

Performance Report



ON THE RUNWAY TO A 5-STAR REGIONAL AIRPORT: TAKE-OFF




2023



Contents



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About this Report

Covering the period from 1 January 2023 to 31 December 2023, this report builds on the previous one and is prepared in accordance with the newly adopted European Sustainability Reporting Standards (ESRS), part of the EU’s Corporate Sustainability Reporting Directive (CSRD). Although SOF Connect will officially fall under the CSRD in 2026, we have chosen to align with its current reporting requirements due to our commitment to transparency and sustainability.

We will continue to report annually and improve our sustainability performance with a focus on addressing the environmental, social, and economic impacts of our operations. Using the ESRS double materiality analysis, we have identified key sustainability issues for our business and stakeholders, detailed in this report. We also commit to support the United Nations [Sustainable Development Goals \(SDGs\)](#), aiming to contribute to global sustainability goals while meeting the needs of our stakeholders and communities.

Core UN SDGs Endorsement





CEO Letter to Stakeholders



Dear reader,

Welcome on the pages of our annual sustainability report dedicated to the continuing progress in our transformation to a 5-star regional airport. 2022 was the year we set our sights on a series of changes in airport management that would lead us to greater success and better ESG performance. And we achieved a lot in 2023.

This report shows **how ambitious we have been in the areas we have planned for transformation**. We have taken many big steps, and we can feel the progress toward our goal of becoming a 5-star regional airport. Some of our efforts are already visible to you - improved facilities, streamlined operations, a better passenger experience. We surpassed 2019 pre-pandemic traffic levels, attracted 6 new airlines to operate at our airport and added 28 new destinations.

Over the past year our most tangible **socio-economic contribution** has been the transformation of the airport to comply with the Schengen requirements. Despite the extensive infrastructure preparation required for accessing Schengen, we managed to implement all operational changes in three months, significantly faster than the typical one-year timeframe observed in other countries.

Improving our processes and organizational structure was another area of impact. We reorganized our operational center to enhance employee efficiency and ease communication. We have launched a tender for an airport management system that will change the way we operate the airport. It's a process transformation in our core business. Some of the benefits of this system are, for example, that flight information will be directly displayed on terminal screens, eliminating the need for manual updates. This applies to every single action related to aircraft and passenger services, marking a significant improvement in our operational efficiency.

We have implemented a robust **risk management** facilitated by a new cloud-based platform which was a significant leap for our organization which previously had no capability to formally identify, register, steer and monitor risks.

SOF Connect started the journey of gradual **digitalization**, with various projects across departments modernizing our business. Terminal 2 now features electronic boarding pass check counters which increase passenger throughput capacity. We focused on enhancing the **passenger experience** by meeting international standards in commercial services such as retail, food and beverage, business lounges, VIP services, parking and others.

Our **social contribution** focused on updating people management - the introduction of a performance management process was fundamental to the proper engagement and development of people. We worked to

promote a safe, inclusive and supportive work environment - we engaged more the employees and reduced accidents and absenteeism.

Environmental sustainability for us meant nearing our short-term emissions reduction target, by achieving about 27% decrease in Scope 1 and 2 GHG emissions. We did this by optimizing aircraft movements and Terminal 2's energy efficiency and introducing electric ground transport through an EU funded project for Electrification of Sofia Airport Ground Operations. Our investments in various measures such as upgrading lighting, heating and cooling systems led to more than 25% savings in electricity consumption compared to 2019. We are also working towards our long-term carbon neutrality goal by designing our own photovoltaic system. In mid 2024, **we were certified with Airport Carbon Accreditation Level 4 (Transformation)**, becoming one of the 9 best-in-class European Airports achieving that milestone. Our waste management programs help us minimize waste generation and promote recycling. As a result, in 2023, we decreased total waste by more than 35% compared to 2019.

Looking to the future, Sofia Airport remains firmly committed to advancing our ESG agenda and driving positive change within the aviation industry. We recognize the importance of collaboration and partnership in achieving our sustainability goals and are committed to working closely with our stakeholders to address challenges and seize opportunities together.

Thank you for your continued support and cooperation as we strive to create a more sustainable and resilient future for Sofia Airport and the communities we serve.

Jesús Caballero Pinto
Chief Executive Officer

Leadership insight



The following brief conversations share the perspectives of the leaders who are guiding our organization toward our goal of becoming a best-in-class airport.



**Ginette Borduas,
Partner, Head of ESG &
Sustainability at Meridiam**

– What are the main outcomes of SOF Connect’s efforts towards better performance and leadership in sustainability?

Ginette: Meridiam has committed to ambitious sustainability objectives that can only be achieved if each asset deploys best efforts to improve its performance. The work undertaken by SOF Connect to become a 5-star regional airport not only allows the organization to be more sustainable and prepare for the climate-related challenges, but it also contributes to Meridiam’s improvement efforts.

– What’s the value of SOF Connect’s transformation for Meridiam as an asset manager investing in sustainable transport infrastructure?
Ginette: SOF Connect’s dedication to become a leading airport in terms of sustainability demonstrates how an organization can change, in a very short period, taking ownership of the resilience issues that must be addressed to transform them into opportunities for creating added value for the asset.



**David Delgado Romero,
Partner & Director CEE at
Meridiam**

– Observing the most contemporary trends as an asset manager, what do you think should be the focus of SOF Connect in the coming year(s)?

David: Carbon and climate-related concerns come to mind as an obvious issue to address in priority. However, the need to establish a strong relationship with the stakeholders, and in particular the communities living nearby the airport and the users, is of the utmost importance. People need to see what SOF Connect is all about and how committed

it is to be part of the solution when it comes to improving airports sustainability performance.



**Juan Ramón Matas
Sebastia, Chief Operating
and Services Officer**

– As the Chief Operating and Services Officer, how do you address potential challenges or disruptions during the transformation process, particularly in terms of maintaining operational continuity?

Juan: I address these potential challenges or disruptions during the transformation process in a very natural way because, in fact, the airport and its operations are constantly adapting to changes: in demand, infrastructure, technology, regulation, geopolitical situation (wars, drastic changes in fuel/energy prices, etc.) and even to real-time deviations that may also end up in a major operational disruption. In the end, a transformation

process is nothing more than a change that leads to a new reality (just like a butterfly coming out of a worn out one - a totally new reality) with the advantage that this new reality can be used to facilitate the engagement of the teams to cope with any challenges and difficulties that may appear in the continuity of airport operations during the transformation process. Creative solutions and resilience from team members should be the main

Leadership insight



outcome of this engagement to properly address the challenges or disruptions during the transformation process until the new reality is achieved.

- How/Where does ESG intertwine with operational excellence?

Juan: Nowadays, operational excellence cannot be conceived without considering ESG in every single phase of its design and execution, in general in any business and especially necessary in the aviation

industry, which is not considered by the general public as a very environmentally friendly industry.

From the highest level strategic project to the less significant operational procedure or change, in our airport perspective ESG need to be included in their design and execution: it is in SOF Connect’s DNA, coming from our main shareholder, Meridiam. ESG is intertwined with operational excellence when a ground handler replaces its fleet with electric vehicles, when implementing Airport Collaborative Decision-

Making (A-CDM) procedures that reduce the CO2 of aircraft taxiing at the airport, when adopting EU directives in building temperature to reduce energy consumption of Heating, Ventilation and Air Conditioning (HVAC), when promoting the use of airbridges to maximize the use of grid electricity and minimize electricity from (diesel) ground power units and in many other examples.



**Anelia Dimova,
Chief Human Resources Officer**

- How does the transformation of SOF Connect affect employees in their day-to-day life?

Anelia: Transformation is a long journey, and it affects the daily lives of SOF Connect employees in many ways. The various axes on which the transformation takes place are process redesign, technology improvement/implementation, organizational efficiency improvement, and all of this at high speed and with the customer experience at the centre.

For our employees, transformation means continuous changes in the content of their jobs, including changes in responsibilities; acquisition of new skills and knowledge; new ways of interacting between different organizational units. As usual in any change process, we go through different phases and the

most important one is “why we need to change”. The role of our middle managers is crucial in explaining to people, getting them on board with the transformation journey, and getting them to accept the new ways and patterns of daily work.

- How do you envision leveraging HR initiatives and strategies to drive the transformation of the business, particularly in terms of organizational culture and talent attraction and retention?

Anelia: The role of the HR team at SOF Connect is not just to support the transformation, but to drive it, to navigate through the periods of disruption, and to enable people to thrive. I really like the onion model that describes the different layers of culture. By introducing changes in processes, job responsibilities, and organizational structures, we influence behavior patterns - the outer layer of culture. However, what will make us successful and achieve our “5-Star Airport Vision” is in the inner layers of the onion - changing the beliefs, norms and attitudes of SOF Connect people. This is what HR has as a primary objective in designing new processes and procedures in the organization - to support the evolution of the corporate culture.

We have great professionals with many years of aviation experience who are passionate about the airport. We have new colleagues with solid experience in other industries with best-in-class processes, practices and technology applications. We have young colleagues who are with us because they are passionate about learning new things and bringing fresh university knowledge to the table. This amalgam of diverse talents is an absolute must for SOF Connect to achieve the airport vision. The HR team is focused on designing training and development programs to not only retain the talent, but to make it more and more meaningful to stay and be part of the successful transformation journey.

- What does the future look like for SOF Connect’s workforce?

Anelia: As they say, the future looks bright. We are restructuring, we are digitizing, we are implementing some new technologies, we are training our people to better equip them for the future needs of the airport. SOF Connect will continue to invest in people and empower them to use their expertise and passion to deliver an incredible customer experience.

Leadership insight



**Antoaneta Stoyanova,
Sustainability (ESG)
Director**

– How would you describe the role of the ESG Division in achieving the corporate goal of becoming a 5-star regional airport?

Antoaneta: One of the newer functions of SOF Connect is the ESG Division. It was created after the concession was awarded because of Meridiam’s commitment to finance environmentally friendly infrastructure and to meet the environmental and social requirements of the lenders financing the concession. Within the company, the ESG team plays a supporting role. The people who implement the company’s responsible business practices are our colleagues who work in the terminals, operations center, airfield, security, cargo, ground handling, etc. We are the company’s leaders and policymakers, and we communicate rules and regulations, policies and best practices. In addition, we oversee sustainability reporting to government, society, funders, investors and lenders. Although our initial role was to establish the ESG framework and communication channels within SOF Connect, our biggest challenge is to engage everyone in the organization, regardless of rank, in the sustainability effort. Our pioneering mission won’t be complete until this is achieved.

– How do the separate divisions collaborate on ESG initiatives and how are these implemented by the management and employees?

Antoaneta: ESG initiatives are cross-company and cross-functional. At first glance, ESG initiatives involve environmental experts, human resources specialists, legal advisors, and communications managers, but the strategic initiatives for decarbonization and responsible use of resources also involve project managers and facility managers. In the strategic plan, we have included ESG initiatives where the ESG director oversees the implementation, but the project manager is a colleague from the implementing department. In the organizational structure, we have a dedicated ESG department and several supporting bodies such as the ESG Committee, which advises the Executive Board. ESG issues are also discussed in various committees, e.g. environmental procedures for investment projects in the CAPEX Committee, ESG risks and strategic initiatives - in the Strategy and Risk Operating Committee, we have a dedicated Health and Safety Committee just for OHS issues that are part of ESG. There is a working group for the implementation of the SOF Connect Environmental and Social Action Plan, where we have participants from the different divisions. We also have an external advisory board of volunteers with expertise in various ESG functions. And from an investor perspective, ESG activities and performance are overseen by Meridiam’s Supervisory Board and Risk and Audit Committee.

– What role does the airport play in the broader community and how do you plan to support the local and socio-economic development?

Antoaneta: SOF Connect is a construction concession. Our primary mission is to modernize and develop infrastructure to improve operational efficiency

and safety. Developing the airport’s infrastructure facilitates the movement of people and goods, trade and business activities. We provide employment opportunities, as the development of new buildings creates jobs for local companies during the design, construction and operation. In 2023 Sofia Airport organized the first job fair in the aviation industry in Bulgaria. In addition, SOF Connect is working diligently to expand routes and improve the passenger experience to attract more tourists to the region. The influx of visitors stimulates spending in the local economy and creates job opportunities in other sectors. We are also investing in improving the cargo area at the airport, which will facilitate trade and encourage exports. Our transition to sustainability and innovation can have long-term benefits for the community and the environment. Initiatives such as renewable energy generation, waste reduction and green practices not only reduce our impact on the environment, but also foster innovation and attract environmentally conscious travelers and businesses.



Leadership insight



**Stéphane Vernède,
Chief Financial
Officer**

– How do you think the EU Taxonomy will impact the way SOF Connect’s implements its investment plan?

Stéphane: ESG and decarbonation of our activities are one of the four pillars of SOF Connect’s strategy. This is attested by achieving the Airport Carbon Accreditation Level 4 (Transformation) in mid 2024, a milestone attained by only 9 best-in-class European Airports. The EU taxonomy is a measurement tool which through its 6 objectives

will enhance our analysis, enabling us to fine-tune investment strategies to address its requirements.

– What are the long-term benefits of managing ESG when it comes to SOF Connect’s relationships with financial partners?

Stéphane: Financing an airport is partnership between financial partners, a company, and its shareholders. Thankfully, at SOF Connect, our unique shareholder is Meridiam which is dedicated to investing in infrastructure with a focus on creating added value in ESG. ESG principles are integrated in our company’s DNA, influencing every aspect of our operations. Our financial partners share this commitment, ensuring that our decarbonization goals

are met. In this context, we neared our 2026 objective of reducing our carbon footprint by 28% already in 2023, a success resulting from our attention to project concepts, daily maintenance, and supply chain practices.



**Emilio Guzman,
Chief Technical
Officer**

– What are the challenges of implementing SOF Connect’s ambitious investment plan?

Emilio: The key challenge is to complete construction and operate Terminal 3 by

April 2031. Obtaining permits and approvals for the master plan, detailed zoning plan, and Terminal 3 presents additional challenges. Simultaneously, we must uphold an exceptional passenger experience during the construction phase. Fortunately, we’ve developed a robust strategy to address these complexities

– How does the Management board support the strategic goal of transforming Sofia Airport into a

modern and energy efficient infrastructure?

Emilio: The management board supports completely all ESG projects and the investments which increase energy efficiency of buildings and equipment according to the financial model. It is a priority number 1 to reduce the consumption of energy and carbon emissions.



2023 Highlights

Air traffic

Passenger numbers continued to grow and reached a **20% increase** compared to 2022 **surpassing pre-pandemic levels.**

6 new airlines started operating at the airport representing a **20% increase** compared to 2022.

28 new destinations served from Sofia Airport

Climate

We neared our mid-term target and reduced of **Scope 1+2 emissions by 27%** compared to 2019*.

Our Scope 1&2 emissions per passenger continued to drop by **about 15% to 1.45 kgCO₂e/passenger** compared to 2022.

People

All managers and the entire Security Division are now covered by a **performance management process.**

25 average training hours per employee

4% of employees have undergone **leadership and soft skills training.**

Health and Safety

95% of employees have received **health and safety trainings.**

All our employees and contractors are covered by an **occupational health and safety management system.**

We expanded our **health and safety** system to cover **external subcontractors working at the airport premises.**

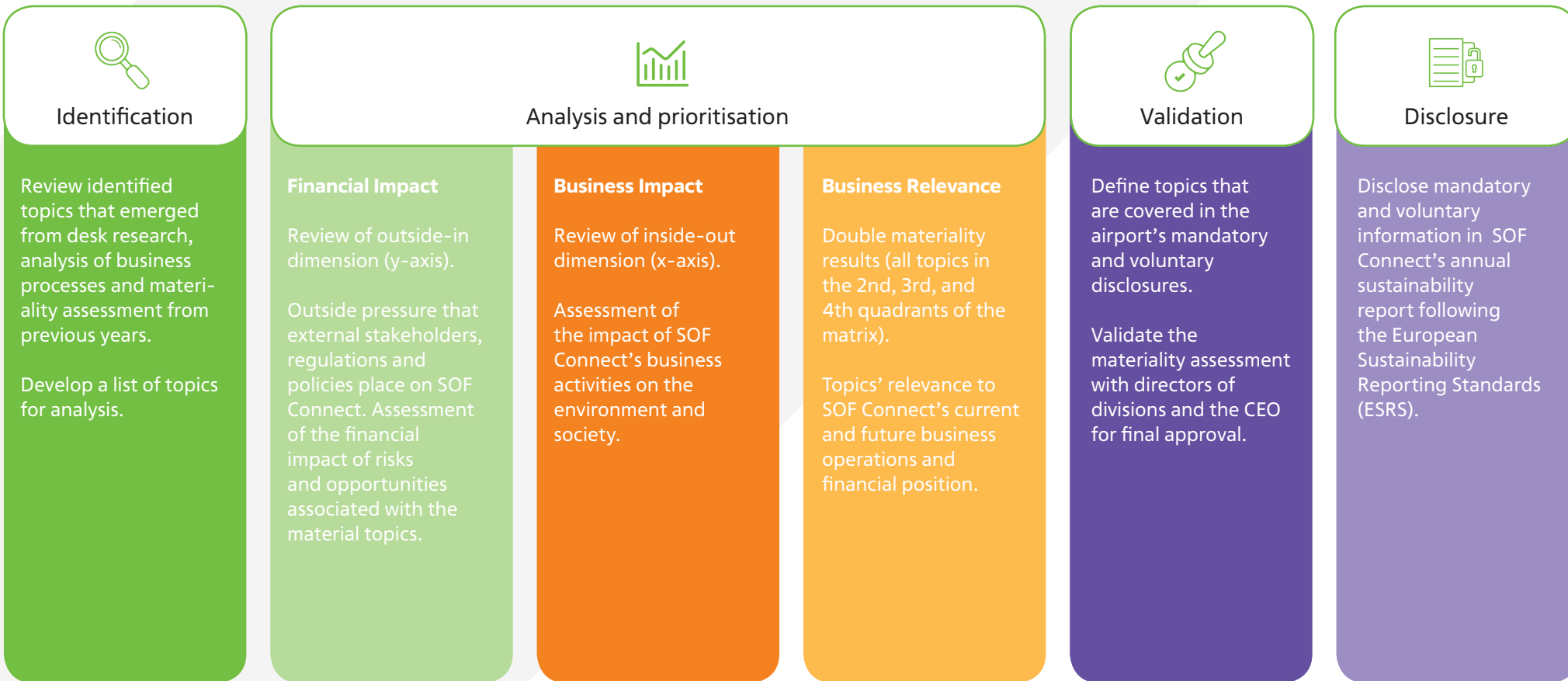
*The emission reduction is achieved only when retroactively recalculating 2019 Scope 1 emissions to align with ACERT version 7 (instead of version 6), as required by ACA level 4 for the 2023 emissions calculation. ACA level 4 requires that 2023 and 2022 Scope 1 emissions include emissions from surface de-icing procedures and refrigerant losses. To ensure consistency, we have recalculated 2019 base year Scope 1 emissions to 3 184 t CO₂ when incorporating the additional emissions categories. The initially verified 2019 Scope 1 emissions amount to 2 532 t CO₂ excluding de-icing and refrigerant losses.



Materiality assessment



Our 2023 Materiality Assessment Process

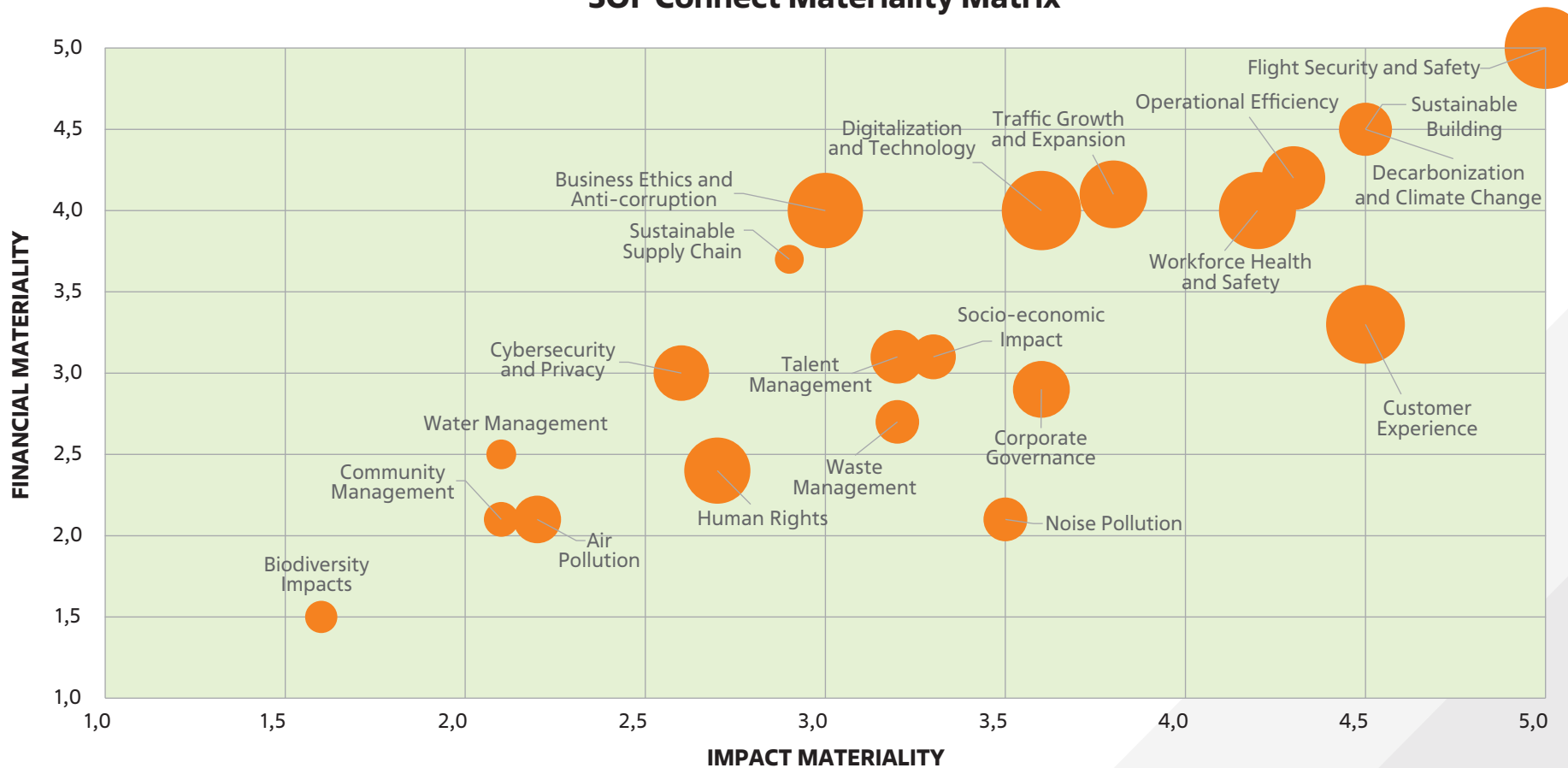


Stakeholder Engagement In the process of preparing this report, we conducted an online survey of key stakeholders’ opinions on the material topics. Meanwhile, we have been implementing the [Stakeholder Engagement Plan](#) on a regular basis.

Materiality assessment



SOF Connect Materiality Matrix



● The size of the bubble shows the importance of the topic to external stakeholders.

Figure 1. Results of SOF Connect’s double materiality analysis following the requirements of the European Sustainability Reporting Standards (ESRS).



EU Taxonomy Disclosure



The Taxonomy Regulation (EU) 2020/852 (Regulation) of the European Parliament and of the Council of 18 June 2020 provides a framework for classifying economic activities considered sustainable in relation to six environmental objectives.

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

Eligible Activity

According to the Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852, an eligible economic activity (Eligible Activity) under the Taxonomy is an economic activity described in Delegated Regulation (EU) 2021/2139 of 4 June 2021, regardless of whether that economic activity meets some or all of the technical screening criteria defined in this delegated act, and taxonomically ineligible economic activity is any economic activity not described in Delegated Regulation (EU) 2021/2139.

Aligned Activity

Pursuant to Article 3 of the EU Taxonomy, economic activity qualifies as ecologically sustainable when: (1) contributes substantially to one or more of the environmental objectives; (2) does not significantly harm any of the environmental objectives (DNSH framework); (3) is carried out in compliance with the minimum safeguards described in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights, (4) complies with technical screening criteria that have been established by the Commission pursuant to Articles 10-15 of the Regulation.

The EU Taxonomy requires companies to disclose:

- the proportion of their turnover derived from products or services associated with economic activities that qualify as environmentally sustainable; and
- the proportion of their capital expenditure and the proportion of their operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable.

Analysis of Eligibility

KPI related to turnover

Delegated Regulation (EU) 2021/2178 defines the denominator of KPI for turnover on the basis of the company's net turnover determined in accordance with Article 2(5) of Directive 2013/34/EU (amounts that result from the sale of products and the provision of services after deduction of trade discounts, value added tax and other taxes directly related to turnover) and including turnover included in the scope of IFRS 15 and IFRS 16.

The results of the analysis show that **87% of the total value of SOF Connect's net turnover** for 2023 are related to the **eligible economic activities under the Taxonomy**. These activities amount to BGN 196 192 357 and are related to the company's main activity of managing Sofia Airport.

EU Taxonomy Disclosure



Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Text		BGN	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			87%																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
			0%	0%	0%	0%	0%	0%	0%								0%		
			0%	0%	0%	0%	0%	0%	0%								0%		
			0%	0%	0%	0%	0%	0%	0%								0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0,00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings		30 402 181	14%																
Air transport ground handling operations		165 790 176	74%																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		196 192 357	87%																
Total (A.1+A.2)		196 192 357	87%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		28 227 438	13%																
Total (A+B)		224 554 325	100%																

* For the purposes of this illustrative template, this figure shows the: Taxonomy-aligned turnover of the activity / Total Taxonomy eligible turnover of the activity.
 ** Taxonomy-aligned turnover of the activity/ Total turnover of undertaking

Legal Disclaimer
 The content of the tool does not extend or alter in any way the rights and obligations deriving from the EU legislation nor does it introduce any additional requirements on the concerned operators and competent authorities. It does not substitute the provisions under the EU Taxonomy Regulation ((EU) 2020/852) and its Delegated Acts that the undertaking should follow. The purpose of the output of the tool (Excel file) is merely to give an instructive example for some undertakings on how to implement the relevant legal provisions. It cannot be excluded that the Excel Sheet does not include all information that an undertaking may need to report under the EU Taxonomy Regulation ((EU) 2020/852). It should be noted that the current template does not yet refer to the updated reporting templates included in Annex V to Delegated Regulation (EU) 2023/2486 ('Environmental Delegated Act'), which amends Delegated Regulation (EU) 2021/2178. For more information on the qualitative reporting requirements under the EU Taxonomy, please refer to Delegated Regulation (EU) 2021/2178 ('Disclosures Delegated Act').



EU Taxonomy Disclosure



CAPEX related KPI

The KPI related to CAPEX is defined as the taxonomy eligible capital expenditure (numerator) divided by the total capital expenditure (denominator).

Delegated Regulation (EU) 2021/2178 defines total capital expenditure, which includes acquisitions of tangible fixed and intangible assets and investment property during the financial year, prior to impairment, depreciation, and any additional valuations, including those arising from revaluations and impairments, and excluding changes in fair value. These include acquisitions of property, plant, and equipment (IAS 16), intangible assets (IAS 38), right-of-use assets (IFRS 16), investment items (IAS 40).

The analysis shows that **86% of the total value of the CAPEX** of SOF Connect for 2023, amounting to BGN 15 722 783, are related to **the eligible economic activities under the Taxonomy**.



EU Taxonomy Disclosure



Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Text	BGN	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES				86%															
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
			0%	0%	0%	0%	0%	0%	0%								0%		
			0%	0%	0%	0%	0%	0%	0%								0%		
			0%	0%	0%	0%	0%	0%	0%								0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0,00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Air transport ground handling operations		3 044 481	17%																
Construction of new buildings		1 285 051	7%																
Renovation of existing buildings		7 504 464	41%																
Maintenance of roads and motorways		1 905 697	10%																
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)		384 725	2%																
Collection and transport of non-hazardous and hazardous waste		36 222	0,2%																
Computer programming, consultancy and related activities		1 304 422	7%																
Manufacture of electrical and electronic equipment		158 118	1%																
Data processing, hosting and related activities		99 605	0,5%																
Electricity generation using solar photovoltaic technology		15 722 783	86%																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		15 722 783	86%																
Total (A.1+A.2)		15 722 783	86%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		2 558 243	14%																
Total (A+B)		18 281 026	100%																

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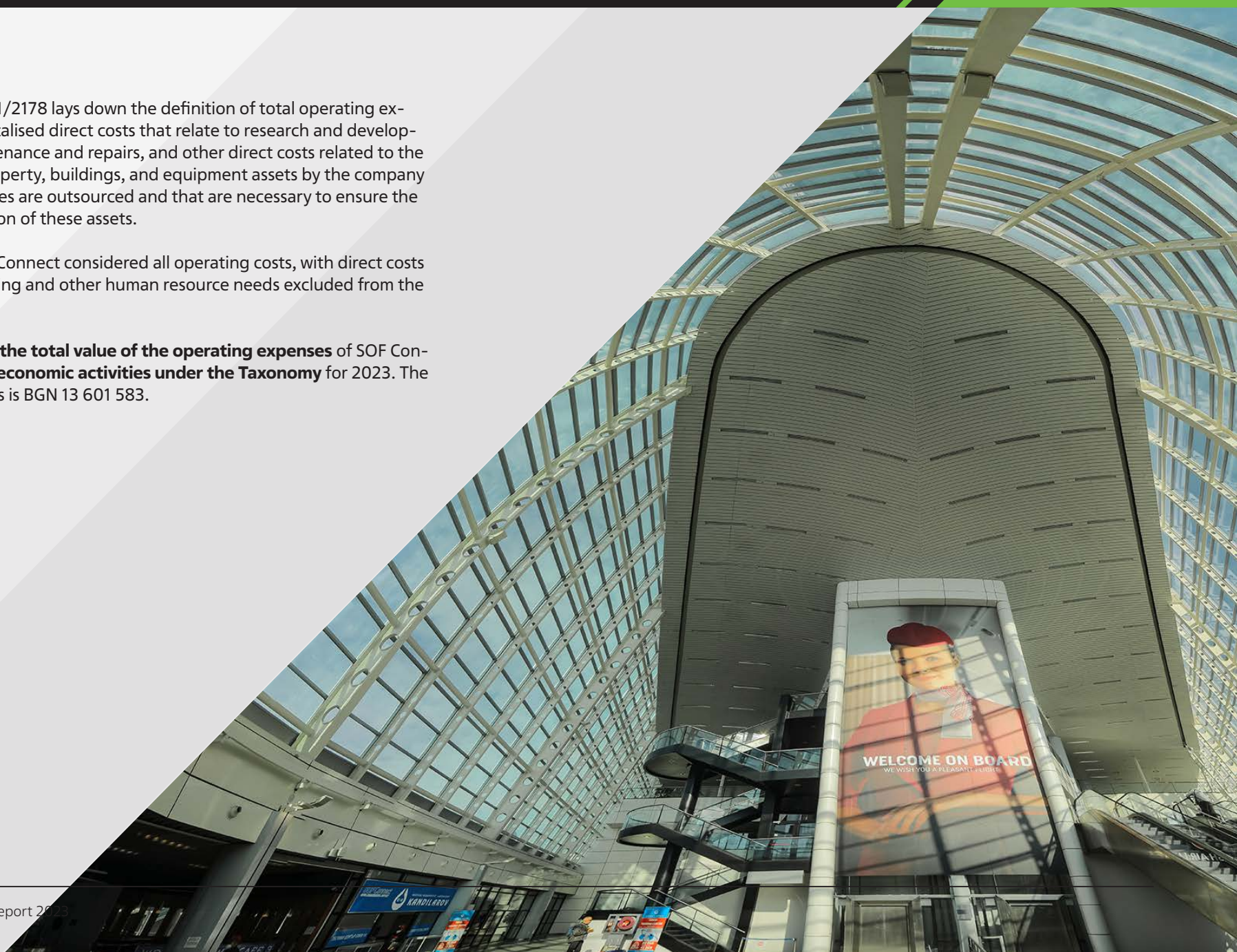
EU Taxonomy Disclosure

OPEX related KPI

Delegated Regulation (EU) 2021/2178 lays down the definition of total operating expenditure, it includes non-capitalised direct costs that relate to research and development, short-term leases, maintenance and repairs, and other direct costs related to the day-to-day maintenance of property, buildings, and equipment assets by the company or a third party to whom activities are outsourced and that are necessary to ensure the continued and efficient operation of these assets.

Regarding the numerator, SOF Connect considered all operating costs, with direct costs related to salary payment, training and other human resource needs excluded from the analysis.

The analysis shows that **79% of the total value of the operating expenses** of SOF Connect are related to **the eligible economic activities under the Taxonomy** for 2023. The amount covering these activities is BGN 13 601 583.



EU Taxonomy Disclosure



Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Text		BGN	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			87%																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
			0%	0%	0%	0%	0%	0%	0%								0%		
			0%	0%	0%	0%	0%	0%	0%								0%		
			0%	0%	0%	0%	0%	0%	0%								0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0,00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Air transport ground handling operations		1 385 603	8%																
Construction of new buildings		2 868 816	17%																
Acquisition and ownership of buildings		6 102 494	36%																
Renovation of existing buildings		225 143	1%																
Maintenance of roads and motorways		1 762 838	10%																
Installation, maintenance and repair of energy efficiency equipment		389 601	2%																
Computer programming, consultancy and related activities		598 531	3%																
Repair, refurbishment and remanufacturing		268 556	2%																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		13 601 583	79%																
Total (A.1+A.2)		13 601 583	79%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		3 581 179	21%																
Total (A+B)		17 182 762	100%																

* For the purposes of this illustrative template, this figure shows the: Taxonomy-aligned turnover of the activity / Total Taxonomy eligible turnover of the activity.
 ** Taxonomy-aligned turnover of the activity/ Total turnover of undertaking

Legal Disclaimer

The content of the tool does not extend or alter in any way the rights and obligations deriving from the EU legislation nor does it introduce any additional requirements on the concerned operators and competent authorities. It does not substitute the provisions under the EU Taxonomy Regulation ((EU) 2020/852) and its Delegated Acts that the undertaking should follow. The purpose of the output of the tool (Excel file) is merely to give an instructive example for some undertakings on how to implement the relevant legal provisions. It cannot be excluded that the Excel Sheet does not include all information that an undertaking may need to report under the EU Taxonomy Regulation ((EU) 2020/852). It should be noted that the current template does not yet refer to the updated reporting templates included in Annex V to Delegated Regulation (EU) 2023/2486 ('Environmental Delegated Act'), which amends Delegated Regulation (EU) 2021/2178. For more information on the qualitative reporting requirements under the EU Taxonomy, please refer to Delegated Regulation (EU) 2021/2178 ('Disclosures Delegated Act').

EU Taxonomy Disclosure



Analysis of Alignment

SOF Connect has not conducted an alignment analysis so the shares of turnover, CAPEX and OPEX of the company for 2023 includes activities described in the delegated acts of the Taxonomy (eligible activities), but not environmentally sustainable ones, i.e. activities that align with the EU Taxonomy. Therefore, the share of taxonomy-aligned activities is 0%.

SOF Connect will focus on creating an Alignment roadmap to further analyze and plan its activities with the requirements of the EU Taxonomy.

General comment on review approach: In our CAPEX and OPEX analysis, we have included maintenance and spare parts for equipment used in revenue-generating activities, such as ground handling and other aeronautical revenues, as eligible expenditures. Generally, we assess expenditures based on their contributions to specific economic sectors.

Summary table: The table below shows the Taxonomy activity and Taxonomy objectives to which SOF Connect's Turnover, CAPEX and OPEX contribute.

TA No.	Taxonomy Activity	Eligible Turnover BGN	Eligible CAPEX BGN	Eligible OPEX BGN	Contribution to Taxonomy Goal
6.20	Air transport ground handling operations	165 790 176	3 044 481	1 385 603	Climate change mitigation;
7.1/3.1	Construction of new buildings		1 285 051	2 868 816	Climate change mitigation; Climate change adaptation; Transition to a circular economy;
7.7	Acquisition and ownership of buildings	30 402 181		6 102 494	Climate change mitigation; Climate change adaptation;
7.2/3.2	Renovation of existing buildings		7 504 464	225 143	Climate change mitigation; Climate change adaptation; Transition to a circular economy;
3.4	Maintenance of roads and motorways		1 905 697	1 762 838	Transition to a circular economy;
7.4	Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)		384 725		Climate change mitigation; Climate change adaptation;
2.3	Collection and transport of non-hazardous and hazardous waste		36 222		Transition to a circular economy;
7.3	Installation, maintenance, and repair of energy efficiency equipment			389 601	Climate change mitigation; Climate change adaptation;
8.2	Computer programming, consultancy, and related activities		1 304 422	598 531	Climate change adaptation;
1.2	Manufacture of electrical and electronic equipment		158 118		Transition to a circular economy;
5.1	Repair, refurbishment and remanufacturing			268 556	Transition to a circular economy;
4.1	Electricity generation using solar photovoltaic technology		99 605		Climate change mitigation; Climate change adaptation;
	Eligible amount	196 192 357	15 722 783	13 601 583	
	Eligible %	87%	86%	79%	
	Ineligible amount	28 361 968	2 558 243	3 581 179	
	Total amount	224 554 325	18 281 026	17 182 762	

Global Context



Global Context

Trend	Impact
Developments in the European Union	
REPowerEU plan	To achieve energy independence from Russian fossil fuels, the EU introduced this plan to save energy, diversify supplies and accelerate the introduction of renewable energy. The transition away from Russian fossil fuels has led to volatility and increases in fuel prices, impacting our operating costs and challenging long-term planning.
ReFuelEU Aviation	The initiative plays an integral role in the EU's commitment to tackling climate change through the European Green Deal and the Fit for 55 package. It aims to meet the EU's climate change targets by promoting the use of sustainable aviation fuels (SAF). The mandate calls for a gradual increase of SAF in the fuel mix of all flights departing from European airports, starting with a minimum of 2% SAF in 2025 and increasing to 70% by 2050. As an airport operator, our role is to facilitate the provision of SAF by providing the necessary infrastructure for fuel suppliers so that Sofia Airport can remain competitive in the growing market for SAF.
EU Taxonomy	EU's tool for steering investment towards environmentally sustainable economic activities. The criteria for aviation as a transition activity are designed to incentivize the transition from fossil fuel jet fuel to SAF, promote low-carbon aviation activities in airport operations, ground handling and infrastructure construction (e.g., storage and delivery of SAF), and encourage the replacement of older, less efficient aircraft with new, more efficient models, thereby supporting breakthrough technologies to reduce CO2 emissions.
EU Emissions Trading Scheme (ETS) for aviation	Airlines are required to surrender allowances equal to their verified emissions. While the scheme directly targets airlines, the associated costs and regulations indirectly affect airport operators, as airlines may pass on the cost of purchasing allowances to passengers. This can affect the overall demand for air travel, potentially impacting airport revenues. In general, the ETS is expected to lead to increased energy and material costs, even beyond its application to aviation.
Carbon border adjustment mechanism (CBAM):	Similar to the EU ETS, the CBAM imposes a carbon levy on imports of certain goods from heavy industries outside the EU. The CBAM aims to prevent carbon leakage by discouraging the relocation of production outside the EU to avoid paying for emission allowances. The price between the CBAM and the EU ETS will be synchronized, and importers will be financially obligated from 2026. This will lead to higher operating and construction costs for SOF Connect, particularly in relation to the construction of Terminal 3 towards the end of the decade.
Global developments	
International Civil Aviation Organization (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)	Its goal is to achieve carbon-neutral growth in international aviation compared to 2019 by allowing airlines to offset their emissions through the purchase of emission units generated by projects that reduce or remove GHG emissions. The scheme complements the other elements of the ICAO Basket of Measures by offsetting the amount of GHG emissions that cannot be reduced through the use of technological and operational improvements and SAF. It applies to international flights to and from 126 countries and will remain voluntary until 2027. Like other market-based instruments such as the EU ETS, CORSIA may lead to changes in the demand for air travel, which could affect SOF Connect's revenues.
ICAO long term aspirational goal (LTAG) for international aviation	In 2022, the 41st ICAO Assembly adopted a goal for international aviation to achieve net-zero carbon emissions by 2050, in line with the Paris Agreement's temperature goal. While CORSIA doesn't mandate specific emissions reduction targets for states, it is a milestone for the future of aviation and serves as a significant statement of the industry's direction and commitment to addressing its environmental impact.

Governance

Corporate Governance

Highlights

- The necessary structures and systems for the transformation have been already established.
- All policies have been finalized by Q3 2023.

The board members' level of accountability regarding ESG topics:	Board oversight of ESG performance includes:
We ensure that material ESG issues are discussed by our Board at least annually.	Setting Clear ESG Goals and Strategy
We identify external ESG expertise, such as consultants or auditors.	Oversight and Monitoring of ESG Performance
	Managing ESG-Related Risks
	Integration of ESG into Corporate Strategy
	Stakeholder Engagement and Transparent Communication
	Ensuring Accurate and Transparent ESG Reporting
	Adaptation and Continuous Improvement of ESG Efforts

2023 Progress

Our legal team conducts the concession activities in accordance with the legislation, the Airport Management and Operation Manual, the Concession Agreement, Good Industrial Practices, the approved Master Plan and all contracts with government users. Measures have been taken to ensure compliance, including the adoption of several internal procedures. Examples include:

- The concessionaire's procedures for the issuance, reissuance and retention of licences and permits.
- Notification procedures in accordance with the Concession Contract.
- Procedures for coordinating airport and construction contracts.
- Procedures to ensure compliance with the concessionaire's insurance obligations.
- Procedures for monitoring the eligibility status of banks issuing guarantees.

We have also successfully implemented contract management procedures in 2023, which have streamlined processes, increased transparency, and improved compliance with contractual obligations.

Future outlook

We have strengthened our project management team and are now working to develop a project management methodology.

We are currently using a general contract management framework, but in the coming years we will focus on developing a management approach that covers the full lifecycle of a contractual relationship: Variations -> Claims -> Disputes.



Governance

Business Ethics and Anti-corruption

Highlights

- Another year with **0 corruption incidents**, including contractor-related.

2023 Progress



Development of the **internal policy system**: an intranet module has been created containing all internal policies, which can be accessed by all employees at any time.



Integration of **ESG questionnaire into the tender process** – ESG questions are completed by bidders, and their answers and other relevant documentation go through the ESG department for review.



Business partner Due Diligence – we have defined a set of standard clauses including compliance with the concession agreement and lenders contracts. Non-compliance equates to default and can lead to termination. It encompasses all policies of banks including anti-bribery and ESG.



Support tool for the implementation of the Anti-Fraud, Bribery and Corruption Policy: A Gift Register has been created to serve as an informative tool to mitigate risks related to corruption, bribery, and unethical practices. It includes details on the types and value of acceptable gifts.



The **whistleblowing system** has been structured to provide employees and external parties with a confidential and secure channel to report any ethical concerns or violations they may encounter. Signals can also be submitted by external partners on SOF Connect’s website.



Compliance Manager: the compliance structure has been established, and we have appointed a Compliance Manager. The domain of compliance includes adherence to the ethical code, the review of reports, due diligence of counterparties, and the maintenance of the internal norms system. The Compliance Manager reports to the CEO and receives assistance from the legal department as decided by the Board of Directors. Additionally, the Compliance Manager reports to the Audit and Risk Committee (RAC) and will conduct training on the Code of Ethics.

Future outlook

A due diligence software solution for business partners is currently being phased in - the compliance solution aims to automatically track corruption risks and check partner details against sanctions lists. This will enable faster screening before entering contractual negotiations and relationships.



Economic



Flight Security and Safety

Highlights

- We separated the Safety and Airside Divisions for effective quality assurance, with Safety operating independently to ensure compliance.
- Sofia Airport's security practices have been successfully aligned to Shengen rules and EU and national legislation.
- We implemented a performance management system for all security personnel.

2023 Progress

Safety

We are proud of our safety measures that prevent incidents leading to loss of life and injury to people.

- We conducted a full-scale **emergency exercise** involving SOF Connect and external participants such as the Red Cross, municipal authorities, medical assistance centers, municipal fire departments, and Emergency Medical Services. The most recent exercise of this kind was conducted before COVID-19, as per regulatory requirements.
- **Change management** involves assessing the safety implications of significant changes in infrastructure or procedures. From the planning and design stage, the Safety Division is involved in studying the potential effects of these changes on flight safety which is an integral part of implementing our investment plan.
- We introduced **DNA sampling** to identify birds involved in aircraft collisions. This process aids risk analysis by determining potential damage and incident likelihood. Specialized laboratory analysis is conducted to identify the particular bird species and measures are taken based on the risk level of the species. Each collision is thoroughly analyzed according to European Aviation Safety Agency (EASA) guidelines,

and species are categorized into a risk matrix. We successfully underwent audits by airlines, and we send annual reports to the General Directorate of Civil Aviation Administration to ensure regulatory compliance.

- At our **aviation training center**, we conduct regular professional training for all employees, including managers. This ensures that our team is always up-to-date with the latest procedures and safety standards. Training topics include for the Safety division include:
 - Human Factors - Module 2 (Advanced)
 - Vehicle Operations, Module I, Apron Management
 - Vehicle Operations, Module II, Shunting UAS Management
 - Safety Management System
 - Emergency Rescue

Security

As part of our Master Security Plan, electronic gates for boarding pass control have been installed in Terminal 2, which increases the passenger throughput capacity and reduces the time passengers spend at security checkpoints.

- **Zone Separation and Security Enhancements:**
 - The airport has taken significant steps to enhance security. The air side has been separated from the land side to ensure controlled access to the security zone within Sofia Airport premises.
 - A contractor has been selected for constructing a security system specifically for the demarcated VIP-A area.
 - The airport's video surveillance system is continuously updated to maximize coverage across our facilities and reduce the risk of incidents.
 - Compliance with the Ministry of Interior and the State Agency for National Security requirements is strictly adhered to.
 - Last year, approximately 80 new cameras were either replaced or added, bolstering surveillance capabilities.
- **Motivation System and Quality Checks:**
 - The positive results following the implementation of a new motivation system for the security personnel are already in place - the quality of security checks has improved.

Economic

- The recent inspection by the European Commission confirmed that Sofia Airport's security practices align fully with both European and national legislation.
- Credit goes to the dedicated Security Department staff and SOF Connect's management, who provided essential training to enhance the capabilities of airport personnel.
- **Schengen Compliance Measures:** to meet Schengen regulations, specific security measures have been put in place:
 - **Additional Security Equipment at Terminal 1:** new X-ray baggage and liquid inspection equipment have been installed at the western gate of Terminal 1. This upgrade anticipates increased passenger and crew traffic following Bulgaria's entry into the Schengen area.
 - **Zone Separation for Arrival and Departure:** both terminals now have separate arrival and departure zones. Corridors and specific areas ensure passengers departing from or arriving at the Schengen area are segregated from those traveling to or from non-Schengen destinations.
- **Training:** security personnel receives training in our aviation training center on:
 - Human Factor
 - Safety Management System
 - Safe Transportation of Dangerous Goods by Air
 - Module 2 Basic Training
 - Module 3 A - Screening of Passengers, Hand Luggage and Carried Articles
 - Module 3 - Hand Search of Passengers and Baggage
 - Module 6 - Vehicle Screening
 - Module 7 - Access control
 - Module 12 - Cargo and Mail Screening
 - Module 14 - Supervisor
 - Module 15 - Supervisor

Future Outlook

- We are prioritizing safety enhancements in the apron and runway areas, including new construction sites, and installing new fences and illuminated barriers.
- We will invest in automation to boost efficiency within airport operations, such as installing electronic gates and X-ray equipment, and expanding hand baggage check lanes from 6 to 11 at Terminal 2.
- In 2024, we will upgrade the registered baggage screening process for higher capacity, security, and service quality. This includes a new system for passenger and registered baggage screening upon departure, with explosive detection machines meeting ECAC Standard 3.1.



Economic



Traffic Growth and Expansion

Highlights

- Passenger numbers continued to grow and reached a **20% increase** compared to 2022 **surpassing pre-pandemic levels**.
- **6 new airlines** started operating at the airport representing a **20% increase** compared to 2022.
- **28 new destinations** served from Sofia Airport

2023 Progress

2023 top 5 destinations by passengers (total departed + arrived in thousands)

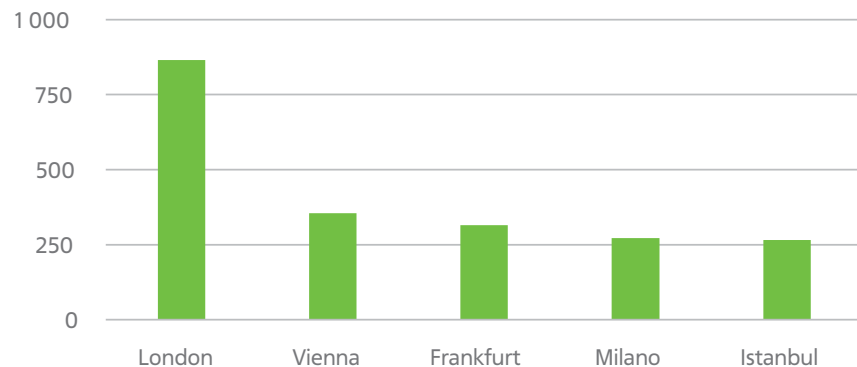


Figure 2. Top 5 destinations by departed and arrived passengers at Sofia Airport.

Despite the loss of important markets such as Russia, Ukraine, Israel, Palestine and some neighboring countries due to geopolitical conflicts, Sofia Airport has returned to pre-pandemic traffic levels from 2019, with a slight increase in both aircraft movements and passenger traffic. The airline industry has seen consolidation and an increase in low-cost carriers to meet the demand for low-cost, short-haul flights. We have seen a significant increase of 1.2 million passengers in 2023 compared to the previous year, slightly surpassing 2019 levels and reaching a total of 7 208 987 passengers. About 60% of the airlines operating at Sofia Airport are now low-cost carriers, reflecting a significant shift towards more affordable travel options globally. The airport has also welcomed new aircraft models like the Boeing 737 MAX and

Passenger flights load factor

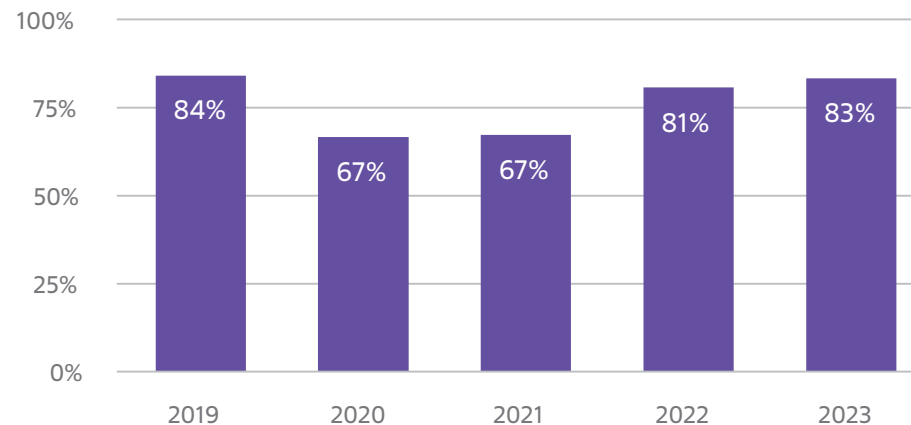


Figure 3. Average load factor of passenger flights at Sofia Airport

Economic

2023 passangers numbers per type and change from 2022

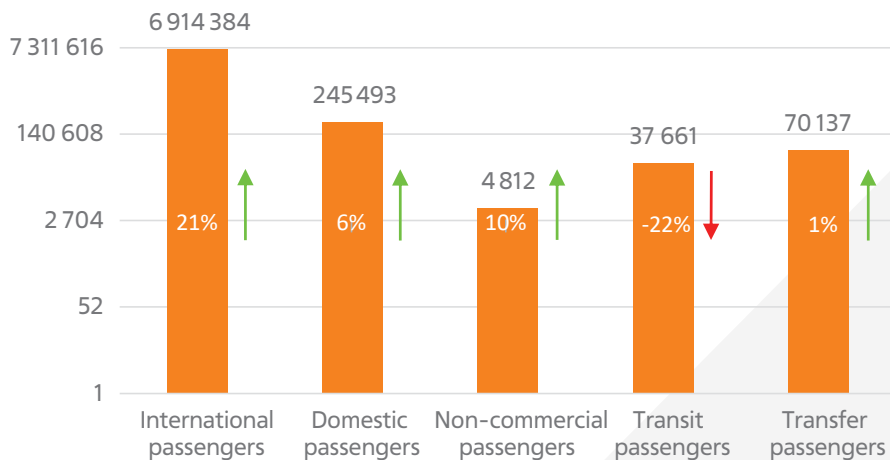


Figure 4. 2023 passenger flows at Sofia Airport.

Airbus 321 NEO, which produce less emissions and noise. For more information on noise reduction, refer to the [Noise Pollution](#) chapter.

In terms of destinations, Sofia Airport has added 28 new ones, bringing the total to 113. This includes new routes to the previously uncovered Scandinavian region and numerous new seasonal destinations. The airport has also welcomed six new airlines to its operations.

We have also seen a steady increase in the average load factor per flight, almost reaching pre-pandemic levels. Flying a full aircraft reduces the emissions per passenger, contributing to our environmental objectives.

Future outlook

We are on track to reach our goal of 8.2 million passengers by the year 2026. In the long term, we envision a steady and gradual passenger increase.

DEPARTURES				Terminal 2	18:
TIME	FLIGHT	DESTINATION	DESK	REMARKS	EXP. WEAT
17:50	FR183	VIENNA		CLOSED	18:16 13°
18:25	LO634	WARSAW	12-13	BOARDING	18:25 11°
19:35	A3983	ATHENS	29-31	CHECK-IN	19:35 16°
19:35	FB1509	ATHENS	29-31	CHECK-IN	19:35 16°
20:30	FR6335	BIRMINGHAM	8-11	CHECK-IN	20:30 9°
21:00	FR6351	CHARLEROI	8-11	CHECK-IN	21:00 10°
21:15	TK1030	ISTANBUL AIRPORT	12-15		21:15 13°
22:25	FR6968	LONDON STANSTED	8-11		22:25 11°
22:40	FR6323	MILAN BERGAMO	8-11		22:40 10°
23:20	FR3343A	PAPHOS	8-11		23:20 24°



Economic



Operational Efficiency

Highlights



“We have successfully restructured the operations center and established clear responsibilities. The team has adapted well to the changes and we are working better now.”

Alexander Kolev,
Airside Director



“We improved employee efficiency by merging several departments into one.”

Juan Ramón Matas Sebastia,
Chief Operating and Services Officer

2023 Progress

We were prepared for the Schengen Area:

Since the announcement of Bulgaria’s accession into the Schengen Area in December 2023, we introduced significant changes in both procedures and infrastructure within a limited timeframe. We began adapting the infrastructure in early 2023 which allowed us to be prepared on time and focus our efforts on the procedural changes

needed in the months before Bulgaria removed its air borders on March 31, 2024. The transition was a collaborative effort involving various teams: procurement, technical, border police, operations, finance, and other internal and external stakeholders.

The reorganization affected various aspects of our operations, including the handling of goods, staff, passengers, transport vehicles, as the movement in and out of Schengen areas had to be restructured to comply with the new regulations. Despite the challenges, our team successfully managed the transition, demonstrating our adaptability and commitment to being Bulgaria’s gateway and bringing benefits for travel, business, and culture to the country.

We successfully established new processes for key activities at Airside. Some of our main achievements include:

Snow Plowing: The snow plowing plan has also been updated to enhance efficiency. Many of the machines were in poor condition and have since undergone repairs at our repair shop.

Bird and Wildlife Control: Given the airport’s proximity to water bodies, bird and wildlife control is a significant concern. We set up advanced methods to identify the species involved in any bird-aircraft collision. This data allows SOF Connect and airlines to determine when the collision occurred, perform risk analysis, and establish mitigation measures. Our practices have been audited and highly valued by airlines. To further enhance our capabilities, we have acquired two specialist bird control vehicles equipped with bird control equipment.

Ground vehicles electrification: We have added three electric cars to our fleet last year for marshalling and ‘follow me’ operations. This is part of our commitment to reducing our carbon emissions.

Emergency Medical Services: To ensure prompt medical attention in case of emergency and supplement our internal ambulance service, we have entered a new contract with a company providing medical personnel for emergency situations.

Staff Quarters: In response to organizational changes, we have built new staff quarters for Airside employees. This not only accommodates the increased workforce but also ensures a comfortable working environment.



Economic

Training: Regular training sessions are conducted at our aviation training center for all employees, including managers. This ensures that our team is always up-to-date with the latest procedures and safety standards. Training topics include:

- Aircraft Marshalling
- Airfield Condition Inspections
- Safe transport of dangerous goods by air
- Safety Management System – SMS
- Human Factors
- Vehicle Operations, Module I, Managing a Vehicle on the Apron
- Vehicle Operations, Module II, Vehicle Control in the Manoeuvring Area
- Emergency Rescue

Risk Management

Given the inherent risks of maintaining operational activities at an airport, we have started to systematize risks to ensure that no risk is overlooked - a new process that has proven to be particularly beneficial. A structured risk management enables the team to identify specific risks, devise mitigation measures, and monitor the outcomes. Our risk management software provides regular reminders to follow up on the implementation of mitigation practices, further enhancing our risk management capabilities. This systematic approach to risk management contributes significantly to the safety and efficiency of our operations.

For more information on risk management, refer to our [Strategy and Management Approach Report](#).

Risk description	Inherent risk score	Residual risk score	Mitigation measures
Potential failure to complete initiatives by deadlines due to no established process map for creation of strategic projects	8	2.5	<ul style="list-style-type: none"> • Identify key milestones and include them in the Strategy Operating Committee procedure • Establish process map for planning of strategic initiatives

Future outlook

We plan to update and adapt procedures related to operational activities in line with our new organizational structure. This will ensure that our operations continue to run smoothly and efficiently.

We have successfully tendered for new IT systems for our Airport Operations Management Systems (AOMS). These systems are divided into four distinct categories, each with its own tender to ensure we select the best provider for each specific need:

- **Airport Operations Database (AODB):** We are currently evaluating the technical and financial aspects of the offers for the tender. The AODB will be the backbone of operations and will house all flight information, including schedules, gate allocations, baggage cargo cells, baggage claim belts etc. This database will broadcast information to the terminal for passengers and issue invoices for airport charges based on operational information. The existing AODB is in-house and outdated, so the new system will be in line with those used at other best-in-class airports. We are also considering integrating ground handling systems as part of the AODB.
- **Passengers with Reduced Mobility (PRM) System:** We are in the final stages of negotiations for this system, which has already been awarded. The PRM system will maintain a list of passengers requiring special assistance and organize the agents attending to these passengers. It will source flight information from the AODB.
- **Slot Coordination System:** This system, for which the contract has been signed and is due for implementation in 2024, will handle all requests from airlines to operate at the airport. It will check slot availability, analyze, process, and send information to the AODB to ensure smooth operations upon arrival.
- **Cargo Systems:** We are currently negotiating contracts for a system, which will support all cargo activities. It will receive flight information from the AODB and track cargo movements in a single database.

We will start implementing the IT systems in 2024 and we aim to deploy them by the end of 2025 to significantly reduce manual labor and automatize processes with real-time data. The systems will enhance our operational efficiency by improving coordination, communication, and employee efficiency, while maintaining operational continuity and providing high quality passenger experience.



Economic

Digitalization and Technology

Highlights

- We established a Service Desk platform and managed to close or resolve 1 482 IT requests.
- Continuing strategic ICT transformation across multiple business systems – Airport Operations Management Systems, Enterprise Resource Planning, HR Management System, Cloud integration, IT security modernization.

2023 Progress

Upon starting our concession contract in 2021, SOF Connect inherited an airport with an outdated IT infrastructure, limited IT services, inefficient manual processes, and no alignment with business and customer needs. Since then, we have invested significantly in streamlining activities across departments and staff hiring to meet our needs for IT modernization. We continued the work on the ICT Master Plan which was approved by our Supervisory Board. We have successfully tendered a new IT system for Airport Operations Management Systems (AOMS) and are integrating an Enterprise Resource Planning (ERP), an HR management System (HRMS), cloud integration via the Microsoft Azure stack, as well as are proceeding with various IT security modernization activities stemming from legislative and best practice requirements.

Future Outlook

Following Digital Backbone and admin/business system infrastructure updates, our plans in the next 12 months include major transformation of systems supporting operational excellence and passenger processing. So far, we have been focused on the stability and optimization of internal processes. Next, we will focus on leveraging digital solutions for advanced business analytics toward customer service improvements, while also ensuring up-to-date and secure digital infrastructure.



Social



Customer Experience

Highlights

Passenger Experience:

Improved our Airport Service Quality (ASQ) score.

Departures:

Contracted construction of expanded parking capacity, along with refurbishment of existing Terminal 2 covered car parking.

Arrivals:

Appointed a new airport taxi service and car rental operators.

At the airport:

Completing installation of cutting-edge baggage screening and handling systems.

Commercial:

Completing 1 800 m2 duty-free/duty-paid shopping area and upgrading food and beverage offers restaurants & bars area.

Increased commercial sales revenue and achieved EBITDA-positive for all commercial services.

2023 Progress

Over the last year, we have made good progress in improvements across the full span of the passenger journey.

Starting from bookings, we work to drive customer engagement with the airport to increase passenger volumes. Toward this, we have **developed a dedicated social media strategy** and are now developing our presence across [LinkedIn](#) (focusing on business news) and Facebook (focusing on customer engagement, including Q&A and feedback). In addition, a new ticket search engine is now incorporated in the airport's website ([sofia-airport.eu](#)). Powered by internationally renowned travel technology company Kiwi.com, the new search engine allows passengers to choose not only direct flights, but also unique itineraries to any destination in the world, combining both traditional and low-cost airlines. The new platform complements the existing services of the Sofia Airport Travel Agency. Finally, we are constantly working to offer new and

valuable options to our passengers, and over the past year we have added numerous new destinations to our offer e.g., Riga (Latvia), Helsinki (Finland), Rhodes (Greece), Antalya (Turkey) and Yerevan (Armenia).

For departing passengers, the airport continues to improve the capacity and quality of **its parking facilities**, with the construction of 3 temporary and 1 permanent outdoor parking lots already contracted, as well as the renovation of the airport's existing covered car park in Terminal 2. As a result, Sofia Airport's Terminal 2 will have a total of approximately 1 900 parking spaces. In addition, a curbside control system will be implemented, allowing arriving drivers to drop off or pick up passengers at the curbside without queuing.

For arrivals, last year, we completed a tender for a new airport taxi operator. As part of our long-term commitment to sustainability, our new taxi service provider will be

Social



required to use at least Euro 5 emission class vehicles and to provide at least 5% of monthly taxi trips with electric vehicles by 2025 (rising to 10% one year later). This is in addition to a range of passenger amenities including cashless payment options, 24/7 service and a maximum waiting time of 5 minutes.

For check-in, security, and baggage reclaim, we are completing the installation of a state-of-the-art baggage screening system that will automatically detect explosives in checked baggage, further enhancing our commitment to safety and efficiency. A new baggage handling system is also being implemented that will dramatically speed the movement of checked baggage from check-in to departing aircraft and from arriving flights to baggage claim. In addition to the existing check-in agent services, the new baggage handling system will allow for full self-service (self-bag drop) at the pre-check-in for a flight. Ultimately, the new baggage handling system will have the capacity to handle not only traffic from Terminal 2, but also all traffic from the nearly 70-year-old Terminal 1 building, as part of our long-term Strategic Transformation Plan. Other investments will double the number of check-in counters and increase the number of security and border control lanes.

Shops, dining & amenities

A 5-star passenger journey includes not only efficient airport operations, but also access to diverse and high-quality options for passengers in-between flights. Over the past year, we have invested heavily in expanding the range of specialty shops available at the airport, with a new 1 800 m² duty-free/duty-paid shopping area slated for opening in April 2024, in partnership with AVOLTA – a leading global travel retailer. We are also progressing on a project for a new dedicated food court area, which will comprise 3 700 m². The first phase of this project will be finalized in the 1st quarter of 2025. In the meantime, multiple mobile food & beverage options have been temporarily implemented at Terminal 2, in order to provide options for passengers in the interim. We have achieved significant success in streamlining and enhancing Sofia Airport’s commercial services, increasing revenues, and turning all services to positive EBITDA while meeting relevant international standards.

Grievances and remediation

In 2023, we have processed a total of approximately 1 160 complaints, signals, comments, claims and general inquiries. These most commonly comprise of complaints related to 3rd-party ground handling services, baggage reclamations, baggage security and passport controls services, as well as questions on parking services, lost & found items, and relating to travel documents and prohibited items.

Future Outlook

Our commitment to being a 5-star regional airport is underpinned by a long-term investment program exceeding 600 million EUR by the end of our concession. All investments are ultimately aimed at improving the customer experience so that the long-term sustainable growth of Sofia Airport is ensured. By the end of 2025, 150 million of investments will be realized – 2/3 more than what is required under our concession contract. Toward 2030, we will complete the reconstruction of the current Terminal 2 building, which will also take over flights from the outdated Terminal 1. In addition, we aim to commission an entirely new Terminal 3.



Social



2023 Progress

Creating a healthy and safe workplace is our top priority. By enforcing strong safety protocols, providing regular training, conducting risk assessments, and complying with legal regulations, we can protect employees and prevent accidents. We foster a safety culture, encouraging employees to actively contribute to a safe work environment. A healthy workforce is a productive workforce.

We have numerous subcontractors on our premises, all covered by our ISO system and contractually obligated to comply with Art. 18 of the Health and Safety at Work Act. All employees have supplementary health insurance and undergo annual medical check-ups. They are equipped with work clothing and personal protective equipment that meet modern safety standards. We have also established an Employees Health Week to promote wellness among our staff.

Unfortunately, we experience an increase in lost time injuries, but we remain committed to enforcing our health and safety management system and setting annual KPI's with a target of zero accidents. 10% of the remuneration of SOF Connect's management (C-level and levels -1 and -2) is contingent on meeting this goal.

We have prioritized reducing absenteeism rates and have established a motivation system that has yielded significant results.

Future Outlook

We aim to further decrease absenteeism rates, setting a benchmark that reflects our commitment to maintaining a productive and engaged workforce.

In terms of workplace safety, our goal for 2024 is to reduce accidents at work. We plan to establish clear and measurable KPIs that will guide our efforts in enhancing safety protocols and practices. Our ambition is not just to meet industry standards, but to exceed them and become a benchmark for safety in our industry.

Workforce Health and Safety

Highlights

- **95%** of employees have received **health and safety trainings**.
- We expanded our occupational health and safety management system to cover not only all our employees, but also all contractors and subcontractors working on the airport premises.

Social



Talent Management

Highlights

- All managers and the entire Security Division are now covered by a performance management process.
- **25 average training hours** per employee.
- More than 60% of employees have received training on various topics.
- We have updated our benefit system.

2023 Progress

Our transformation is focused on five key areas: Policy Setting, Occupational Health and Safety, Performance Management, Benefits, and Training. We have laid a strong foundation for this change by implementing an advanced ERP system for human resources, starting with a payroll module. This system not only speeds up human capital management but also reduces time and errors linked to manual processes.

We have now established the policies and processes we committed to in the previous reporting period. The completion of company policies has provided our team with clarity and a shared purpose, and these have been extended to SOF Connect subcontractors. We have also successfully set up an internal operational structure for recruitment and performance enhancement.

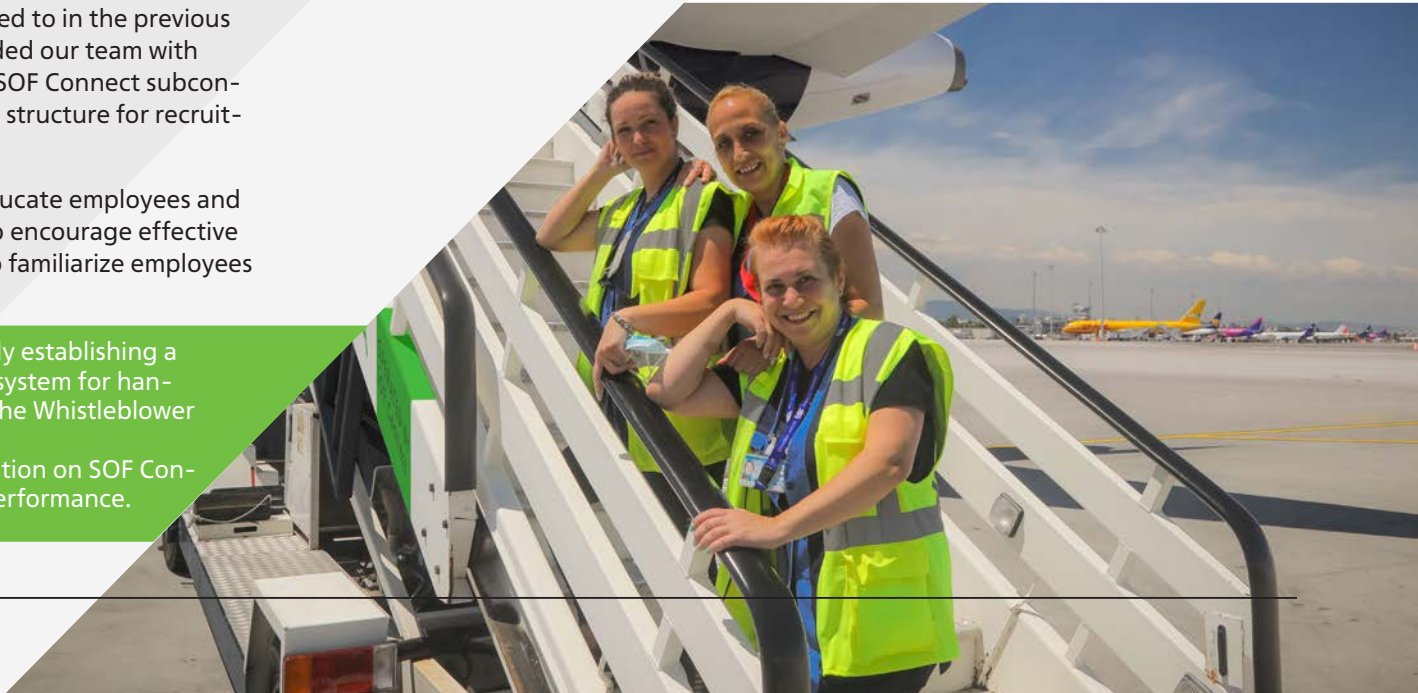
To reinforce these policies, we conducted training sessions to educate employees and management on our Social and Human Resources Policies and to encourage effective feedback channels. We also launched an awareness campaign to familiarize employees with our Code of Ethics.

- In accordance with the Code of Ethics, SOF Connect is currently establishing a new operational structure to oversee the coordination of the system for handling reports and addressing misconduct in accordance with the Whistleblower Protection Act.
- An internal intranet system has been created to share information on SOF Connect's policies and procedures related to work conduct and performance.

Performance Management

We have introduced a performance management process that shapes our employees' career path and supports their retention. The process involves working individually with each employee to identify and achieve their goals, which contributes to their satisfaction and development within the organisation. Annually, we review their achievements over the past year and then set their future aspirations for the next. Discussions, assessments and goal setting - these stages close the employee development cycle, unlocking opportunities in line with their strengths.

The performance management process was rolled out in stages, starting with managers and the entire security division, which comprises a third of our employees. Given its size and critical role in airport management, this was a significant first step. By 2024, we aim to extend this process to all units. Our performance evaluations are tailored to the specific activities of each department, with unique KPIs set for each. The foundation of our approach is the collection of reliable, objective, and quantifiable information.



Social



Trainings

Managing SOF Connect requires a shift in the knowledge and skills of our people. We initiated an extensive training program in 2023, involving a significant number of trainings and participants.

Trainings span across all divisions:

Training type	Coverage
English A1	All divisions
English A2	All divisions
English B1	All divisions
English B2	All divisions
Communication skills	All divisions
Conflict Management	All divisions
Risk Management	All divisions
Problem Solving	All divisions
Presentation Skills	All divisions
Customer Service	Almost all divisions
Giving & Receiving feedback	All divisions
Negotiation skills	All divisions
Leading effective meetings	All divisions
People Management Development Program	All people managers

Together with our Aviation Training Centre we offered 345 different courses, trained 2 690 employees for over 31 000 hours in 2023.

All new employees receive training on the Code of Ethics from our Training and Development Department. This includes an introductory training and an interactive presentation with an executive director, featuring a game-like demonstration of the passenger experience process.

Even more benefits

Benefits and trainings seem prosaic and routine to modern companies, but we wanted to enhance our employee package to include:

- Supplementary health insurance, highly valued by employees.
- Annual medical check-ups, exceeding the legal requirement and well-received by employees.
- Third unionization, resulting in a collective agreement that includes all three unions.
- Regular committee meetings on working conditions and legislation, and regular union meetings.
- Improved facilities at the aviation training center for a better atmosphere and dining experience.
- An Aviation job fair with various aviation companies, planned as an annual event.
- A partnership with Technical University Sofia, with plans to renovate the laboratory and establish an internship program.

Future Outlook

Looking ahead, we plan to:

- Further develop the ERP for people management.
- Apply the performance management process to every employee.
- Conduct a people engagement survey.
- Further reduce people turnover.
- Fully digitize HR management for better statistics and analysis.

Social



Noise pollution

Highlights

- About **20%** of aircraft movements is with **new generation aircraft with less noise and emissions**.
- We are developing a **new noise contour model** for better aircraft routing.

2023 Progress

More flexibility in traffic schedules

We are working with BULATSA to reduce noise pollution through more accurate and people-oriented schedules. We are developing a new noise contour model to allow for informed decision making and more flexibility in changing flight paths to avoid populated areas as far as possible.

New generation aircraft

Number of new generation aircraft movements and share of total

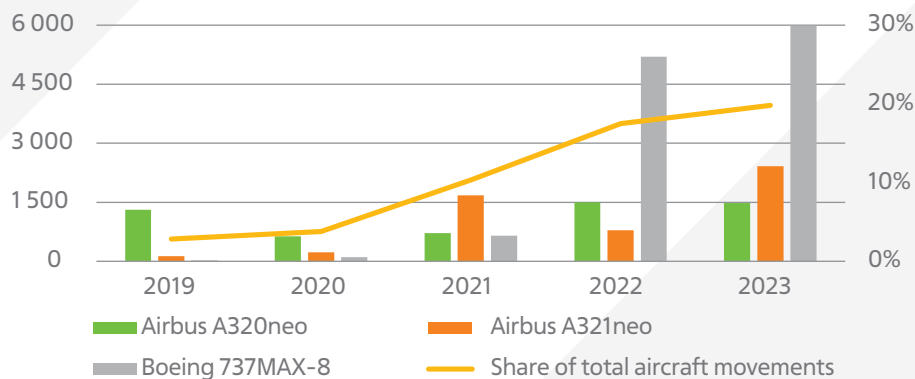


Figure 5. New generation aircraft movements at Sofia Airport in 2023.

Faced with the global trend for increased night traffic, we are seeking to ensure that flights are operated by new generation aircraft with the lowest noise performance. In 2023, we have significantly increased the number of Airbus A320neo and Boeing 737MAX-8 flights both of which are quieter and produce less carbon emissions.

Noise monitoring

The results from our noise monitoring show rare and sporadic breaches of aircraft noise limits. However:

- The majority of noise disturbances occur in the evening (19:00h to 23:00h), affecting only 0.5% of Sofia’s population

Grievance mechanism

We value feedback because it helps us improve, therefore, we have set up a noise complaint mechanism. Unfortunately, in 2023, we received and addressed 30 complaints from residents, a double increase from the previous year. The rise is partly due to heightened awareness among residents about the availability of the complaint channel and underscores the ongoing need for noise reduction efforts and enhanced communication with our neighboring residents. In collaboration with BULATSA, we have formed a working group to review noise grievances, the insights from which will be instrumental in identifying necessary changes and devising effective strategies for their implementation.

Future outlook

In 2024, we will update the Strategic Noise Map Action Plan. Based on the analysis and results we will identify different solutions to reduce noise pollution. We expect to finalize the new noise contour models and see their positive impact in the upcoming years.

Environment



Decarbonization and Climate Change

Highlights

GHG emissions

We neared our mid-term target and reduced our Scope 1+2 emissions by 27% compared to 2019*.

Our Scope 1&2 emissions per passenger continued to drop by about 15% to 1.45 kgCO₂e/passenger compared to 2022.

Risks & Opportunities Management

Inaugural TCFD analysis and reporting.

Vehicle electrification

Purchased 34 electric/hybrid vehicles.



2023 Progress

2023 marks a significant year for decarbonization of Sofia Airport, having been a year of ambitious planning and securing of funding commitments for a range of ambitious initiatives which are now integrated in our updated Sustainability Roadmap and our Carbon Management Plan.

Emissions targets and trend

SOF Connect is committed to reducing emissions by enhancing energy efficiency and transitioning to cleaner energy sources. In pursuit of these objectives, we have established two ambitious goals:



GHG target by 2026

Reduction of Scope 1+2 GHG emissions by 28% (considering 2019 as a base year) by 2026 and promoting GHG reductions in the wider airport ecosystem.



GHG target by 2036 and 2050

Achieve climate neutral operations including Scope 3 emissions by 2036 with 15% offsets and by 2050 without any offsets.

In mid 2024, we were certified with Level 4 (Transformation) of the Airport Council International (ACI) Airport Carbon Accreditation (ACA) programme, a milestone achieved by only 9 best-in-class European Airports.

* The emission reduction is achieved only when retroactively recalculating 2019 Scope 1 emissions to align with ACERT version 7 (instead of version 6), as required by ACA level 4 for the 2023 emissions calculation. ACA level 4 requires that 2023 and 2022 Scope 1 emissions include emissions from surface de-icing procedures and refrigerant losses. To ensure consistency, we have recalculated 2019 base year Scope 1 emissions to 3 184 t CO₂ when incorporating the additional emissions categories. The initially verified 2019 Scope 1 emissions amount to 2 532 t CO₂ excluding de-icing and refrigerant losses.

Environment



GHG inventory

In 2023, we kept our efforts towards achieving our decarbonization goals. We implemented our ambitious initiatives and updated our Carbon Management Plan with actions meeting the requirements of level 4 Airport Carbon Accreditation (ACA) programme. We continue monitoring both 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, and the broaden Scope 3 categories being the most significant factor (Figure 6).

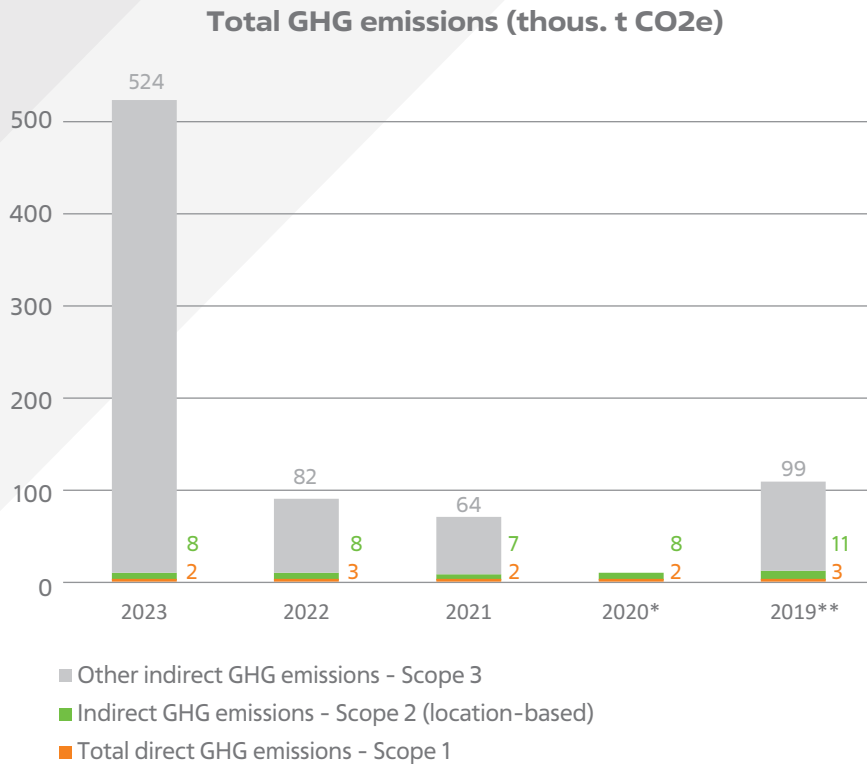
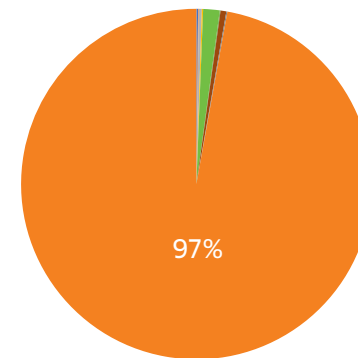


Figure 6. Total Scope 1, 2, and 3 emissions since 2019 - our decarbonization base year.

In 2023, we reported a surge in Scope 3 emissions, as we started tracking and reporting new categories of emissions following the Airport Carbon Accreditation programme Level 4 requirements. The main driver of the increase is calculating aircraft full flight emissions one way, including Auxiliary Power Units (APU) which accounts for approximately 97% of total Scope 3 emissions for 2023. We also added calculations for categories we have not tracked in previous years: Capital goods, Landside Ground Access, Services, and more (for more information, please refer to our [Performance Data Report](#)) (Figure 7).

2023 Scope 3 emissions



- Staff commuting: 809 t CO2e
- Staff Business Travel: 24 t CO2e
- Off-site waste treatment: 332 t CO2e
- Services: 625 t CO2e
- Good and Commodities: 1 451 t CO2e
- Capital Goods: 7 907 t CO2e
- Fuels and Energy: 384 t CO2e
- Aircraft MRO: 509 t CO2e
- Landside Ground Access: 2 763 t CO2e
- Full flight emissions (one way, incl. APU): 507 394 t CO2e

Figure 7. SOF Connect 2023 Scope 3 GHG emissions inventory per category.

For more specific performance data, refer to the [2023 Performance Data Report](#)

* 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.

** The graph shows the verified 2019 Scope 1 emissions (2 532 t CO2) following the ACA level 3 requirements which exclude emissions from surface de-icing procedures and refrigerant losses. 2019 Scope 1 emissions including de-icing and refrigerant losses emissions as per the ACA level 4 requirements are 3 184 t CO2.

Environment



Emissions reduction measures

GHG emissions

As part of reduction measures for ground handling activities, we have purchased 34 electric/hybrid vehicles which are now used throughout airport operations. We have added three electric cars to our fleet for marshalling and ‘follow me’ operations. In 2024, we are installing several EV charging stations available for passengers using airport parking facilities.

2023 was the first year of update of our Sustainability roadmap, which is updated every 3 years as a requirement from our external funders. We have strengthened the

presence of decarbonization investments, which are described further down under the [Future Outlook](#) section of this chapter. We updated our Energy and Carbon Management Policy to include absolute emissions reduction provisions which allowed us to satisfy ACA Level 4 requirements and achieve the certification in mid 2024.

Risks & opportunities management

As part of our inaugural TCFD analysis, we have performed comprehensive scenario analysis across both physical and transition risks for short, medium, and long-term time horizons. The table below presents the identified climate-related risks that our business may face, and the adaptation measures currently planned for mitigating these risks.

Driver	Risk description	Timeframe ¹	Likelihood ²	Impact ²	Adaptation measures
Transition risks					
	Increase of operating costs due to indirect exposure to EU Emissions Trading Scheme (ETS) and Carbon Border Adjustment Mechanism (CBAM) influencing prices of energy and materials.	Short	•••••	••••	<ul style="list-style-type: none"> We are members of the Aviation Alliance Fit for 55 working to position Europe as a global leader in decarbonizing aviation while maintaining connectivity and sector competitiveness. Terminal 3 is to be designed for energy efficiency and minimal material usage from its outset. We are enhancing Terminal 2’s energy efficiency by monitoring components, including air conditioners, and tracking energy consumption for data-driven optimizations.
Policy and regulations	Loss of business competitiveness due to insufficient supply of sustainable aviation fuel (SAF) at Sofia Airport.	Short	•••	••••	<ul style="list-style-type: none"> We have conducted a cost-benefit analysis for SAF storage facilities and plan to establish the necessary low-carbon infrastructure, facilitating fuel suppliers at the airport.
	Sustainable building standards increase capital costs.	Short	•••••	••••	<ul style="list-style-type: none"> We have factored BREEAM certification into the construction project’s financial plan. We have hired experienced contractors to streamline the design and construction process.
	Sustainable building standards increase the complexity and time needed for building Terminal 3.	Short	••	•••	<ul style="list-style-type: none"> BREEAM certification is part of the construction project planning to minimize the likelihood of delays.

Environment



Market	Energy pricing instability increases operating costs.	Short	••••	•••	<ul style="list-style-type: none"> We are planning to diversify energy sources by investing in onsite photovoltaic (PV) plant to ensure electricity price predictability. The efforts to achieve our goal of reaching climate neutrality by 2036 are part of our Carbon Management Plan and contribute to reducing our overall energy consumption.
	Carbon offset costs rise significantly as policy affects both supply and demand.	Short	•••••	•	<ul style="list-style-type: none"> We have set a target to reduce our Scope 1 and 2 GHG emissions by 28% by 2026 compared to 2019 and achieve climate neutral operations including Scope 3 emissions by 2036 with 15% offsets and by 2050 without any offsets. We have planned and budgeted our carbon offsets use and are taking carbon reduction measures to minimize their use.
	Carbon pricing increases prices of fares and reduces passenger demand due to pass-through of increased cost.	Medium	•••	•••	<ul style="list-style-type: none"> We are members of the Aviation Alliance Fit for 55 working to position Europe as a global leader in decarbonizing aviation while maintaining connectivity and sector competitiveness. We plan to provide the infrastructure to enable adoption of low-carbon fuels.
	Passenger demand is shifted to regions and routes where CO2 has no price.	Medium	•	•	<ul style="list-style-type: none"> We maintain a diverse destination network and aim to expand it by attracting primarily low-cost airlines with competitive charges, catering to the growing demand for affordable air travel.
Technology	Additional training and H&S considerations required in the ground handling of hydrogen and electric aircraft.	Long	•••	•	<ul style="list-style-type: none"> We make 5-year investment plans including the construction of Terminal 3 by 2030. Disruptive aircraft technologies like hydrogen and electric are not anticipated before 2040, so we have not made any investment plans towards the concession's end in the 2040s and 50s. However, we are constantly monitoring the trends in new aircraft technology to be prepared for potential changes in infrastructure and ground handling requirements.
	Longer refueling times for hydrogen aircraft and increased turnaround time due to recharging. Increased capital costs due to the need of more space for aircraft parking on the apron.	Long	•••	•••	
	Investments in additional capacity and infrastructure for electric aircraft charging and hydrogen storage.	Long	•••	•••••	
Reputation	Climate change performance fails to meet stakeholder expectations and threatens access to finance.	Medium	•	•••••	<ul style="list-style-type: none"> We work on maintaining detailed sustainability disclosures as per the investor and lenders' expectations. We regularly engage our investor and lenders, providing updates on the progress of our decarbonization plans, including discussions about challenges and potential delays. We are on track with our near-term 2026 GHG emissions reduction target as part of our Carbon Management Plan. We plan to establish the necessary low-carbon infrastructure, facilitating SAF suppliers at the airport.
	Divestments from aviation sector due to carbon footprint leads to a sectoral growth decline and reduced access to finance for SOF Connect.	Medium	••	••	

Environment



Physical risks					
Temperature	Higher temperatures might negatively affect the stability of the airport's paved surfaces.	Long	•	•••••	<ul style="list-style-type: none"> Pavement is designed to withstand higher temperatures using temperature-resilient materials and allowing for flexibility for redesign. We conduct regular maintenance as required.
	Higher temperatures might lead to an increased need of maintenance and repair of runways and other heat-vulnerable surfaces.	Long	•	••••	<ul style="list-style-type: none"> Move departure times for heavier aircraft during the cooler times of day. Regular inspections of the airfield pavement are conducted, including daily visual ones.
	Increased energy consumption due to higher demand for cooling during the summer.	Long	•••	••	<ul style="list-style-type: none"> Factor future cooling requirements into long-term asset management and replacement plans.
	The overall increase of mean temperatures might lead to warmer winters, during which ice events may be more regular, due to snow being replaced by freezing rain or sleet.	Long	••	•	<ul style="list-style-type: none"> Adapt to different types of precipitation with new procedures for de-icing or operating procedures for heavy precipitation or freezing rain. We are advanced in using weather data for forecasting.
	More frequent ice events might increase the use of pavement de-icers for the runway.	Long	••	••	<ul style="list-style-type: none"> We possess adequate snow and ice removal equipment and are ready to improve it if needed.
Precipitation	The increased high-precipitation days may lead to the overflowing of the nearby Iskar River, which may cause flooding and damage the runways.	Long	••	••••	<ul style="list-style-type: none"> A plan for monitoring, control and maintenance has been developed for the fortification facilities, guaranteeing their reliable functioning during the whole term of the concession. Our plan includes periodic cleanup of the river's bed and monitoring of the water level and the dykes.
	Flooding of the buildings due to water pump failure and increased precipitation.	Long	•	•••••	<ul style="list-style-type: none"> All the water pumps have been recently changed with new ones and are maintained regularly.
	Flight delays, cancelations, and temporary airport closures due to airside flooding, caused by heavy rain.	Long	•	•••	
	Flooding due to insufficient capacity of the storm drainage systems and increased precipitation.	Long	•••	••••	<ul style="list-style-type: none"> A regular maintenance of the storm water drainage system has been carried out to mitigate the risk.
	Increased risk of passenger injury during embarking/disembarking aircraft, due to the possible increase in rain/freezing rain.	Long	•••	••	<ul style="list-style-type: none"> We possess adequate snow and ice removal equipment and are ready to improve it if needed. Develop a snow and ice removal plan for the airport.

- Short: Effects and measures toward 2030.
 Medium: Effects and measures toward 2040.
 Long: Effects and measures toward 2050.

2. Icon ••••• stands for high likelihood/impact and • stands for low likelihood/impact. More details on how probability and impact levels are defined can be found in the Risk Management section of our [Strategy and Management Approach Report](#)

Environment



In addition, we have identified several climate-related opportunities which we are actively working on, also outlined below.

Opportunity type	Opportunity for SOF Connect
Resource efficiency	<ul style="list-style-type: none"> Lower operating costs by reducing energy consumption through energy efficiency measures. Enhance efficiency in buildings, focusing on improving Terminal 2 and ensuring Terminal 3 is energy-efficient from the outset.
Energy sources	<ul style="list-style-type: none"> Using lower-emission energy sources, like our onsite solar PV, enables us to decrease GHG emissions. Our solar PV will provide a reliable and predictably priced energy source, allowing for improved investment and business planning.
Products and services	<ul style="list-style-type: none"> Positioning as a reliable SAF facilitator for airlines and airport fuel suppliers. Increase of de-icing services for aircraft due to increase in ice events.
Markets	<ul style="list-style-type: none"> Designing and constructing sustainable buildings such as our Terminal 3 can attract high-value tenants.
Resilience	<ul style="list-style-type: none"> Developing adaptive capacity regarding climate change shows good risk management and sound business operations.

The strategic implications of climate for our business underscore our commitment to decarbonization and to increasing operational resilience in response to anticipated physical climate change. For further information on how we integrate TCFD into our governance, management and risks processes, please see our [Strategy and Management Approach Report](#) ▶.

Future Outlook

We plan a range of medium and longer-term measures that will be implemented in the period toward 2035. Due to the relatively slow decarbonization of the Bulgarian electricity grid, Sofia Airport plans to construct its own renewable energy solar facility, in three stages starting 2026, the goal being self-sufficiency for a large part of own electricity supply – a total of 20 MW in generation capacity is planned, plus additional 20 MW of battery storage. We are also preparing for meeting regulatory requirements for supplying Sustainable Aviation Fuel (SAF) as part of the RefuelEU regulation. For this, we are planning refurbishments to our fuel storage facilities to meet legislative demands.



Environment



Supply Chain Management

Highlights

Management

Procurement department established as a separate entity in management structure.

Recognition

Winners of the Procurement Excellence Award for the design and implementation of our procurement vendor portal in 2023.

2023 Progress

Prior to SOF Connect’s concession of Sofia Airport (from 2021), there were no formal procurement procedures and processes at the airport. In addition to implementing formal procedures, in 2023, we further developed and centralized our procurement practices and separated Procurement as a separate department - under our Finance department, which reports to the CEO. Separating Procurement within our management structure has allowed us to improve the process while facilitating cross-departmental collaboration, most notably with our ESG Division, which is introducing sustainability requirements into our tendering processes.

In 2023, we fully digitalized our procurement processes as part of a wider airport-wide ERP implementation. After our module goes live we will be able to track and manage all procurement processes in a streamlined way, from day-to-day purchases from small office suppliers to multi-million euro infrastructure projects. Our new digital procurement system allows us to track the ESG performance of all our suppliers on a common platform and enables us to include (and track compliance with) ESG criteria in tender processes, extending our sustainability requirements to our contractors and their subcontractors.

We have achieved a significant transformation in a short period of time, for which we have been recognized with the Procurement Excellence Award for 2024.

Future Outlook

A streamlined and fully digital procurement process will enable us to further expand and roll out our supply chain ESG practices, support the delivery of our Sustainability Roadmap and Carbon Management Plan, and ultimately link more than €50 million of investments by 2030 to sustainable and responsible practices.



Environment



Sustainable Building

Highlights

Increased energy efficiency

- Changed the lights with LED lights in the main building and initiated a switch in the street lighting to reduce electricity consumption.
- Modernized the apron flood lighting system to improve the energy efficiency.
- Developed criteria for Maintenance Repair and Overhaul (MRO) companies (hangars) which include supply chain requirements in construction and are incorporated into our energy efficiency policy.

2023 Progress

Our sustainable development focus for terminal facilities includes automation and smart management systems to enhance energy efficiency. In addition, the efficiency measures can contribute to increased energy security by lessening dependence on external energy sources and providing long-term savings on energy bills. This is why we are also investing in own renewable energy.

We have focused on several key projects for the refurbishment of Terminal 2. In 2023, we have finalized the inventory of equipment and assets for both terminals and based on that, we have signed a new contract for a building management system (BMS) which will add more sensors and will help improve the lighting and heating operations by increasing their energy efficiency. We switch to LED lights in Terminal 2 and we are also looking at improving the street lighting around the airport. We are working hard to adapt the airport to the highest standards available and improve the quality of the lighting and save electricity in the long-term.

A 35-year-old diesel shuttle bus connecting the landside access of Terminal 1 and Terminal 2 throughout the day was replaced with an electrical one. The new bus will reduce energy consumption on short distance drives and idling.

Modernization of the apron flood lighting system (Airside)

We have begun replacing the high-pressure sodium lamps on the apron spotlights with LEDs in 2023, a process that will continue into 2024. Savings will result from the reduction of electrical consumption of each individual light, and from the implementation of apron lighting strategies with the use of a touchscreen centralized lighting control system. The new system allows for remote control, centralized monitoring, and the ability to group/regroup spotlights, as well as switch or dim lights in certain apron areas.

The implementation of these apron lighting strategies, facilitated by a touchscreen centralized lighting control system, is expected to significantly reduce energy consumption. We anticipate an average annual energy reduction of 858 MWh and GHG emissions savings of approximately 336 tons of CO2 per year.

Water saving initiatives

In 2023 we have installed new toilet block on Terminal 2 where we have included the following water optimization activities: the water at the sinks is at an advanced set temperature, water meters are installed in order to prevent leaks and make them easier to detect if any, and all plumbing terminals are fitted with equipment that reduces water flow.

In addition, we initiated a project with Veolia to install three water fountains on Terminal 1 and Terminal 2 (both landside) for passengers to be able to drink and re-fill their reusable bottle with filtered water. This improvement will provide passengers with the possibility to enjoy free drinking water and will ultimately improve the passenger experience.

Environment

As part of our risk management analysis, we have identified the following risks related to sustainable building:

Risk description	Inherent risk score	Residual risk score	Mitigation measures
Potential operational disruption due to inability to find spare parts	8	1.6	Most of the concerns with the spare parts are related to the legacy Baggage Handling System (BHS). Install a new BHS.
Sustainable building standards increase capital costs	8	6.4	Include ESG Team in scope definition for each construction project and sustainable building requirements in the scope for designers and construction companies. For more details on risk mitigation related to sustainable building standards, refer to our climate risks assessment in the Decarbonization and Climate Change chapter.
Project delay caused by unexpected repairs on existing infrastructure	3.6	1.4	Most unexpected repairs are related to the legacy electrical grid, so we plan to increase electrical power contracted and create a new electrical backup.
Increase of operating costs due to indirect exposure to EU Emissions Trading Scheme (ETS) and CBAM influencing prices of energy and materials.	8	4	Construction of PV/ Battery Energy Storage System installation will reduce the risk from market instability or high energy prices. For more details on risk mitigation related to energy pricing, refer to our climate risks assessment in the Decarbonization and Climate Change chapter.
Insufficient waste collection sites due to terminal development and construction and increase of traffic	2.4	1.6	Primarily related to construction of buildings including T2 and T3 projects. The design of new waste locations is included in T2 extension and renovation project and we are identifying new locations for waste collection sites in the master plan.

Future Outlook

We are planning to replace most of our fleet with electric vehicles (EV), therefore we plan to install EV charging stations at the airport. We will also continue our focus on improving the energy efficiency of our buildings and carefully planning the construction of the new Terminal 3 with sustainability in mind.



**Contact for comments
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