

ESG REPORT 2022



EXECUTIVE SUMMARY

WHAT IS AN ESG REPORT?

An ESG report is a **summary of activities in the Environmental, Social and Governance areas to enable companies operating in the European Union to grow in a more responsible and sustainable way.**

The preparation of an ESG report (for the previous year) will soon be obligatory for:

- In 2025, the largest entities, the so-called public trust entities (listed companies, banks, insurance companies, etc.), where the number of employees exceeds 500 people and their balance sheet total exceeds PLN 85 million or their annual revenues amount to more than PLN 170 million;
- In 2026, the remaining large enterprises with over 250 employees and a balance sheet total of over PLN 85 million or annual revenues of more than PLN 170 million;
- In 2027, small and medium-sized listed companies with more than 10 employees, a balance sheet total of more than PLN 1.5 million or annual revenues of more than PLN 3 million.

WHAT WAS OUR PROCESS FOR PREPARING THE 2022 ESG REPORT?

In March 2023, the Papaya Films ESG team, including Justyna Górniak, Bogumiła Gręda, Marta Paleczna and Maria Smorszczewska, commissioned KPMG to conduct an ESG analysis for our company. Since the cooperation started, activities have begun in order to collect the information needed for the ESG analysis and subsequent preparation of the 2022 ESG report. These activities included:

- 1. Workshop and status meetings of the two teams;**
- 2. Collecting of Papaya Films' documents** (including a code of ethics, rules around the the presence of extras, children and animals on film sets) and sharing them with the KPMG team along with relevant background;
- 3. Preparation and conduct of a survey internally (among PF employees) and externally (among PF stakeholders, i.e. clients, agencies and subcontractors)** on topics suitable for inclusion in the ESG report, followed by an analysis of the responses by the Papaya Films ESG team, and communication of these results to the KPMG team
- 4. Completion of the KPMG team's questionnaire** (including multiple detailed forms) by the Papaya Films ESG team;
- 5. Completion of the ESG Report** (including adding missing information or removing less relevant information and final copy edits) by both teams.

WHAT DOES OUR SCORE LOOK LIKE IN THE 2022 ESG REPORT?

- In 2022 Papaya Films managed **98 out of the 184 ESG issues surveyed**, giving us a score of **53%**.
- We are at **level 3 on the 5-point ESG maturity scale**.
- This result places us at **the management level**. This means, among other things, that we have a stand-alone sustainability strategy, that we have adopted sustainability performance indicators, we have a dedicated department to manage sustainability implementation and improvement, we announce our results on sustainability and the transparency of the company's stakeholder management processes.

HOW DOES OUR PERFORMANCE COMPARE TO THE INDUSTRY?

- Papaya Films is a **pioneer of ESG reporting in the Polish market**. No film company has yet published an ESG report on its operations in Poland.
- Large multinational companies operating in the Polish market, such as Netflix, Paramount, The Walt Disney Company and Warner Bros. Discovery, publish ESG reports **without specifying data on their operations in Poland**.

- This is an **organic result** - in 2022 we did not yet plan having an ESG report, so we did not take additional actions oriented toward it, only those we had previously planned in our sustainability goals.

PAPAYA FILMS' KEY SUCCESSSES IN THE ENVIRONMENTAL (E) AREA

- **Development of the environmental policy and climate strategy**
- **Monitoring greenhouse gas emissions in scope 1 and scope 2** (i.e. direct emissions and indirect emissions from energy thanks to the AdGreen calculator)
- **Monitoring of energy consumption, water consumption, wastewater discharge and waste produced**
- **Involvement in environmental initiatives** – both at the local level (food sharing points), as well as globally (Green The Bid, an organization of film and advertising professionals committed to sustainable production)
- **Use of environmental responsibility criteria when selecting suppliers/subcontractors** (e.g., eco-friendly catering)
- **Combining several productions into one production event**
- **Implementing the reuse of scenography elements**

PAPAYA FILMS' KEY SUCCESSSES IN THE SOCIAL (S) AREA

- **Organization of a cyclical internship programme for underrepresented groups**
- **Use of social responsibility criteria when selecting suppliers/subcontractors**
- **Employeesatisfactionandorganizationalculturesurveys,andcommunicationofrecommendations** (e.g., customer satisfaction surveys, evaluation meetings, team and individual feedback sessions and failure workshops)
- **Involvement in social initiatives** (Papaya Pomaga, Biznes Nie Wyklucza and numerous social campaign productions)

PAPAYA FILMS' KEY SUCCESSSES IN GOVERNANCE (G)

- **Implementation of a diversity, inclusion and anti-discrimination policy** (in addition to the flagship code of ethics, DEI deck, modern slavery statement, and procedures in place, employee training sessions are held, and the whole is complemented by guidelines)
- **Available anonymous whistleblower tool**
- **Operable system of electronic document circulation** (Baseline)

WHAT CHANGES HAVE WE ALREADY MADE IN 2023?

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- **Engagement of a full-time environmental specialist**
- **Measuring the CO2 emissions for all productions**
- **Introduction of environmental targets for runners, assistants and production coordinators**
- **Implementing education on eco placement for filmmakers**, i.e., placing eco-friendly activities (e.g., garbage sorting, turning off lights) in directorial explications
- **Maintaining a rating on the EcoVadis platform to assess suppliers'** corporate social responsibility practices and conduct
- **Joining the United Nations Global Compact**, the world's largest initiative bringing together sustainable business (which requires annual reporting on 10 principles in the areas of human rights, labour, environment and anti-corruption measures)
- **Climate goals revision**
- **Industry knowledge-sharing meetings on ESG** (with Netflix and Asahi, among other businesses)

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- **Introduction of development goals for runners, assistants and production coordinators**
- **Organization of individual and group mentoring sessions for Papaya Films employees**
- **Measures to monitor employees' well-being and welfare**
- **Set-up of the Leadership Academy**, a programme to develop leadership competencies for managers
- **Building knowledge of ESG issues among employees** (meetings, glossaries, etc.)

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- **Revision and update of the code of ethics and DEI deck**
- **Development of further code of conduct policies** (e.g. pertaining to people with neurodiversities)
- **Standardization of the on-set safety rules**
- **Development of a film set code of conduct**
- **Automation of the actor contracting process**