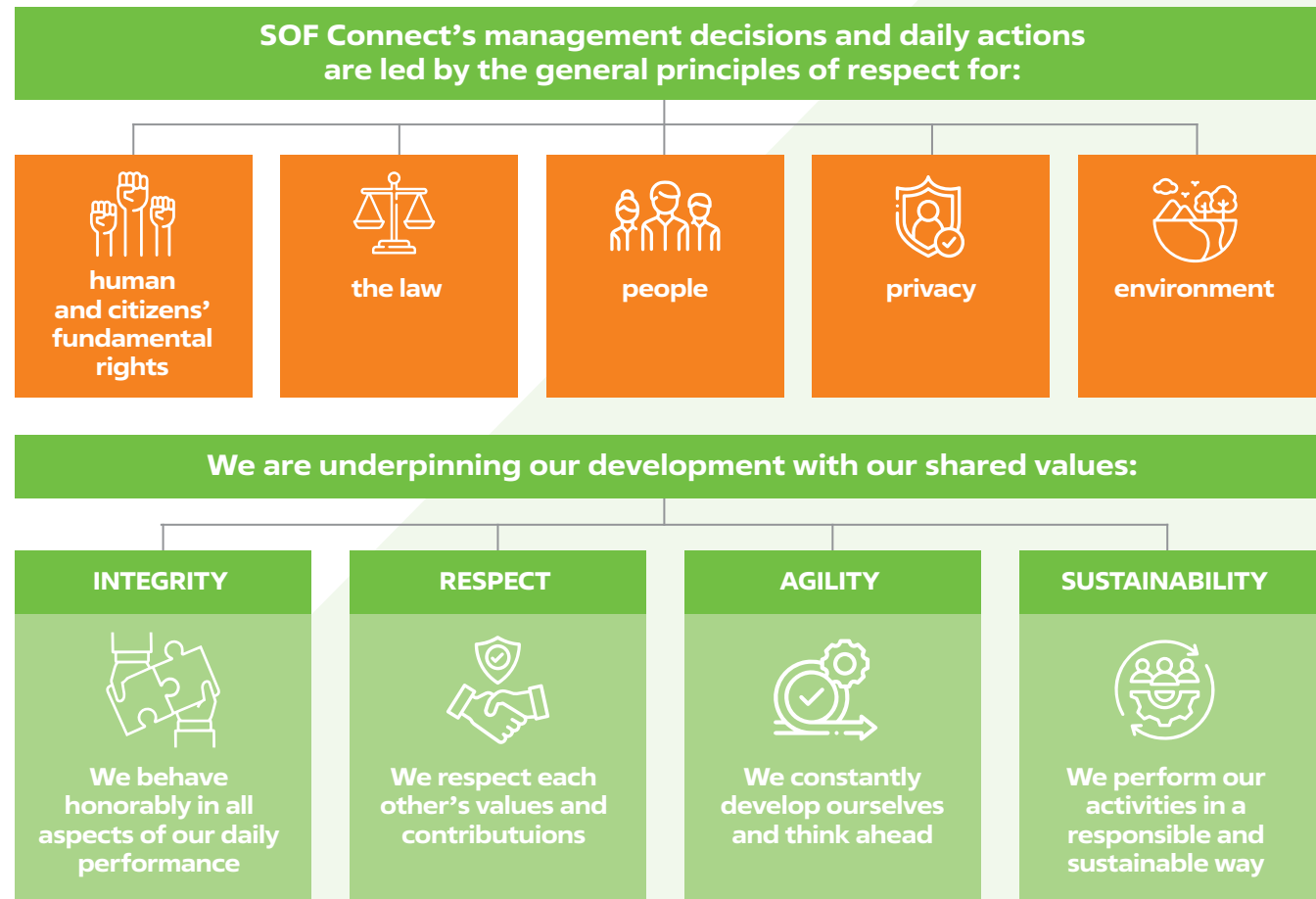
Our Approach

Our Code of Ethics (the Code) serves as the foundation of our commitment to lawful, ethical, and integral business practices. The Code emphasizes the respect for human rights and fundamental freedoms outlined in the Universal Declaration of Human Rights. It also highlights our dedication to fair competition and transparency through publicly available tenders that promote equal opportunities. Our Compliance Officer is responsible for addressing any employee concerns regarding our business conduct.

Achievements

In 2022, we accomplished the following:

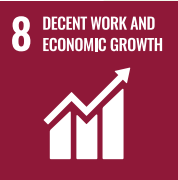
- Ensured that all employees received training on the Code of Ethics.
- Started developing an operational framework that aligns with the Whistleblower Protection Act.



Future outlook

Our commitment to ethical conduct will be further supported by the ongoing development of procedures related to the Whistleblower Protection Act. These procedures will establish a coordinated system for processing signals of misconduct, reinforcing our dedication to maintaining high ethical standards.

Cybersecurity and Privacy



Our Approach

We dedicate significant resources to enhance our ICT infrastructure to prevent data breaches and combat cyber threats. We are aligned with the EU Cybersecurity Regulations Edition 3.0 for the aviation sector. In addition, our Airport IT Master plan supports our digital transformation objectives, guiding key investments and measures to facilitate capacity expansion, efficient operations, and secure airport processes. This plan plays a crucial role in realizing our business strategy and goals.

Achievements

A comprehensive roadmap has been developed, outlining steps and activities to improve our cybersecurity by 2025. This includes appointing a cybersecurity officer, implementing upgrades and developing a cybersecurity policy, conducting employee training, and regular monitoring and auditing.

In March 2022 we conducted two cybersecurity assessments:

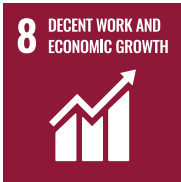
- ▶ Cyber Resilience Maturity Assessment (CRMA) by Kyndryl (ex IBM services)
- ▶ Cybersecurity Assessment Tool (CSAT) by Microsoft

Future outlook

Based on the assessments we have identified significant opportunities for improvement in formalizing policies and procedures, updating risk management practices, and enhancing monitoring and prevention of cyber threats. These assessments provide a clear roadmap for aligning our systems with international standards and prioritizing necessary investments.



Traffic Growth and Expansion



Our Approach

We identify and implement strategies to facilitate the growth of passenger traffic and the expansion of operations at the airport. This involves developing existing airline partnerships, introducing new routes, and exploring potential service markets. Regular updates are shared with the Chief Commercial Officer (CCO) and Chief Executive Officer (CEO), which include market research findings, new airline partnerships, and significant strategic opportunities. These updates enable informed decision-making regarding SOF Connect's commercial strategy, ensuring alignment with the airport's overall goals and objectives.

“The Aviation Marketing and Business Development team is in constant search for new opportunities, being unserved new destination, new airlines or increase of existing flight frequencies. It is our most important aim to increase air connectivity at Sofia Airport and offer to our passenger routes to all desired destinations for business and leisure travel, as well as for visiting friends and relatives.”

*Dimitar Bikov,
Chief Marketing and Business Development Officer*

Highlights

The number of passengers increased significantly with 78% compared to 2021. Numbers still remain lower than pre-pandemic levels.

The same applies for the aircraft movements which increased with 32% compared to 2021. The highest increase (48%) comes from commercial flights, while non-commercial and cargo flights remain within 10% difference compared to the previous year.

Traffic growth and expansion are critical for SOF Connect's success for several reasons:

Revenue Generation

The primary source of revenue for SOF Connect is the collection of fees from airlines and passengers. As traffic expands, the number of flights, passengers, and cargo goes up, leading to a corresponding increase in revenue.

Economic Benefits

As an airport we are a significant contributor to the local and national economy, providing jobs, attracting businesses, and promoting tourism. As traffic grows, the airport's economic impact increases, leading to additional benefits for the region. For more details on the effect we have on the GDP and other economic aspects, refer to the [Socio-economic Impact](#) section of this report.

Attraction of Airlines

Airlines prefer to operate out of airports with a large customer base, as this ensures that their planes are full, and they generate maximum revenue. As traffic grows, airlines are more likely to add new routes and increase the frequency of their flights, making the airport more attractive to travelers and other airlines.

Reduced carbon footprint

Fuller aircraft means that more passengers are traveling on each flight, spreading the carbon emissions over a larger number of people. This reduces the overall carbon footprint per passenger, making both the flight itself and our operations more sustainable.

Lower cost

A higher load factor can also benefit airlines by reducing the cost per passenger. When an airline is able to fill more seats on a flight, it can spread its fixed costs, such as aircraft maintenance and crew expenses, over a larger number of passengers. This can lead to lower ticket prices and make air travel more accessible to a broader range of people.

Infrastructure Development

As we experience growth we face the need to invest in new infrastructure, including runways, terminals, and parking lots. This expansion helps us to keep the airport competitive and improves the passenger experience.

Prestige

Large airports with a high volume of traffic are considered prestigious, and they attract attention and investment from around the world. This status can bring additional benefits to the airport and society as a whole, such as increased funding for development projects and attracting high-profile events.

Achievements

SOF Connect managed to increase the number of passengers by almost 80% by expanding the airlines and destinations with scheduled services. The sector's recovery to pre-pandemic levels has helped our company as travel restrictions were relaxed and both business and leisure travelers grew. With 6 003 653 passengers in 2022, we are only about 1 million passengers away from 2019 numbers, representing around a 15% difference (Figure 2). SOF Connect processed about 20 000 tonnes of cargo and mail, similar to the amount in the previous year.

2022 passengers numbers per type and percentage change from 2021

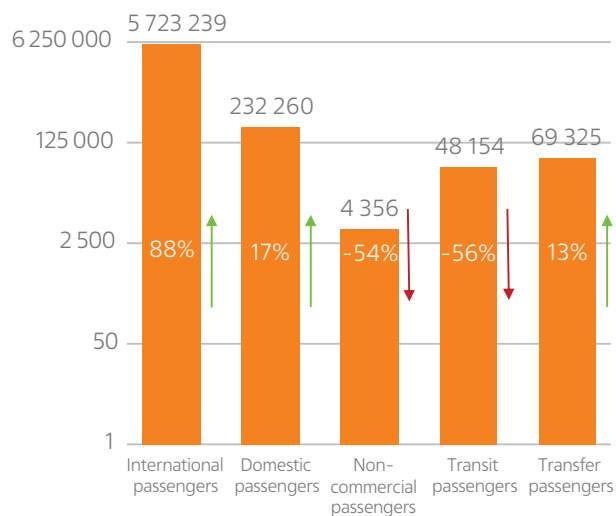


Figure 2. Passenger flows trends in 2022

Out of 30 airlines operating scheduled and charter flights at the airport about 5 account for more than 80% of the traffic, namely Ryanair, Wizz Air, Bulgaria Air, Lufthansa, and Turkish Airlines (Figure 3). The only based network full-service carrier is Bulgaria Air which represented about 10% of the traffic. The role of flag carriers is to connect Sofia Airport with larger hub airports such as Amsterdam, Frankfurt, etc. A small proportion of passengers is served by charter flights to exotic destinations. The majority of traffic (65%) comes from low-cost airlines as their market share grows not only in Bulgaria but also globally. The prevalence of low-cost carriers also partly contributed to the high load factor (more than 80%) of the flights departing from Sofia Airport. We served 80 destinations with scheduled and charter flights with 7 brand new and 6 restored destinations compared to 2019. Our top 5 destinations by passengers were London, Frankfurt, Vienna, Munich, and Istanbul accounting for about 30% of all traffic (Figure 4).

Top 5 airlines by passengers and their percentage share

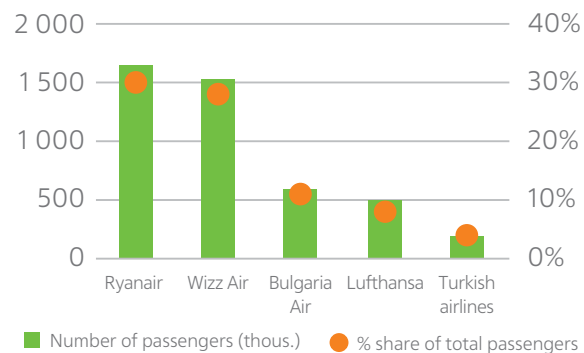
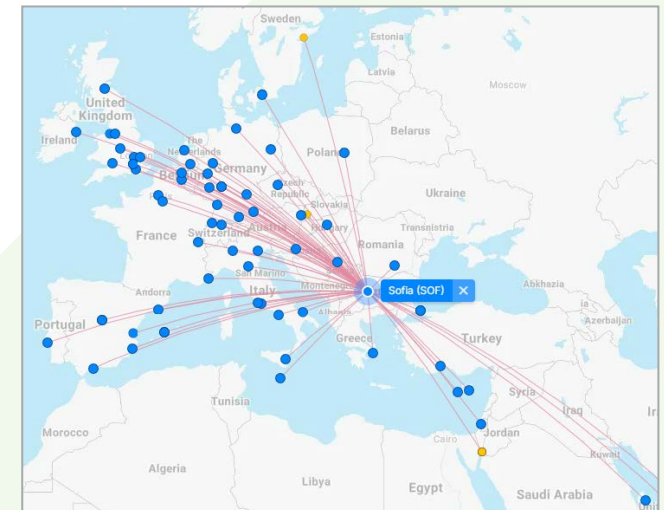


Figure 3. Top 5 airlines by passenger traffic



Top 5 destinations by passengers (thousands)



Figure 4. Top 5 destinations in terms of inbound and outbound passenger traffic

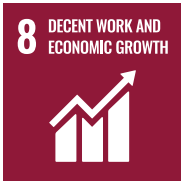
Future outlook

We plan to continue our growth and reach 8.2 million passengers by 2026. Our goal is to expand Sofia Airport's network of destinations and become a preferred choice among regional airports. We aim to attract primarily low-cost airlines with competitive charges to cater to a growing demand for affordable air travel by budget-conscious travelers. In the long term, we envision a steady and gradual passenger increase as projected by an air traffic forecast conducted by Steer (Figure 5).



Figure 5. Future passenger number projections starting from the pre-pandemic baseline year 2019

Customer Experience and Airport Access



Our Approach

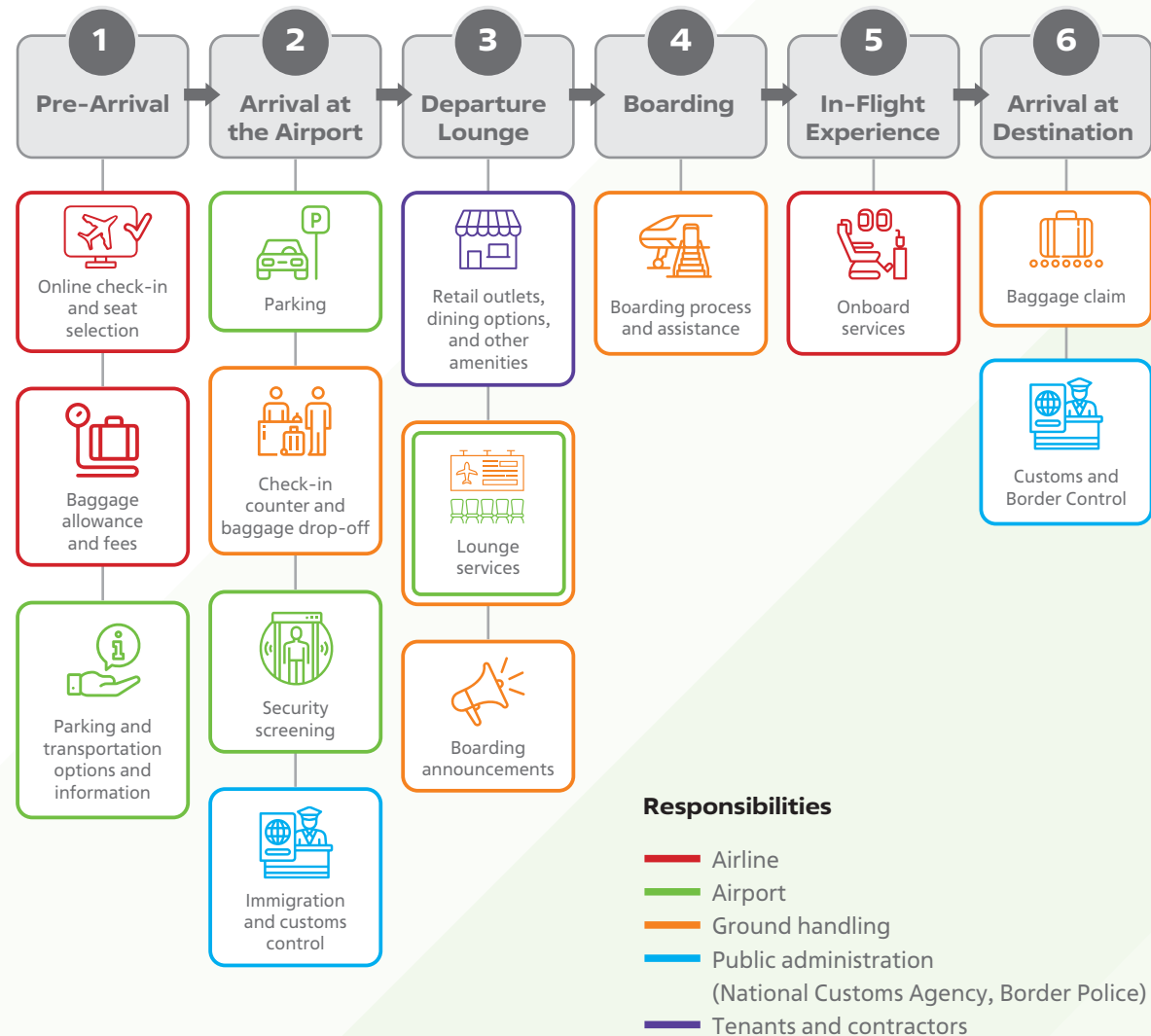
One of the key pillars of our Strategic Transformation Program is centered on elevating the passenger experience to new heights. As a leading 5-star regional airport, we aim to provide seamless and efficient operations to our passengers throughout their journey. This begins from the moment they arrive at our parking lot and extends to their check-in process, security screening, border and customs control, world-class retail outlets, and diverse dining options.

The customer journey in an airport involves a range of touchpoints, with responsibilities shared between airlines, ground handling companies, and the airport itself.

Passenger journey

The management of the customer experience at SOF Connect airport falls under the purview of the Operating and Services Division, specifically the Terminals Department. The customer experience management approach is centered on the needs and expectations of the passengers, to create a positive, stress-free, and efficient experience. By ensuring that all airport services and facilities are functioning at optimal levels, the Terminals Department can provide passengers with an experience that is safe, comfortable, and enjoyable.

Passenger journey and the touchpoints with the airport



Grievance mechanisms

In conjunction with the Operating and Services Division, a Customer and User Feedback Management Procedure has been implemented under the approval of the Chief Executive Officer, which establishes formal channels for receiving feedback and outlines a comprehensive two-way communication process. The Media and Digital Communications division plays a crucial role in reviewing, processing, internally communicating, and notifying users about the results, measures, and actions taken, collaborating with various divisions to address the issues, and involving directors in coordinating the response. Additionally, an electronic database is maintained to track and manage processed grievances.

Achievements

We conducted a customer service course by a trainer from Munich Airport for employees who interact directly with passengers. The training covered topics such as responding to customer needs, creating a pleasant customer experience, managing feedback, and motivating the team toward achieving the goal of a 5-star airport. It included employees from departments Passenger information, Airport security, and Assistance for passengers with reduced mobility. The training is part of a joint program between SOF Connect and Munich Airport to achieve our vision of becoming a 5-star regional airport.

SOF Connect has enhanced the customer journey and provides a better overall experience for passengers. These improvements include hygiene measures, new shops, and improved facilities for passengers to relax and wait for their flights. SOF Connect regularly benchmarks its services against best-in-class airports through the Airport Service Quality (ASQ) survey results, ensuring improvements are made to meet or exceed customer expectations.

Airport access

Sofia Airport is easily accessible with a metro station that has been in operation since 2015. The airport's accessibility can be compared with other airports, and the presence of the metro station provides passengers with a convenient and cost-effective way to travel to and from the airport. While SOF Connect does not have direct control over public transport or infrastructure to the airport, the metro station is a welcome addition to the airport's transportation options. In addition, there are also bus lines that connect passengers to the airport, and two of them are electric (numbers 184 and 84). Furthermore, the airport offers a free terminal shuttle service for passengers between 05:00h and 23:00h, which provides an easy and hassle-free way to get to and from the terminal. This shuttle service further enhances the accessibility of the airport for passengers and makes it a more attractive option for travelers looking for convenience.

Car parking

Online parking reservations are now allowed by Sofia Airport's website, aiming to enhance the passenger experience and provide a discount for longer bookings. Two car parks are available for passengers at Sofia Airport: one near Terminal 1 for clients and employees of the airport and another covered car park near Terminal 2. Upon arrival, the parking automation system recognizes the license plate of the passenger and grants access to an available spot. Self-service payment machines are located in both terminals and car parks for easy payment with cash or card. Additional improvement of car parking facilities is also planned for the near future. The construction of 3 temporary and 1 permanent outdoor parking lot has been already contracted to enhance our facilities and



better serve passengers. The project is expected to be completed within a year and the car park will meet modern accessibility standards for people with reduced mobility.

Hygiene

Sofia Airport reaffirms its commitment to passengers and visitors to offer services with the latest hygiene and health standards. Following the pandemic summer of 2021, this is the second time that the capital's airport has been certified as a Safe Health Environment by Airports Council International (ACI). The certification is based on the procedures of reputable international organizations such as ICAO and EASA and also takes into account the best practices of health organizations in the European Union.



In March 2022 the German company Dr. Sasse took over the cleaning of Sofia Airport, introducing a new process management model. With foreign supervisors

monitoring workload and efficiency, the cleaning staff undergoes periodic training. Access control and time attendance systems enhance operational efficiency. New dispensing devices save nearly 40% of cleaning chemicals, while frequent cleaning is performed using brand-new machines.

The first robotic cleaning assistant, named SOFie, has also started its operation at Sofia airport. The robot operates for a 5-hour shift per battery charge, cleaning up to 1 450 m² per hour. SOFie's high suction power and low water consumption contribute to sustainability, aligning with SOF Connect's agenda.



Food and beverage

In 2022 Sofia Airport opened a newly refurbished restaurant for travelers passing through Terminal 2. Passengers in Terminal 1 can now enjoy two new Onda cafes at the border area, while Terminal 2 offers two new Costa Coffee shops. SOF Connect has invited international and local Food and Beverage players to participate in a competitive tender. The tender includes

transforming the available space and introducing exciting additions such as an international and local cuisine Food Court, an outdoor terrace with a scenic view, a smoking area, and other passenger amenities at the capital's airport.



Specialty shops

Starting in 2022, Dufry is now operating eight retail spaces in Sofia Airport's two terminals. The operator was selected through an international tender process and is contracted to operate in the commercial areas of the airport for a period of eight and a half years. The new shops, which are currently under construction, will have a total area of nearly 2,000 square meters and are being designed to be modern, convenient, and functional for a seamless shopping experience. Already in 2022, a new store has opened in Sofia Airport Terminal 1. The new area offers traditional Bulgarian brands, including those specially developed for the duty-free operator.



Business lounge

The Aspire business lounge, operated by Swissport, has been renovated and has been open since mid-June 2021. The lounge offers a comfortable space for passengers to wait for their flights with WiFi, TV, and

food and drinks. It includes a designated smoking area, which is the only one available in the border zone.



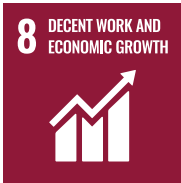
Future outlook:

We have several initiatives planned to further improve the passenger experience at Sofia Airport. The complete transformation program of SOF Connect envisages investments of more than 140 million BGN in the first five years of the concession. The program includes the major refurbishment of T2, doubling the capacity of the check-in counters and the associated baggage management system, a two-fold increase in security checkpoints, border control relocation, completely new food and beverage facilities, and many other improvements throughout the airport infrastructure.

Planned transformation of Sofia Airport

- ▶ **General refurbishment of T2:** transfer of aircraft traffic from the 70-year-old Terminal 1 building to Terminal 2 following its complete redevelopment.
- ▶ **Passenger processing system improvement:** increase in the number of check-in counters from 34 to 52 for greater convenience for our customers, improved airport capacity and faster passenger service. Implementation of digital board card control system and doubling the security check area.
- ▶ **Baggage handling system** to facilitate smart check-in process, online check-in and additional baggage reclaim belts in the arrivals area.
- ▶ **Improvement of domestic flight facilities:** domestic area will be relocated, allowing Varna and Burgas passengers to make use of the terminal's dining, shopping and other rest facilities.
- ▶ **Implementation of three additional passenger bridges** that can serve the largest passenger aircraft.
- ▶ **Parking improvement:** open-air car parks with a capacity of 100 to 500 spaces, meeting all modern requirements including those for people with reduced mobility.
- ▶ **Construction of a brand new shopping area** for duty-free trade, complete reconstruction of dining areas and business lounges, construction of an open terrace with a view of the runway.
- ▶ **Hygiene:** more high-tech solutions will be implemented in the coming months, including the use of specialized sensors and software to monitor the areas, as well as the latest robotic cleaning technologies.

Flight Security and Safety



Our Approach

Safety and security are the key aspects of airport operations. Flight Safety and Security is the most significant topic in the materiality matrix of SOF Connect. While safety focuses on preventing accidents and incidents in the aviation industry, security is concerned with protecting against deliberate acts of unlawful interference.

Safety encompasses the processes, programs, and training required to ensure safe airport operations. SOF Connect is implementing a Safety Management System (SMS) to identify, assess, and manage safety risks associated with airport operations. The SMS is accountable to the highest safety standards set by the International Civil Aviation Organization (ICAO), EU regulations, and national civil aviation norms. The system includes a Procedure for Safety Risk Assessment used to analyze potential hazards and risks associated with various airport operations. A risk matrix is used to evaluate the level of risk associated with each identified hazard and determine the appropriate risk mitigation measures. The SMS is continuously monitored through key performance indicators (KPIs), audits, and regular reviews to ensure its effectiveness.

SOF Connect strives to foster a safety culture where employees across all levels are actively participating in the maintenance and improvement of airport safety. Employees are encouraged to report safety hazards and incidents without fear of retaliation. Safety incidents are analyzed and investigated and lessons learned are shared throughout the organization to prevent similar incidents from occurring in the future.

The security program of SOF Connect is established to deter, detect, and respond to acts of unlawful interference. It follows strict international, European, and national regulatory requirements, including those set by the ICAO and other aviation industry bodies. The program in place is confidential, as it contains sensitive information about security measures. To ensure the continued success of maintaining high levels of security, SOF Connect regularly tracks and reports key indicators. As part of our commitment to security, we provide an annual report to the GD CAA (General Directorate of Civil Aviation Administration) on the status of security measures. Additionally, we maintain transparency and accountability by publicly reporting incidents, demonstrating our dedication to the safety and integrity of airport operations.



Some of our safety procedures

- ▶ **Safety Management System (SMS)**
- ▶ Safety rules for ground movements on the territory of Sofia Airport
- ▶ Safety procedure for ground handling during unfavourable weather conditions
- ▶ Procedures for interaction when using the spaces for operational stay and parking of vehicles at Sofia Airport
- ▶ Procedure for obtaining permit for driving vehicles
- ▶ Instruction on the rules for aircraft de-icing
- ▶ Procedure for using stands for aircraft long-term stay at Sofia Airport
- ▶ Procedure for interaction between operators during an emergency situation in the de-icing process

Achievements

SOF Connect has made significant steps in improving the safety and security of the airport's operations. In 2022 a new procurement for checked baggage screening equipment was announced. The new system will support the departure screening processes for passengers and their checked luggage, including the detection of forbidden items and explosives, as well as the screening of cargo. The Explosive Detection Screening machines will meet ECAC Standard 3.1, ensuring the highest level of security screening for passengers and their luggage.

Another achievement is the increase in passenger capacity at security. Despite some of the busiest weekends of the year seeing more than 1 000 passengers passing through the airport in an hour, Sofia Airport has maintained short check-in, security, and border control times, with a total time of about 11 minutes. This is an excellent result and demonstrates SOF Connect's commitment to ensuring a smooth and efficient travel experience for passengers.

Future outlook

As part of our plans, we aim to continuously enhance security and safety through the following initiatives:

- Implementation of a new baggage handling system to improve the quality of security checks for registered baggage, with higher capacity and better service quality. We will expand the security process by adding 11 hand luggage checkpoint lanes and installing the latest generation of X-ray machines at Terminal 2, which will double passenger handling capacity while maintaining the highest level of security.

- Installation of a fence to separate the "Air" zone and the "Ground" zone in the western part of the airport, where the two zones within the newly developed areas are still not separated by a fencing facility. This measure is intended to fulfill the provisions and requirements laid down in the Law on Civil Aviation and guarantee the security and safety of airport users and employees.
- In terms of aviation safety, we are rehabilitating taxiways and placing new markings and signs for the organization of aircraft parking on the apron.
- We are separating the arrivals and departures areas to comply with Schengen rules and increase passenger screening capacity, to reduce transit time for passengers.



Operational Efficiency



Our Approach

To achieve our transformation goals, we are focusing on two key areas: growing our revenues and reducing our operating expenses. This will be accomplished through strategic investments, digitalization efforts, and optimization of our business processes. We aim to achieve an EBITDA margin that aligns with the best-in-class airports, which will improve our overall profitability and enhance our competitiveness. This will enable us to better serve our customers and stakeholders.

“The Finance team plays a critical role in aligning financial decision-making with environmental and social considerations. We work closely with the Technical and the ESG teams to prepare cost-benefit analyses of sustainability initiatives such as the construction of a PV plant at the airport or the development of sustainable aviation fuel storage facilities.”

*Iliya Kardashliev,
Financial Control Director*

Addressed areas for Operational efficiency according to SOF Connect’s Strategic Transformation Program

STRUCTURE AND MANAGEMENT	PROCESSES	DIGITIZATION	PARTNERS AND RESOURCES
► Clear performance accountability ► Quick decision-making	► Flexible way of working ► Clear accountability	► Digital tools for internal and external users and partners ► Contactless travel	► Combination of opportunities from internal resources and external partners

Achievements

Our commitment to achieving operational efficiency is evident in every aspect of our operations, from the way we work to the organization of our processes and structural improvements in our activities.

- We are constantly striving to improve our company structure, management, and work processes, as detailed in the [Governance](#) section.
- Our approach to digitalization in both internal processes and services is clearly outlined in our ICT Master Plan, as described in the [Technology and Innovation](#) section. We recognize that digitalization is a critical component of operational efficiency and are dedicated to leveraging technology to improve our processes and services.
- We also believe that effective communication and resource-sharing are essential to collaborative work and achieving our goals of operational efficiency. Therefore, we are committed to fostering strong, transparent, and mutually beneficial relationships with all our partners, which is an essential part of our overall strategy.

Future outlook

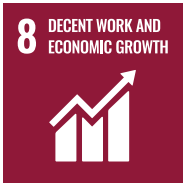
We will continue to focus on developing clear management structures, adopting a more dynamic way of working, and digitizing our processes. This will enable us to streamline our operations, reduce costs, and improve the customer experience. We also believe that achieving higher efficiency requires a mix of opportunities, so we will continue to explore new partnerships and innovative technologies. We believe that by continuously improving our operational efficiency, we can build a sustainable and thriving airport that benefits our customers, partners, and the wider community.

Revenue (EUR million)

Costs (EUR million)



Technology and Innovation



Our Approach

As an airport, technology and innovation are essential to our ability to maintain operational readiness. We rely on information and communication technology (ICT) infrastructure to support our day-to-day operations. Critical systems that are essential for ensuring the safety and security of our passengers, employees, and assets all depend on this infrastructure. We are committed to investing in and maintaining state-of-the-art technology and innovative solutions to ensure the continuous and reliable functioning of our operations. The development of an ICT Master Plan serves as our strategic blueprint for future ICT initiatives. It outlines our planned roadmap and investments in ICT, which we closely monitor and implement to ensure successful execution. We have prioritized ongoing ICT maintenance to ensure optimal functionality of our technology infrastructure. We are also focused on improving ICT warehouse management to ensure the timely availability of necessary equipment and resources to support our planned technology and innovation projects.

Achievements

With the successful approval of our ICT Master Plan and investments in 2022, we had a strong foundation for our digital transformation initiatives. One such initiative is our “Digital airport project”, which is resulting in enhanced or replaced IT systems and services with minimal risk. Within this initiative, we are currently creating a solid foundation for the digitalization of our business domain. This includes the development of a digital backbone infrastructure, the transformation of our administration and business systems to support our commercial needs and desired outcomes, and the creation of business intelligence capabilities and a platform to support digital aspirations. We managed to replace all servers, laptops, desktops, and monitors, to enhance our Wi-Fi capabilities, as well as to create a new website and implement face recognition technology at passport control.

Future outlook

We want to achieve the operability of our system at a 99.9% rate, mitigating cybersecurity risks to avoid breaks and leakages, and maintaining our systems to ensure that they continue to function optimally in 2023 and beyond. Looking ahead, we have several exciting initiatives in the pipeline:

- ▶ We are in the process of implementing an Airport Management System and ERP Internal Systems to enhance airport capacity and optimize revenue.
- ▶ We plan to implement seamless travel initiatives that utilize biometrics, including smart toilets and operational analytics for passenger flows. Additionally, we

will enhance our B2C offerings, including check-in, Wi-Fi, electronic gates, and information kiosks.

- ▶ We plan to implement automatic passport control and expand our check-in counters to streamline passenger processing.
- ▶ We will ensure that our screens are customer-friendly and easy to navigate, allowing passengers to easily find the information they need while in the airport.



On the runway to a fully digital airport

IT evolution

Programs to support business objectives

Short term (2022-2023)

IT Transformation Plan

- ▶ Enhancement or replacement of all necessary airport IT systems and services with minimal risk
- ▶ Create basis for digitalisation of SOF Connect business domain for transition
- ▶ Digital Backbone Infrastructure

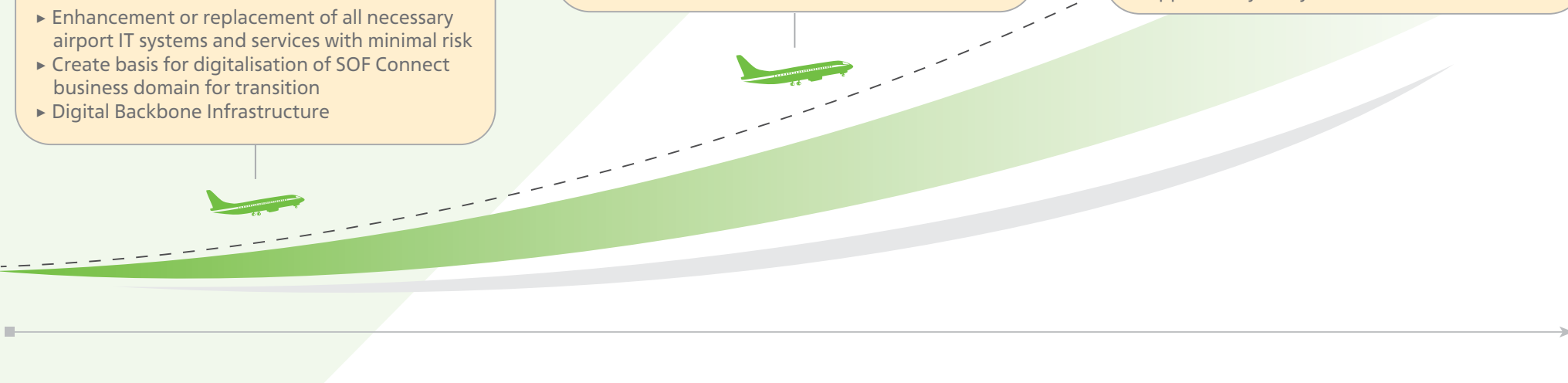
Medium term (2023-2025)

- ▶ Transformation of the Administration and Business System to support the organisation's commercial needs and desired outcomes
- ▶ Creation of Business Intelligence capabilities and platform to support Digital aspirations
- ▶ Compliance with regulatory requirements

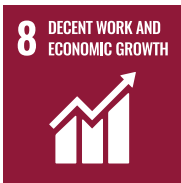
Longer term (2025-2026)

IT Digitalisation

- ▶ Programs to deliver key IT improvements aligned with Airport objectives for 2024 (T2 refurbishment)
- ▶ Major transformation of systems to support Operational Excellence
- ▶ Major transformation of systems to support Passenger Processing
- ▶ Robust and reliable infrastructure and platforms
- ▶ Minimal and understood risks
- ▶ Supported by analysis of business benefit



Socio-economic Impact



Our Approach

At SOF Connect, our vision is to establish ourselves as a 5-star regional airport, actively supporting local and socio-economic development by creating business opportunities, generating employment, and fostering tourism in the region.

We recognize the significant impact that operating an airport has on society and the quality of life. It enhances connectivity for citizens and opens doors for local communities. Through our Strategic Transformation Program, we are purposefully integrating the city of Sofia into our operations, making a positive impact on local development from multiple angles. This approach aligns with the unique ability of airports to generate wider economic activities, such as increased trade, investment, and productivity, which positively impact national economic performance.

"The airport is much more than a runway and terminals. Everything we do to expand the flight network and promote Bulgaria as a great place for business and leisure creates an economic and social contribution to society. New destinations bring more passengers and having them here helps the Bulgarian economy. We understand that we also have a social responsibility to the community and we do business with that in mind."

Rosen Bachvarov,
Public Affairs & Communications Director

The Strategic Transformation Program to turn Sofia Airport into:

Platform for new businesses

- Increase of passenger traffic -> increase of the demand for goods and services
- Commercial activities and real estate developments -> impact on business growth
- Improved connectivity -> attraction of foreign direct investments

Creator of jobs and new opportunities

- New job opportunities -> benefit for the community
- Career development -> attraction of local talents
- Supportive ecosystem for new businesses -> enhance community well-being

Booster for turning Sofia into a Smart city

- Partnership with the city -> improvement of interconnections and information flow
- Open platform for information sharing (e.g. traffic connectivity, service connectivity, capacity planning)
- Improve passenger experience and facilitate smooth transportation

Achievements

SOF Connect employs 1458 people directly and engages numerous others indirectly through outsourcing and subcontracting. In addition to creating employment opportunities, Sofia Airport also enables the development of businesses such as restaurants, cafes, and stores, that not only provide labor opportunities but also attract foreign tourists, which is a significant source of revenue for the region. The traffic growth of the airport also has a considerable direct economic impact on the local economy through the creation of new jobs and increased spending. This is explored in more detail in the [Traffic Growth and Expansion](#) section, where the increase in passengers and destination connectivity is discussed. We prioritize the strategic allocation of resources, encompassing capital expenditures, employee compensation, government payments, and capital provider payments (Figure 6).

According to a study conducted by Airport Council International (ACI)³, approximately 1 direct job is created for every 1 000 additional passengers. This means that more than 5 700 jobs are generated by Sofia Airport with the current passenger numbers. It is important to note that this calculation considers direct employment within the airport ecosystem, including individuals employed by the airport, airline staff, retail, and in-terminal service employees, airport security personnel, customs, and immigration officers, ground transport workers, aircraft maintenance professionals, ground handling staff, and air traffic controllers.

3. Source: Airport Council International: The impact of an airport (2015)

Direct economic value generated and distributed 2022 (millions BGN)

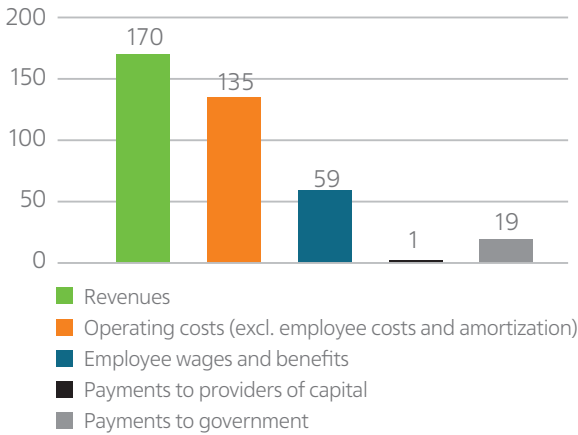
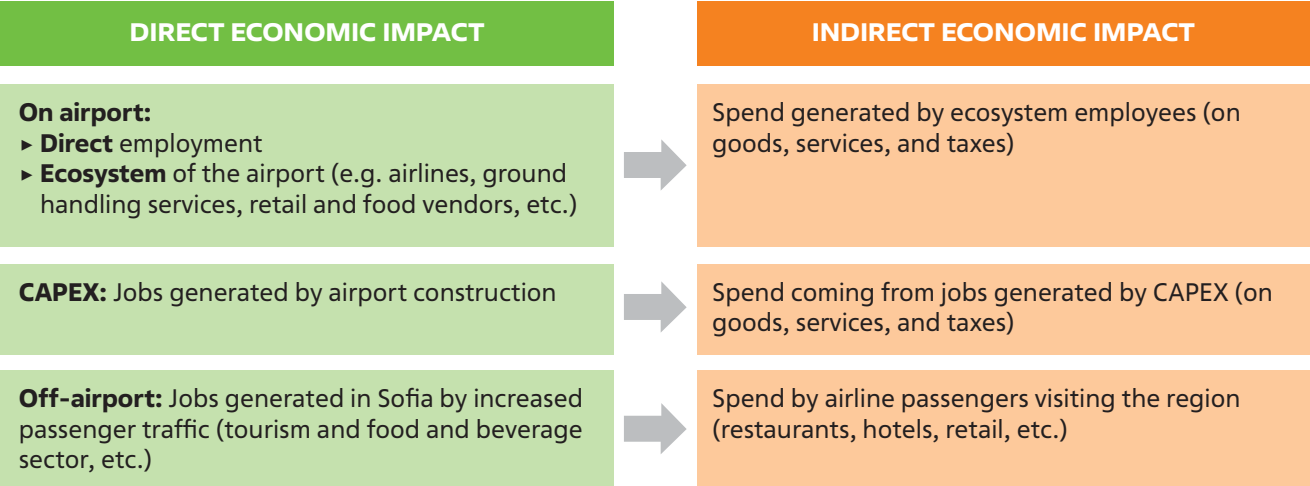


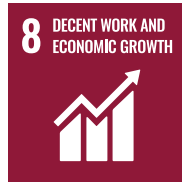
Figure 6. Direct economic value generated and distributed in 2022

Future outlook:

Our goal is to contribute to long-term economic growth by increasing the Gross Domestic Product (GDP) per capita by 0.8%. This impact will be driven by the anticipated growth in traffic and improved connectivity facilitated by SOF Connect and the development of Air Traffic Management (ATM) by 2026. This projection is in line with the findings of the recent [Air Connectivity Report](#) by the International Air Transport Association (IATA), which states that a 10% increase in connectivity leads to a 0.5% rise in long-run GDP per capita. Furthermore, studies conducted by IATA, the International Civil Aviation Organization (ICAO), and global airport reports demonstrate the interconnectedness between direct economic impact (through job creation at the airport) and indirect economic impact (through increased spending and subsequent GDP growth) in the region.



Talent Management



Our Approach

We are transforming SOF Connect as a whole, with a focus on our people. We believe that unleashing their potential is crucial for long-term success. Our [HR and Social Policy](#) reflects this belief through overarching principles that ensure consistent support for our employees.

Achievements

To facilitate our transformation, we reconfigured our organizational structure and aligned our team's

objectives with our new business model. During this period of organizational overhaul, we experienced high turnover as we outsourced certain airport activities, recruited fresh talent for newly established divisions and functions, and welcomed seasoned senior management to provide invaluable expertise in navigating our path as a private company.

We initially adjusted internal processes to support employees and teams with suitable growth prospects. Subsequently, we launched a transformational journey to enhance human resource management practices at Sofia Airport. This involved optimizing our internal HR structures, refining processes, and outsourcing certain activities to achieve greater efficiency.

We provide our people with opportunities that align with their development goals. In addition to mandatory trainings, we conducted various additional forums in 2022 focused on professional development. These included the "Management of Change" middle management training and customer service training specifically designed for operational staff.

Transformation in people management: what did we start doing?

- ▶ Re-designing job positions
- ▶ Bringing new competencies in the teams
- ▶ Building up the necessary skills and competencies and developing people
- ▶ Linking payment with performance
- ▶ New company practices implemented with a focus on people
- ▶ Maintaining social dialogue

Highlights

In our transformation to a new business model, there has been a 30% decrease in total employees in 2022, while the number of employees on managerial positions have been reduced by almost 80%

Both the number of employees that left the organization and the hired ones have increased more than three times in comparison to 2021

Women represent 35% of the total workforce and 27% of the employees on managerial positions

0 incidents of discrimination in 2022

A total of 8 500 hours spent on trainings for 2022. 5 training hours per employee.

Trainings on the Code of Ethics and SOF Connect's strategic plan - for all employees

Training "Customer service" - operational staff

Training "Management of Change" - middle management

Strategic workshops for SOF Connect's management team

Mandatory trainings on:

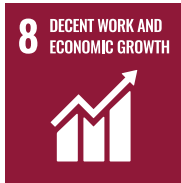
- ▶ aviation security
- ▶ equipment operation
- ▶ induction trainings on policies, procedures, etc.

Future outlook

We are currently implementing an annual performance review to close the development loop. Furthermore, we are committed to enhancing the managerial and leadership skills of our people with potential. We plan to strengthen the cohesion and capacity of our teams, enabling more effective collaboration.



Workforce Health and Safety



Our Approach

The safety of our people always comes first. SOF Connect's senior management recognizes the social, ethical, and economic importance of a safe working environment and is focused on the prioritization of occupational health and safety, across all corporate activities and processes. This commitment is embedded in our [Occupational Health and Safety Policy](#) based on four guiding principles embracing health and safety as an integral part of the management philosophy:

Prevention

- ▶ Measures before the occurrence of occupational accidents.

Effectiveness

- ▶ Developing programs, processes, and methods to identify risks and take adequate measures to protect workers

Integrated activities

- ▶ Integrated occupational safety and health activities to prevent accidents and protect the environment

Proactivity and commitment

- ▶ Proactivity and commitment of workers at all levels

Achievements

We have implemented an Occupational Health and Safety Policy in accordance with ISO 45001:2018, which was certified in 2022. Internally, it is integrated as a Safety Management System (SMS) that encompasses rules, operating principles, continuous monitoring, and assessments. The SMS aims to proactively reduce risks before they result in incidents or aviation accidents. It establishes an organizational structure for safety management that is appropriate for the size of the airport, its operator, and the nature of operations. Our SMS adheres to Regulation (EU) 139/2014, the Easy Access Rules of the European Union Aviation Safety Agency (EASA), and the Safety Management Manual of the International Civil Aviation Organization (ICAO). Through SMS, we can identify safety hazards, implement actions to mitigate safety risks, monitor safety performance, and continuously improve safety. The framework includes activities such as safety policy and objectives, safety risk management, safety assurance, and safety promotion.

SOF Connect is accredited for a safe environment by Airports Council International - ACI Airport Health Accreditation (AHA) Program. We comply with all safety systems in accordance with the good practices and standards in the sector for both our employees and the workers of our subcontractor partners. We periodically distribute safety bulletins for everyone working on the territory of Sofia Airport which we distribute by e-mail or place on information boards in a prominent place.

Mandatory trainings in security and safety are conducted by the Aviation Training Center and cover aviation security (based on the National Civil Aviation Security Training and Certification Program) and the operation of technical and ground services. For certain positions, the initial training is followed by additional courses or mandatory certifications before

the employees begin to perform their official duties independently.

We are happy to note that in 2022 none of our employees has suffered high-consequence work-related injuries or fatal accidents. Unfortunately, we registered 1 high-consequence injury for an external contractor which made us deeply consider our procurement practices and requirements for external companies working at the airport.

Future outlook

We will continue providing safe working conditions and an environment where our people can take care of their physical and mental health.



Human Rights and Security



Our Approach

Human rights are universal and inherent to all individuals simply because they are human beings. As a company, we are committed to creating an environment where everyone feels safe and respected, free from threat. We continuously strive to develop a working environment where open communication is encouraged and where we can all thrive together.

Employee human rights are reflected in SOF Connect's policies and are informed by and evolving with a broad array of regulations arising from European and national legislation as well voluntary frameworks like the UN Sustainable Development Goals and the Global Reporting Initiative. We are implementing key principles in our [HR and Social policy](#) for supporting a culture of trust, transparency, fairness, inclusion, and respect for human rights. We are underpinning our development with our shared values, as described in our [Code of Ethics](#) and our internal policies and procedures.

Achievements

The year 2022 witnessed numerous changes and improvements in the processes of people management

and employee engagement at Sofia Airport. SOF Connect has developed and enhanced its HR and Social policy to effectively implement the company's values across all work processes.

Alongside this, an awareness campaign was conducted among employees to familiarize them with the principles outlined in our Code of Ethics. We also established an internal operational structure for recruitment and performance development, which has been progressing successfully. Additionally, an internal intranet system was created to share information on SOF Connect's policies and procedures related to work behavior and performance.

"In SOF Connect, we have an environment where people thrive. Our focus is on working together, achieving our goals, and developing competencies that align with our values. We prioritize topics such as personal development and creating a positive workplace. In such an environment, respecting human rights is inherent and effortlessly upheld."

Anelia Dimova,
Chief Human Resources Officer

We are pleased to announce that collective bargaining agreements cover a significant proportion of our workforce, with 81% of our employees benefiting from these agreements, ensuring fair and equitable practices within our organization.

Future outlook

We will organize training sessions to educate employees and management on the principles outlined in our HR and Social Policy, fostering effective feedback channels. Furthermore, in alignment with the Code of Ethics, SOF Connect is currently establishing a new operational structure to oversee the coordination of a system for handling reports and addressing misconduct in accordance with the Whistleblower Protection Act.

Decarbonization and Climate change



Our Approach

We have developed an [Environmental policy statement](#) and an [Energy and Carbon Management Policy](#). For the year 2023, we have allocated 2.2% of our CAPEX budget toward the environment, life safety, and sustainability. We actively engage in collaborative environmental management (CEM) with other Bulgarian civil airports, Bulgarian Airlines, Bulgarian Civil Aviation Administration, and regional stakeholders to maximize our positive impact on the environment.

Environmental and Social Management System (ESMS)

As part of our Integrated Management System (IMS), we have developed an Environmental and social management system based on SOF Connect's policies and in line with the general requirements of ISO 14001 and ISO 45001 standards and the guidelines of the European Bank for Reconstruction and Development (EBRD).

The ESMS consists of 9 essential components covering:

- Policies
- Identification of Risks and Impacts
- Management Programs and Action Plans
- Organizational Capacity and Competency
- Emergency Preparedness and Response
- Stakeholder Engagement
- External Communication and Grievance Mechanisms
- Ongoing Reporting to Affected Communities
- Monitoring and Review

We conduct periodic evaluations of our ESMS processes through internal audits to ensure regulatory

compliance. Any discrepancies found are promptly addressed with corrective measures. Our management conducts annual reviews of the ESMS, analyzing and assessing its effectiveness, and identifying areas for improvement to make informed decisions.

During the planning process, we take into consideration changes in legislation, customer requirements, and SOF Connect policies. We are also implementing an ESMS Monitoring Plan to address environmental impacts.

"SOF Connect is a young company and we would be able to say that Sofia is a sustainable airport only after each employee has introduced the ESG requirements in their daily operations and responsible business has become the spirit of our company. This is a journey we take together with our colleagues, our partners at the airport, our community and our contractors and suppliers."

Antoaneta Stoyanova,
Sustainability (ESG) Director



The decarbonization of SOF Connect is crucial for ensuring the successful future of the company. Our key actions in this regard include:

- 1 Decarbonize the fleet and improve the facility energy efficiency to reduce airport's direct emissions.
- 2 Enhance the energy resource with renewables, independent production and sustainable fuel for the airport and airlines.
- 3 Collaborate with partners and suppliers to promote sustainable solutions from companies in the wider ecosystem.

About those areas of action, SOF Connect has set two ambitious goals:



Environmental protection goal by 2026

Reduction of own GHG emissions by 28% (considering 2019 as a base year) by 2026 and promoting GHG reductions in the wider airport ecosystem.



Environmental protection long-term goal

Achieving climate neutral operations of all airport companies and operators by 2036 with 15% compensation buy-ins and by 2050 with no compensation buy-ins.

The strategic transformation of SOF Connect is guided by five main pillars one of which is “ESG evolution”, encompassing the following objectives:

- ▶ Reduce emissions generated by SOF Connect through energy efficiency and transitioning towards cleaner energy sources.
- ▶ Enhance waste reduction and recycling efforts, as well as optimize water usage.
- ▶ Implement social policies aimed at equal opportunities and fair working conditions.
- ▶ Increase the integration of ESG considerations throughout the entire airport ecosystem.



“It is most exciting to see Sofia Airport fully embody its leadership position in managing environmental and social issues and seriously address the climate change-related challenges with an actionable and ambitious action plan.”

*Ginette Borduas,
Head of ESG and Sustainability at Meridiam*

Highlights

The Scope 1&2 emissions per passenger dropped by almost 50% to 1.69 kgCO₂e/PAX, as the passenger flow increased significantly in comparison to 2021, almost reaching pre-pandemic levels.

We reduced the amount of the general non-hazardous waste by almost 10% compared to last year.

Airport Carbon Accreditation Program

Since 2016 Sofia Airport has been affiliated with ACI EUROPE's Airport Carbon Accreditation Program, the international standard for managing greenhouse gas emissions and energy efficiency in the airport industry. In May 2022, SOF Connect achieved ACA Level 3 accreditation (Optimization). According to the requirements of ACI, we have prepared a Carbon Management Plan and a Stakeholder Engagement Plan.

Carbon Management Plan

In 2022 SOF Connect developed the second edition of Sofia Airport's Carbon Management Plan outlining the strategic direction of carbon management from January 2021 until December 2023. The Plan is aligned with the Greenhouse Gas Protocol (GHGP) for Scope 1 (direct carbon emissions) and Scope 2 (indirect emissions related to electricity consumption) as well as GHGP for airports and ACI's Guidance. The plan aims to demonstrate the airport's efforts in reducing its GHG emissions in line with the targets set and in line with the adopted Environmental and Energy Efficiency and Greenhouse Gas Emissions Management Policy. It includes carbon footprint improvement targets, specific initiatives, measures, and an implementation strategy to achieve the targets set.

Carbon Stakeholder Engagement Plan

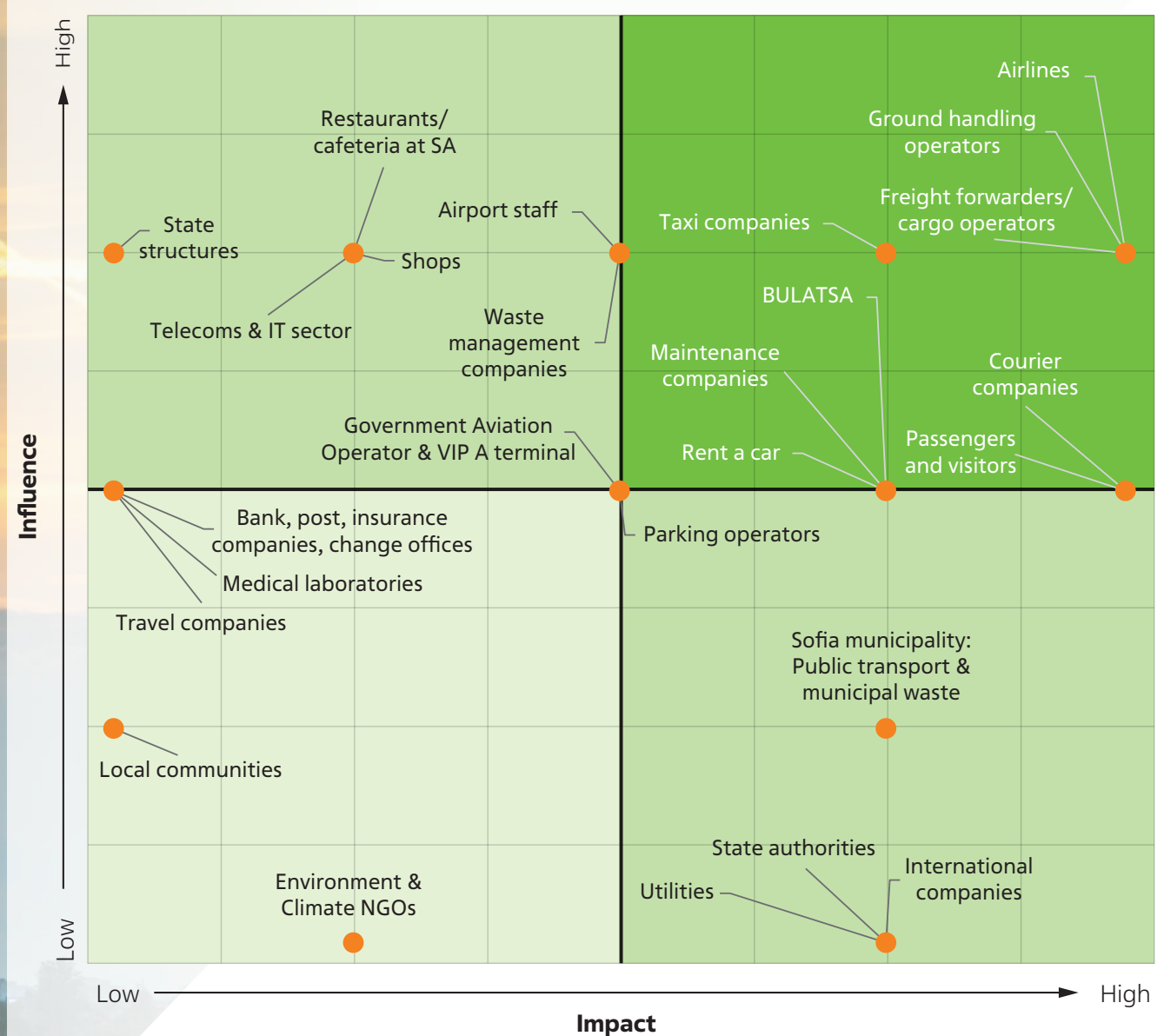
In 2022, Sofia Airport developed a Stakeholder Engagement Plan (SEP) (2022-2024) which is in line

with the Carbon Management Plan (CMP) of SOF Connect for the period 2021-2023. The SEP provides identification, categorization, and prioritization of all relevant stakeholders to Scope 3, outlining how the airport plans to engage with them to achieve carbon reduction targets. The plan includes concrete measures, timeframe, responsibilities, and output indicators to measure carbon management efforts. A stakeholder analysis was conducted to assess their impact and influence, resulting in targeted actions focused on priority groups A and B. The commitments of SOF Connect to its Stakeholders are described in the company's [Code of Ethics](#).



SOF Connect Stakeholder Matrix

by Impact on CO₂-Emissions and Influence SOF Connect has on them



GHG inventory

As part of the implemented Integrated Management System, in accordance with ISO 14001:2015, Sofia Airport has put in place a procedure for carbon dioxide emissions inventory since 2015. The Procedure outlines the responsibilities of the relevant structural units of the company, the emission scope, and the method of calculation. We are currently updating our internal procedure for conducting the GHG inventory.

Our monitoring focuses on the environmental impact of SOF Connect, including direct (scope 1 and 2) and indirect (scope 3) emissions from operational activities at Sofia Airport. Emission reduction progress is measured against the 2019 baseline, with passengers' volume being a significant factor. Consequently, we observed a decrease in emissions in 2021 and an increase in 2022, although emissions remained lower than the pre-pandemic levels of 2019 due to reduced passenger flows (Figure 7).

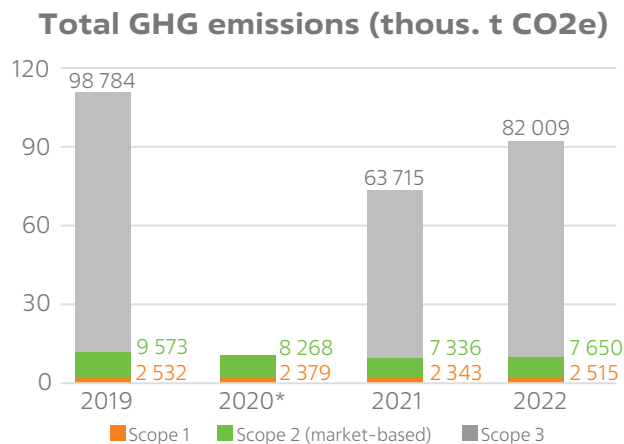


Figure 7. Total Scope 1, 2, and 3 emissions since 2019 – our decarbonization baseline year

In 2022, SOF Connects' Scope 3 emissions are primarily attributed to the landing and take-off (LTO) cycle of aircraft, aircraft Auxiliary Power Units (APU), as well as emissions generated by passengers during their travel to and from the airport⁴. Together these sources accounted for approximately 85% of SOF Connects' total Scope 3 emissions in 2022 (Figure 8).

2022 GHG inventory (t CO₂e)

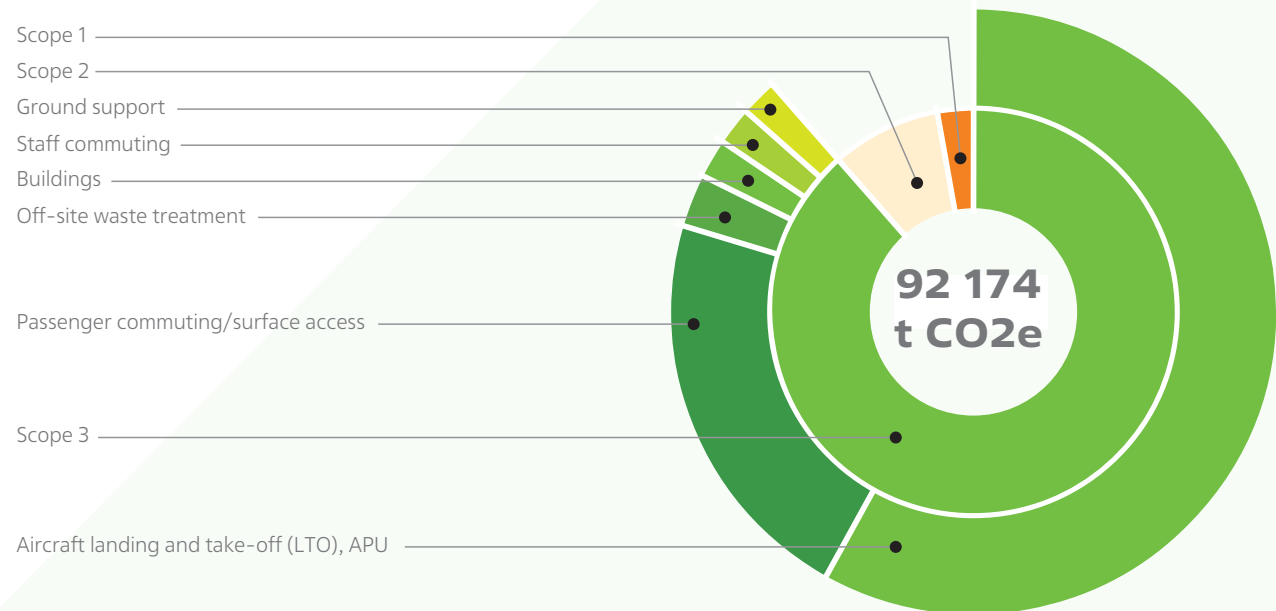


Figure 8. SOF Connect 2022 GHG emissions inventory per scope and category.

4. Starting from 2022, we have updated our methodology for calculating emissions from passenger travel to and from the airport. This year we used an ACI questionnaire while previously we worked with our own survey.

* Owing to the profound impact of the COVID-19 pandemic on the aviation industry, scope 3 emissions data for the year 2020 was not collected.

Achievements

We joined the Toulouse Declaration, which marks a new chapter in Europe's pursuit of net zero emissions in aviation by 2050 as the first-ever public-private initiative supporting the sector in its transition. SOF Connect became part of the Aviation Alliance Fit for 55 which, along with other major airports such as Schiphol, Vienna, and Rome advocates that Europe becomes a global leader in decarbonizing aviation while maintaining connectivity and the competitiveness of the sector.



**Aviation
Alliance**
Fit for 55

Our ESG achievements in 2022

- ▶ Established a functioning ESG unit in the organisation
- ▶ Developed SOF Connect Sustainability Roadmap
- ▶ Achieved "Optimisation" Level 3 Airport Carbon Accreditation
- ▶ Produced our first Sustainability Performance Data Report
- ▶ Identified sustainability KPIs
- ▶ Developed a decarbonisation strategy



Future outlook

SOF Connect is aware that there is a long way to go towards the net zero target and we are looking forward to those changes. Currently, we have achieved level 3 of the ACA Program and our goal is to reach Level 4 Transformation accreditation by 2026, involving stakeholders and implementing strategies for GHG emissions reduction and energy efficiency improvement.

Our ESG commitments for 2023

- ▶ Set targets for environmental and social KPIs
- ▶ Build an IMS team – train internal auditors and representatives responsible for different units
- ▶ Kick-off CO2 reduction projects
- ▶ Electrify the our car fleet
- ▶ Introduce SAF
- ▶ Developed a plan for sustainable mobility



Car fleet electrification

Sofia Airport plans to replace all its vehicles with climate-neutral ones or use neutral carbon fuel when an electric vehicle is not available or efficient. Charging infrastructure will be established to support the replacement of combustion engine vehicles with electric ones. Four locations have been selected based on operational requirements, construction feasibility, electrical power availability, and user needs. We have already purchased 34 electric/hybrid vehicles which will be available in 2023. Our plan also includes installing 22 charging stations (16 AC and 6 DC) charging stations with the DC stations equipped to charge two cars simultaneously.



Proposal for Charging stations location:

- DC 180kW (2x90kW) - 6 pcs.
- AC 4-22kW - 16 pcs.



Sustainable Building



Our Approach

Sofia Airport prioritizes optimal service equipment functionality and continuous infrastructure development, incorporating innovative technologies.

A development plan is formulated every five years to guide our enhancements. The current plan includes renovating parking lots and installing photovoltaic (PV) systems for renewable energy generation. Terminal 2 will undergo refurbishment, incorporating a new baggage system, self-check-in desks, and advancements in fire safety measures.

Achievements

We initiated energy assessments (audits) for the terminal buildings to improve energy efficiency and prolong the facility's lifespan. We monitor components and devices, including air conditioners, and track energy consumption for data-driven optimizations. These measures aim to minimize our environmental footprint and promote sustainable operations at Sofia Airport.

Future outlook

Our sustainable development focus for terminal facilities includes automation and smart management systems to enhance energy efficiency. We will implement initiatives aimed at reducing CO2 emissions, such as optimizing cooling systems in data centers and installing photovoltaic systems and LED lighting. We're developing a sustainable mobility plan with electric vehicles, charging stations, and exploring low-carbon transportation options. By 2023, we'll introduce 34 electric/hybrid vehicles. Working towards BREEAM certification, we meet rigorous environmental standards. Despite challenges, we're determined to invest efforts for planned optimizations while maintaining normal operations.



Air and Noise Pollution



Our Approach

We are responsible for informing the public about aircraft noise during takeoff and landing at our airport. However, it's important to note that we do not have control over aircraft routes, as that falls under the jurisdiction of Air Traffic Control (BULATSA) and the airlines. Our role is to track and address noise concerns and maintain communication with stakeholders. We are committed to providing timely information and receiving feedback from the community.

Achievements

We have developed a **noise management plan** in accordance with the national and European legislation, in line with Good Industry Practice and the ICAO balanced approach. The Plan is based on the strategic noise map publicly available on our website. We also published [monthly noise monitoring reports](#) of 24/7 noise measurements complying with the relevant standards according to the time of the day (24 hours, day, evening, or night).

We have established a **mechanism for reporting noise-related grievances**. While communicating with

community members in noise-affected areas can be challenging, we are committed to maintaining an open and two-way conversation. Our goal is to find solutions and engage stakeholders effectively. In 2022, we received and addressed a total of 15 grievances submitted by local citizens.

Sofia Airport **supports airlines in noise mitigation** and stimulates them by charging lower fees for new generation less noisy aircraft. To do this, we use the existing categorization of aircraft by noise and apply a tax differentiation according to the plane's noise emissions. The allocation of updated noise categories and the change in time slots (extending the night time slot in which a higher fee is paid) are among the measures outlined in the [Noise Action Plan](#), which can be found on our website. The measures are aimed at encouraging the use of newer and quieter aircraft, as well as reducing late-night flights. Apart from being less noisy, newer aircraft are also less polluting which allows us to mitigate harmful emissions at the airport.

Future outlook

Sofia Airport is at the forefront of the emerging trend towards less polluting aircraft. In 2023, we anticipate the arrival of new A321 NEO and B737 MAX aircraft to be based at the airport, renowned for their reduced noise and lower emissions. This significant step will play a role in diminishing noise levels and mitigating air pollution.

We do even more

In 2022 we conducted several biodiversity assessment studies (BAS) in the area of Sofia Airport, focusing on key areas such as the Iskar River region and the birds Special Protection Area (SPA) "Dolni Bogrov – Kazichene". These studies aimed to evaluate the impact of the current airport operations on the ecological conditions of protected bird species' natural habitats and ascertain any potential decline.

Conclusions:

- ▶ the airport operations do not lead to a net loss of natural habitats, incl. critical
- ▶ there are no critical habitats for the identified bird species in the BAS area
- ▶ no critical habitats for bat fauna, including migratory or congregating species, are identified in the area
- ▶ the BAS area does not represent a critical habitat for mammals and is not essential for maintaining the viability of their populations while supporting Priority Biodiversity Feature, the habitats in the BAS area are not considered critical habitats for the amphibian and reptile species

We also developed a Mitigation Action Plan to ensure a timely and effective implementation of mitigation measures and their monitoring. The plan is yet to be approved by the airport management.



Statement of use	SOF Connect has reported the information cited in this GRI content index for the period 01.01.2022-31.12.2022 with reference to the GRI Standards. EMPLOYEES 2019
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION	COMMENT
GRI 2: General Disclosures 2021	2-1 Organizational details	About SOF Connect (p. 6), p. 52	SOF Connect operates only at Sofia Airport with its headquarters located in Sofia, Bulgaria.
	2-2 Entities included in the organization's sustainability reporting	The current GRI Content Index (p. 52)	SOF Connect is comprised of only one entity.
	2-3 Reporting period, frequency and contact point	About this report (p. 3), last cover page with contacts (p. 66)	
	2-4 Restatements of information	Performance data (p. 58)	In 2022, we changed the methodology of calculating payments to providers of capital. It now includes payments of development fees to equity shareholders and interest payments, arrangement and commitment fees to banks. Therefore, the figure for year 2021 has changed from 42 187 to 11 844.
	2-5 External assurance	The current GRI Content Index (p. 52)	This year, the report has not undergone external assurance. However, we are planning to conduct a limited assurance for the next reporting cycle, which will be overseen by the Sustainability Director in consultation with other senior executives.
	2-6 Activities, value chain and other business relationships	Our Business (p. 6)	
	2-7 Employees	Performance highlights (p. 5), performance data (p. 58)	
	2-8 Workers who are not employees	Information unavailable	There is not structured data collection for workers who are not employees. We are working on compiling information for the next reporting cycles.
	2-9 Governance structure and composition	Corporate governance (p. 19)	
	2-10 Nomination and selection of the highest governance body	Corporate governance (p. 19)	

GRI STANDARD	DISCLOSURE	LOCATION	COMMENT
GRI 2: General Disclosures 2021	2-11 Chair of the highest governance body	Corporate governance (p. 19)	
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate governance (p. 19)	
	2-13 Delegation of responsibility for managing impacts	Corporate governance (p. 19)	
	2-14 Role of the highest governance body in sustainability reporting	Corporate governance (p. 19)	
	2-15 Conflicts of interest	Corporate governance (p. 19)	
	2-16 Communication of critical concerns	Corporate governance (p. 19), the current GRI Content Index (p. 52)	Critical issues arising from the grievance collection mechanism are addressed in meetings of the Supervisory and Management Board.
	2-17 Collective knowledge of the highest governance body	Information unavailable	We are unable to provide information regarding the process to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development, as the formal process for this is to be developed in the near future.
	2-18 Evaluation of the performance of the highest governance body	Information unavailable	We are unable to provide information regarding the evaluation of the performance of the highest governance body as the formal process for this is to be developed in the near future.
	2-19 Remuneration policies	Information unavailable	We are unable to provide information regarding remuneration policies for members of the highest governance body and senior executives due to ongoing development and implementation processes. A new remuneration policy is currently being developed and will enter in effect in 2023 upon reaching an agreement with trade unions.
	2-20 Process to determine remuneration	The current GRI Content Index (p. 52)	SOF Connect has established internal regulations governing salary determination processes in compliance with Bulgarian legislation. These rules have been officially approved by a decision of the Board of Directors. The Chief Executive Officer is responsible for approving the specific conditions for employee compensation and additional remuneration.

GRI STANDARD	DISCLOSURE	LOCATION	COMMENT
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	Information unavailable	Currently, we are unable to perform the requested calculation. The data for this indicator will be provided within the next reporting period.
	2-22 Statement on sustainable development strategy	CEO letter to stakeholders (p. 4)	
	2-23 Policy commitments	Business ethics, Anti-corruption, Transparency and reporting (p. 21), Human rights and security (p. 42)	
	2-24 Embedding policy commitments	Our approach to sustainability (p. 11-13)	
	2-25 Processes to remediate negative impacts	Customer experience (p. 27-28)	
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics, Anti-corruption, Transparency and Reporting (p. 21)	
	2-27 Compliance with laws and regulations	The current GRI Content Index (p. 52), performance data (p. 58)	SOF Connect has plans to implement a Due Diligence system for assessing its business partners. As part of the contract conclusion process, reputation questionnaires are prepared to thoroughly evaluate the selected contractor.
	2-28 Membership associations	Memberships (p. 10)	
	2-29 Approach to stakeholder engagement	Materiality analysis (p. 14, 17), Decarbonization and climate change (p. 45-46)	
	2-30 Collective bargaining agreements	Performance data (p. 58)	Information for employees not covered by collective bargaining agreements cannot be provided.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality analysis (p. 14)	
	3-2 List of material topics	Materiality analysis (p. 15-16)	
	3-3 Management of material topics	Our Approach section on the page of each material topic	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Performance data (p. 58)	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Customer experience and Airport access (p. 27-30), Socio-economic impact (p. 37-38)	
	203-2 Significant indirect economic impacts	Socio-economic impact (p. 37-38)	

GRI STANDARD	DISCLOSURE	LOCATION	COMMENT
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Performance data (p. 58)	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Business ethics, Anti-corruption, Transparency and reporting (p. 21), performance data (p. 58)	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Performance data (p. 58)	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Performance data (p. 58)	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Decarbonization and climate change (p. 47), performance data (p. 58)	
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	Performance data (p. 58)	
	303-4 Water discharge	Performance data (p. 58)	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Performance data (p. 58)	
	304-2 Significant impacts of activities, products and services on biodiversity	Air and noise pollution (p. 51)	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Decarbonization and climate change (p. 47), performance data (p. 58)	
	305-2 Energy indirect (Scope 2) GHG emissions	Decarbonization and climate change (p. 47), performance data (p. 58)	
	305-3 Other indirect (Scope 3) GHG emissions	Decarbonization and climate change (p. 47), performance data (p. 58)	
	305-4 GHG emissions intensity	Decarbonization and climate change (p. 47), performance data (p. 58)	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Performance data (p. 58)	
GRI 306: Waste 2020	306-3 Waste generated	Performance data (p. 58)	
	306-4 Waste diverted from disposal	Performance data (p. 58)	
	306-5 Waste directed to disposal	Performance data (p. 58)	

GRI STANDARD	DISCLOSURE	LOCATION	COMMENT
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Information unavailable	In 2022, the Procurement department was formed which is responsible for embedding social and environmental considerations in our procurement practices. We have introduced a social and environmental checklist as part of the Request for Proposal (RFP) documentation for selecting commercial partners. Currently, this checklist has been included in two ongoing tenders.
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Performance highlights (p. 5), performance data (p. 58)	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Information unavailable	Currently, there is no established procedure specifying a definitive deadline but an informal practice sets the minimum notice period at two weeks.
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Workforce health and safety (p. 41)	
	403-2 Hazard identification, risk assessment, and incident investigation	Workforce health and safety (p. 41)	
	403-3 Occupational health services	Workforce health and safety (p. 41)	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Workforce health and safety (p. 41)	
	403-5 Worker training on occupational health and safety	Workforce health and safety (p. 41)	
	403-6 Promotion of worker health	Workforce health and safety (p. 41)	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Workforce health and safety (p. 41), Flight security and safety (p. 31-32)	
	403-8 Workers covered by an occupational health and safety management system	Workforce health and safety (p. 41), performance data (p. 58)	Information on the number of workers who are not employees but whose work is controlled by SOF Connect is not yet available
	403-9 Work-related injuries	Workforce health and safety (p. 41), performance data (p. 58)	

GRI STANDARD	DISCLOSURE	LOCATION	COMMENT
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Talent Management (p. 40), performance data (p. 58)	
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Management (p. 39-40)	
	404-3 Percentage of employees receiving regular performance and career development reviews	Information unavailable	The company is in the process of implementing a Human Resource Management System. The implementation of the performance management system, including the annual performance review, is planned for 2023.
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Performance data (p. 58)	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Performance data (p. 58)	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Human rights and security (p. 42), performance data (p. 58)	
	413-2 Operations with significant actual and potential negative impacts on local communities	Air and noise pollution (p. 51)	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Information unavailable	In 2022, the Procurement department was formed which is responsible for embedding social and environmental considerations in our procurement practices. We have introduced a social and environmental checklist as part of the Request for Proposal (RFP) documentation for selecting commercial partners. Currently, this checklist has been included in two ongoing tenders.
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Performance data (p. 58)	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Performance data (p. 58)	

Air traffic metrics (GRI 2-6)

	2022	2021
Number of passengers	6 003 653	3 364 151
Number of aircraft movements	53 722	40 771
Cargo volume incl. mail (tonnes)	20 529	21 086
Airlines operating at the airport	30	n/a
Destinations served from the airport	85	n/a
Commercial flights	47 979	32 449
Non-commercial flights	5 743	6 324
Cargo flights	1 857	1 998
International passengers	5 723 239	3 046 332
Domestic passengers	232 260	197 917
Non-commercial passengers	4 356	9 561
Transit passengers	48 154	110 341
Transfer passengers	69 325	61 415

Environment

	2022	2021
Direct energy use (Gigajoules) ¹ (GRI 302-1)		
Diesel ²	25 206	12 364
Gasoline	576	710
Natural gas	11 234	3 336
Indirect energy use (Gigajoules) ¹ (GRI 302-1)		
Electricity consumed	68 148	65 356
Total energy use (Gigajoules) (GRI 302-1)	105 164	81 767
GHG emissions (GRI 305-1,2,3) (tonnes of CO₂e)		
Direct GHG emissions - Scope 1	2 515	2 343
Indirect GHG emissions - Scope 2 (location-based)	7 631	7 899

Indirect GHG emissions - Scope 2 (market-based)	7 650	7 336
Other indirect GHG emissions - Scope 3	82 009	63 715
Other indirect GHG emissions - Scope 3 by category:		
Aircraft landing and take-off (LTO), APU	51 210	37 468
Passenger commuting/surface access ³	18 955	12 882
Buildings	1 842	2 257
Staff commuting	1 747	2 152
Ground support equipment and machinery	1 722	2 156
Off-site waste treatment	2 488	2 486
Other scope 3 emissions	4 043	4 314
GHG emissions intensity (GRI 305-4)		
Scope 1 & 2 (kgCO2e/PAX)	1,69	3,04
Materials use (GRI 301-1)		
Construction materials (tonnes)	47	n/a
Aircraft de-icers (liters)	164 472	214 650
Refrigerants (kg)	128	32
Water use ⁴ (GRI 303-3) (megaliters)		
Groundwater	14	14
Municipal water	69	58
Total water withdrawn	83	72
Water discharge (GRI 303-4) (megaliters)		
Water discharged to city sewage system	69	72
Water discharged to surface water ⁵	106	236
Waste generated (GRI 306-3) (tonnes)		
General waste (non-hazardous, incl. plastic, paper and metal cans)	712	772
Hazardous industrial waste ⁶	19	7
Non-hazardous industrial waste	8	

Waste disposal (GRI 306-4 and 306-5) (tonnes)		
General waste handover to landfilling	688	700
General waste handover for recycling	24	71
Non-hazardous industrial waste handover for incineration	2	1
Non-hazardous industrial waste handover for other disposal operations	6	2
Hazardous industrial waste handover for incineration	13	1
Hazardous industrial waste handover for other disposal operations	7	4
Noise		
Number of people living in noise affected areas above 65 dB(A) ⁷	0	0
Number of people living in noise affected areas above 55 dB(A) ⁷	400	400
Noise complaints and breaches received	15	17
Noise complaints and breaches answered	15	17
Spills (GRI 306-3)		
Number of recorded significant spills	0	0
Air pollution (tonnes) (GRI 305-7) ⁸		
NOx emissions	1,47	n/a
SOx emissions	0,12	n/a
CO emissions	0,11	n/a
Biodiversity		
Operational sites managed in, or adjacent to, protected areas and areas of high biodiversity value (GRI 304-1) ⁹	2	n/a
Number of animals involved in wildlife strikes per 10 000 air transport movements	7	7

1. Sources of the conversion factors used: IEA: Unit converter and glossary for common energy units; U.S. Energy Information Administration (EIA): Energy conversion calculators.

2. In 2022, diesel consumption increased because we reported both diesel for heating and for vehicles, while in 2021 we reported only the diesel for vehicles.

3. Starting from 2022, we have updated our methodology for calculating emissions from passenger travel to and from the airport. This year we used an ACI questionnaire while previously we worked with our own survey.

4. All of the water we use is freshwater containing ≤1,000 mg/l total dissolved solids and is withdrawn from an area with high water stress according to WRI Aqueduct Water Risk Atlas.

5. Runoff rainwater from the platform and the parking of Terminal 2 that flows into the Iskar river due to the absence of city sewer connections in those areas. Water is discharged through the sewage system in areas connected to the sewerage.

6. Starting with 2022, we have improved data granularity and now report waste split in two types: hazardous and non-hazardous.

7. Total area exposed to noise above 65 dB(A): 871 880 m² and above 55 dB(A): 5 291 029 m².

8. Data includes only the emissions from the Gas Heating Plant in Terminal 2.

9. Special Protected Area under the Birds Directive "Dolni Bogrov – Kazichene" is located about 1.6 km east of the airport and Protected Site "Blatata - Dolni Bogrov" is situated about 1.9 km northeast of the airport.

Health, safety and security

	2022	2021
Occupational health and safety (GRI 403-9)		
Employees		
Fatalities resulting from work-related injuries	0	0
High-consequence work-related injuries (excl. fatalities)	0	2
High-consequence work-related injuries frequency rate ¹	0	0,09
Lost-time injuries	4	0
Lost-time injury frequency rate ¹	1,54	0
Total recordable injury frequency rate ¹	1,54	0,09
Contractors		
Fatalities resulting from work-related injuries	0	n/a
High-consequence work-related injuries (excl. fatalities)	1	n/a
Occupational health and safety management system (GRI 403-8) ²		
Percentage of employees covered by an occupational health and safety management system	100%	n/a
Percentage of contractors covered by an occupational health and safety management system	100%	n/a
Incidents of non-compliance (GRI 416-2)		
Incidents of non-compliance with regulations concerning the health and safety impacts of products and services and resulting in a fine or penalty	0	n/a
Incidents of non-compliance with regulations concerning the health and safety impacts of products and services and resulting in a warning	18	n/a
Incidents of non-compliance with voluntary codes	7	n/a

1. Rates are calculated per 1 000 000 worked hours.

2. In 2022, SOF Connect was certified in accordance with ISO 45001:2018.

People ^{1, 2, 3}

	2022			2021		
	Men	Women	Total	Men	Women	Total
Workforce per type of employment (GRI 2-7)						
Total employees	947	511	1458	1178	750	2071
Permanent employees	945	511	1456		n/a	
Temporary employees	2	0	2		n/a	
Part-time employees	1	5	6		n/a	
Full-time employees	951	501	1452		n/a	
Employees with non-guaranteed work hours ⁴		0			n/a	
Workforce per level of employment (GRI 405-1)						
Employees on managerial positions aged under 30 years	0	0	0	44	28	72
Employees on managerial positions aged 30 to 50 years	7	3	10			
Employees on managerial positions aged 50 or more	4	1	5			
Board members/executives aged under 30 years	0	0	0		n/a	
Board members/executives aged 30 to 50 years	3	1	4		n/a	
Board members/executives aged under 30 years	0	0	0		n/a	
Employee turnover (GRI 401-1)						
Number of new employees	34	24	58		16	
Hiring rate	3,2%	3,8%	3,4%		0,7%	
New employees aged under 30 years	9	9	18		n/a	
New employees aged 30 to 50 years	20	11	31		n/a	
New employees aged 50 or more years	5	4	9		n/a	
Employees who left the organisation	308	363	671		167	

Employee turnover	28,9%	56,8%	39,4%	8,1%
Employees aged under 30 years who left the organization	47	27	74	n/a
Employees aged 30 to 50 years who left the organization	145	195	340	n/a
Employees aged 50 or more years who left the organization	116	141	257	n/a

Training and collective bargaining (GRI 404-1, GRI 2-30)

Annual average training hours per employee	5	n/a
Employees covered by collective bargaining agreements	81%	75%

Other information (GRI 410-1, GRI 406-1)

Security personnel trained in human rights policies or procedures	100%	n/a
Incidents of discrimination	0	n/a

1. In 2022, we significantly improved our HR data collection, therefore much of the data reported is unavailable for year 2021.

2. All employees are located in Sofia, Bulgaria.

3. Employee data is reported in full time equivalent (FTE) by 31 December 2022.

4. New GRI requirement applicable from 2023 onwards. Includes employees without fixed work hours such as employees with zero-hour contracts or on-call employees.

Customer ¹

	2022	2021
Overall satisfaction average	3,91	n/a
Overall experience average	3,77	n/a

1. Average yearly results from our Airport Service Quality (ASQ) survey initiated in Q2 2022.

Governance

	2022	2021
Processes to remediate negative impacts (GRI 2-25)		
Total grievances received ¹ , of which:	1248	n/a
Noise grievances	15	n/a
Security grievances	57	n/a
Proportion of grievances addressed and resolved out of the total grievances received	100%	n/a
Compliance with laws and regulations GRI (2-27)		
Instances of non-compliance with laws and regulations for which fines were incurred	0	0
Instances of non-compliance with laws and regulations for which non-monetary sanctions were incurred ²	1	0
Instances of non-compliance with the Code of Ethics	11	n/a
Anti-corruption (GRI 205-3)		
Confirmed incidents of corruption	0	n/a
Confirmed incidents resulted in disciplinary action or dismissal of employees for corruption	0	n/a
Confirmed incidents of contracts termination due to violations related to corruption	0	n/a
Public legal cases related to corruption brought against the organization	0	n/a
Legal actions for anti-competitive behavior, anti-trust, and monopoly practices (GRI 206-1)		
Pending or completed legal actions related to anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant	0	n/a
Substantiated complaints concerning breaches of customer privacy and losses of customer data (GRI 418-1)		
Complaints received from external parties and substantiated by the organization	0	n/a
Complaints from regulatory bodies	0	n/a
Total number of identified leaks, thefts, or losses of customer data	0	n/a

1. The number includes complaints, signals for lost items, comments, praises, recommendations and queries submitted as feedback.

2. In 2022, one case of non-compliance related to a violation under the National Security Program was confirmed.

Community (GRI 201-1)

	2022	2021
Donations supporting social activities (BGN)	10 426	5 000

Economic (GRI 201-1), GRI (204-1) (BGN thousands)

	2022	2021
Direct economic value generated and retained		
Revenues	169 035	96 654
Operating costs (excl. employee costs and amortization)	72 463	45 671
Employee wages and benefits	59 318	48 967
Payments to providers of capital ¹	36 285	11 844
Payments to government	19 434	550 000
Economic value retained ²	-18 475	-559 833
Revenues per passenger (BGN)	28	29
Net sales ³	166 848	n/a
Payments to suppliers	96 101	n/a
Proportion of spending on local suppliers ⁴	100%	n/a

1. In 2022, we changed the methodology of calculating payments to providers of capital.

It now includes payments of development fees to equity shareholders and interest payments, arrangement and commitment fees to banks.

2. Retained economic value equals revenues less the economic value distributed. We were loss making in 2022, therefore we did not retain any economic value.

3. Data for 2021 is not available as GRI requirements were updated under the 2021 Universal Standards, entering into force from 2023.

4. Local suppliers refers to vendors domiciled in Bulgaria.

This report has been prepared with the support of sustainability advisors denkstatt Bulgaria.

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