

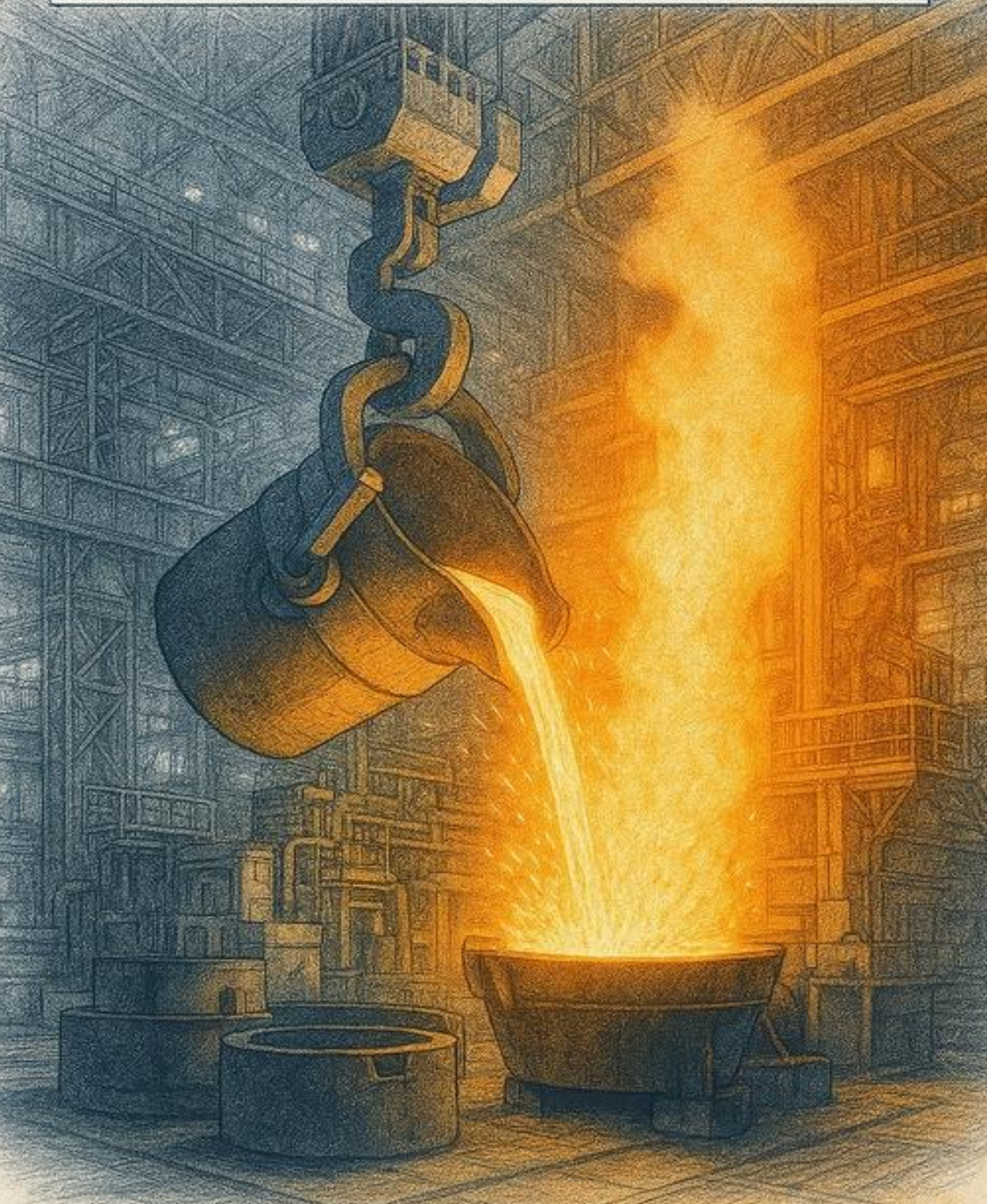


**SUSTAINABLE DEVELOPMENT
REPORT**
COGNOR CAPITAL GROUP
2024

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GENERAL INFORMATION



1. General Information

1.1. ESRS 2 General Disclosures

1.1.1. Basis of Preparation

BP-1 - General Basis for the Preparation of Sustainability Statements

This Sustainability Statement has been prepared in a consolidated form and covers the activities of the COGNOR Capital Group for the financial year from 1 January 2024 to 31 December 2024. The information presented refers to both the upstream and downstream parts of the Group's value chain. The COGNOR Capital Group has not made use of the exemption allowing for the omission of information related to intellectual property, know-how, or the results of innovation.

The Sustainability Report has been prepared in accordance with the applicable provisions of the Act of 6 December 2024 amending the Accounting Act, the Act on Statutory Auditors, Audit Firms and Public Oversight, and certain other acts, as well as Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, together with the Commission Delegated Regulations (EU) 2021/2139 of 4 June 2021, 2021/2178 of 6 July 2021, and 2022/1214 of 9 March 2022. The report also takes into account Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, applicable as of 1 January 2024, supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards.

BP-2 - Disclosures in Relation to Specific Circumstances

During the past financial year, no specific circumstances as defined by the European Sustainability Reporting Standards (ESRS) occurred.

1.1.2. Governance

GOV-1 - Role of the Administrative, Management and Supervisory Bodies

The main governing bodies of Cognor Holding S.A. are the General Meeting, the Supervisory Board, and the Management Board. Additionally, the Company has an Audit Committee whose composition corresponds to that of the Supervisory Board. These principal bodies of the Company perform administrative, supervisory, and managerial functions. Their functioning is governed by the Commercial Companies Code, the Company's Articles of Association, the Rules of Procedure of the Supervisory Board and the Management Board, as well as the corporate governance principles introduced by the Warsaw Stock Exchange in the form of the "Best Practices of WSE Listed Companies 2021".

The Management Board of Cognor Holding S.A. is responsible for directing the Company's operations, managing its assets, representing the Company externally before courts, public authorities, and third parties, and handling all corporate matters not reserved by law or the Articles of Association to the exclusive competence of the Supervisory Board or the General Meeting of Shareholders. The Rules of Procedure of the Management Board define in detail the operating procedures and the scope of matters that may be delegated to individual members of the Management Board.

As of 31 December 2024, the Management Board consists of four members. All Management Board Members are both authorised and obliged to jointly conduct the Company's affairs.

MEMBERS OF THE MANAGEMENT BOARD			
NAME AND SURNAME	POSITION	DATE OF APPOINTMENT IN THE CURRENT TERM	END DATE OF CURRENT TERM
Przemysław Sztuczkowski	President of the Management Board	9 March 2021	9 March 2026
Przemysław Grzesiak	Vice-President of the Management Board	9 March 2021	9 March 2022
Krzysztof Zoła	Member of the Management Board	9 March 2021	9 March 2026
Dominik Barszcz	Member of the Management Board	9 March 2021	9 March 2026

Current information on the Members of the Management Board is available at: <https://cognorholding.eu/o-nas/grupa-cognor/cognor-holding/zarzad/>

The Supervisory Board exercises ongoing supervision over the activities of COGNOR Holding S.A. across all areas of the Company's operations. The Board adopts resolutions in matters provided for by the Commercial Companies Code and the Company's Articles of Association. The detailed rules governing the operation of the Supervisory Board are set out in its Rules of Procedure, the content of which is available on the Company's website: <https://cognorholding.eu/relacje-inwestorskie/lad-korporacyjny%e2%80%a8/>

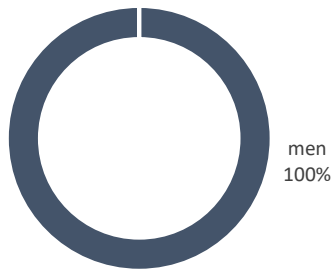
As at 31 December 2024, the Company's Supervisory Board is composed of five members. All Supervisory Board members meet the independence criteria set out in the Best Practices for WSE Listed Companies and the Act on Statutory Auditors. All members of the Supervisory Board are non-executive directors.

MEMBERS OF THE SUPERVISORY BOARD			
NAME AND SURNAME	POSITION	DATE OF APPOINTMENT IN THE CURRENT TERM	END DATE OF CURRENT TERM
Hubert Janiszewski	Chairman of the Supervisory Board	30 June 2021	30 June 2026
Piotr Freyberg	Vice-Chairman of the Supervisory Board	30 June 2021	30 June 2026
Jacek Welc	Member of the Supervisory Board	30 June 2022	30 June 2026

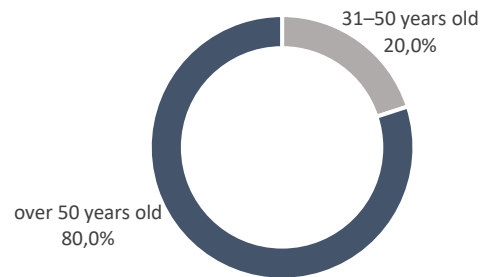
Stanisław Dzienniak	Member of the Supervisory Board	23 November 2022	30 June 2026
Zbigniew Łapiński	Secretary of the Supervisory Board	30 June 2021	30 June 2026

Current information on the members of the Company's Supervisory Board is available at: <https://cognorholding.eu/en/rada-nadzorcza/>.

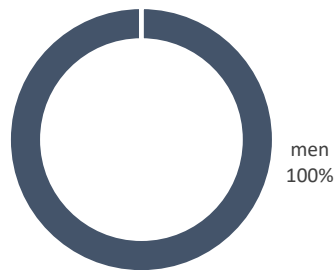
Management Board Members by gender



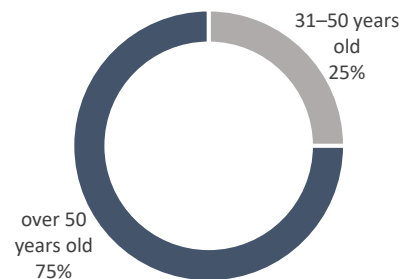
Management Board Members by gender



Members of the Supervisory Board by gender.



Members of the Management Board by Age



GOV-2 – Information Provided to the Administrative, Management and Supervisory Bodies and Sustainability-Related Matters Addressed by Them

Information concerning key impacts, risks, and opportunities, as well as progress made in achieving set objectives across various areas of activity, is systematically communicated by the Director during regular internal meetings. Based on this information, management bodies conduct ongoing analyses that support oversight of strategy implementation, decision-making on key transactions, and effective risk management.

In the decision-making process, the Directors apply principles of responsible management, aiming to balance the interests of the individual Divisions with the expectations of stakeholders.

The management bodies of the Złomrex Division continuously monitor compliance with the Code of Ethics, employee engagement levels, and the implementation of ESG-related activities.

In the PTS Divisions, regular analyses are carried out regarding compliance with adopted ethical standards, the implementation of ESG initiatives, and employee involvement. Quarterly meetings are held to review these areas, including aspects related to organisational culture.

At Cognor Holding S.A. Sp. in line with the principles adopted by the Cognor Capital Group, the management bodies also systematically review compliance with the Code of Ethics, employee engagement, and progress in ESG-related actions.

During the reporting period, no separate list of material impacts, risks, and opportunities specifically addressed by the Management Board was prepared.

The Cognor Group recognises the challenges involved in achieving sustainability objectives. Therefore, it plans to develop comprehensive reporting mechanisms for key ESG-related information to support the administrative, management, and supervisory bodies. Regular reporting to the Supervisory Board, the Management Board, and the Audit Committee will include key ESG indicators, risk and opportunity identification, as well as monitoring of compliance with applicable legal requirements and industry regulations.

At the current stage of implementation, the Cognor Group ensures transparent communication with stakeholders and is adapting its strategic ESG approach in response to a dynamic external environment, drawing on the knowledge and experience of its internal team.

GOV-3 – Integration of Sustainability Performance in Incentive Schemes

At present, the Cognor Capital Group does not operate any incentive schemes or remuneration policies linked to sustainability matters for members of the administrative, management, or supervisory bodies. Should a decision be taken to develop and implement



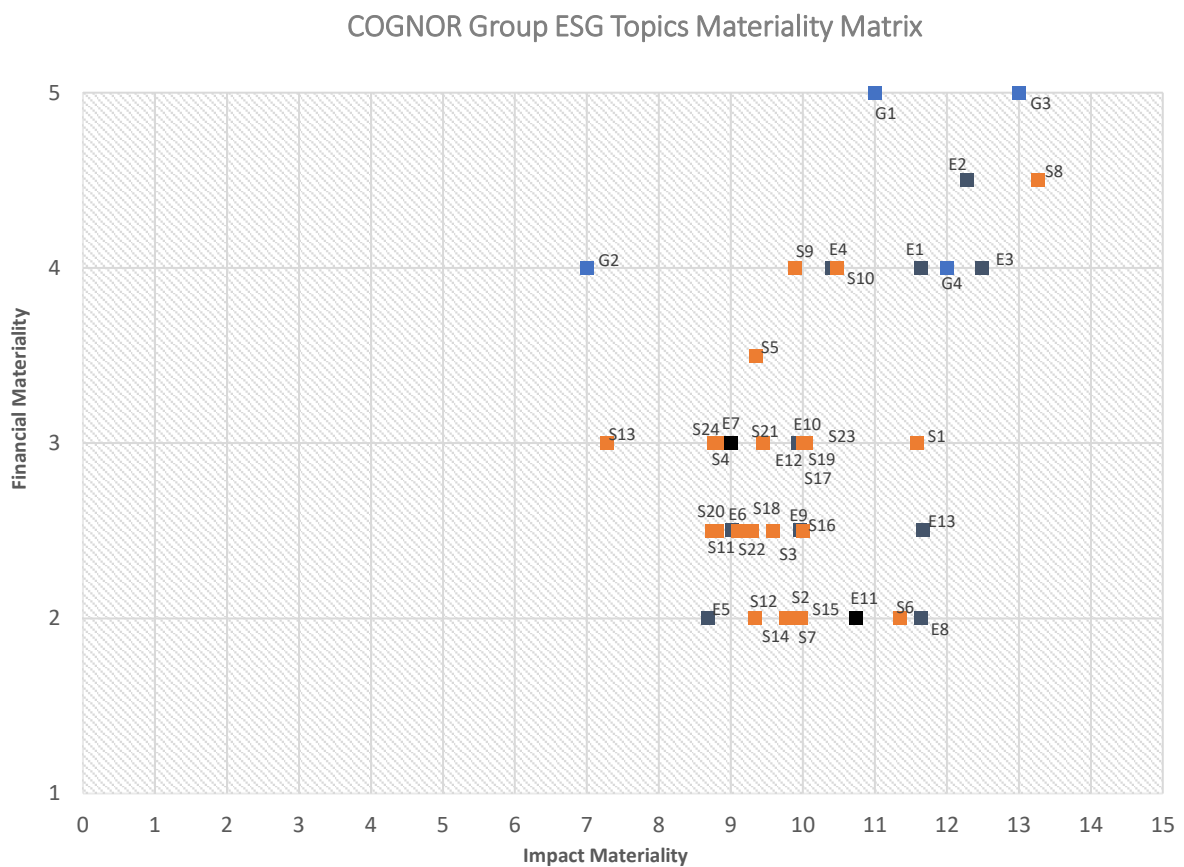
an ESG and decarbonisation strategy, the Group will consider the possibility of integrating sustainability-related elements into its remuneration system. Potential solutions under consideration include, among others:

- bonus mechanisms for management and employees, conditional on the achievement of ESG objectives,
- ESG performance evaluation systems, reflecting achievements in emission reduction, energy efficiency improvement, and social responsibility,
- long-term incentive programmes rewarding progress in the implementation of sustainability commitments,
- incentive schemes for suppliers and business partners supporting alignment with the Group's ESG policy.

GOV-4 – Due Diligence Statement

As part of the double materiality assessment conducted, the Cognor Capital Group carried out one of the key components of the due diligence process, namely the identification of impacts, risks, and opportunities. The Group identified actual and potential, positive, negative, and neutral impacts of its operations on society and the environment. The results of this analysis are presented in Tables 1 to 11.

The materiality matrix presenting impact materiality and financial materiality is shown below



- E1** Actions related to climate change adaptation
- E2** Actions related to climate change mitigation
- E3** Actions to reduce energy consumption
- E4** Actions to reduce air pollution
- E5** Actions to reduce water pollution
- E6** Actions to reduce soil pollution
- E7** Actions concerning the use of potentially hazardous substances
- E8** Actions to reduce water use
- E9** Actions to reduce water abstraction
- E10** Actions to reduce water discharges

- E11** Actions concerning the use of secondary resources
- E12** Actions to reduce the share of secondary resources in finished products
- S1** Actions to reduce waste
- S2** Actions to ensure employment security
- S3** Actions related to working time
- S4** Actions to ensure adequate pay
- S5** Actions supporting social dialogue
- S6** Actions supporting freedom of association
- S7** Actions related to collective bargaining
- S8** Actions to support work-life balance
- S9** Actions to ensure occupational health and safety
- S10** Actions to promote gender equality
- S11** Actions on training and skills development
- S12** Actions related to the employment and inclusion of persons with disabilities
- S13** Actions concerning measures to prevent workplace violence and harassment
- S14** Actions promoting diversity
- S15** Actions to eliminate child labour
- S16** Actions to eliminate forced labour
- S17** Actions to protect employee privacy
- S18** Actions to protect consumer privacy
- S19** Actions supporting freedom of expression
- S20** Actions related to access to information
- S21** Actions to ensure consumer health and safety
- S22** Actions to ensure personal safety
- S23** Actions to prevent discrimination
- S24** Actions to ensure access to products and services
- S25** Actions concerning responsible marketing practices
- G1** Actions related to corporate culture
- G2** Actions related to supplier relations
- G3** Actions to prevent corruption
- G4** Actions concerning corruption incidents

Table 1. Material Impacts, Risks and Opportunities for the COGNOR Group – Area: Climate Change

Area	Material Impact Area	Description of Impact	Direction of Impact	Opportunity	Risk
Climate Change	Climate Change Adaptation	The Positive impact results from conducting core business activities in compliance with legal requirements and from the growing role played by companies engaged in the production of secondary raw materials.	<p>Direction of Impact: Actual Positive</p> <hr/> <p>Scope of Impact: Own Operations</p>	Companies using steel scrap demonstrate greater resilience to disruptions related to limited availability of primary raw materials. This approach reinforces their perception as stable and reliable business partners, which may contribute to increased revenues and a stronger market position.	Changes in the availability of secondary raw materials (e.g. reduced availability of steel scrap) resulting from disruptions in waste management systems.
	Climate Change Mitigation	The negative impact results primarily from high energy and material consumption in production activities.	<p>Direction of Impact: Actual Negative</p> <hr/> <p>Scope of Impact: Own Operations, Value Chain – Customers</p>	Growing market demand for "green" steel.	The risk of energy instability and high energy prices may disrupt production and increase costs in energy-intensive facilities.
	Energy	The negative impact primarily results from the high energy demand in the production processes.	<p>Direction of Impact: Actual Negative</p>	The implementation of low-emission technologies may bring long-term operational savings by reducing energy	1. Changes in the availability of secondary raw materials (e.g. reduced availability of steel scrap) resulting from disruptions in waste

			<p>Scope of Impact:</p> <p>Own Operations, Value Chain – Suppliers</p>	consumption costs.	management systems. 2. Heavy rainfall, storms, or hail may lead to power outages, which directly threaten production continuity in facilities where electricity plays a critical role.
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Table 2. Material Impacts, Risks and Opportunities for the COGNOR Group – Area: Pollution

Area	Material Impact Area	Description of Impact	Direction of Impact	Opportunity	Risk
Pollution	Air Pollution	The negative impact results from dust and gas emissions originating from production processes.	<p>Direction of Impact:</p> <p>Actual Negative</p>	-	Emission of dust and gas pollutants generated during the billet heating and steel production processes, which may lead to exceeding permissible emission limits and negatively affect air quality in the vicinity of the plant.
			<p>Scope of Impact:</p> <p>Own Operations</p>		

Table 3. Material Impacts: Risks and Opportunities of the COGNOR Capital Group – Area: Own Workforce

Area	Material Impact Area	Description of Impact	Direction of Impact	Opportunity	Risk
Own Workforce	Occupational Health and Safety	The positive impact results from the application of advanced health and safety procedures, regular training programmes, and the use of modern personal and collective protective equipment. This approach significantly reduces the risk of	<p>Direction of Impact:</p> <p>Actual Positive</p>	Commitment to improving occupational health and safety conditions contributes to a reduction in the number of accidents and occupational diseases, which may lead to lower insurance-related costs and, at the same time,	The risk of workplace accidents, including slips, trips and falls on the same level; collisions with moving machinery (e.g. loaders, cranes, forklifts); and being struck or crushed by falling objects. Additionally, there is a risk of electric shock when working with

		accidents and negative health outcomes.		reduce the risk of operational downtime.	electrical equipment.
			Scope of Impact: Own Operations		
	Training and Skills Development	The positive impact results from aligning employees' competencies with the rapidly evolving needs of the industry. The company supports professional development through cooperation with local vocational and technical schools, offering internship and apprenticeship programmes for students and graduates, as well as through training initiatives aimed at upskilling current employ	Direction of Impact: Actual Positive	Strengthening cooperation with local vocational and technical schools through internship and apprenticeship programmes provides an opportunity to train future employees in line with the company's needs. The implementation of employee referral programmes and broad access to training—including online courses—enables the systematic development of staff competencies and fosters team engagement. These actions not only mitigate the risk of staffing shortages, but also support the development of long-term competitive advantage based on a stable and skilled human capital base.	The lack of candidates with the required qualifications, certifications, and experience poses a significant risk to the continuity and efficiency of operational processes. Staffing shortages may result in increased workloads for current employees, reduced productivity, and the risk of team overload.
			Scope of Impact: Own Operations		
Own Workforce	Gender Equality and Equal Pay for Work of Equal Value	The positive impact results from the implementation of equal treatment policies and the principle of providing equal	Direction of Impact: Actual Positive	Ensuring equal opportunities and equal pay for work of equal value supports the creation of a fair and inclusive work environment. This approach fosters	Failure to uphold the principles of equal opportunity and equal treatment of all employees may lead to decreased job satisfaction, lower

		pay for the same work.	<p>Scope of Impact:</p> <p>Own Operations</p>	greater employee engagement, job satisfaction, and helps attract and retain talented personnel.	engagement, and underutilisation of the potential of certain staff members. Pay or promotion inequalities may also negatively impact the organisation's reputation.
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Table 4. Material Impacts: Risks and Opportunities of the COGNOR Capital Group – Business Conduct

Area	Material Impact Area	Description of Impact	Direction of Impact	Opportunity	Risk
Business Conduct	Management of Supplier Relationships, Including Payment Practices	The positive impact results from applying transparent principles in cooperation with suppliers and adhering to the highest standards of business ethics, which supports the development of long-term, trust-based relationships.	<p>Direction of Impact:</p> <p>Actual Positive</p> <p>Scope of Impact:</p> <p>Own Operations, Value Chain – Suppliers and Customers</p>	The implementation of secure and anonymous whistleblowing channels enables early identification of irregularities within the organisation, thereby reducing the risk of misconduct and potential legal or regulatory consequences.	-
	Prevention and Detection of Corruption and Bribery, Including Training	The positive impact results from the implementation of effective mechanisms for preventing and detecting corruption and bribery, including mandatory training for	<p>Direction of Impact:</p> <p>Actual Positive</p>	Ensuring protection for whistleblowers contributes to building trust among both employees and external stakeholders. These actions can positively influence the	-

		employees, which raises awareness of business ethics.		company's reputation, strengthen its market credibility, and support the establishment of new business relationships.	
			Scope of Impact: Own Operations		

Table 5: Impact Materiality – Material Impact of the COGNOR Group – Area: Climate Change

Area	Material Impact Area	Description of Impact	Direction of Impact
Climate Change	Climate Change Adaptation	The positive direction of impact results from actions undertaken, such as the use of steel scrap in the production of the main product and the decision to employ Electric Arc Furnace (EAF) technology.	Positive
	Climate Change Mitigation	The negative direction of impact arises from efforts to reduce the generated carbon footprint, including the implementation of solutions aimed at lowering energy demand. However, the activity conducted is not emissions-free	Negative
	Energy	Another negative direction of impact stems from the gradual transition towards renewable energy sources, while the share of energy derived from fossil fuels remains significant.	Negative

Table 6: Impact Materiality: Material Impact of the COGNOR Group – Area: Pollution

Area	Material Impact Area	Description of Impact	Direction of Impact
Pollution	Air Pollution	The negative direction of impact results from actions aimed at reducing air emissions generated during the steel scrap melting process, including the use of appropriate filters.	Negative
	Water Pollution	The negative direction of impact is also associated with measures taken to prevent the release of heavy metals as a result of technological processes.	Negative
	Soil Pollution	Another negative direction of impact arises from actions to prevent substances harmful to soil from seeping into the ground, such as storing waste and hazardous substances on hardened surfaces.	Negative
	Potentially Hazardous Substances	The negative direction of impact also reflects that the COGNOR Group does not exceed permissible limits. Only trace amounts of substances classified as potentially hazardous have been identified in the Group's operations.	Negative

Table 7: Impact Materiality – Material Impact of the COGNOR Group – Area: Water and Marine Resources

Area	Material Impact Area	Description of Impact	Direction of Impact
Water and Marine Resources	Water Consumption	The negative direction of impact results from the use of water in technological processes, where consumption is significant	Negative
	Water Abstraction	The positive direction of impact arises from the implementation of water circulation systems aimed at reducing water abstraction wherever possible.	Positive
	Water Discharges	Another positive direction of impact is linked to the use of closed-loop systems for process water, allowing for its repeated use without the need for discharge into the sewer system, as well as quality monitoring through laboratory testing.	Positive

Table 8: Impact Materiality: Material Impact of the COGNOR Group – Area: Circular Economy

Area	Material Impact Area	Description of Impact	Direction of Impact
Circular Economy	Resource Inflows, including Resource Use	The positive direction of impact results from actions that increase the share of secondary materials in production, contributing to reduced demand for primary raw materials and lowering the environmental footprint of processes.	Positive
	Resource Outflows related to Products and Services	Another positive direction of impact stems from the fact that steel products are manufactured from steel scrap.	Positive
	Waste	The positive direction of impact results from efforts to minimise the amount of waste sent to landfill (disposal). In the long term, the Group focuses primarily on the recycling, recovery, and reprocessing of metals and other production materials. An important element of the circular economy system also includes preventing waste generation by reducing material losses already at the product and process design stage.	Positive

Table 9: Impact Materiality – Material Impact of the COGNOR Group – Area: Own Workforce

Area	Material Impact Area	Description of Impact	Direction of Impact
Own Workforce	Employment Security	The positive direction of impact results from the preference for permanent employment contracts, the implementation of job protection programmes, and social support for departing employees. Individual companies within the Group implement their own solutions aimed at increasing employment security, such as raising wages.	Positive
	Working Time	The positive direction of impact also stems from the Group's recognition of the importance of appropriate working time management as a key factor influencing employee well-being and organisational effectiveness. Solutions are in place to	Positive

		monitor working time, including electronic time-tracking systems, driver cards, attendance lists and system logs.	
	Adequate Pay	Another positive direction of impact arises from the regular review and adjustment of remuneration based on market conditions, internal criteria, and agreements with employee representatives.	Positive
	Freedom of Association, Works Councils, and Workers' Rights to Information, Consultation and Participation	The positive direction of impact is also reflected in the support for employees' freedom of association. The Group not only respects this right but actively encourages its exercise by engaging in regular dialogue, participating in meetings, and encouraging employees to take an active role in representative structures.	Positive
	Collective Bargaining	A further positive direction of impact comes from the Group's commitment to considering employees' needs. Consultations are held with employee representatives prior to making key decisions that may affect employment, organisational structure, work systems, or remuneration conditions.	Positive
	Work-Life Balance	The positive direction of impact is supported by efforts to promote a healthy work-life balance. These include flexible working hours, opportunities for remote or hybrid work, and the implementation of individualised approaches.	Positive
	Occupational Health and Safety	Another positive direction of impact results from preventive and corrective actions, as well as the development of a strong safety culture.	Positive
	Gender Equality and Equal Pay for Work of Equal Value	The positive direction of impact also includes initiatives that foster work-life balance, such as family integration trips and activities that support quality time with family and team relationship building outside of working hours.	Positive
	Training and Skills Development	The positive direction of impact is further enhanced by training and development programmes that improve workplace attractiveness, boost team motivation, and strengthen adaptability to technological and market changes.	Positive
	Employment and Inclusion of Persons with Disabilities	Another positive direction of impact stems from the Group's commitment to providing persons with disabilities with working conditions adapted to their health needs, along with full organisational and social	Positive

		support throughout their employment.	
	Measures to Prevent Violence and Harassment in the Workplace	Finally, the positive direction of impact includes measures aimed at preventing all forms of inappropriate conduct, including sexual, psychological, or physical harassment. This forms an integral part of the Group's organisational culture and is reflected in established procedures and preventive actions.	Positive
	Diversity	The positive direction of impact results from initiatives that promote diversity, including the application of equal pay principles, the promotion of women's participation in the industry, and the inclusion of persons with disabilities.	Positive
	Child Labour	The positive direction of impact also stems from the Cognor Group's Employee Policy, which explicitly prohibits all forms of forced labour, child labour, and human trafficking.	Positive
	Forced Labour	Another positive direction of impact arises from the same policy, which serves as a clear foundation for promoting ethical labour standards across the Group.	Positive
	Privacy	The positive direction of impact is further reinforced by the Cognor Group's overall approach to workforce management, as embedded in its Employee Policy, which promotes fair, respectful, and inclusive working conditions.	Positive

Table 10: Impact Materiality – Material Impact of the COGNOR Group – Area: Consumers and End-Users

Area	Material Impact Area	Description of Impact	Direction of Impact
Consumers and End-Users	Privacy	The positive direction of impact results from the implementation of the GDPR Policy and data encryption practices, which support the right to privacy and information security.	Positive
	Freedom of Expression	Another positive direction of impact arises from the Group's engagement in gathering customer feedback on delivered products and services.	Positive
	Access to (High-Quality) Information	The positive direction of impact is also reflected in the provision of information to customers regarding the quality of the products	Positive

		offered. The right to access reliable information is upheld, including full product traceability and the availability of technical documentation.	
	Occupational Health and Safety	The positive direction of impact results from the support for employees' freedom of association. The COGNOR Group not only respects this right but also actively promotes its realisation through regular dialogue, participation in meetings, and encouragement of employees to take an active role in representative structures.	Positive
	Personal Safety	The positive direction of impact is reinforced by high-quality technical control, including state-of-the-art laboratories and an advanced metallographic testing line, enabling 100% inspection of steel product technical parameters.	Positive
	Non-Discrimination	Another positive direction of impact results from established mechanisms that allow customers and end-users to report concerns, complaints, and non-conformities, as well as ensuring appropriate follow-up and corrective actions.	Positive
	Access to Products and Services	The positive direction of impact results from the use of standardised ordering channels for all customers. The COGNOR Group primarily supplies its products to industrial clients (B2B), who then place the products on the market or use them in other sectors.	Positive
	Responsible Marketing Practices	The positive direction of impact is supported by measures that protect the right to reliable information, including full product traceability and comprehensive technical documentation.	Positive

Table 11: Impact Materiality – Material Impact of the COGNOR Group – Area: Business Conduct

Area	Material Impact Area	Description of Impact	Direction of Impact
Consumers and End-Users	Corporate Culture	The positive direction of impact results from the implementation of internal principles in this area, including the Code of Ethics, the Whistleblowing System, anti-corruption training, and other related measures.	Positive
	Prevention and Detection, including Training	Another positive direction of impact stems from the adoption of key governance	Positive

		tools such as the Whistleblowing System, anti-corruption training programmes, and the Policy on Counteracting Corruption and Bribery.	
	Incidents	The positive direction of impact is further supported by mechanisms for monitoring areas potentially exposed to incidents, as well as the absence of any confirmed incidents in 2024.	Positive

GOV-5 – Risk Management and Internal Controls Over Sustainability Reporting

In the past reporting year, the COGNOR Capital Group did not operate an integrated or standalone risk management system or internal control mechanisms specifically addressing sustainability-related aspects. In the 2024 financial year, no new assessment or control methods were introduced in this area, and existing practices continued to be applied. It should be noted, however, that individual divisions identify and manage ESG-related risks.



At Cognor S.A. Ferrostal Łabędy Division, a climate impact assessment process is in place, including a detailed analysis of greenhouse gas emissions and the identification of areas for potential reduction. This process also takes into account applicable and evolving climate regulations, enabling ongoing alignment of actions with legal and market requirements.

Cognor S.A. Złomrex Division in Wrocław conducts an assessment of its climate impact by analysing risks associated with climate policy, energy costs, and emission levels. At the same time, actions aimed at reducing these risks are identified, forming an integral part of the Division’s environmental management approach.

Full oversight of risks, opportunities, and impacts is exercised by the Management Board of the Company, in line with the description provided under GOV-2 – Information Provided to the Administrative, Management and Supervisory Bodies and Sustainability-Related Matters Addressed by Them in this section. Risks, opportunities, and impacts were identified through the double materiality assessment and the data collection process carried out as part of sustainability reporting.

The assessment of the Sustainability Report falls within the remit of the Supervisory Board, which maintained oversight of the sustainability reporting process during its preparation.

1.1.3. Strategy

SBM-1 – Strategy, Business Model and Value Chain

The current business strategy of the COGNOR Group does not include sustainability matters. However, the management teams of individual sites have developed sustainability-related objectives that align with global decarbonisation efforts. At this stage, the COGNOR Group does not have a formal document constituting an ESG Strategy or a Decarbonisation Strategy.

As part of its climate objectives, Cognor S.A. has committed to actions aligned with the global goal of limiting temperature rise to 1.5°C, as set out in the Paris Agreement. One of the key elements of the Group’s climate action is the ambition to achieve net zero emissions by no later than 2050, accompanied by the establishment of interim targets.

The Ferrostal Łabędy Division in Gliwice aims to reduce CO₂ emissions by 15% by 2030 compared to the 2020 baseline. Measures in place include increasing the share of renewable energy in production processes, optimising raw material usage, and systematically improving the energy efficiency of the facilities.

In parallel, the Złomrex Division in Wrocław is undertaking initiatives to reduce greenhouse gas emissions by gradually phasing out coal in heating processes across its branches. In its place, more efficient and low-emission energy solutions are being introduced, marking a significant step towards the Group’s broader energy transition.



At Cognor S.A. Ferrostal Łabędy Branch in Gliwice, decarbonisation efforts encompass a range of actions aimed at reducing the carbon footprint both within the company’s own operations and across the entire value chain. Key initiatives include the modernisation of electric furnaces to more energy-efficient models,

increased use of secondary raw materials through improved scrap recycling processes, and the gradual transition to renewable energy sources in production. In addition, actions are being taken to reduce Scope 3 emissions, including strengthening collaboration with raw material suppliers and promoting more sustainable practices within their operations.

Meanwhile, at Cognor S.A. Złomrex Division in Wrocław, efforts are focused on reducing emissions from heating processes, primarily by eliminating or minimising coal use and implementing modern, energy-efficient technological solutions. Furthermore, there are plans to optimise logistics processes in order to reduce fuel consumption and lower transport-related emissions, forming an important part of the Group’s climate strategy.

One of the key elements supporting the low-emission transition plan at Cognor S.A. Złomrex Division in Wrocław is investment in a modern logistics fleet. The purchase of energy-efficient and more environmentally friendly vehicles will help reduce air pollutant emissions, while also improving operational efficiency and optimising transport processes within the Division’s activities.

Business Model and Value Chain of the COGNOR Capital Group

The Cognor Group operates based on a **vertically integrated business model**, covering all stages of the value chain – from the sourcing and processing of scrap metal, through the production of semi-finished products, to final goods. The Group’s operations are located in strategic areas of Poland and the Czech Republic, with processes optimised for energy efficiency and minimal environmental impact.

Each year, COGNOR Capital Group sources approximately **584,500 tonnes of steel scrap**, of which over **93% is used internally**. The company produces steel billets (483,083 t), most of which are processed within the Group into finished products (253,534 t) – a testament to the high level of internal material integration. This process reduces the consumption of natural resources and greenhouse gas emissions, aligning with the principles of the circular economy.

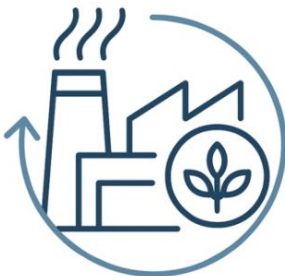
The Cognor Group applies **Electric Arc Furnace (EAF)** technology, which uses steel scrap as **100% of the input material**, significantly distinguishing it from the globally dominant **Basic Oxygen Furnace (BOF)** technology, which primarily uses iron ore and coke.

Thanks to the use of EAF technology, Cognor not only reduces its carbon footprint but also enhances operational flexibility and decreases dependency on primary raw materials, whose availability and pricing are highly sensitive to geopolitical and climate fluctuations.

The **closed-loop production system**, in which steel scrap is transformed into semi-finished and then final products, is a key element of Cognor Group’s sustainability strategy. It enables:

- reduction in the use of primary raw materials,
- reduction of greenhouse gas emissions,
- reduction of industrial waste.

Operational Structure and Key Division Locations:



- **Złomrex (PL)** – Scrap steel sourcing and processing
- **Ferrostal Łabędy – Gliwice (PL)** and **HSJ – Stalowa Wola (PL)** – Production of semi-finished products
- **JAP – Třinec (CZ)** – Production of electrodes and graphite components used in the melting process
- **Final processing divisions (Katowice, Zawiercie/Siemianowice, Kraków, Stalowa Wola)** – Production of merchant bars, reinforcement bars, square bars and steel plates

Supply Chain:

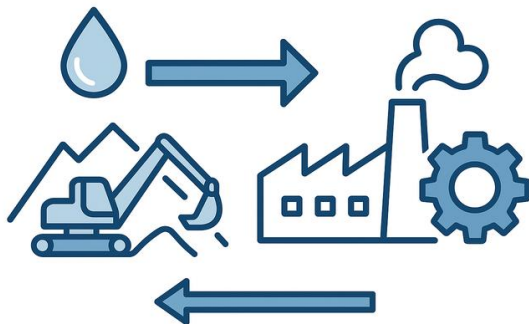
Raw Material Used

Recycled steel scrap is the primary raw material used in the production of finished products. The majority of this material comes from the domestic market and is sourced through a diversified supplier base.

Raw Material Sourcing

Steel scrap is sourced through the Group's own scrap collection network, which consists of 14 divisions located across Poland, as well as a network of cooperating local scrap collection points. Scrap suppliers for the Group also include entities that serve as primary sources of this raw material, such as industrial plants and scrap yards, which act as collection points for entities engaged in the recovery of industrial scrap. The Group's divisions are equipped with specialised tools necessary for the collection, processing, and dispatch of scrap. Raw material sourcing is mainly handled by the Złomrex Division in Wrocław, which performs basic processing of the material through torch cutting or pressing.

Raw Material Transport



Most of the sourced scrap is delivered directly by suppliers to the Group's steel plants. The remaining scrap is transported to the Group's divisions using its own fleet for further processing and enhancement, and subsequently shipped to the plants either by internal or subcontracted transport.

The PTS Division in Kraków, due to the specific nature of its operations, supports the internal logistics processes within the Cognor Group (road transport of semi-finished and steel products).

Raw Material Storage

The acquired scrap is stored at the Group's sites until it is either sold to customers or used in the steel plants for the production of semi-finished and final products. The Group maintains a scrap inventory sufficient to cover its production capacity for approximately 2–3 weeks. This allows for continuity of production while enabling efficient inventory management during production planning.

Procurement of Other Production Materials

Ferrous alloys, electrodes, refractory materials, and other production inputs are sourced from a range of domestic and international suppliers. These materials are acquired either under one-off agreements negotiated prior to each transaction or under long-term contracts that provide supply stability and predefined commercial terms.

Production Process

The Group uses Electric Arc Furnace (EAF) technology in its production process, which involves melting scrap metal using a high-powered electric arc. According to data from the World Steel Association, in 2020, 32.3% of global crude steel production was carried out using the technology employed by the Group. In contrast, the remaining share of production is carried out using the Basic Oxygen Furnace (BOF) method, which involves producing steel in a converter furnace using pig iron obtained from a blast furnace, with iron ore and coking coal as the primary inputs. Up to 30% of steel scrap may be added to the pig iron, which is a high-carbon iron alloy.

EAF is a more modern and energy-efficient technology (with a favourable energy balance due to the lower weight of input material) compared to BOF, and it is significantly less harmful to the environment. As a result, its importance in the global market has been growing rapidly in recent years.

The EAF-based production stage is carried out at the Ferrostal Łabędy Division in Gliwice and the HSJ Division in Stalowa Wola. Meanwhile, the rolling mills in the Ferrostal Łabędy Divisions in Kraków and Zawiercie are responsible for producing hot-rolled long steel products.

The OM Szopienice Division in Katowice is also involved in production activities, manufacturing bronze semi-finished products sold both domestically and internationally, as well as galvanising fluxes sold on the domestic market.

Sales

The Group's sales are carried out both in the domestic and international markets, primarily within Europe. Products are mainly supplied to entities operating in the construction and automotive sectors. The Group's leading products include ribbed reinforcing bars for concrete reinforcement and quality steel bars (SQ bars).

SBM-2 – Interests and Views of Stakeholders



Building lasting relationships with stakeholders, based on trust, openness and mutual respect, is a cornerstone of the responsible management model adopted by the Cognor Capital Group. Dialogue with both internal and external stakeholders plays a key role in decision-making processes and in defining the company's development directions, particularly in the context of achieving social, environmental and economic objectives.

Cognor Group consistently strives to take into account the needs and expectations of its stakeholders in key strategic activities. Collaboration based on partnership and accountability contributes to strengthening the organisational culture, building a positive corporate image and fostering long-term trust in the Group. Open communication enables the collection of valuable feedback, which supports the adaptation of the business strategy to dynamically changing market and regulatory conditions.

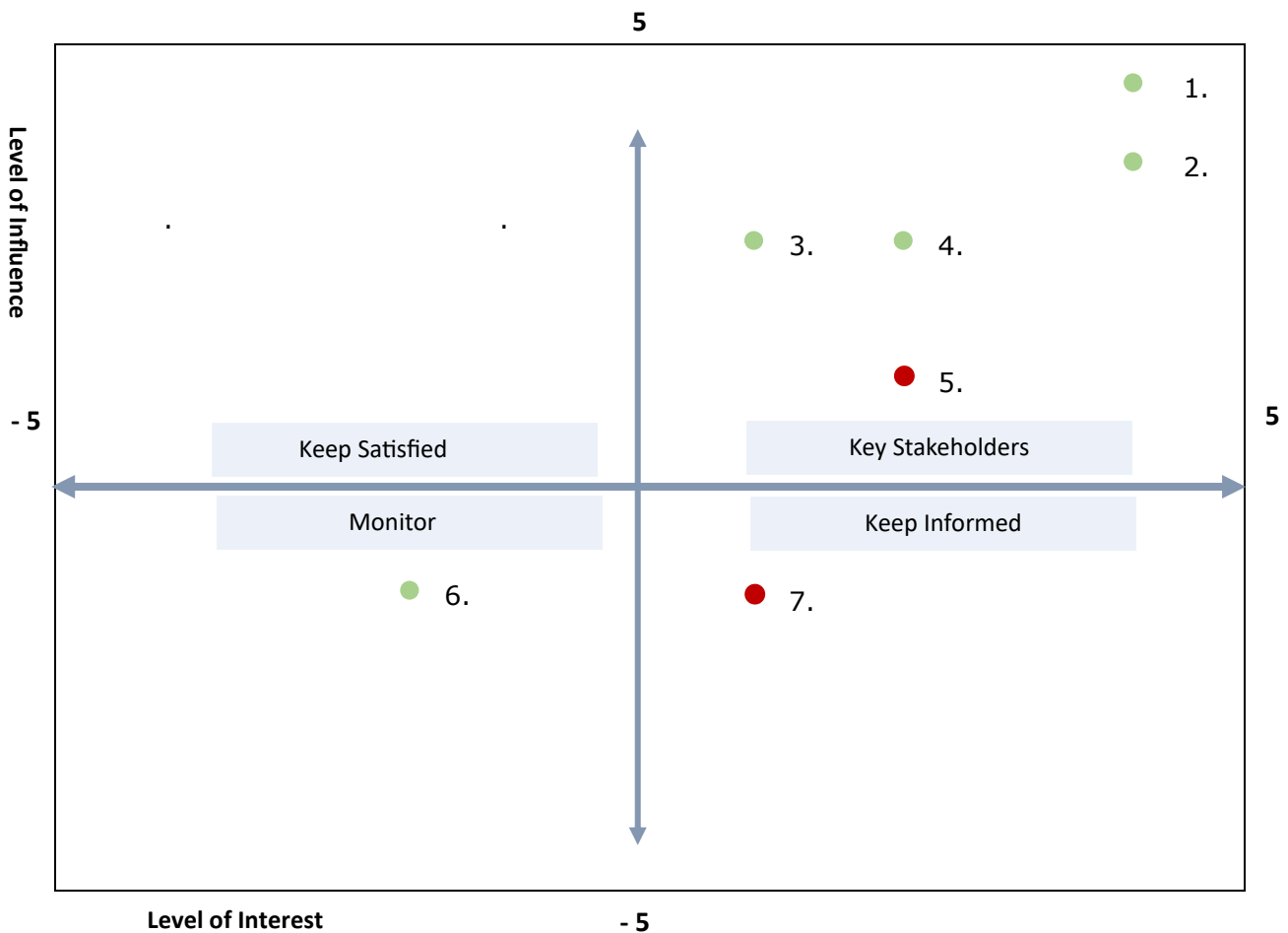
To approach stakeholder relationship management systematically, Cognor Group applies the recognised methodology of G. Johnson and K. Scholes. This approach allows

stakeholders to be classified according to their level of influence on the organisation and their level of interest. Such a structure enables precise tailoring of communication activities to specific needs and identification of priority groups requiring special engagement.

As a result of the analysis, a **stakeholder matrix** has been developed that visualises the strength and nature of the influence exerted by each group (positive, neutral, or negative) on Cognor Group’s operations. This tool supports effective relationship management and helps identify key areas requiring regular communication, consultation or cooperation.

Additionally, an analysis was conducted regarding the nature of relationships, expectations, and communication channels and formats used with stakeholders, taking into account the most frequently raised topics in those interactions. Based on this, a table was developed to present the diversity of stakeholders and the scope of their interests, which Cognor Group regularly addresses in its activities.

Stakeholder Matrix



Type of Influence:

- Positive
- Neutral
- Neutral

Stakeholder Groups

- | | |
|---|--|
| <ul style="list-style-type: none"> 1. Investor Community 2. Suppliers and Customers 3. Employees and Management 4. Other Stakeholders | <ul style="list-style-type: none"> 5. Natural Environment 6. Social Partners 7. Competitors |
|---|--|

COGNOR Capital Group actively engaged its stakeholders in the double materiality assessment process, enabling them to express their views on key issues related to social matters, labour topics, climate change, ethics, and environmental aspects.

The responses to the questionnaire were collected anonymously. A total of 434 responses were received from the following stakeholder groups:

1. Employee (242)
2. Member of Management (43)
3. Supplier (90)
4. Subcontractor (5)
5. Customer (40)
6. Shareholder (2)
7. Equity Holder (2)
8. Local Community (1)
9. Social Partner (0)
10. Media (0)
11. Industry Organisations (0)
12. Financial Institutions (6)
13. Public Administration (2)
14. Competitor (1)
15. Other Stakeholder (0)



For Cognor PTS Division in Kraków, responses were received from the following stakeholder groups:

1. Employee (13)
2. Member of Management (4)
3. Supplier (3)
4. Subcontractor (2)
5. Customer (2)
6. Shareholder (0)
7. Equity Holder (0)
8. Local Community (0)
9. Social Partner (0)
10. Media (0)
11. Industry Organisations (0)
12. Financial Institutions (1)
13. Public Administration (2)
14. Competitor (0)
15. Other Stakeholder (0)

For Cognor Holding S.A., Cognor S.A., Cognor Holding Spółka Komandytowa, Cognor BSS Division in Poraj, and Cognor International Finance PLC, responses were received from the following stakeholder groups:

1. Employee (33)
2. Member of Management (10)
3. Supplier (31)
4. Subcontractor (2)
5. Customer (12)
6. Shareholder (2)
7. Equity Holder (2)
8. Local Community (0)
9. Social Partner (0)
10. Media (0)
11. Industry Organisations (0)
12. Financial Institutions (4)
13. Public Administration (0)
14. Competitor (0)
15. Other Stakeholder (0)

For Cognor HSJ Division in Stalowa Wola, Cognor Ferrostal Łabędy Division in Kraków, Cognor Ferrostal Łabędy Division in Zawiercie, Cognor Ferrostal Łabędy Division in Gliwice, Cognor OM Szopienice Division in Katowice, and Cognor Ferrostal Division in Siemianowice Śląskie, responses were received from the following stakeholder groups:

1. Employee (148)
2. Representative of the Management Staff (30)
3. Supplier (67)
4. Subcontractor (2)
5. Customer (20)
6. Shareholder (0)
7. Stakeholder (0)
8. Local Community (0)
9. Social Partner (0)
10. Media (0)
11. Industry Organisations (0)
12. Financial Institutions (3)
13. Public Administration (0)
14. Competitor (0)
15. Other Stakeholders (0)

For Jap Industries s.r.o., responses were obtained from the following stakeholder groups:

1. Employee (55)
2. Representative of the Management Staff (5)
3. Supplier (4)
4. Subcontractor (0)
5. Customer (3)
6. Shareholder (0)
7. Stakeholder (0)

8. Local Community (1)
9. Social Partner (0)
10. Media (0)
11. Industry Organisations (0)
12. Financial Institutions (2)
13. Public Administration (0)
14. Competitor (0)
15. Other Stakeholders (0)

For Cognor Złomrex Branch in Wrocław, responses were obtained from the following stakeholder groups:

1. Employee (26)
2. Representative of the Management Staff (12)
3. Supplier (12)
4. Subcontractor (0)
5. Customer (6)
6. Shareholder (0)
7. Stakeholder (0)
8. Local Community (0)
9. Social Partner (0)
10. Media (0)
11. Industry Organisations (0)
12. Financial Institutions (4)
13. Public Administration (0)
14. Competitor (1)
15. Other Stakeholders (0)

Additionally, in the course of analysing the impact of Cognor Capital Group's activities, the **natural environment** was also taken into account as a so-called "**silent stakeholder**" – one that cannot directly express its views, yet remains crucial from the perspective of long-term socio-environmental impact.

The voices and expectations of other stakeholders played a significant role in shaping the outcomes of the **double materiality assessment**, influencing both the final scope and content of the Non-Financial Information Statement. Stakeholder participation in this process served not only a consultative purpose, but also affirmed the Group's commitment to a transparent and participatory approach to ESG reporting.

Cognor Group engages in **systematic, multi-level dialogue with stakeholders**, with particular emphasis on relations with employees, suppliers, customers, and investors. Key communication channels include, among others:

- **Meetings with staff**, enabling the exchange of information, identification of needs, and the opportunity to raise concerns.
- **Commercial discussions and relations with suppliers**, serving as a platform to address quality matters, sustainable supply chain issues, and long-term cooperation.



- **General Meetings**, which provide an opportunity for direct contact with investors and key business partners, and help to foster transparency in ownership relations.

Table 12. Stakeholder Groups and Type of Engagement

Stakeholder Group	Type of Engagement	Topics Raised by Stakeholders
Shareholders and Equity Holders	<ul style="list-style-type: none"> • Current and periodic reports • Annual reports • Corporate website • General Meetings • One-on-one meetings • Conferences and teleconferences • Telephone contact • Double materiality assessment • Sustainability report 	<ul style="list-style-type: none"> • The Company's financial standing • Operational clarity and transparency • Business strategy and corporate objectives • ESG and decarbonisation strategy • Risk management • Dividend policy and capital allocation • Development initiatives • Market and macroeconomic outlook • Corporate values
Employees and Management Staff	<ul style="list-style-type: none"> • Direct conversations with supervisors • Ongoing performance evaluations • Training sessions and workshops • Team-building meetings • Social engagement programmes (volunteering) • Internal email communications • Double materiality assessment • Sustainability report 	<ul style="list-style-type: none"> • Business strategy and corporate objectives • ESG and decarbonisation strategy • Operational strategies • Remuneration policy • Human rights • Professional development • Support and employee benefits • Family-friendly policies • Job stability and security • Internal communication • Team management • Working environment and occupational safety
Suppliers, Subcontractors, and Customers	<ul style="list-style-type: none"> • Website: www.GKCOGNOR.com.pl • Annual report • Business relationships • Industry meetings and trade fairs • Double materiality assessment • Sustainability report 	<ul style="list-style-type: none"> • Payment terms • Commercial conditions • Ordering process and logistics • Development of cooperation, transparent rules of engagement and supplier selection • Conditions for delivery acceptance and complaints • Joint industry initiatives • Quality of offered products • Planned product development • New products and promotions • Satisfaction with collaboration
Social Partners, Local Community, and Industry Organisations	<ul style="list-style-type: none"> • Participation in community events • Volunteering programmes • Conferences • Direct meetings • Patronage and sponsorship • Double materiality assessment • Sustainability report 	<ul style="list-style-type: none"> • Financial support • Joint social initiatives • Sustainability, environmental and climate protection • Education and public awareness • Social responsibility in business • Social partnerships and relationships with local communities
Competitors	<ul style="list-style-type: none"> • Current and periodic reports • Annual reports • Corporate website • Press conferences • Sustainability report 	<ul style="list-style-type: none"> • Financial results • Business strategy and corporate objectives • ESG and decarbonisation strategy • Market strategy • Clients and business partners • Development initiatives • Company image • Corporate values

Financial Institutions and Public Administration	<ul style="list-style-type: none"> • Current and periodic reports • Annual reports • Sustainability report • Dedicated reports required by law 	<ul style="list-style-type: none"> • Company’s financial standing • Operational transparency • Compliance with laws and regulations
Media	<ul style="list-style-type: none"> • Current and periodic reports • Annual reports • Corporate website • Press conferences • Sustainability report 	<ul style="list-style-type: none"> • Financial results • Business strategy and corporate objectives • ESG and decarbonisation strategy • Market strategy • Clients and business partners • Development initiatives • Company image • Corporate values
Natural Environment	<ul style="list-style-type: none"> • Legal requirements • Scientific research findings • Sustainability reports • Climate change reports • Environmental impact assessments 	<ul style="list-style-type: none"> • Emission and waste reduction • Protection of natural resources • Environmental monitoring and reporting • Climate adaptation • Climate change mitigation • Sustainable development

SBM-3 – Significant Impacts, Risks and Opportunities and Their Interrelation with the Strategy and Business Model

1. The Double Materiality Assessment Process

As part of the double materiality assessment, the impact of **COGNOR Capital Group’s** activities on **sustainable development** was evaluated, taking into account **environmental, social, and governance (ESG) aspects**. The analysis then examined whether these impacts could, in the short, medium, or long term, become **financially** material.

The assessment considered both **risks and opportunities** that arise directly from these impacts, as well as those that—although not directly linked to ESG—may nonetheless affect the Company’s financial position.

The assessment covered two dimensions:

- **Impact materiality** – assessed how the Company’s activities affect the environment and society, both within its own operations and across the value chain.
- **Financial materiality** – analysed ESG-related risks and opportunities that may influence the Company’s financial position, including its **revenues, costs, assets, and liabilities**.



2. Materiality Assessment Criteria

The double materiality assessment was carried out based on three main criteria:

1. Issues material from the perspective of impact on the environment and society.
2. Issues material from the financial perspective.
3. Issues material from both perspectives.

The assessment considered key ESG areas such as the environment, society, and corporate governance over **short-, medium-, and long-term horizons**. As a result, the **most important ESG aspects** were identified, which will be reported in the sustainability statement.

3. Course of the Double Materiality Assessment

The analysis was carried out in several stages:

1. **Context analysis** – identification of the business context, analysis of the business model and value chain, assessment of the regulatory environment, and identification of key stakeholders.
2. **Identification of material ESG issues** – determining potential impacts, risks, and opportunities within the company's own operations and across the value chain.
3. **Assessment and prioritisation of ESG issues** – evaluating the materiality of impacts, risks, and opportunities with respect to both impact materiality and financial materiality.
4. **Reporting of results** – preparation of documentation describing the process and outcomes of the assessment.

The study was conducted between **19 December 2024 and 21 February 2025**, in cooperation with the external consulting firm KAPITAŁ INTELEKTUALNY Sp. z o.o.

4. Methodology of the Assessment

The research process was aligned with the requirements of the **Corporate Sustainability Reporting Directive (CSRD)** and the **European Sustainability Reporting Standards (ESRS)**, in accordance with the principle of **double materiality**.

The assessment took into account:

- **Impact materiality** – i.e. the Company's impact on sustainable development, both within its own operations and across the value chain.
- **Financial materiality** – i.e. the influence of ESG factors on the Company's operations, financial performance, access to financing, and cost of capital.

The analysis also covered issues listed in **Article 16 of Annex A to ESRS 1**, which includes a list of approximately **90 sustainability matters**, grouped into topics, sub-topics, and sub-sub-topics aligned with the ESRS framework.

Risks and opportunities, along with their expected timing of impact, are presented in Tables 13 to 16.

Table 13. Significant Impact, Risks and Opportunities – Area: Climate Change

Opportunity	Timeframe of impact – opportunity	Risk	Timeframe of impact – opportunity
Steel scrap-based enterprises are more resilient to disruptions caused by limited availability of primary raw materials. This approach strengthens their image as stable and reliable business partners, which may lead to increased revenues and enhanced market position.	- Short-term to Medium-term	Changes in the availability of secondary raw materials (e.g. reduced availability of steel scrap) due to disruptions in waste management systems.	- Short-term to Medium-term
Increased market demand for 'green' steel.	- Medium-term to Long-term	Risk of energy instability and high energy prices, which may disrupt production and increase costs in energy-intensive facilities.	- Short-term to Medium-term
Implementation of low-emission technologies may bring long-term operational savings by reducing energy consumption costs.	- Short-term to Medium-term	Changes in the availability of secondary raw materials (e.g. reduced availability of steel scrap) resulting from disruptions in the waste management system. Heavy rainfall, storms, or hail may cause power outages, directly threatening the continuity of production in manufacturing plants where electricity plays a key role.	- Short-term to Medium-term

Table 14. Significant Impact, Risks and Opportunities – Area: Pollution

Opportunity	Timeframe of impact – opportunity	Risk	Timeframe of impact – opportunity
-	-	Dust and gas emissions generated during billet heating and steel production processes may exceed permissible emission standards and negatively affect air quality in the vicinity of the facility	- Short-term to Medium-term

Table 15: Significant Impact, Risks and Opportunities – Area: Workforce Resources

Opportunity	Timeframe of impact – opportunity	Risk	Timeframe of impact – opportunity
Efforts to improve occupational health and safety contribute to a reduction in the number of accidents and occupational illnesses, which can lead to lower insurance-related costs and simultaneously reduce the risk of operational downtime.	- Short-term to Medium-term	The risk of workplace accidents, including slipping, falling on the same level, being struck by moving machinery (e.g. loaders, cranes, forklifts), and being hit or crushed by falling objects. There is also a risk of electric shock when working with electrical equipment.	- Short-term to Medium-term
Developing cooperation with local vocational and technical schools through internship and trainee programmes offers the opportunity to train future employees in line with the company's needs. Implementing employee referral schemes and providing broad access to training – including online courses – enables the systematic development of workforce competencies and strengthens team engagement. These initiatives not only mitigate the risk of staff shortages but also support the creation of long-term competitive advantage based on a stable and skilled human capital base.	- Short-term to Medium-term	A lack of candidates with the required qualifications, certifications, and experience represents a significant risk to the continuity and efficiency of operational processes. Staff shortages may lead to an increased workload for existing employees, decreased productivity, and the risk of team burnout.	-
Ensuring equal opportunities and equal pay for work of equal value supports the development of a fair and inclusive working environment. Such an approach fosters greater engagement, job satisfaction, and the ability to attract and retain talented employees.	- Short-term to Medium-term	Failure to uphold the principles of equal opportunity and fair treatment of all employees may result in decreased job satisfaction, reduced engagement, and underutilisation of some employees' potential. Pay or promotion inequalities may also negatively affect the organisation's reputation.	- Short-term to Medium-term

Table 16: Significant Impact, Risks and Opportunities – Area: Business Conduct

Opportunity	Timeframe of impact – opportunity	Risk	Timeframe of impact – opportunity
Implementing secure and anonymous whistleblowing channels enables early identification of irregularities within the organisation, thereby reducing the risk of misconduct and potential legal and regulatory consequences.	- Short-term to Medium-term	-	-
Providing protection to whistleblowers contributes to building trust among both employees and external stakeholders. These actions may have a positive impact on the company's reputation, enhance its market credibility, and support the	- Short-term to Medium-term	-	-

development of new business relationships.			
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1.1.4. Management of Impacts, Risks and Opportunities

1.1.4.1. Disclosed Information Regarding the Materiality Assessment Process

IRO-1 – Description of the processes used to identify and assess material impacts, material risks, and material opportunities

As part of the double materiality assessment carried out in line with the requirements of the European Sustainability Reporting Standards (ESRS), material impacts, risks, and opportunities in the ESG area were identified. The analysis covered both COGNOR Capital Group’s own operations and its value chain. The direction of the impact was determined – i.e. how the organisation affects its environment and vice versa – along with whether these effects were positive or negative. A scale from 0 to 5 was used to assess the type, extent, and likelihood of the individual impacts. The assessment was based on the topics and subtopics defined in the ESRS thematic standards. For improved contextual understanding, each issue was considered in relation to both the organisation’s own operations and its value chain.



The double materiality assessment was conducted in multiple stages. It included a stakeholder survey among randomly selected individuals, as well as qualitative and quantitative research with COGNOR Capital Group’s management staff and key employees. Assessments were also carried out by external experts engaged by the consultancy firm Kapitał Intelktualny Sp. z o.o. Additionally, the analysis took into account environmental factors, treating the natural environment as a “silent stakeholder”.

In the context of financial materiality, key risks and opportunities were identified across each of the ESRS-defined topics and subtopics. The scale of potential financial consequences and their likelihood of occurrence were also determined.

The final list of material topics was established as a result of this comprehensive double materiality assessment. The entire process was overseen by the expert advisory firm Kapitał Intelktualny Sp. z o.o.

1.1.5. List of Requirements Met

Table 17. Appendix C: Disclosure and Application Requirements Set Out in the Thematic ESRS and Applicable in Relation to ESRS 2 – General Disclosures

Disclosure Requirement under ESRS 2	Related ESRS Reference	Location in the Report
GOV-1 Role of the administrative, management, and supervisory bodies	ESRS <i>G1 Business Conduct</i> (point 5)	4.1. ESRS G1 Business Conduct 4.1.1. ESRS 2 GOV-1 Role of the administrative, supervisory, and management bodies
GOV-3 Integration of sustainability-related performance in incentive schemes	ESRS <i>E1 Climate Change</i> (point 13)	2.2. ESRS E1 Climate Change 2.2.1. Governance GOV-3 Integration of sustainability-related performance in incentive schemes
SBM-2 Interests and views of stakeholders	ESRS <i>S1 Own Workforce</i> (point 12)	3. Social Matters 3.1. ESRS S1 Own Workforce 3.1.1. Strategy ESRS 2 SBM-2 Interests and views of stakeholders
	ESRS <i>S2 Workers in the Value Chain</i> (point 9)	Not applicable – The Company has not identified any significant negative impact on workers in the value chain.
	ESRS <i>S3 Affected Communities</i> (point 7)	Not applicable – The Company has not identified any significant impact on affected communities; therefore, these do not influence the business model or strategy.
	ESRS <i>S4 Consumers and End-users</i> (point 8)	3.2. ESRS S4 Consumers and End-users 3.2.1. Strategy ESRS 2 SBM-2 Interests and views of stakeholders
SBM-3 Material impacts, risks and opportunities, and their interrelation with the strategy and business model	ESRS <i>E1 Climate Change</i> (points 18–19)	2.2. ESRS E1 Climate Change 2.2.2. Strategy ESRS 2 SBM-3 Material impacts, risks and opportunities, and their interrelation with the strategy and business model
	ESRS <i>E4 Biodiversity and Ecosystems</i> (point 16)	Not applicable – The Company has not identified any significant negative impact on biodiversity-sensitive areas.
	ESRS <i>S1 Own Workforce</i> (points 13–16)	3. Social Matters 3.1. ESRS S1 Own Workforce 3.1.1. Strategy ESRS 2 SBM-3 Material impacts, risks and opportunities, and their interrelation with the strategy and business model
	ESRS <i>S2 Workers in the Value Chain</i> (points 10–13)	Not applicable – The Company has not identified any significant negative impact on workers in the value chain.
	ESRS <i>S3 Affected Communities</i> (points 8–11)	Not applicable – The Company has not identified any significant actual or

		potential impact on communities.
	ESRS S4 Consumers and End-users (points 9–12)	3.2. ESRS S4 Consumers and End-users 3.2.1. Strategy ESRS 2 SBM-3 Material impacts, risks and opportunities, and their interrelation with the strategy and business model
IRO-1 Description of the processes to identify and assess material impacts, risks, and opportunities	ESRS E1 Climate Change (points 20–21)	2.2. ESRS E1 Climate Change 2.2.3. Impact, Risk, and Opportunity Management ESRS 2 IRO-1 Description of the processes to identify and assess climate-related material impacts, risks, and opportunities
	ESRS E2 Pollution (point 11)	2.3. ESRS E2 Pollution 2.3.1. Impact, Risk, and Opportunity Management ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks, and opportunities related to pollution
	ESRS E3 Water and Marine Resources (point 8)	2.4. ESRS E3 Water and Marine Resources 2.4.1. Impact, Risk, and Opportunity Management ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks, and opportunities related to water and marine resources
	ESRS E4 Biodiversity and Ecosystems (points 17–19)	Not applicable – The Company has not identified any significant negative impact on biodiversity-sensitive areas.
	ESRS E5 Resource Use and Circular Economy (point 11)	Not applicable – The Company has not identified any significant negative impact on areas sensitive to circular economy considerations.
	ESRS G1 Business Conduct (point 6)	4.1. ESRS G1 Business Conduct 4.1.2. Impact, Risk, and Opportunity Management ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks, and opportunities

1.1.6. List of Data Points

IRO-2 – Disclosure requirements under the ESRS included in the undertaking’s sustainability statement

Table 18. List of datapoints included in the cross-cutting and topical standards that derive from other EU legislation

The table below indicates the data included in the Statement that result from the mandatory disclosures of the cross-cutting and topical standards set out in **ESRS 2, Appendix B**.

Disclosure requirement and related data point	Miejsce w Sprawozdaniu
ESRS 2 GOV-1 Gender diversity of board members point 21(d)	1.1 ESRS 2 General Disclosures 1.1.2 Governance GOV-1 – Role of the administrative, management, and supervisory bodies
ESRS 2 GOV-1 Percentage of independent board members point 21(e)	1.1 ESRS 2 General Disclosures 1.1.2 Governance GOV-1 – Role of the administrative, management, and supervisory bodies
ESRS 2 GOV-4 Due diligence statement point 30	1.1 ESRS 2 General Disclosures 1.1.2 Governance GOV-1 – Role of the administrative, management, and supervisory bodies
ESRS 2 SBM-1 Involvement in fossil fuel-related activities point 40(d)(i)	Not applicable – The Company does not engage in fossil fuel-related activities
ESRS 2 SBM-1 Involvement in chemical production point 40(d)(ii)	Not applicable – The Company does not engage in chemical production
ESRS 2 SBM-1 Involvement in controversial weapons-related activities point 40(d)(iii)	Not applicable – The Company does not engage in controversial weapons-related activities
ESRS 2 SBM-1 Involvement in tobacco cultivation and production point 40(d)(iv)	Not applicable – The Company does not engage in tobacco cultivation or production
ESRS E1-1 Transition plan to achieve climate neutrality by 2050 point 14	2.2 ESRS E1 Climate Change 2.2.2 Strategy E1-1 – Transition plan for climate change mitigation

<p>ESRS E1-1 Entities excluded from the scope of Paris-aligned benchmarks point 16(g)</p>	<p>2.2 ESRS E1 Climate Change 2.2.2 Strategy E1-1 – Transition plan for climate change mitigation</p>
<p>ESRS E1-4 Greenhouse gas emissions reduction targets point 34</p>	<p>2.2 ESRS E1 Climate Change 2.2.4 Metrics and Targets E1-4 – Targets related to climate change mitigation and adaptation</p>
<p>ESRS E1-5 Consumption of fossil-based energy disaggregated by source (for sectors with significant climate impact only) point 38</p>	<p>2.2 ESRS E1 Climate Change 2.2.4 Metrics and Targets E1-5 – Energy consumption and energy mix</p>
<p>ESRS E1-5 Energy consumption and energy mix point 37</p>	<p>2.2 ESRS E1 Climate Change 2.2.4 Metrics and Targets E1-5 – Energy consumption and energy mix</p>
<p>ESRS E1-5 Energy intensity linked to activities in sectors with significant climate impact points 40–43</p>	<p>2.2 ESRS E1 Climate Change 2.2.4 Metrics and Targets E1-5 – Energy consumption and energy mix</p>
<p>ESRS E1-6 Gross Scope 1, 2, and 3 GHG emissions and total GHG emissions point 44</p>	<p>2.2 ESRS E1 Climate Change 2.2.4 Metrics and Targets E1-6 – Gross Scope 1, 2 and 3 GHG emissions and total GHG emissions</p>
<p>ESRS E1-6 Gross GHG emissions intensity points 53–55</p>	<p>2.2 ESRS E1 Climate Change 2.2.4 Metrics and Targets E1-6 – Gross Scope 1, 2 and 3 GHG emissions and total GHG emissions</p>
<p>ESRS E1-7 GHG removals and carbon credits point 56</p>	<p>Not applicable – The Company does not carry out such activities</p>
<p>ESRS E1-9 Portfolio exposure to physical climate-related risks point 66</p>	<p>Not applicable</p>
<p>ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risks point 66(a)</p>	<p>Not applicable</p>
<p>ESRS E1-9 Location of material assets exposed to significant physical risks point 66(c)</p>	<p>Not applicable</p>
<p>ESRS E1-9 Breakdown of property book value by energy efficiency classes point 67(c)</p>	<p>Not applicable</p>

ESRS E1-9 Degree of portfolio exposure to climate-related opportunities point 69	Not applicable
ESRS E2-4 Quantity of each pollutant listed in Annex II of the E-PRTR Regulation released to air, water, and soil point 28	2.3. ESRS E2 – Pollution 2.3.2 Metrics and Targets ESRS E2-4 – Air, Water and Soil Pollution
ESRS E3-1 Water and marine resources point 9	The Company does not have a policy related to water resource management
ESRS E3-1 Dedicated policy point 13	Not applicable – The Company has no sites located in water- stressed areas
ESRS E3-1 Sustainable practices related to seas and oceans point 14	Not applicable
ESRS E3-4 Total amount of water recycled and reused – point 28(c)	Not applicable
ESRS E3-4 Total water consumption in m³ per net revenue from own operations point 29	2.4. ESRS E3 Water and Marine Resources 2.4.2 Metrics and Targets ESRS E3-4 Water Consumption
ESRS 2 IRO1-E4 point 16(a)(i)	Not applicable – no activities are carried out that negatively impact areas sensitive in terms of biodiversity
ESRS 2 IRO1-E4 point 16(b)	Not applicable – no such negative impacts have been identified
ESRS 2 IRO1-E4 point 16(c)	Not applicable – there is no impact on endangered species
ESRS E4-2 Sustainable land/agriculture practices or policies point 24(b)	Not applicable – the company has not adopted sustainable land/agriculture practices or policies
ESRS E4-2 Sustainable ocean/marine policies or practices point 24(c)	Not applicable – the company has not adopted sustainable ocean/marine practices or policies
ESRS E4-2 Policies aimed at preventing deforestation point 24(d)	Not applicable – the company has not adopted a deforestation prevention policy
ESRS E5-5 Non-recycled waste point 37(d)	Not applicable
ESRS E5-5 Hazardous and radioactive waste point 39	Not applicable
ESRS 2 SBM-3-S1 Risk of occurrences of forced labour point 14(f)	Not applicable
ESRS 2 SBM-3-S1 Risk of occurrences of child labour point 14(g)	Not applicable

ESRS S1-1 Commitments related to policies on the respect of human rights point 20	3.1.2 Management of Impacts, Risks and Opportunities S1-1 – Policies Related to Own Workforce
ESRS S1-1 Due diligence strategies regarding matters covered by ILO Core Conventions Nos. 1–8 point 21	Not applicable
ESRS S1-1 Procedures and measures to prevent human trafficking point 22	Not applicable
ESRS S1-1 Policy or management system to prevent occupational accidents point 23	3.1.2 Management of Impacts, Risks and Opportunities S1-1 – Policies Related to Own Workforce
ESRS S1-3 Grievance mechanisms point 32(c)	3.1.2 Management of Impacts, Risks and Opportunities S1-3 – Processes for Mitigating Negative Impacts and Internal Employee Grievance Mechanisms
ESRS S1-14 Number of work-related fatalities and number and rate of work-related injuries point 88(b) and (c)	3.1.3 Metrics and Targets S1-14 – Occupational Health and Safety Indicators
ESRS S1-14 Number of lost days due to injuries, accidents, fatalities or illnesses point 88(e)	3.1.3 Metrics and Targets S1-14 – Occupational Health and Safety Indicators
ESRS S1-16 Unadjusted gender pay gap point 97(a)	3.1.3 Metrics and Targets S1-16 – Remuneration Indicators (Gender Pay Gap and Total Compensation)
ESRS S1-16 Excessive CEO pay ratio point 97(b)	3.1.3 Metrics and Targets S1-16 – Remuneration Indicators (Gender Pay Gap and Total Compensation)
ESRS S1-17 Instances of discrimination point 103(a)	3.1.3 Metrics and Targets S1-17 – Incidents, Grievances and Significant Impacts on Human Rights Compliance
ESRS S1-17 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD Guidelines point 104(a)	3.1.3 Metrics and Targets S1-17 – Incidents, Grievances and Significant Impacts on Human Rights Compliance
ESRS 2 SBM-3-S2 Significant risk of occurrences of child labour or forced labour in the value chain point 11(b)	Not applicable
ESRS S2-1 Commitments relating to policies on the respect of human rights point 17	Not applicable
ESRS S2-1 Policies relating to workers in the value chain point 18	Not applicable

<p>ESRS S2-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD Guidelines point 19</p>	Not applicable
<p>ESRS S2-1 Due diligence strategies concerning matters covered by ILO Core Conventions Nos. 1–8 point 19</p>	Not applicable
<p>ESRS S2-4 Human rights issues and incidents linked to upstream and downstream value chain actors point 36</p>	Not applicable
<p>ESRS S3-1 Commitments relating to policies on the respect of human rights point 16</p>	Not applicable
<p>ESRS S3-1 Non-compliance with the UN Guiding Principles on Business and Human Rights, ILO principles or OECD Guidelines point 17</p>	Not applicable
<p>ESRS S3-4 Human rights issues and incidents point 36</p>	Not applicable
<p>ESRS S4-1 Policy relating to consumers and end-users point 16</p>	<p>3.3.2 Management of Impacts, Risks and Opportunities</p> <p>S4-1 – Policies Relating to Consumers and End-users</p>
<p>ESRS S4-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD Guidelines point 17</p>	<p>3.3.2 Management of Impacts, Risks and Opportunities</p> <p>S4-1 – Policies Relating to Consumers and End-users</p>
<p>ESRS S4-4 Human rights issues and incidents point 35</p>	<p>3.3.2 Management of Impacts, Risks and Opportunities</p> <p>S4-4 – Actions Taken to Address Significant Impacts on Consumers and End-users, and Approaches Used to Manage Significant Risks and Leverage Opportunities Related to Consumers and End-users, Including the Effectiveness of Such Actions</p>
<p>ESRS G1-1 United Nations Convention against Corruption point 10(b)</p>	<p>4.1.2 Management of Impacts, Risks and Opportunities</p> <p>G1-3 – Prevention and Detection of Corruption and Bribery</p>
<p>ESRS G1-1 Whistle-blower protection point 10(d)</p>	<p>4.1.2 Management of Impacts, Risks and Opportunities</p> <p>G1-1 – Corporate Culture and Business Conduct Policies</p>
<p>ESRS G1-4 Fines for breaches of anti-corruption and anti-bribery legislation point 24(a)</p>	<p>4.1.2 Management of Impacts, Risks and Opportunities</p> <p>G1-4 – Confirmed Incident of Corruption or Bribery</p>

<p>ESRS G1-4 Anti-corruption and anti-bribery standards point 24(b)</p>	<p>4.1.2 Management of Impacts, Risks and Opportunities</p> <p>G1-4 – Confirmed Incident of Corruption or Bribery</p>
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MDR-P Policies – Policies Adopted to Manage Material Sustainability-related Matters

As part of the management of ESG impacts, risks and opportunities, the COGNOR Capital Group has implemented and applies integrated policies and procedures in the areas of quality, environment, and occupational health and safety. These policies govern the activities of the COGNOR Group and its individual branches in terms of minimising environmental impact, ensuring high service quality, and safeguarding the health and safety of employees and contractors.

Tables 19 to 24 provide overviews of key certifications, systems, as well as policies and procedures related to ESG areas.

Table 19. Certifications and Systems of the COGNOR Capital Group

COGNOR Capital Group Division	Name of System / Certificate	Certified (Yes/No)	Data		Name of Certifying Body
			certification	recertification	
COGNOR S.A. HSJ Division in Stalowa Wola	Quality Management System in accordance with ISO 9001:2015	Yes	09.09.2021	08.09.2024	RINA
COGNOR S.A. HSJ Division in Stalowa Wola	Quality Management System in accordance with IATF 16949:2016	Yes	09.09.2021	08.09.2024	CISQ AUTOMOTIVE
COGNOR S.A. HSJ Division in Stalowa Wola	Environmental Management System in accordance with ISO 14001:2015	Yes	23.09.2022	22.09.2025	TUV NORD
COGNOR S.A. HSJ Division in Stalowa Wola	Energy Management System in accordance with ISO 50001:2018	Yes	23.09.2022	22.09.2025	TUV NORD
COGNOR S.A. HSJ Division in Stalowa Wola	Internal Control System (compliant with the requirements specified in Article 11(2) of the Act of 29 November 2000 on the trading of goods, technologies, and services of strategic importance for national security and for maintaining international peace and security)	Yes	12.06.2023	11.06.2026	CENTRUM CERTYFIKACJI JAKOŚCI
COGNOR S.A. HSJ Division in Stalowa Wola	Quality Management System in accordance with AQAP 2110	Yes	12.06.2023	11.06.2026	CENTRUM CERTYFIKACJI JAKOŚCI
COGNOR S.A. HSJ Division in Stalowa Wola	DNV-GL Certificate	Yes	25.08.2022	30.06.2025	DNV
COGNOR S.A. HSJ Division in Stalowa Wola	UKCA Certificate	Yes	08.06.2022	23.03.2025	HPI-CEproof
COGNOR S.A. HSJ Division in Stalowa Wola	LRS Certificate	Yes	26.03.2021	26.03.2024	Lloyd's Register

COGNOR S.A. HSJ Division in Stalowa Wola	ABS Certificate	Yes	25.04.2023	06.05.2028	American Bureau of Shipping
COGNOR S.A. HSJ Division in Stalowa Wola	PED Certificate concerning the Manufacturer's Quality Assurance System under Directive 2014/68/EU on pressure equipment	Yes	23.03.2023	23.03.2026	TÜV Thüringen
COGNOR S.A. HSJ Division in Stalowa Wola	Factory Production Control Certificate (FPC) (CPR) Factory production control in accordance with DIN EN 10025-1:2005	Yes	01.05.2020	30.04.2026	TÜV Thüringen
Cognor S.A. Ferrostal Łabędy Division in Kraków	ISO 9001	Yes	1999	09.05.2025	TUV RHEINLAND
Cognor S.A. Ferrostal Łabędy Division in Kraków	ISO 14001	Yes	2004	09.05.2025	TUV RHEINLAND
Cognor S.A. Ferrostal Łabędy Division in Kraków	ISO 45001	Yes	2021	30.03.2024	TUV RHEINLAND
Cognor S.A. Ferrostal Łabędy Division in Gliwice	Management System in accordance with PN-EN ISO 14001:2015	Yes	16.07.2022	15.07.2025	TUV NORD Polska Sp. z o.o.
Cognor S.A. Ferrostal Łabędy Division in Gliwice	Management System in accordance with PN-EN ISO 9001:2015	Yes	16.07.2022	15.07.2025	TUV NORD Polska Sp. z o.o.
Cognor S.A. Ferrostal Łabędy Division in Gliwice	Approval for shipbuilding steel – DNV-GL	Yes	02.08.2021	30.06.2024	DNV
Cognor S.A. Ferrostal Łabędy Division in Gliwice	Approval for shipbuilding steel – LRS	Yes	29.03.2023	28.03.2026	Lloyds Register
Cognor S.A. Ferrostal Łabędy Division in Gliwice	Quality Assurance System for material manufacturer in accordance with Directive 2014/68/EU	Yes	01.06.2023	31.05.2026	TUV Rheinland
COGNOR S.A. Ferrostal Łabędy Division in Zawiercie	Management System in accordance with PN-EN ISO 14001:2015	Yes	16.07.2022	15.07.2025	TUV NORD Polska Sp. z o.o.
COGNOR S.A. Ferrostal Łabędy Division in Zawiercie	Certificate of Conformity Factory Production Control Certificate	Yes	Indefinite validity, audited annually, February 2023	Audited annually, February 2024	ZETOM Katowice
COGNOR S.A. Ferrostal Łabędy Division in Zawiercie	DNV Certificate	Yes	28.12.2021	31.12.2024	DNV
COGNOR S.A. OM Szopienice Division in Katowice	ISO 9001:2015	Yes	25.11.2003	13-14.01.2025	POLSKI REJESTR STATKÓW S.A.

JAP INDUSTRIES S.r.o.	Quality Management System in accordance with ISO 9001:2015	Yes	1.6.1999	1.6.2023	LRQA
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Table 20. Environmental Due Diligence Policies and Procedures

KEY ENVIRONMENTAL POLICIES, PROCEDURES, INSTRUCTIONS, AND OTHER DOCUMENTS IMPLEMENTED IN THE DIVISIONS OF THE COGNOR CAPITAL GROUP	
Cognor S.A. Ferrostał Łabędy Division in Kraków	1) Quality, Environmental and Occupational Health & Safety Policy – Cognor S.A. Ferrostał Łabędy Division in Kraków
Cognor S.A. Ferrostał Łabędy Division in Gliwice	1) Quality and Environmental Policy 2) System Procedures: <ul style="list-style-type: none"> ▪ PS:6.1-01 Environmental Aspects; ▪ PS:8.1-01 Environmental Protection; ▪ PS: 9.2-01 Internal Quality Audits; ▪ PS: 9.3-01 Management Review. 3) Work Procedures: <ul style="list-style-type: none"> ▪ PP: 8.1-01.01 zGeneral Director’s Order PM-01 on CO₂ Emissions Monitoring; ▪ PP:8.1-01.02 Procedure PM-02 – Supervision of the CO₂ Emissions Monitoring Plan Implementation at Cognor S.A. Ferrostał Łabędy Division in Gliwice
COGNOR S.A. Ferrostał Łabędy Division in Zawiercie	1) Quality and Environmental Policy 2) Quality Manual WB_Ed. VII-2019 3) Emergency Response Plan 4) System Procedures: <ul style="list-style-type: none"> ▪ PS 6.1-01 Environmental Aspects; ▪ PS-WB-06 Process Control; ▪ PS-WB-09 Sampling for Laboratory Testing.
Cognor S.A. HSJ Division in Stalowa Wola	1) Integrated Management System Policy – in accordance with ISO 14001:2015 requirements 2) Risk and Opportunity Analysis – assessment of risks and opportunities generated by the HSJ Division and its processes 3) KUP 14001 – Environmental Aspects, Compliance Assessment 4) Environmental Aspects for the HSJ Division 5) Environmental Aspects, Compliance Assessment 6) List of Applicable Legal Requirements for the HSJ Division in the Area of Environment 7) Process Identification Sheet No. 15: Environment and Energy 8) IS/3.18/HRE/HSJ – Waste Management Procedure at COGNOR S.A. HSJ Division in Stalowa Wola 9) CO ₂ Emissions Monitoring System Procedures
Cognor S.A. OM Szopienice Division in Katowice	1) Environmental Policy of the OM Szopienice Division in Katowice
Cognor S.A. Złomrex Division	1) Waste Storage Instruction 2) Waste Management Procedure
Cognor S.A. PTS Division in Kraków	1) Quality, Environmental and Occupational Health & Safety Policy – Cognor S.A. Ferrostał Łabędy Division in Kraków 2) System Procedures: <ul style="list-style-type: none"> ▪ PS.1 Identification of and Access to Legal and Other Requirements ▪ PS.2 Identification of Environmental Aspects ▪ PS.3 Internal and External Communication ▪ PS.4 Environmental Objectives, Targets and Management Programmes ▪ PS.5 Operational Control ▪ PS.6 Emergency Preparedness and Response ▪ PS.7 Waste Management ▪ PS.8 Environmental Monitoring and Measurement

Table 21. Social Due Diligence Policies and Procedures – Quality

KEY SOCIAL ASPECT – QUALITY POLICIES, PROCEDURES, INSTRUCTIONS, AND OTHER DOCUMENTS IMPLEMENTED IN THE DIVISIONS OF THE COGNOR CAPITAL GROUP

Cognor S.A. Ferrostał Łabędy Division in Kraków	1) Quality Management System in accordance with ISO 9001:2015
Cognor S.A. Ferrostał Łabędy Division in Gliwice	1) Management System in accordance with PN-EN ISO 9001:2015 2) Manufacturer's Quality Assurance System in accordance with Directive 2014/68/EU
COGNOR S.A. Ferrostał Łabędy Division in Zawiercie	1) Certificate of Conformity – Factory Production Control 2) DNV-GL Certificate
Cognor S.A. HSJ Division in Stalowa Wola	1) Quality Management System in accordance with ISO 9001:2015 2) Quality Management System in accordance with IATF 16949:2016 3) Quality Management System in accordance with AQAP 2110
Cognor S.A. OM Szopienice Division in Katowice	1) Quality Management System in accordance with ISO 9001:2015
Złomrex Division in Wrocław	1) Policy on the Implementation of GDPR Principles

Table 22. Social Due Diligence Policies and Procedures – Employees

KEY SOCIAL ASPECT – EMPLOYEE POLICIES, PROCEDURES, INSTRUCTIONS, AND OTHER DOCUMENTS IMPLEMENTED IN THE DIVISIONS OF THE COGNOR CAPITAL GROUP	
Cognor S.A. Ferrostał Łabędy Division in Kraków	1) Work Regulations – Kraków, October 2018 2) Remuneration Regulations – Kraków, October 2018 3) Integrated Management System in accordance with ISO 9001, ISO 14001, PN-N 18001 <ul style="list-style-type: none"> ▪ [PQS.7] [III] Review of Quality, Environmental and Occupational Health & Safety Management Systems ▪ [PQS.5] [III] Development, Implementation of Changes, and Dissemination of Procedures ▪ PQS.1] [V] Training, Awareness, Competence 4) Occupational Risk Assessment Sheet
Cognor S.A. Ferrostał Łabędy Division in Gliwice	1) Labour Code 2) Remuneration Regulations 3) Work Regulations 4) Internal Procedures
COGNOR S.A. Ferrostał Łabędy Division in Zawiercie	1) Quality and Environmental Policy 2) Personal Data Protection and Security Policy 3) IT Systems Management Instruction
Cognor S.A. PST Division in Kraków	1) Work Regulations 2) Remuneration Regulations 3) Company Social Benefits Fund Regulations 4) Periodic Employee Evaluation Regulations 5) Employee Referral Programme 6) Anti-Mobbing Procedure 7) Remote Work Regulations
Cognor S.A. OM Szopienice Division in Katowice	1) Employee Remuneration Regulations 2) Employee Work Regulations
Złomrex Division in Wrocław	1) Employee Investment Policy
Cognor S.A. HSJ Division in Stalowa Wola	1) New Employee Onboarding Instruction
JAP INDUSTRIES s.r.o. JAP	1) Internal Regulations S-01 – Organisational Rules 2) S-45/25 Reporting Misconduct, S-34/13 Working Hours, S-40/18 Handling Job Applications, S-42/18 Personal Data Protection, S-37/16 Leave, S-39/17 Additional Pension Insurance, S-36/16 Employee Catering, S-43/20 Partial Unemployment, S-35 Remuneration and Benefits, S-38/16 Language Education 3) Instructions Issued by the Company's Managing Directors

Table 23. Social Due Diligence Policies and Procedures – Occupational Health and Safety (OHS)

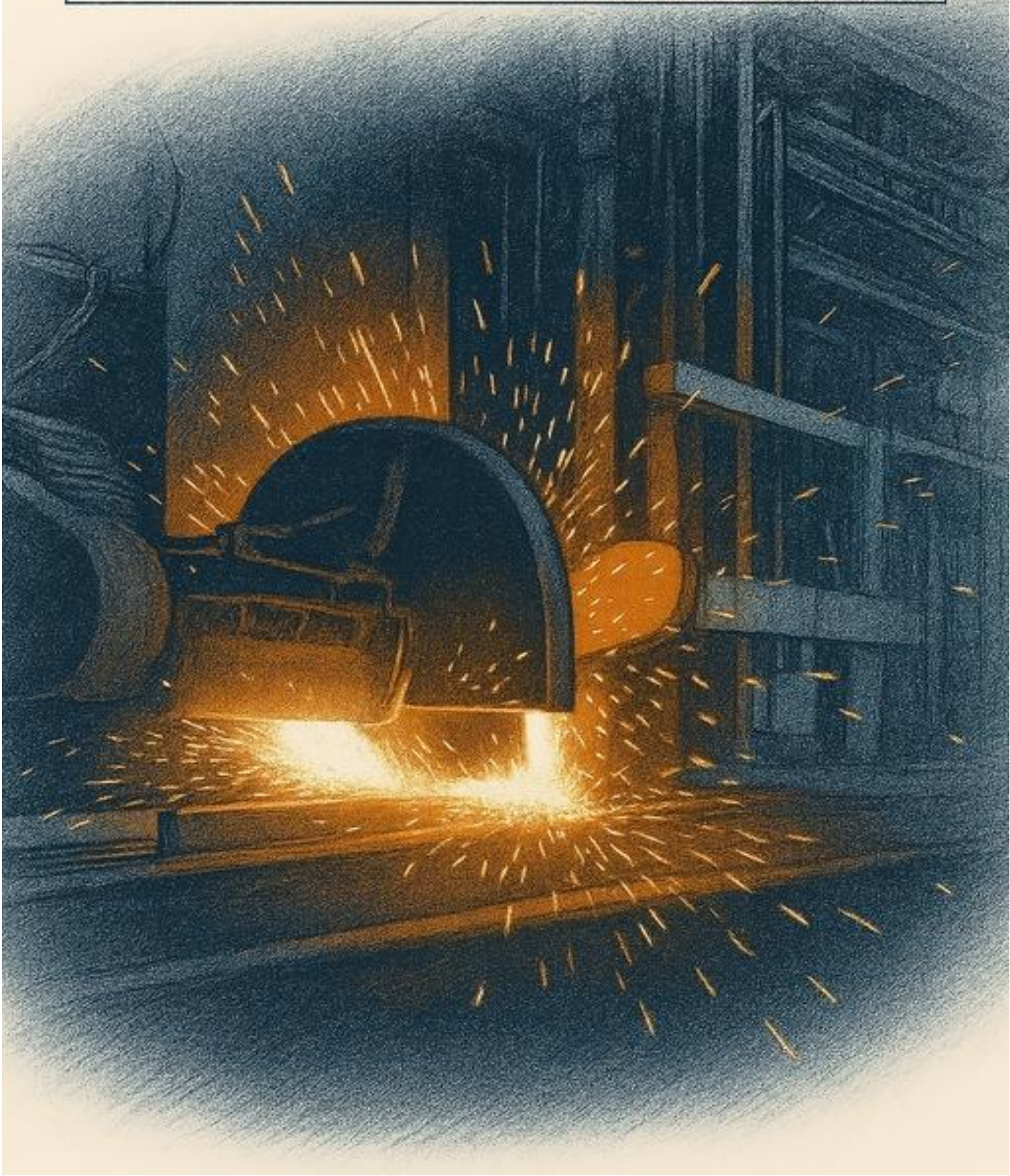
KEY OCCUPATIONAL HEALTH AND SAFETY (OHS) POLICIES, PROCEDURES, INSTRUCTIONS, AND OTHER DOCUMENTS IMPLEMENTED IN THE DIVISIONS OF THE COGNOR CAPITAL GROUP	
Cognor S.A. Ferrostal Łabędy Division in Kraków	<ol style="list-style-type: none"> 1) Integrated Quality, Environmental and Occupational Health & Safety Management System 2) Safety Policy 3) Occupational Health and Safety Monitoring Procedure 4) Occupational Risk Assessment Procedure
Cognor S.A. Ferrostal Łabędy Division in Gliwice	<ol style="list-style-type: none"> 1) General OHS Instruction for Employees of Ferrostal Łabędy 2) Job-specific OHS Instructions 3) Procedure for Developing Occupational Risk Assessments 4) OHS Rules for Contractors Operating on the Premises of Ferrostal Łabędy 5) Information Boards on Workwear and Personal Protective Equipment
COGNOR S.A. Ferrostal Łabędy Division in Zawiercie	<ol style="list-style-type: none"> 1) Job and Equipment Operating Instructions
Cognor S.A. HSJ Division in Stalowa Wola	<ol style="list-style-type: none"> 1) Procedures for Employee Induction Training 2) Procedures for Occupational Risk Assessment at Workstations 3) Procedures for Safety and Crisis Management – Defence Action Plan 4) Procedures and Rules for Preparing Post-Accident Documentation
Cognor S.A. PST Division in Kraków	<ol style="list-style-type: none"> 1) General OHS Instruction 2) Instruction for Determining the Causes and Circumstances of Workplace Accidents 3) OHS Training Instruction 4) Instruction for Hazard Identification and Occupational Risk Assessment 5) OHS Instructions for Workstations
Złomrex Division in Wrocław	<ol style="list-style-type: none"> 1) Accident Handling Procedure 2) Procedure for Transferring an Employee to Another Position 3) Safe Work Instructions 4) Regulations on the Allocation of Workwear, Personal Protective Equipment, and Compensation for Laundry Costs 5) Procedure: "Scrap Unloading from Container" 6) Procedure: "OHS Assessment of All Planned Changes in Technological Processes or Equipment Design" 7) Employer's Order on OHS Training 8) Fire Safety Instructions 9) List of Particularly Hazardous Work
JAP INDUSTRIES s.r.o. JAP	<ol style="list-style-type: none"> 1) Written Instructions for Accessing and Moving on Rooftops Within the Company Premises 2) Protection of Non-Smokers from the Effects of Tobacco Smoke on Company Premises 3) Measures for Responding to Extraordinary Events 4) Work Regulations Specify the Rights and Obligations of the Employer and Employees in Accordance with Legal Standards in the Czech Republic 5) Employee Training and Medical Qualifications

Table 24. Due Diligence Policies and Procedures in the Area of Corporate Governance

KEY CORPORATE GOVERNANCE POLICIES, PROCEDURES, INSTRUCTIONS, AND OTHER DOCUMENTS IMPLEMENTED IN THE COGNOR CAPITAL GROUP

- 1) Code of Ethics
- 2) Steelworker's Honour Code
- 3) Resolution No. 2 of 29.11.2019 by the Management Board of Cognor Holding S.A. on the Appointment of a Compliance Officer and the Definition of Their Tasks and Responsibilities
- 4) Resolution No. 1 of 29.11.2019 on the Adoption of the "Procedure for Anonymous Reporting of Legal Violations"
- 5) Directive of 30.08.2017 by the President of Cognor Holding S.A. on the Immediate Notification of the Management Board Regarding Events Raising Reasonable Suspicion, Including the Commission of a Corruption Offence

ENVIRONMENTAL INFORMATION



2.1. Disclosure of Information in Accordance with Article 8 of Regulation 2020/852

In 2024, the COGNOR Capital Group once again carried out an assessment of its activities in terms of their alignment with environmentally sustainable practices.

The disclosures presented fulfil the obligation to report the extent to which the COGNOR Capital Group's activities are environmentally sustainable — that is, to what degree they make a substantial contribution to at least one of the six environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems), do not significantly harm any of these objectives, are carried out in alignment with minimum safeguards, and meet the technical screening criteria.



This obligation includes, in particular, the requirement to disclose the percentage share of turnover derived from the sale of products or services associated with environmentally sustainable activities, as well as the percentage share of capital expenditures (CapEx) and operating expenditures (OpEx) related to assets or processes linked to environmentally sustainable economic activities. These are categorised into: environmentally sustainable taxonomy-aligned activities, taxonomy-eligible but not environmentally sustainable activities, and non-eligible activities — along with a detailed description of the required qualitative and contextual information.

The assessment was conducted by the independent consultancy Kapitał Intelktualny Sp. z o.o., based on:

- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088.
- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining under which conditions an economic activity qualifies as contributing substantially to climate change mitigation or adaptation, and for determining whether that economic activity causes significant harm to any of the other environmental objectives.
- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.
- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those types of economic activities.
- Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 by establishing additional technical screening criteria for determining under which conditions certain economic activities qualify

- as contributing substantially to climate change mitigation or adaptation, and whether they cause significant harm to any of the other environmental objectives.
- Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical screening criteria for determining under which conditions an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, or the protection and restoration of biodiversity and ecosystems, and for determining whether that activity causes significant harm to any of the other environmental objectives, and amending Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those types of economic activities.
 - Commission Delegated Regulation (EU) 2024/3215 of 28 June 2024 correcting certain language versions of Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical screening criteria for determining under which conditions an economic activity qualifies as contributing substantially to climate change mitigation or adaptation, and for determining whether that economic activity causes significant harm to any of the other environmental objectives.

The Process of Assessing the Alignment of COGNOR Group’s Activities with the Taxonomy Framework

The assessment of the Group’s alignment with the environmentally sustainable activity taxonomy was conducted in four stages: identification, allocation, verification, and calculation, as presented in the table below.

No.	STAGE NAME	ASSESSMENT PROCESS
1	Identification of Activities	For the purpose of preparing taxonomy disclosures for the year 2024, the COGNOR Group, in accordance with the activity descriptions set out in the annexes to Commission Delegated Regulation (EU) 2021/2139, as extended by Commission Delegated Regulation (EU) 2022/1214 and Commission Delegated Regulation (EU) 2023/2486, conducted a review of the activities carried out by the Group’s individual companies. The aim was to identify operations that qualify under the EU Taxonomy framework in relation to revenue, operating expenditure (OpEx), and capital expenditure (CapEx).
2	Allocation	For each activity identified in Stage I as eligible under the taxonomy, the corresponding revenues, capital expenditures, and operating expenditures were allocated. Details of the allocation methods applied to these items are presented in the Accounting Policies and Contextual Information provided below.
3	Verification	The verification of the Group’s alignment with the taxonomy was carried out in two steps: first, by assessing compliance with the technical screening criteria, and second, by assessing compliance with the minimum safeguards, as defined in Article 18 of Regulation (EU) 2020/852 of the European Parliament and of the Council. These safeguards refer to the procedures adopted by a company engaged in economic activity to ensure adherence to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the rights and principles set out in the eight core conventions of the ILO Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

		<p>The Group's alignment with the technical screening criteria, as set out in the Annexes to Commission Delegated Regulation (EU) 2021/2139, and expanded by Commission Delegated Regulation (EU) 2022/1214 and Commission Delegated Regulation (EU) 2023/2486, was assessed across all types of the Group's activities. In order for a given activity to be considered eligible under the taxonomy, actual business practices had to align with the activity descriptions outlined in the above-mentioned regulation, supported where relevant by the applicable NACE codes. A detailed analysis was then conducted to assess whether the activity met the criteria for substantial contribution to at least one of the six environmental objectives, while also ensuring that it does not cause significant harm to any of the other objectives.</p> <p>The verification of the COGNOR Group's alignment with the minimum safeguards was based on the recommendations provided in the "Guide for Companies on the Application of the Minimum Safeguards under the EU Taxonomy", developed by the Working Group on the Implementation of the EU Taxonomy under the auspices of the Ministry of Development and Technology, in cooperation with the Ministry of Funds and Regional Policy, taking into account the Group's existing internal procedures and processes. It was demonstrated that the Group applies the principles set out in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights in its operations.</p> <p>During the reporting period, no final convictions or administrative sanctions related to the assessed areas were imposed on the Group or its management. A review of the OECD NCP complaints database [http://mneguidelines.oecd.org/database/] also confirmed that no reports of potential breaches of the OECD Guidelines have been submitted concerning the Group.</p>
4	Kalkulacja	<p>Based on the information obtained from Stages I–III of the process, tables were prepared in accordance with the applicable requirements, presenting the alignment of revenue, capital expenditures (CapEx), and operating expenditures (OpEx) of the COGNOR Group with the taxonomy of environmentally sustainable activities. These tables indicate the percentage share of revenue, CapEx, and OpEx attributable to products and services associated with economic activities that are aligned with the taxonomy framework.</p>

Accounting Policies and Contextual Information

The key performance indicators — revenue (turnover), capital expenditure (CapEx), and operating expenditure (OpEx) — were calculated in accordance with the methodology described in the Disclosure Delegated Act.. The calculation of the indicators was based on the same accounting principles applied in the preparation of the Group's consolidated annual financial statements, including the relevant consolidation adjustments. Where an activity was identified as contributing to more than one environmental objective, its alignment was reported in relation to each applicable objective, and the revenue, CapEx, and OpEx indicators associated with such activities were disclosed accordingly.

The Group avoided double counting in the allocation of revenues, capital expenditures, and operating expenditures by applying the relevant consolidation exclusions in line with the applicable accounting standards. Additionally, the avoidance of double counting and the accurate attribution of turnover were supported by the analysis of source data from the accounting records of the Group's entities.



The key performance indicator related to turnover was calculated as the ratio of revenue from taxonomy-eligible activities to the total revenue disclosed in the COGNOR Capital Group's consolidated financial statements for 2024. The basis for calculating the key indicator was the revenue of the Cognor Capital Group for the year 2024, as disclosed in the Group's consolidated financial statements under Note 4 (Revenue from contracts with customers).

During the reporting period, the Group did not generate any turnover from taxonomy-aligned economic activities undertaken for its own consumption. Moreover, no green bonds or sustainability-linked debt instruments were issued for the purpose of financing projects classified as taxonomy-aligned.

A detailed breakdown of turnover into turnover from activities assessed as environmentally sustainable, turnover from activities eligible under the taxonomy but not environmentally sustainable, and turnover from activities not eligible under the taxonomy is presented in the table Percentage Share of Turnover of the COGNOR Capital Group from Products or Services Related to Taxonomy-Aligned Economic Activities.

The key performance indicator related to capital expenditures (CapEx) was calculated as the ratio of capital expenditures eligible under the taxonomy to the total capital expenditures disclosed in the COGNOR Capital Group's consolidated financial statements for 2024. The capital expenditure included in the calculated indicator refers to the increase in property, plant and equipment as well as intangible assets during the given financial year, before depreciation, amortisation, and any revaluations, including those resulting from remeasurement and impairment, for that financial year. It excludes changes in fair value and increases in property, plant and equipment and intangible assets arising from business combinations, as described in Note 12 (Property, Plant and Equipment) and Note 13 (Intangible Assets) of the Group's consolidated financial statements for 2024.

In cases where the same property, plant and equipment or intangible assets were used for the production of products or services related to both taxonomy-eligible and non-eligible activities, the respective capital expenditure was disaggregated accordingly. When determining the value of capital expenditure (numerator), the degree of utilisation of the property, plant and equipment or intangible assets in the defined types of activities was taken into account. Given systemic limitations and the manner in which capital expenditure data is recorded — which does not always allow for direct attribution to specific taxonomy-defined activities — disaggregation was applied. For expenditure incurred directly for a specific taxonomy-defined activity, a direct allocation method was used, attributing the assets to the activity under which they will be used. For other capital expenditures that could not be directly linked to a specific type of activity and which are used across multiple activities — both taxonomy-eligible and non-eligible — a proportional allocation method was applied, based on the share of revenue (turnover) generated by these activities. To minimise the risk of data distortion, allocation was carried out separately for each Group company whose operations are considered homogeneous in terms of turnover.

During the reporting period, no capital expenditures were identified that were incurred in relation to a plan aimed at expanding taxonomy-aligned economic activities, or enabling taxonomy-eligible activities to become aligned with the taxonomy, nor were there any capital expenditures related to the acquisition of outputs from taxonomy-aligned economic activities or other expenditures aimed at enabling activities to become low-carbon.

A detailed breakdown of capital expenditures into expenditures from environmentally sustainable activities, expenditures from taxonomy-eligible but not environmentally sustainable activities, and expenditures from non-eligible activities is presented in the table *Percentage Share of Capital Expenditures of the COGNOR Capital Group from Products or Services Related to Taxonomy-Aligned Economic Activities*.



The key performance indicator related to operating expenditures (OpEx) was calculated as the ratio of operating expenditures eligible under the taxonomy to the total operating expenditures disclosed in the COGNOR

Capital Group’s consolidated financial statements for 2024. In accordance with the definition set out in the Disclosure Regulation, operating expenditures include direct, non-capitalised costs related to research and development, building renovation activities, short-term leases, maintenance and repairs, as well as any other direct expenditures related to the day-to-day servicing of property, plant and equipment — either by the company itself or by third parties commissioned through outsourcing arrangements necessary to ensure the continuous and efficient operation of those assets.

Due to the limitations described in relation to the key performance indicator concerning capital expenditure (CapEx), operating expenditure (OpEx) was also disaggregated in a similar manner. Expenditure incurred directly for taxonomy-aligned activities was directly allocated to the respective type of activity, while other expenditure was indirectly allocated, proportionally to the revenue (turnover) generated by those activities.

A detailed breakdown of operating expenditures into expenditures from environmentally sustainable activities, expenditures from taxonomy-eligible but not environmentally sustainable activities, and expenditures from non-eligible activities is presented in the table *Percentage Share of Operating Expenditures of the COGNOR Capital Group from Products or Services Related to Taxonomy-Aligned Economic Activities*.

Key Performance Indicators Related to Activities Involving Nuclear Energy and Fossil Gas Fuels. While verifying its alignment with the taxonomy for the year 2024, the COGNOR Capital Group conducted a comprehensive review of its operations in relation to the generation of energy through nuclear processes and the production of energy from fossil gas fuels, as well as the applicable disclosure obligations concerning these types of activities. The analysis confirmed that the Group does not conduct, finance, nor is it exposed to any activities covered under Sections 4.26 to 4.31 of Annexes I and II to Commission Delegated Regulation (EU) 2021/2139. In light of the above, and in line with the disclosure presentation requirements referred to in Articles 8(6) and 8(7) of the Taxonomy Disclosure Regulation — as clarified by the European Commission in response to Question 28 of the draft Commission Notice dated 21 December 2023 (link) — the Group has chosen to disclose only the table based on Template 1 from Annex XII of Commission Delegated Regulation (EU) 2021/2178 in this Report.

The remaining tables have been omitted, as the values therein would be reported as zero, which could negatively impact the clarity and comprehensibility of the document for stakeholders.

Row	Activity Related to Nuclear Energy	
1.	The undertaking conducts research, development, demonstration, and deployment of innovative electricity generation installations that produce energy through nuclear processes with minimal fuel cycle waste, finances such activities, or is exposed to them.	NO

2.	The undertaking carries out the construction and safe operation of new nuclear facilities for the purpose of generating electricity or process heat, including for district heating systems or industrial processes such as hydrogen production, as well as their safety upgrades using the best available technologies; it finances this activity or is exposed to it.	NO
3.	The undertaking carries out the safe operation of existing nuclear facilities that generate electricity or process heat, including for district heating systems or industrial processes such as the production of hydrogen from nuclear energy, as well as their safety upgrades; it finances this activity or is exposed to it.	NO

Row	Activity Related to Natural Gas	
4.	The undertaking carries out the construction or operation of installations for the generation of electricity using fossil gas fuels, finances this activity, or is exposed to it.	NO
5.	The undertaking carries out the construction, modernisation, and operation of installations for the combined generation of heating/cooling and electricity using fossil gas fuels, finances this activity, or is exposed to it.	NO
6.	The undertaking carries out the construction, modernisation, and operation of heat generation installations producing heating/cooling energy using fossil gas fuels, finances this activity, or is exposed to it.	NO

The assessment of the alignment of revenues, capital expenditures, and operating expenditures of the COGNOR Capital Group with the taxonomy of environmentally sustainable activities is presented in the tables below.

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PERCENTAGE SHARE OF TURNOVER OF THE COGNOR CAPITAL GROUP FROM PRODUCTS OR SERVICES RELATED TO TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Economic Activity	Code or Codes	Turnover Year 2024 (thousand PLN)	Share of Turnover Year 2024 (%)	Substantial Contribution Criteria						Do No Significant Harm (DNSH) Criteria						Minimum Safeguards	Share of Taxonomy-Aligned Activity (A.1.) or Taxonomy-Eligible Activity (A.2.) Turnover - Year 2023 (%)	Category: Enabling Activity	Category: Transitional Activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20

A. TAXONOMY-ELIGIBLE ACTIVITY

A.1. Types of Environmentally Sustainable Activities (Taxonomy-Aligned)

Manufacture of Iron and Steel	CCM 3.9 / CCA 3.9	1 623 104	70,77%	T	N	N/EL	N/EL	N/EL	N/EL	T	T	T	T	N/A	T	T	66,20%		T
Transport by Motorcycles, Passenger Cars and Light Commercial Vehicles	CCM 6.5 / CCA 6.5	614	0,03%	T	N	N/EL	N/EL	N/EL	N/EL	T	T	N/A	T	T	N/A	T	0,00%		
Turnover from Environmentally Sustainable (Taxonomy-Aligned) Activity (A.1)		1 623 718	70,80%	70,80%	0,00%	0,00%	0,00%	0,00%	0,00%								66,20%		
of which: Enabling		0	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%								0,00%		
of which: Transitional		1 623 104	70,77%	70,77%	0,00%	0,00%	0,00%	0,00%	0,00%								66,20%		

A.2. Taxonomy-Eligible but Not Environmentally Sustainable Activity (Non-Aligned with the Taxonomy)

Road Freight Transport Services	CCM 6.6 / CCA 6.6	7 027	0,30%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,30%		
Transport by Motorcycles, Passenger Cars and Light Commercial Vehicles	CCM 6.5 / CCA 6.5	6 797	0,30%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,20%		
Acquisition and Ownership of Buildings	CCM 7.7 / CCA 7.7	651	0,03%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,00%		
Turnover from Taxonomy-Eligible but Not Environmentally Sustainable Activity (Non-Aligned with the Taxonomy) (A.2)		14 475	0,63%	0,63%	0,00%	0,00%	0,00%	0,00%	0,00%								0,50%		

A. Turnover from Taxonomy-Eligible Activity (A.1 + A.2)	1 638 193	71,43%	71,43%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%								66,70%		
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B. NON-ELIGIBLE ACTIVITY (Not Covered by the Taxonomy)

Turnover from Non-Eligible Activity (Not Covered by the Taxonomy)	655 176	28,57%
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TOTAL	2 293 369	100,00%
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Legend used in the table:

- CODE / CODES (column 2) – Abbreviation of the relevant objective for which the economic activity qualifies as making a substantial contribution, along with the section number dedicated to that activity in the relevant annex. CCM corresponds to climate change mitigation, CCA – climate change adaptation, WTR – water and marine resources, PPC – pollution prevention and control, CE – circular economy, BIO – biodiversity and ecosystems,
- T (columns 5–10) – Yes, the activity is taxonomy-eligible and taxonomy-aligned for the relevant environmental objective,
- N (columns 5–10) – No, the activity is taxonomy-eligible but not taxonomy-aligned for the relevant environmental objective,
- EL (columns 5–10) – The activity is taxonomy-eligible for the relevant objective,
- N/EL (columns 5–10) – Not eligible, the activity is not covered by the taxonomy for the relevant environmental objective,
- N/A – Not applicable,
- T/N (columns 11–17) – YES/NO answer regarding compliance with the “Do No Significant Harm” principle or minimum safeguards (choose T / N),
- E (column 19) – Indicates an economic activity classified as enabling under Delegated Regulation (EU) 2021/2139,
- T (column 20) – Indicates an economic activity classified as transitional under Delegated Regulation (EU) 2021/2139.

Comment on the Table: Percentage Share of Turnover from Products or Services Related to Taxonomy-Aligned Economic Activities

	SHARE OF TURNOVER / TOTAL TURNOVER	
	TAXONOMY ALIGNMENT BROKEN DOWN BY OBJECTIVES (%)	TAXONOMY ELIGIBILITY BROKEN DOWN BY OBJECTIVES (%)
CCM	70,80%	71,43%
CCA	0,00%	0,00%
WTR	0,00%	0,00%
CE	0,00%	0,00%
PPC	0,00%	0,00%
BIO	0,00%	0,00%

In 2024, the COGNOR Group generated revenue from several business segments covered by the EU Taxonomy. The main sources of taxonomy-eligible revenue were from the following segments:

- Manufacture of iron and steel,
- Road freight transport services,
- Transport by motorcycles, passenger cars and light commercial vehicles,
- Acquisition and ownership of buildings.

The share of turnover from environmentally sustainable activities amounted to 70.80% in 2024. The percentage of taxonomy-eligible but not environmentally sustainable turnover was 0.63%, while turnover from non-eligible activities accounted for 28.57%.

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PERCENTAGE SHARE OF CAPITAL EXPENDITURES OF THE COGNOR CAPITAL GROUP FROM PRODUCTS OR SERVICES RELATED TO TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Economic Activity	Code or Codes	Capital Expenditures Year 2024 (thousand PLN)	Share of Capital Expenditures Year 2024 (%)	Substantial Contribution Criteria						Do No Significant Harm (DNSH) Criteria						Minimum Safeguards	Share of Taxonomy-Aligned Activity (A.1.) or Taxonomy-Eligible Activity (A.2.) Turnover - Year 2023 (%)	Category: Enabling Activity	Category: Transitional Activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20

A. A. TAXONOMY-ELIGIBLE ACTIVITY

A.1. Types of Environmentally Sustainable Activities (Taxonomy-Aligned)

Manufacture of Iron and Steel	CCM 3.9 / CCA 3.9	225 335	45,35%	T	N	N/EL	N/EL	N/EL	N/EL	T	T	T	T	N/A	T	T	49,50%		T
Transport by Motorcycles, Passenger Cars and Light Commercial Vehicles	CCM 6.5 / CCA 6.5	24	0,01%	T	N	N/EL	N/EL	N/EL	N/EL	T	T	N/A	T	T	N/A	T	0,00%		
Installation, Maintenance and Repair of Energy Efficiency Equipment	CCM 7.3 / CCA 7.3	85	0,02%	T	N	N/EL	N/EL	N/EL	N/EL	T	T	N/A	T	N/A	N/A	T	0,00%	T	
Installation, Maintenance and Repair of Renewable Energy Technology Systems	CCM 7.6 / CCA 7.6	2 379	0,48%	T	N	N/EL	N/EL	N/EL	N/EL	T	T	N/A	NA	N/A	N/A	T	0,00%	T	
Capital Expenditures from Environmentally Sustainable (Taxonomy-Aligned) Activity (A.1.)		227 823	45,85%	45,85%	0,0%	0,0%	0,0%	0,0%	0,0%								49,50%		
of which: Enabling		2 464	2 464	0,50%	0,0%	0,0%	0,0%	0,0%	0,0%								0,00%		
of which: Transitional		225 335	45,35%	45,35%	0,0%	0,0%	0,0%	0,0%	0,0%								49,50%		

A.2. Taxonomy-Eligible but Not Environmentally Sustainable Activity (Non-Aligned with the Taxonomy)

Road Freight Transport Services	CCM 6.6 / CCA 6.6	340	0,07%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,00%		
Transport by Motorcycles, Passenger Cars and Light Commercial Vehicles	CCM 6.5 / CCA 6.5	271	0,06%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,10%		
Acquisition and Ownership of Buildings	CCM 7.7 / CCA 7.7	28	0,01%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,00%		
Construction of New Buildings	CCM 7.1 / CCA 7.1 / CE 3.1	183 070	36,84%	EL	EL	N/EL	N/EL	EL	N/EL								1,10%		
District Heating/Cooling Distribution	CCM 4.15. / CCA 4.15.	3 639	0,73%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,00%		



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Construction, Extension and Operation of Wastewater Collection and Treatment Systems	CCM 5.3. / CCA 5.3.	3 643	0,73%	EL	EL	N/EL	N/EL	N/EL	N/EL									0,00%	
Construction, Extension and Operation of Water Collection, Treatment and Supply Systems	CCM 5.1. / CCA 5.1.	35 184	7,08%	EL	EL	N/EL	N/EL	N/EL	N/EL									0,00%	
Capital Expenditures from Taxonomy-Eligible but Not Environmentally Sustainable Activity (Non-Aligned with the Taxonomy) (A.2)		226 175	45,52%	45,52%	0,0%	0,0%	0,0%	0,0%	0,0%									1,20%	
A. Capital Expenditures from Taxonomy-Eligible Activity (A.1 + A.2)		453 998	91,37%	91,37%	0,0%	0,0%	0,0%	0,0%	0,0%									50,70%	
B. NON-ELIGIBLE ACTIVITY (Not Covered by the Taxonomy)																			
Capital Expenditures from Non-Eligible Activity (Not Covered by the Taxonomy)		42 887	8,63%																
TOTAL		496 885	100,00%																

Legend used in the table:

- CODE / CODES (column 2) – Abbreviation of the relevant objective for which the economic activity qualifies as making a substantial contribution, along with the section number dedicated to that activity in the relevant annex. CCM corresponds to climate change mitigation, CCA – climate change adaptation, WTR – water and marine resources, PPC – pollution prevention and control, CE – circular economy, BIO – biodiversity and ecosystems,
- T (columns 5–10) – Yes, the activity is taxonomy-eligible and taxonomy-aligned for the relevant environmental objective,
- N (columns 5–10) – No, the activity is taxonomy-eligible but not taxonomy-aligned for the relevant environmental objective,
- EL (columns 5–10) – The activity is taxonomy-eligible for the relevant objective,
- N/EL (columns 5–10) – Not eligible, the activity is not covered by the taxonomy for the relevant environmental objective,
- N/A – Not applicable,
- T/N (columns 11–17) – YES/NO answer regarding compliance with the “Do No Significant Harm” principle or minimum safeguards (choose T / N),
- E (column 19) – Indicates an economic activity classified as enabling under Delegated Regulation (EU) 2021/2139,
- T (column 20) – Indicates an economic activity classified as transitional under Delegated Regulation (EU) 2021/2139.

Comment on the Table: Percentage Share of Capital Expenditures from Products or Services Related to Taxonomy-Aligned Economic Activities

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	SHARE OF CAPITAL EXPENDITURES / TOTAL CAPITAL EXPENDITURES	
	TAXONOMY ALIGNMENT BROKEN DOWN BY OBJECTIVES (%)	TAXONOMY ELIGIBILITY BROKEN DOWN BY OBJECTIVES (%)
CCM	45,85%	91,37%
CCA	0,0%	0,0%
WTR	0,0%	0,0%
CE	0,0%	0,0%
PPC	0,0%	0,0%
BIO	0,0%	0,0%

The COGNOR Group’s capital expenditures incurred in 2024 were primarily related to the implementation of the planned investment projects of the Group’s companies. They mainly comprised investments aimed at maintaining production continuity, executing ongoing projects, and expanding the equipment base through the purchase of modern machinery and equipment, as well as the implementation of new technologies and development investments.

The key indicator of capital expenditures associated with environmentally sustainable activities amounted to 45,85 % in 2024. The largest contribution to this indicator stemmed from expenditures within the business segment classified under the EU Taxonomy as Manufacture of iron and steel.

The proportion of expenditures relating to activities eligible under the Taxonomy, but not environmentally sustainable, amounted to 45,52 %, while capital expenditures associated with activities not eligible under the Taxonomy accounted for 8,63 %.

PERCENTAGE SHARE OF OPERATING EXPENDITURE OF THE COGNOR GROUP RELATED TO PRODUCTS OR SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY																			
Economic activity	Code or codes	Operating expenditure year 2024 (thousand PLN)	Share of operating expenditure year 2024 (%)	Substantial Contribution Criteria						Do No Significant Harm (DNSH) Criteria						Minimum Safeguards	Share of Taxonomy-eligible (A.2) activities	Category: Enabling Activity	Category: Transitional Activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
A. TAXONOMY-ELIGIBLE ACTIVITY																			

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A.1. Types of Environmentally Sustainable Activities (Taxonomy-aligned)																			
Manufacture of Iron and Steel	CCM 3.9 / CCA 3.9	45 923	79,52%	T	N	N/EL	N/EL	N/EL	N/EL	T	T	T	T	N/A	T	T		64,10%	T
Transport by Motorcycles, Passenger Cars and Light Commercial Vehicles	CCM 6.5 / CCA 6.5	30	0,05%	T	N	N/EL	N/EL	N/EL	N/EL	T	T	N/A	T	T	N/A	T		0,00%	
Installation, Maintenance and Repair of Energy Efficiency Equipment	CCM 7.3. / CCA 7.3.	16	0,03%	T	N	N/EL	N/EL	N/EL	N/EL	T	T	N/A	T	N/A	N/A	T			T
Operating expenditure related to environmentally sustainable activities (Taxonomy-aligned) (A.1)		45 969	79,60%	79,60%	0,00%	0,00%	0,00%	0,00%	0,00%									64,10%	
of which enabling		16	0,03%	0,03%	0,00%	0,00%	0,00%	0,00%	0,00%									0,00%	
of which transitional		45 923	79,52%	79,52%	0,00%	0,00%	0,00%	0,00%	0,00%									64,10%	

A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITY (NON-ALIGNED ACTIVITY)																			
Road freight transport services	CCM 6.6 / CCA 6.6	296	0,51%	EL	EL	N/EL	N/EL	N/EL	N/EL									0,30%	
Transport by motorcycles, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	335	0,58%	EL	EL	N/EL	N/EL	N/EL	N/EL									0,30%	
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7.	29	0,05%	EL	EL	N/EL	N/EL	EL	N/EL									0,00%	
Operating expenditure related to taxonomy-eligible but not environmentally sustainable activities (non-aligned activities) (A.2)		660	1,14%	1,14%	0,00%	0,00%	0,00%	0,00%	0,00%									0,60%	
A. Operating expenditure related to taxonomy-eligible activities (A.1 + A.2)		46 629	80,74%	80,74%	0,00%	0,00%	0,00%	0,00%	0,00%									64,70%	

B. NON-ELIGIBLE ACTIVITY		
Operating expenditure related to non-eligible activities	11 118	19,26%
TOTAL	57 747	100,00%

Legend used in the table:

- CODE / CODES (column 2) – Abbreviation of the relevant objective for which the economic activity qualifies as making a substantial contribution, along with the section number dedicated to that activity in the relevant annex.
- CCM corresponds to climate change mitigation, CCA – climate change adaptation, WTR – water and marine resources, PPC – pollution prevention and control, CE – circular economy, BIO – biodiversity and ecosystems,
- T (columns 5–10) – Yes, the activity is taxonomy-eligible and taxonomy-aligned for the relevant environmental objective,
- N (columns 5–10) – No, the activity is taxonomy-eligible but not taxonomy-aligned for the relevant environmental objective,
- EL (columns 5–10) – The activity is taxonomy-eligible for the relevant objective,
- N/EL (columns 5–10) – Not eligible, the activity is not covered by the taxonomy for the relevant environmental objective,
- N/A – Not applicable,
- T/N (columns 11–17) – YES/NO answer regarding compliance with the “Do No Significant Harm” principle or minimum safeguards (choose T / N),
- E (column 19) – Indicates an economic activity classified as enabling under Delegated Regulation (EU) 2021/2139,
- T (column 20) – Indicates an economic activity classified as transitional under Delegated Regulation (EU) 2021/2139.

Comment on the table Percentage share of operating expenditure related to products or services associated with economic activities aligned with the Taxonomy

	PORTION OF OPERATING EXPENDITURE / TOTAL OPERATING EXPENDITURE	
	TAXONOMY ALIGNMENT BROKEN DOWN BY OBJECTIVES (%)	TAXONOMY ELIGIBILITY BROKEN DOWN BY OBJECTIVES (%)
CCM	79,60%	80,74%
CCA	0,00%	0,00%
WTR	0,00%	0,00%
CE	0,00%	0,00%
PPC	0,00%	0,00%
BIO	0,0%	0,0%

The Group’s operating expenditure was mainly related to the repair and maintenance of fixed assets, including machinery and equipment, vehicles, and properties where business activities are conducted.

The detailed structure of the Group’s operating expenditure in 2024 is presented in the table below.

OPERATING EXPENDITURE /OPEX/ (thousand PLN)	
Costs of repairs, maintenance, and inspections of fixed assets	50 417
Security services	3 113
Cleaning services	1 005
Short-term rental/leasing	2 172
Research and development costs	1 040

The share of operating expenditure related to environmentally sustainable activities in the Group’s total operating expenditure amounted to 79.60% in 2024, while the share of operating expenditure related to taxonomy-eligible but not environmentally sustainable activities was 1.14%.

The remaining 19.26% related to operating expenditure associated with non-eligible activities.

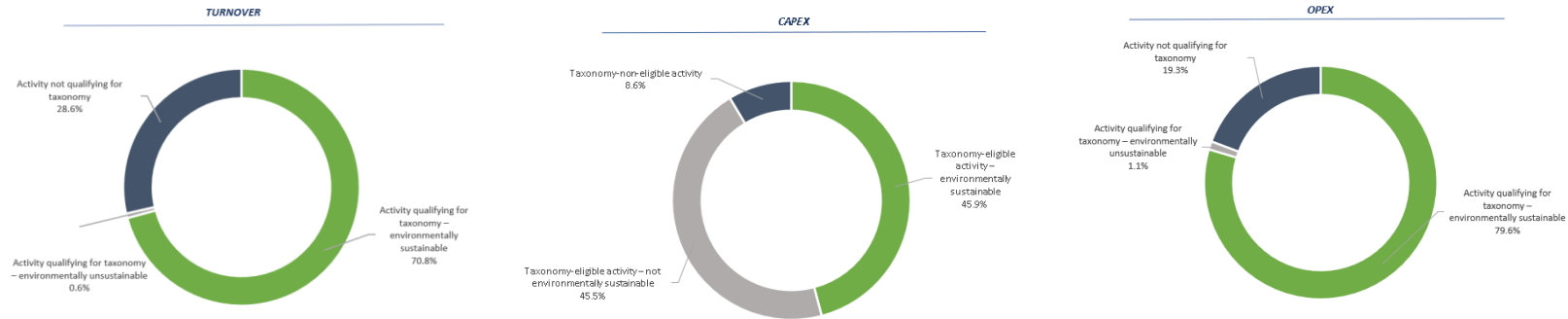
Summary

SUSTAINABLE DEVELOPMENT REPORT COGNOR CAPITAL GROUP YEAR 2024

In 2024, the COGNOR Group’s environmentally sustainable activities accounted for: 70.80% of turnover, 45,85% of capital expenditure, and 79.60% of operating expenditure.

Activities that were not environmentally sustainable but taxonomy-eligible accounted for: 0.63% of turnover, 45,52% of capital expenditure, and 1.14% of operating expenditure.

Activities not covered by the Taxonomy and not taxonomy-eligible accounted respectively for 28.57% of turnover, 8,63% of capital expenditure, and 19.26% of operating expenditure.



CLIMATE CHANGE



2.2. ESRS E1 Climate Change

2.2.1. Governance

GOV-3 Integration of sustainability-related performance in incentive schemes

In the COGNOR Capital Group, climate change matters have not yet been integrated into the remuneration systems for members of the administrative, management, or supervisory bodies. Currently, their performance is also not assessed with regard to the achievement of greenhouse gas emission reduction targets. In the current reporting period, remuneration is not linked to performance in the area of climate action.

2.2.2. Strategy

E1-1 – Transition plan for climate change mitigation

1. Greenhouse gas emission reduction targets and their alignment with the Paris Agreement



The Cognor Capital Group consistently undertakes actions in the area of climate protection, adopting greenhouse gas emission reduction targets aligned with the global goal of limiting temperature rise to 1.5°C, as set out in the Paris Agreement.

Although a formal ESG strategy and decarbonisation strategy have not yet been adopted, the Group's actions are focused on achieving climate **neutrality by 2050, with a planned 15% reduction in CO₂ emissions by 2030 compared to the 2020 baseline.**

As part of these efforts, the **Ferrostal Łabędy Division in Gliwice** plays a particularly important role, implementing a range of decarbonisation initiatives supporting the reduction of operational emissions (Scope 1 and Scope 2).

The key areas of action include:

- increasing the share of energy from renewable sources in production processes,
- optimising raw material consumption by improving material and process efficiency indicators,
- improving the energy efficiency of equipment and power supply systems at production facilities.

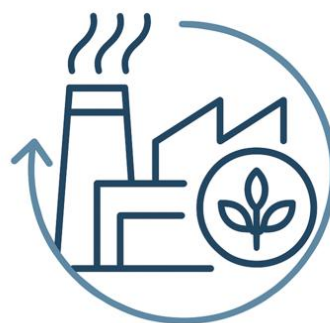
In parallel, the **Złomrex Division in Wrocław** is undertaking actions aimed at reducing emissions related to heat energy consumption. Particular emphasis is placed on **minimising the use of coal in the heating processes** of the branches by implementing modern, energy-efficient, and low-emission technological solutions.

These actions support the achievement of climate objectives at the local level and form part of the Group's broader energy transition strategy.

2. Decarbonisation Levers and Key Actions for Climate Change Mitigation

Decarbonisation efforts within the Cognor Group focus on the integration of technologies and solutions that enable the reduction of emissions across the entire value chain. **The main decarbonisation levers** include:

- **Modernisation of production infrastructure** – in particular, the modernisation of electric arc furnaces at the Ferrostal Łabędy Division, which allows for reduced energy consumption and increased efficiency in the scrap melting process.
- **Increased use of secondary raw materials** – optimising the recycling of steel scrap contributes to lowering the carbon footprint per unit of product, reducing the need for primary raw materials.
- **Energy transition** – shifting towards renewable energy sources (RES) in steel production, directly impacting the reduction of Scope 2 emissions.
- **Collaboration within the supply chain** – working with suppliers to reduce emissions within Scope 3, including the standardisation of environmental practices and the promotion of low-emission technologies among business partners.
- **Optimisation of logistics and transport** – particularly at the Złomrex Division, where actions are being implemented to reduce fossil fuel consumption through better route planning and the use of more efficient means of transport.



3. Investments and Financing Supporting the Implementation of the Climate Transition Plan

The achievement of the Cognor Group's climate objectives is also reflected in the structure of its investments. Among the key projects supporting the transition is, among others:

- **the purchase of modern logistics fleet vehicles at the Złomrex Division in Wrocław**, enabling the reduction of air pollutant emissions and the improvement of transport efficiency. The modern vehicles are characterised by lower fuel consumption, compliance with strict emission standards, and contribute to reducing the overall carbon footprint of operations.

In the longer term, the Group plans to continue investing in energy efficiency and the development of renewable energy sources, while simultaneously seeking external sources of financing (e.g. EU funds, green bonds) that can support the implementation of decarbonisation projects.

ESRS 2 SBM-3 – Material Impacts, Risks and Opportunities and Their Interaction with Strategy and the Business Model

As part of the double materiality assessment process, the COGNOR Capital Group carried out an analysis of climate-related risks. The aim of the analysis was to identify material impacts, risks and opportunities related to climate change and their impact on the business model of the COGNOR Capital Group.

Identification of Physical Risks and Transition Risks

The COGNOR Capital Group classified the identified climate-related risks into:

- **Physical risks**, including the effects of extreme weather conditions (e.g. heatwaves, heavy rainfall, storms) impacting operations, project execution, and employee safety.
- **Transition risks**, related to **legal regulations**, market pressure to reduce emissions, and the costs of transitioning towards a low-carbon economy.

Physical Risks



Risks arising directly from the impacts of climate change, such as extreme weather events, supply chain disruptions, and reduced availability of raw materials. The material risks arising from material impacts, risks and opportunities are presented below.

1. Heavy rainfall, storms or hail may cause power outages, which directly threaten the continuity of production at manufacturing facilities where electricity plays a critical role.

Extreme weather conditions may lead to production downtime, infrastructure damage, occupational health and safety risks, and disruptions in logistics and product transport.

2. Changes in the availability of secondary raw materials (e.g. reduced availability of steel scrap) due to disruptions in waste management systems.

Disruptions in the functioning of waste collection and recycling systems — for example, as a result of extreme weather events or socio-economic changes — may limit the availability of scrap, increase raw material costs, and reduce production efficiency.

Transition Risks

Risks arising from changing regulations, technologies, markets, and social preferences in response to the transition towards a low-carbon economy. The material risks arising from material impacts, risks and opportunities are presented below.

1. The risk of energy instability and high energy prices may disrupt production and increase costs at energy-intensive facilities.

An increase in operating costs resulting from the need to purchase a greater number of emission allowances under the expanded EU ETS system. This may affect the profitability of production activities, particularly in energy-intensive processes.

2.2.3. Management of Impacts, Risks and Opportunities

ESRS 2 IRO-1 – Description of the Processes to Identify and Assess Material Climate-related Impacts, Risks and Opportunities

As part of the double materiality assessment and carbon footprint calculation, the COGNOR Capital Group analysed climate-related risks. This process included the assessment of material impacts, physical risks, transition risks, as well as opportunities arising from the energy transition.

Area of Material Impact	Opportunity	Risk
Climate Change Adaptation	Enterprises that use steel scrap demonstrate greater resilience to disruptions related to the limited availability of primary raw materials. This approach strengthens their perception as stable and reliable business partners, which may translate into increased revenues and a stronger market position.	Changes in the availability of secondary raw materials (e.g. reduced availability of steel scrap) resulting from disruptions in the waste management system.
Climate Change Mitigation	Growing market demand for "green" steel.	The risk of energy instability and high energy prices may disrupt production and increase costs in energy-intensive facilities.
Energy	The implementation of low-emission technologies may bring long-term operational savings through reduced energy consumption costs.	Heavy rainfall, storms or hail may cause power outages, directly threatening production continuity at manufacturing facilities where electricity plays a crucial role.

1. Process of Identifying Climate Change Impacts and GHG Emissions

The COGNOR Capital Group analysed its operations and value chain to identify actual and potential sources of greenhouse gas (GHG) emissions.

The scope of the analysis included:

- **Scope 1:** direct GHG emissions from own combustion sources (vehicles, boiler houses, gas energy in production plants, refrigerants).
- **Scope 2:** indirect GHG emissions related to purchased electricity and heat.
- **Scope 3:** indirect emissions from purchased raw materials, fixed assets, fuel and energy, business travel, and the use of sold products.



The assessment of emissions and climate impact included:

- A review of fuel and energy consumption and CO₂e emissions.
- Identification of key sources of emissions.

2. Identification of Physical Risks

The analysis included the identification of potential climate risks, which served to determine the exposure of assets and operations to climate-related threats.

Analysis of Asset and Operations Exposure:

- **Extreme weather events (e.g. heatwaves, floods) affecting the operational continuity of production plants and logistics:** This directly concerns construction assets and may lead to flooding of production halls, damage to roads, power networks, and drainage systems.
- **Extreme weather events disrupting the supply of raw materials and the distribution of steel products:** This indirectly concerns logistics assets: loading/unloading infrastructure, warehouses, and storage yards may become inaccessible or damaged.

3. Identification of Transition Risks and Opportunities Related to the Climate Transition

The assessment process included the analysis of events related to the transition to a low-carbon economy.

Identification of Climate-related Opportunities

- Enterprises that use steel scrap demonstrate greater resilience to disruptions related to the limited availability of primary raw materials. This approach strengthens their perception as stable and predictable business partners, which may translate into increased revenues and a stronger market position.

- Growing market demand for "green" steel.
- The implementation of low-emission technologies may bring long-term operational savings by reducing energy consumption costs.

E1-2 – Policies Related to Climate Change Mitigation and Adaptation

The COGNOR Capital Group has not yet developed a climate policy. However, Cognor S.A. Ferrostal Łabędy Division in Gliwice has established a transition plan policy for climate change mitigation.

E1-3 – Actions and Resources in Relation to the Climate Policy

The decarbonisation efforts of Cognor S.A. Ferrostal Łabędy Branch in Kraków are based on a comprehensive approach to reducing greenhouse gas emissions across all areas of activity – from internal operations to cooperation with external partners. Key elements include:



• **Modernisation of technological infrastructure**, including the replacement of electric furnaces with newer, more energy-efficient units, allowing for a significant reduction in energy consumption in the steel production process.

• **Increased use of secondary raw materials**, through the intensification and optimisation of steel scrap recycling processes, reducing the need for primary raw materials and lowering the overall carbon footprint of the product.

- **Energy transition of production facilities**, involving the gradual shift to energy from renewable sources (RES), leading to a reduction in Scope 2 emissions.
- **Reduction of emissions across the entire value chain**, through cooperation with suppliers and business partners to identify and reduce Scope 3 emissions, including the promotion of low-emission logistics solutions, environmentally friendly materials, and the integration of environmental requirements into procurement policies.

This strategy supports the long-term objective of achieving climate neutrality and strengthens our resilience to changing regulatory and market conditions.

2.2.4. Metrics and Targets

E1-4 – Targets Related to Climate Change Mitigation and Adaptation

Cognor S.A. Ferrostal Łabędy Branch in Gliwice and Kraków has defined specific climate targets as an integral part of its decarbonisation efforts. The adopted objectives support both the implementation of global commitments under the Paris Agreement and the transformation of the steel sector towards a more sustainable and low-emission economy.

The climate targets of the Ferrostal Łabędy Division are consistent with the long-term vision of reducing the impact on climate change and strengthen the operational resilience and competitiveness of the plant in the context of increasing regulatory and market requirements.

Climate Targets of the Division::

- **Achieving climate neutrality by 2050**, in line with the objectives of the Paris Agreement.
- **Reducing CO₂ emissions by 15% by 2030**, compared to the 2020 baseline.

These targets are being implemented through a range of operational and investment activities focused on:

- increasing energy efficiency,
- broader use of renewable energy sources,
- modernisation of production infrastructure,
- and cooperation with business partners to reduce emissions across the entire value chain.



E1-5 – Energy Consumption and Energy Mix

Table 25. Energy Consumption and Energy Mix of the COGNOR Capital Group

Energy Consumption and Energy Mix		
	Unit	2024
Total energy consumption from fossil sources , including:	MWh	701 360,82
– consumption of coal and coal-derived fuel,	MWh	49 416,32
– consumption of oil and oil-derived fuel,	MWh	20 622,60
– consumption of gas fuel,	MWh	292 028,59
– consumption of fuel from other fossil sources,	MWh	0,00
– consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources.		

	MWh	339 293,31
Total energy consumption from nuclear sources	MWh	0,00
Total electricity consumption from renewable sources, including:	MWh	972,08
– consumption of fuel from renewable sources, including biomass,	MWh	972,08
– consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources,	MWh	0,00
– consumption of renewable energy produced in-house.	MWh	0,00
Total electricity consumption, including:	MWh	333 381,98
– share of electricity from renewable sources in total electricity consumption.	MWh	0,00
Total energy consumption, including:	MWh	702 332,90
– share of renewable energy in total energy consumption.	MWh	972,08

E1-6 – Gross Greenhouse Gas Emissions for Scopes 1, 2 and 3 and Total Greenhouse Gas Emissions

For the first time, the COGNOR Group has prepared a carbon footprint calculation covering direct and indirect greenhouse gas emissions under Scopes 1, 2, and 3, based on primary source data or internal records from the Group's companies.

The carbon footprint calculation covers the reporting period from 1 January 2024 to 31 December 2024. As this is the first time such a calculation has been conducted, the period from 1 January 2024 to 31 December 2024 is adopted as the baseline year for comparative analysis in future periods.

For the purpose of GHG emission accounting, data consolidation has been carried out based on operational control and equity share. Operational control is aligned with the values of the equity share.

The carbon footprint calculation includes direct and indirect GHG emissions under Scopes 1, 2 and 3. The reporting covers substances that cause a greenhouse effect, as required by the Kyoto Protocol, namely: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF₆).

The carbon footprint calculation covers direct and indirect greenhouse gas emissions under Scopes 1, 2, and 3. The reporting includes substances that contribute to the greenhouse effect and are required by the Kyoto Protocol: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur

hexafluoride (SF₆). The calculation was prepared in accordance with the following standards: The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised Edition), GHG Protocol Scope 2 Guidance, and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Emission factors were sourced from publications of the National Centre for Emissions Management (KOBiZE), the Energy Regulatory Office (URE), and the UK Department for Environment, Food & Rural Affairs (DEFRA) – UK Government GHG Conversion Factors for Company Reporting. The CO₂ equivalent (eCO₂) was calculated based on 100-year Global Warming Potential (GWP) values from the IPCC’s Fifth Assessment Report (AR5).



In accordance with the adopted terminology, Scope 1 refers to direct emissions resulting from the combustion of fuels in stationary and mobile sources owned or controlled by the enterprise, as well as emissions arising from technological processes and the leakage of refrigerants. Scope 2 covers indirect energy-related emissions resulting from the consumption of imported (purchased or externally supplied) electricity, heat, technological steam, and cooling, which in practice are generated at the place where these utilities are produced. Scope 3, in turn, refers to all other indirect emissions occurring throughout the organisation’s value chain, that is, greenhouse gas emissions that the enterprise can influence but does not control.

Based on the consultations carried out and the assessment of materiality and the availability of source data, the carbon footprint was calculated for the following areas within Scope 3:

Upstream area:

- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel- and energy-related activities
- Category 4: Upstream transportation and distribution
- Category 6: Business travel
- Category 7: Employee commuting

Downstream area:

- Category 9: Downstream Transportation and Distribution (to customer)
- Category 11: Use of sold products

For the calculation of Scope 1 emissions, emission factors from the National Centre for Emissions Management (KOBiZE) were used, along with dedicated calculation tools based on emission factors from the Department for Environment, Food & Rural Affairs (DEFRA) database. These tools draw on the IPCC’s Fourth Assessment Report for WTT (Well-To-Tank) emissions and the Fifth Assessment Report for other emission sources.

Greenhouse gas emissions under Scope 2 were calculated using two methods:

- using the location-based (LB) method, based on the average emission factor for electricity in Poland, calculated in accordance with emission factors published by the National Centre for Emissions Management (KOBiZE),
- using the market-based (MB) method, based on residual mix emission factors published by the Association of Issuing Bodies (AIB).



When calculating emissions using the location-based method for electricity, emission factors from the National Centre for Emissions Management (KOBiZE) were applied (based on the publication: Emission factors for CO₂, SO₂, NO_x, CO and total dust for electricity, based on information contained in the national database on greenhouse gas and other emissions for 2023). For heat, the emission factor published by the Energy Regulatory Office (URE) was used (based on the publication: District Heating in Numbers 2023). Emissions calculated using the market-based method were determined based on the residual mix emission factor published by the Association of Issuing Bodies (AIB). Accordingly, the following emission intensity factors were used to calculate Scope 2

greenhouse gas emissions:

- for electricity (LB): 597.0000 kg CO₂/MWh,
- for electricity (MB): 788.2400 kg CO₂/MWh,
- for heat: 98.1855 Mg CO₂/TJ.

Data on energy and fuel consumption were sourced from invoices and internal records of the Group's companies.

The Scope 3 emission volume was calculated using dedicated calculation tools based on spreadsheets developed from emission factors provided in the DEFRA and KOBiZE databases. The input data were obtained either from emission figures provided by suppliers and subcontractors cooperating with the Group's companies within the supply/value chain, or from internal records.

The amount of emissions from Scope 3 was calculated using dedicated calculation tools based on spreadsheets prepared using emission factors from the DEFRA and KOBiZE databases, based on data obtained on emission levels from suppliers and contractors cooperating with the Company within the supply/value chain or from the Company's internal records.

The following assumptions were adopted for the calculation of individual emission categories:

- Category 1: Purchased goods and services

This category includes data obtained from the internal records of the Group's companies regarding the purchase of key raw material groups used in the production process. Emissions resulting from purchased raw materials were calculated based on product group emission factors from the DEFRA database.

– Category 2: Capital goods

This category covers fixed assets registered in 2024, including vehicles, IT equipment, and production machinery. The carbon footprint associated with the manufacture of each fixed asset was estimated based on DEFRA databases (Department for Environment, Food & Rural Affairs).



– Category 3: Fuel- and energy-related activities

This category accounts for emissions related to the extraction, refining, and transport of fuels to the point of use — prior to combustion. It includes WTT emissions from purchased electricity and heat, calculated using DEFRA emission factors, as well as transmission and distribution (T&D) losses based on data from the KOBiZE database. Source data for the calculation were obtained from the internal records of the Group’s companies.

– Category 4: Transport and distribution

Information on transportation and distribution (road, rail, and maritime transport) was gathered from internal records and direct data provided by carriers/subcontractors delivering transport services for the Group’s companies. These data included transport distances, load volumes, and the type of transport used. Transport carried out using own vehicles — already accounted for as direct emissions under Scope 1 — was excluded. A dedicated calculation tool based on DEFRA data was used to analyse and determine emissions in this category.

– Category 6: Business travel

To calculate emissions generated during business travel, the means of transport used (car, taxi, train, aeroplane) was taken into account. The calculation was based on data from the internal records of the Group’s companies regarding the number of people travelling for business purposes and the number of kilometres travelled by each mode of transport. Emission volumes were calculated using a dedicated tool based on data from DEFRA (Department for Environment, Food & Rural Affairs).

– Category 7: Employee commuting

Data on employee commuting to and from the organisation were collected via an online survey. Based on the survey responses, the mode of transport and distance travelled by employees on their commute were determined, along with estimations of employee absences due to holidays. Since not all employees participated in the survey, the results were extrapolated to represent the entire organisation. To ensure data comparability, a dedicated calculation tool was used, based on emission factors from the DEFRA database.

– Category 9: Downstream transportation and distribution (to customer)

Information regarding transport and distribution to the customer (road, rail, and maritime transport) was gathered from source data provided by carriers delivering transport services for the Group’s companies, as well as from internal records. Transport carried out using the Group’s own fleet — already included under Scope 1

as direct emissions — was excluded. A dedicated calculation tool based on DEFRA data was used to analyse and determine emissions in this category.

- Category 11: Use of sold products

This category covers emissions generated during the use phase of sold finished products. The calculation included the segment of the Group's operations related to development activities.

Table 26. Greenhouse Gas Emissions of the COGNOR Capital Group

Gross Greenhouse Gas Emissions		
	Unit	2024
Greenhouse Gas Emissions in Scope 1	MgCO₂e	78 632,79
Greenhouse Gas Emissions in Scope 2 (market-based method)	MgCO₂e	264 874,31
Greenhouse Gas Emissions in Scope 2 (location-based method)	MgCO₂e	188 783,21
Greenhouse Gas Emissions in Scope 3, including:	MgCO₂e	180 459,71
– Purchased goods and services	MgCO ₂ e	79 436,25
– Capital goods	-	646,42
– Fuel- and energy-related activities	MgCO ₂ e	27 834,86
– Upstream transportation and distribution	MgCO ₂ e	31 813,82
– Waste generated in operations	MgCO ₂ e	-
– Business travel	-	94,3
– Employee commuting	MgCO ₂ e	1 523,81
– Upstream leased assets	MgCO ₂ e	-
– Downstream transportation and distribution (to customer)	-	39 093,37
– Processing of sold products	-	-
– Use of sold products	-	-
– End-of-life treatment of sold products	-	16,64
– Downstream leased assets	-	-
– Franchises	-	-
– Investments	-	-
Total Greenhouse Gas Emissions (market-based method)	MgCO₂e	523 966,81
Total Greenhouse Gas Emissions (location-based method)	MgCO₂e	447 875,70

Emission Intensity Based on Net Revenue		
	Unit	2024
Total Greenhouse Gas Emissions (market-based method) per Net Revenue	MgCO ₂ e / thousand PLN	0,228

Total Greenhouse Gas Emissions (location-based method) per Net Revenue	MgCO _{2e} / thousand PLN	0,195
Total Net Revenue	thousand PLN	2.293.369

E1-7 – Greenhouse Gas Removal Projects and Greenhouse Gas Emission Reduction Projects Financed Through Carbon Credits

The COGNOR Capital Group does not carry out projects related to the removal and storage of greenhouse gases in metric tonnes of carbon dioxide equivalent, either within its own operations or through participation in the upstream or downstream value chain.

E1-8 – Internal Carbon Pricing

The COGNOR Capital Group does not apply an internal carbon pricing system, such as shadow pricing for investment decision-making, internal carbon charges, or internal carbon funds.

E1-9 – Anticipated Financial Effects Arising from Material Physical Risks, Transition Risks and Climate-related Opportunities

Information regarding the anticipated financial effects arising from material physical risks, transition risks and potential climate-related opportunities is omitted by applying the transitional provision on the phased-in disclosure requirements (Annex C, ESRS 1).

Table 27. Climate-related Penalties

Climate-related Penalties	
	2024
Total Amount of Climate-related Penalties Imposed on the Company (in PLN)	0,00

POLLUTION



2.3. ESRS E2 Pollution

2.3.1. Management of Impacts, Risks and Opportunities

ESRS 2 IRO-1 – Description of Processes for Identifying and Assessing Material Impacts, Risks and Opportunities Related to Pollution

As part of the double materiality analysis, the COGNOR Capital Group carried out an analysis of impacts, risks and opportunities related to pollution in accordance with the requirements of **ESRS 2 IRO-1**. This process included a review of its own operational sites and business activities to identify actual and potential sources of pollution within its operations and value chain.

Process of Identifying Impacts, Risks and Opportunities

During the double materiality assessment, material risks in the area of pollution were defined:

Area of Material Impact	Opportunity	Risk
Air Pollution	-	The emission of dust and gas pollutants generated during the billet heating process and steel production, which may lead to exceeding permissible emission limits and negatively impact the air quality in the vicinity of the plant.

1. Review of Activities in Terms of Pollution Sources

The COGNOR Capital Group carried out a comprehensive analysis of the activities of its Divisions to identify the main sources of environmental pollution. This review covered both production processes and logistical and auxiliary activities, taking into account the current environmental protection regulations.

2. Identification of Key Emissions and Substances Potentially Causing Pollution

a) Air Pollution::

As a result of the analysis, the main sources of atmospheric emissions were identified, including:

- **emissions generated during the steel scrap melting process**, including:
 - metallic dust,

- nitrogen oxides (NO_x),
- sulphur oxides (SO_x).

These emissions are typical for operations involving electric furnaces used for melting steel scrap.

- **emissions of particulate matter** – so-called residual emissions occurring at the outlets of suction filters, despite the operation of dust extraction installations.
- **emissions from transport vehicles**, covering both:
 - **Scope 1** (direct emissions – from the Company’s own logistics fleet),
 - **Scope 3** (indirect emissions – from transport carried out by external entities).

The main sources of emissions in this area are the transport fleets servicing the supply processes, internal logistics, and the distribution of finished products.

b) Water Pollution:

As part of the environmental review, potential sources of water pollution were also identified, mainly related to the discharge of industrial wastewater. In particular, this concerns:

- **wastewater containing heavy metals**, such as:
 - **zinc (Zn)**,
 - **lead (Pb)**.

These compounds may enter water bodies as a result of technological processes such as cooling, scrap washing, or the operation of auxiliary installations.

Their presence in wastewater requires continuous monitoring and the use of water treatment and purification systems, in accordance with applicable environmental standards. The Cognor Group applies appropriate technical and organisational safeguards aimed at reducing the risk of water pollution, including periodic testing of wastewater parameters and monitoring compliance with water law permits.



d) Potentially Hazardous Substances:

- steel processing generating metallic waste and industrial dust.

The Cognor Capital Group undertakes actions that utilise the natural functions of the environment to reduce the impact of industrial activities on the surroundings. In the case of the HSJ Division, one example of mitigating environmental impact is **water recycling** – involving the **reuse of industrial water for cooling purposes**. This solution helps to reduce the demand for fresh water resources, decreases the amount of wastewater generated, and eases the pressure on local aquatic ecosystems.

Additionally, the HSJ Division has introduced a range of technical measures aimed at reducing emissions and pollution, including:

- **Use of a pulse-jet fabric filter as an air protection device**, serving the D5 electric arc furnace and three ladle furnaces in the steelworks – significantly reducing the emission of metallic dust into the atmosphere.
- **Discharge of industrial, domestic, and rainwater and meltwater into an external sewerage system connected** to a wastewater treatment plant. This measure reduces the risk of soil and groundwater contamination and ensures compliance with environmental protection regulations.

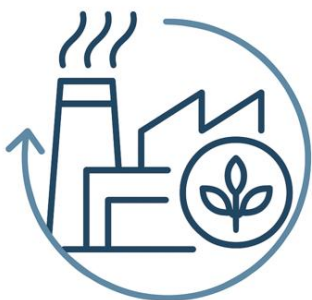
The greatest environmental impact at the HSJ Division is observed within the **steelworks**, where intensive dust emissions occur, particularly during the melting of scrap and the remelting of steel charges.

At Cognor S.A. Ferrostal Łabędy Division in Gliwice, natural elements of the environment are used to support the reduction of the negative impact of industrial activities on the surroundings.

The key solutions include:

- **Green areas surrounding the facilities**, serving as natural barriers that limit the spread of dust and enhance local water retention.
- **Recycling of industrial water by reusing process water for cooling installations**, helping to reduce the consumption of water resources and the volume of wastewater generated.

The Ferrostal Łabędy Division in Gliwice has implemented a range of technical and organisational measures aimed at reducing emissions and limiting environmental impacts:



- **Modern filtration systems** that reduce metallic dust emissions by up to 90% compared to the baseline level, significantly improving air quality in the vicinity of the plant.
- **Implementation of circular economy principles**, including the recovery and reuse of raw materials and the reduction of waste sent to landfill.
- **Conducting educational campaigns** for employees to raise awareness about safe waste handling and the application of best environmental practices in daily operations.

The greatest environmental impacts at the Ferrostal Łabędy Division are generated by:

- **Metallurgical plants and steelmaking installations**, where the processes of melting and remelting scrap generate dust emissions, including metallic particles and oxide compounds.
- **Transport of raw materials and steel products**, both internal and external, which generates exhaust emissions, noise, and secondary dust emissions, particularly in the areas of storage and loading yards.

To reduce environmental impact, the OMS Division has implemented **modern filtration systems** which:

- comply with **stringent environmental protection standards** applicable to air emissions,
- are subject to **regular efficiency testing** carried out by independent authorised bodies,
- allow for a significant reduction of industrial dust emissions generated during the processing and production of steel structures.

These actions form an important part of the Division's environmental management system and are consistent with the precautionary approach promoted by applicable regulations and the Group's internal standards.



The greatest environmental impact at the OMS Division is generated by the **production hall**, where key technological processes are carried out.

E2-1 – Policies Related to Pollution

The Ferrostal Łabędy Division in Gliwice has **implemented the Environmental Pollution Management Policy**, which forms an integral part of the environmental management system and is aligned with the requirements of the **ISO 14001** standard, the **REACH** regulation, and the EU **Industrial Emissions Directive (IED)**. This document covers key environmental areas and defines objectives and actions aimed at limiting the plant's environmental impact:

Reduction of Air Emissions

- Reduction of nitrogen oxides (NO_x), sulphur oxides (SO_x), and particulate matter (PM₁₀, PM_{2.5}) emissions through the use of modern dust extraction and filtration systems.

Minimisation of Water Pollution

- Implementation of closed-loop systems for process water and advanced industrial wastewater treatment systems, enabling the near-total elimination of emissions into the aquatic environment.

Soil and Land Protection

- Prevention of contamination through controlled storage of waste and hazardous substances exclusively on **hardened, concrete surfaces** equipped with leachate drainage systems.

Chemical Safety

- Gradual reduction in the use of chemical substances posing risks to the environment and employee health – by substituting safer alternatives and ensuring compliance

with legal and industry requirements.

This policy is regularly reviewed and updated, and its implementation is supported by internal procedures, environmental monitoring, and educational initiatives aimed at employees.

E2-2 – Actions and Resources Related to Pollution

The Ferrostal Łabędy Division in Gliwice has implemented a range of preventive and operational measures aimed at preventing environmental incidents and mitigating their effects in the event of an emergency. The key elements of the environmental risk management system include:



• **Continuous (24/7) monitoring of pollution emissions** at production facilities – enabling real-time tracking of emission levels and rapid response in the event of exceedances of permissible limits.

• **Environmental emergency management system**, containing detailed procedures for responding to substance leaks, uncontrolled emissions, or other crisis situations – including clearly defined roles, response stages, and communication with relevant emergency services.

- **Regular training of employees** in recognising environmental hazards, applying safety procedures, and effectively responding to potential incident situations.
- **Cooperation with local emergency services**, including the fire brigade and environmental protection services, to enhance preparedness for joint intervention actions in the event of a failure, leak, or other environmental threat.

Through the above actions, the Company strengthens its operational resilience, reduces the risk of negative impacts on the surroundings, and increases the level of compliance with environmental protection regulations.

As part of its environmental pollution management approach, the Ferrostal Łabędy Branch in Gliwice has identified actions to be implemented based on principles of environmental, social, and corporate governance responsibility.

The activities undertaken in the area of pollution management include:

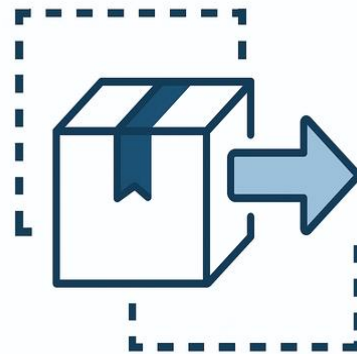
- **Decarbonisation strategy** – focused on reducing the carbon footprint across the entire production cycle, including the modernisation of infrastructure, energy efficiency improvements, and increasing the share of renewable energy.

- **Circular economy (CE) strategy** – aimed at reducing the amount of waste generated, increasing recycling rates, and reusing raw materials and auxiliary materials..
- **Sustainable raw materials policy** – aimed at reducing the consumption of primary raw materials in favour of greater use of secondary raw materials, primarily steel scrap, which directly contributes to the reduction of emissions and waste.

This integrated approach enables more effective management of environmental impacts, optimisation of technological processes, and the achievement of the Division’s ambitious climate and environmental objectives.

The HSJ Division implements effective technical and organisational measures aimed at preventing the pollution of groundwater and surface water resulting from its industrial activities. In particular, the following solutions are applied::

- **Selective waste storage**, allowing for control over waste properties and preventing the risk of chemical reactions and uncontrolled leaks.
- **Storage of hazardous waste** under conditions that eliminate the risk of pollutant release into the environment. Such waste is stored:
 - in **sealed, chemically resistant containers**,
 - in areas **protected against weather conditions**,
 - on insulated **surfaces and secured against unauthorised access**.
- **Use of sealed drip trays** in waste storage and handling areas to prevent any liquid substances from entering the soil and groundwater.



Through these actions, the Company effectively minimises the risk of water pollution, ensures compliance with environmental protection regulations, and supports the achievement of objectives related to the responsible management of natural resources.

2.3.2. Metrics and Targets

E2-3 – Targets Related to Pollution

The environmental policy of Cognor S.A. Ferrostal Łabędy Division in Gliwice defines measurable and ambitious targets aimed at reducing the negative impact of industrial activities on the surroundings. The key targets include:

- **Reduction of dust emissions by approximately 30% by 2030**, through the modernisation of filtration systems installed in metallurgical furnaces and other

installations emitting air pollutants.

- **Reduction of water consumption by approximately 25%**, through the implementation of closed-loop cooling water systems and water recycling systems in technological processes.
- **Gradual phase-out of industrial oils containing hazardous substances by 2028**, by replacing them with safer alternatives in line with the principles of sustainable chemical management.
- **Reduction of industrial waste volume by approximately 20%**, through increasing the rate of reuse and implementing circular economy (CE) solutions.

These targets form part of the Company’s long-term environmental efforts and support its compliance with EU and national regulations, as well as internal Group standards.

E2-4 – Pollution of Air, Water and Soil

The Group’s companies operate installations subject to mandatory reporting of pollutant releases and transfers, including:

- an installation for the production of pig iron or steel (Cognor S.A. Ferrostal Łabędy Branch in Gliwice),
- an installation for the processing of ferrous metals (Cognor S.A. Ferrostal Łabędy Branch in Kraków),
- an installation for the processing of ferrous metals (Cognor S.A. Ferrostal Łabędy Branch in Zawiercie),
- an installation for the production of pig iron or steel (Cognor S.A. HSJ Branch in Stalowa Wola),
- an installation for the processing of ferrous metals (Cognor S.A. HSJ Branch in Stalowa Wola).

An analysis of the levels of air, water, and soil pollutants generated by the above installations operated by the Cognor Group revealed that threshold values for air emissions, as defined in Annex 2 of Regulation (EC) No 166/2006 (E-PRTR), were exceeded in only one installation, and in accordance with the Regulation, only that installation is subject to reporting.

Pollutants emitted into the air from installations operated by the Cognor Group’s companies*		
Type of pollutant	Reporting threshold (kg/year)	Emissions (kg/year)
Carbon monoxide (CO)	500 000	979 000
Nitrogen oxides (NO _x /NO ₂)	100 000	136 000

Mercury and its compounds (as Hg)	10	33,1
Zinc and its compounds (as Zn)	200	317
PCDD + PCDF (dioxins + furans) (as Teq)	0,00010	0,00012
Particulate matter (PM10)	50 000	111 000

* Emissions were determined based on the results of periodic emission measurements, as well as calculations and estimates using emission factors derived from dedicated direct measurements.

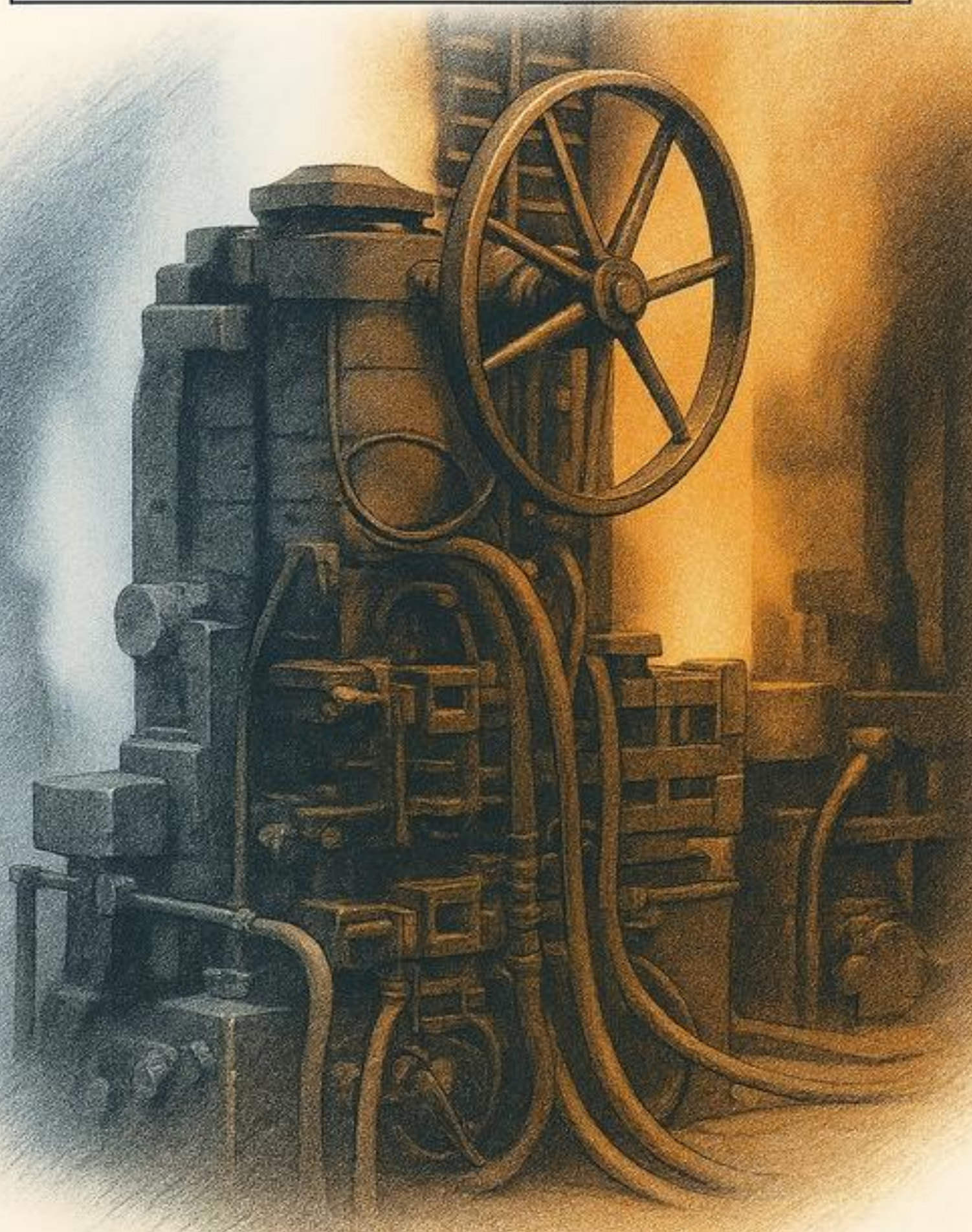
E2-5 – Potentially Hazardous Substances and Substances of Very High Concern

The Group's branches do not produce or use substances that could adversely affect the natural environment or human health. This is confirmed both by the decisions exempting the installations from the requirement to prepare baseline reports under the IPPC directive, based on analyses of materials used in the facilities, and by the absence of any classification of the Group's facilities as having potential or high risk of major industrial accidents. Due to their low materiality and the identification of only trace amounts of substances classified as potentially hazardous or substances of very high concern, as defined in Articles 57 and 59(1) of Regulation (EC) No 1907/2006 and Annex VI of Regulation (EC) No 1272/2008, these substances were not subject to reporting in the 2024 reporting year.

E2-6 – Anticipated Financial Effects Arising from Impacts, Risks and Opportunities Related to Resource Use and Circular Economy

Information regarding the anticipated financial effects arising from impacts, risks and opportunities related to resource use and the circular economy is omitted by applying the transitional provision on phased-in disclosure requirements (Annex C, ESRS 1).

WATER AND MARINE RESOURCES



2.4. ESRS E3 Water and Marine Resources

2.4.1. Management of Impacts, Risks and Opportunities

ESRS 2 IRO-1 – Description of Processes for Identifying and Assessing Material Impacts, Risks and Opportunities Related to Water and Marine Resources



The COGNOR Capital Group has carried out an analysis of the impact of its activities on water resources, identifying both actual and potential risks and opportunities related to water use.

The Ferrostal Łabędy Division in Gliwice identifies its impacts on water resources through the systematic **review of industrial processes**, both within its own operational activities and in relation to partners across the value chain. The analysis covers, among others, the following aspects:

- **consumption of process water in cooling**, scrap washing, and equipment maintenance processes,
- **risk of pollutant emissions into groundwater and surface water**, including the potential release of hazardous substances from landfills, industrial installations, or storage areas.

As part of its operational activities, the Company has implemented **quantitative and qualitative water monitoring**, covering:

- **intelligent sensors and measurement systems**, enabling real-time tracking of water intake and discharge at the facilities,
- recording of data necessary for reporting in accordance with applicable environmental protection regulations,
- verification of compliance with water law permits and identification of areas requiring further optimisation.

In addition, the analysis of the impact on water resources takes into account the **local hydrological context**, enabling the adaptation of actions to the environmental conditions of specific locations (e.g. areas of water scarcity, risk of overloading sewerage systems).

At the HSJ Division, systematic monitoring of water consumption and quality is carried out to effectively identify both actual and potential impacts on water resources.

Key actions in this area include:

- continuous **measurement of water intake and discharge**, using systems that record quantitative data from plant intake and discharge points.

- periodic **testing of process wastewater**, carried out at four designated discharge points: manholes P-1, P-2, P-3, and P-4.

The analyses include the determination of parameters such as:

- **chromium (Cr⁶⁺ and total),**
- **zinc (Zn),**
- **nickel (Ni),**
- **lead (Pb),**
- **copper (Cu),**
- **total phosphorus,**
- **ammonium nitrogen (NH₄⁺),**
- **volatile phenols (phenol index),**
- **petroleum hydrocarbons.**

Additionally, for manhole P-2, extended testing is carried out, covering:

- **iron (Fe),**
- **total suspended solids.**

The above actions enable continuous assessment of the plant's impact on local water resources and ensure compliance with applicable legal standards and water law permits. Monitoring data are also used in environmental risk analyses and in the planning of corrective actions.

At the Złomrex Division, regular **reviews of operational processes are carried out with regard to water consumption** and the potential risk of pollutant emissions into the aquatic environment.

The Ferrostal Łabędy Division in Gliwice uses **closed-loop process water systems**, which enable the reduction of fresh water intake and the control of the quality of water used in technological processes. This not only reduces the consumption of water resources but also allows for more precise monitoring of potential impacts on the aquatic environment. The Division **collaborates with local and regional authorities** in the areas where it operates, including in matters related to water management. The Ferrostal Łabędy Division in Gliwice **does not directly use marine resources** (e.g. does not extract seawater or exploit marine ecosystems); however, part of its logistics activities – particularly those related to international trade in raw materials and metallurgical products – **involves maritime transport.**

The identified opportunities and risks were not classified as material in the double materiality analysis and are not disclosed.

ESRS E3-1 – Policies Related to Water and Marine Resources

The Ferrostal Łabędy Branch in Gliwice has implemented a **sustainable water management policy**, which forms an integral part of the company's environmental management system. This policy does not exist as a formally separate document but is embedded within the broader environmental policies applicable across individual branches. The document outlines the objectives, principles, and priorities related to the responsible use of water resources and the minimisation of the industrial activity's impact on the aquatic environment.

The policy covers the following areas of action:

- **Minimisation of water consumption** in technological and auxiliary processes, through process optimisation and the reduction of losses.
- **Recycling and reuse of water**, including the application of closed-loop systems in cooling and washing installations, thereby reducing the demand for fresh water resources.
- **Systematic monitoring of wastewater quality**, including the control of water pollutant levels and compliance with legal standards and water law permit conditions.

The policy supports the achievement of the Company's environmental objectives, reduces operational and reputational risks, and aligns with the strategic assumptions of the Cognor Group's sustainable development.

ESRS E3-2 – Actions and Resources Related to Water and Marine Resources

In 2024, the COGNOR Capital Group undertook a range of actions aimed at reducing water consumption and improving the efficiency of water resource management.

The key initiatives implemented at the Ferrostal Łabędy Division include:

- **optimisation of water consumption in the metallurgical sector** through the implementation of modern cooling technologies, enabling a significant reduction in water intake within the production cycle,
- **implementation of water recycling systems**, allowing for the reuse of up to **100% of process water**, thereby eliminating the need for its discharge into the environment.

As part of its environmental investments in 2024, the COGNOR Capital Group allocated a **budget of EUR 5 million** for the development of water recycling technologies. The key projects include:

- **construction of a closed-loop water system (OZW)** at the plant in **Siemianowice Śląskie**,

- **modernisation of the cooling system** for the pusher furnace at the rolling mill in **Kraków**, enabling the reduction of cooling water consumption and increasing operational efficiency.

To reduce water consumption at source, GK COGNOR has implemented, among other things:

- **Automatic water dosing systems**, which precisely adjust the amount of water used to the needs of technological processes, minimising losses and inefficient use.

In addition, during the current reporting year, actions were undertaken that are ultimately expected to contribute to achieving the following water reduction targets:

- **optimisation of washing and cleaning processes**, which resulted in a reduction in water consumption of approximately 15%
- **Implementation of more efficient cooling systems** (including in the pusher furnace in Kraków), enabling a reduction in cooling water consumption by approximately 20%.

It should be noted that the indicated targets are estimated values based on the technical specifications of the implemented solutions and were not subject to actual measurement during the reporting period.



The COGNOR Capital Group applies **recirculation systems** enabling **full recycling of cooling water** at one of its production plants. This system allows for the repeated use of the same volume of water within a closed-loop system without environmental losses. The COGNOR Capital Group actively collaborates with **local government authorities** and **environmental institutions** in the regions where it operates. These activities involve joint projects aimed at **improving the quality of surface waters and water infrastructure**, as well as initiatives related to environmental education and the sustainable management

of water resources.

The Ferrostal Łabędy Divisions systematically monitor key performance indicators for water resource management, enabling the assessment of progress towards environmental objectives.

The main indicators include:

- **Total water consumption (m³/year)** – this indicator enables the assessment of the scale of water resource use in the Company’s operational activities.
- **Target:** reduction of total water consumption by **30% by 2030** compared to the baseline level.
- **Percentage of water recycled** – the share of water that, after use in technological processes, is treated and reused within the production cycle.

- **Target:** achievement of **100% recycling of process water by 2028**.

Monitoring of these indicators enables real-time management of environmental risks, identification of areas requiring optimisation, and transparent reporting of progress in the implementation of the water policy.

Cognor S.A. HSJ Division conducts its activities in a manner that minimises the impact on the aquatic environment, focusing on reducing water consumption, applying closed-loop systems, and ensuring compliance with wastewater management regulations. Key actions include:

- **No direct discharge of wastewater into the environment** – industrial and domestic wastewater is directed into a **combined sewer system** operated by an external provider, with whom the Company has a contract for the collection and treatment of wastewater. This solution minimises the risk of impact on local watercourses and soil.
- **Use of closed-loop process water systems**, allowing for multiple reuse of water without the need for discharge into the sewerage system.
- **Avoidance of the use of sanitary water in production processes** – it is used only where required by technological specifications and quality standards, thereby reducing the consumption of high-parameter water.
- **Conducting wastewater quality testing in accordance with the requirements of the water law permit and integrated permit** – the Company regularly monitors permissible pollutant concentrations in wastewater discharged into the sewerage system, ensuring full compliance with environmental protection regulations.

These actions support the objectives of sustainable water management and form part of the environmental management system in place at the HSJ Division.

2.4.2. Metrics and Targets

ESRS E3-3 – Targets Related to Water and Marine Resources

Water management activities are included in the Environmental Policies of the individual branches. The actions undertaken in this area by the Ferrostal Łabędy Branch in Gliwice are guided by ambitious targets that reflect the Company's commitment to the rational use of water resources and the reduction of its impact on the aquatic environment. The key targets include:

- **Reduction of water consumption by 90% by 2030** compared to the baseline level, through the optimisation of technological processes and the implementation of innovative water circulation solutions.

- **Achievement of 100% recycling of process water**, meaning the complete reuse of water used in production cycles without the need for its discharge as wastewater into the environment.

The achievement of these targets supports the Company’s environmental strategy, reduces pressure on local water resources, and contributes to improving the operational efficiency of the plants.

ESRS E3-4 – Water Consumption

Water and Marine Resources		
	unit	2024
Total water consumption	m ³	1 469 428
Total water consumption in areas exposed to water-related risks, including:	m ³	44 777
– in areas with significant water scarcity	m ³	44 777
Total volume of water recycled and reused	m ³	14 667 608
Total volume of water stored	m ³	4600
Total volume of water discharged		1 206 933

* Water-related risk areas were identified for the locations of the Group’s companies/branches that operate in regions classified as having extremely high or high water stress, based on the Aqueduct Water Risk Atlas developed by the World Resources Institute.

Water Intensity		
	unit	2024
Total water consumption within own operations relative to net revenue	m ³ / thousand PLN	0,641
Total net revenue	thousand PLN	2 293 369

E3-5 – Anticipated Financial Effects Arising from Material Risks and Opportunities Related to Water and Marine Resources

Information regarding the anticipated financial effects arising from impacts, risks and opportunities related to resource use and the circular economy is omitted by applying the transitional provision on phased-in disclosure requirements (Annex C, ESRS 1).

BIODIVERSITY AND ECOSYSTEMS



2.5. ESRS E4 Biodiversity and Ecosystems

E4-1 – Transition Plan on Biodiversity and Ecosystems and Integration of Biodiversity and Ecosystems into the Strategy and Business Model

As part of the assessment of the resilience of its strategy and business model to risks related to biodiversity and ecosystems, the COGNOR Capital Group conducted an analysis of the locations of its production and operational sites in relation to areas of high natural value. The analysis used spatial data from the Geoportal system and geospatial tools (including GeoRadar), enabling the verification of proximity to protected natural areas such as Natura 2000 sites, national parks, nature reserves, landscape parks, ecological sites, and priority habitats.

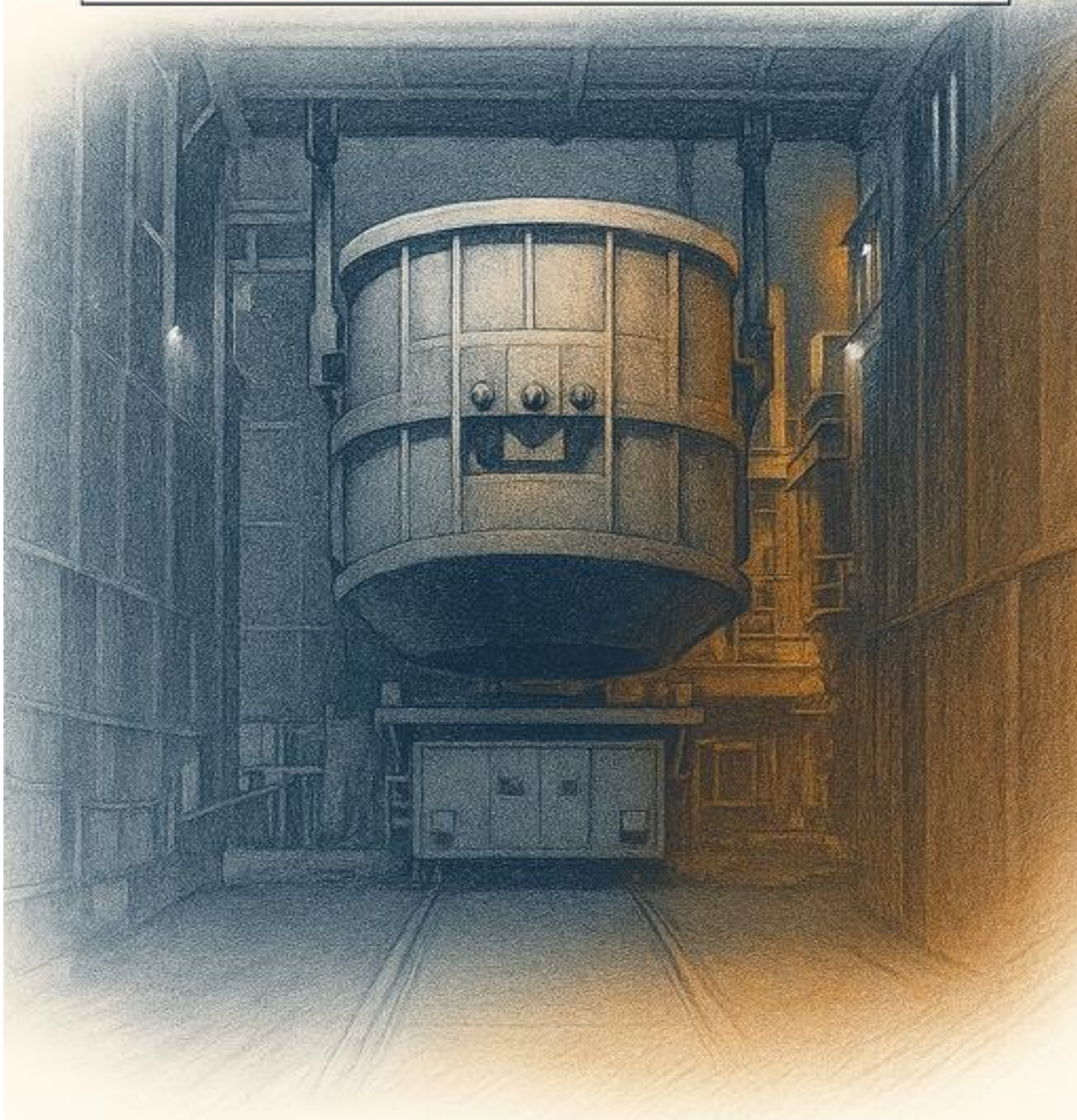


The results of the analysis clearly indicate that **none of the Group's sites are located within or in the immediate vicinity of areas of high natural value.** This means that the current activities of the COGNOR Capital Group do not exert pressure on areas that are particularly important for maintaining biodiversity, do not generate direct physical or systemic risks arising from conflicts with nature, and do not require adjustments to the operational strategy in this respect.

Despite the absence of significant direct impacts on biodiversity, the Group monitors potential interdependencies and indirect risks arising, among others, from the exploitation of natural resources, waste management, and changes in environmental regulations. The COGNOR Capital Group conducts its activities in accordance with environmental protection principles, applying internal procedures for the monitoring of emissions and the management of secondary raw materials.

At present, **there is no need to implement a strategic transformation plan** regarding biodiversity impacts; however, this area remains under continuous supervision within the framework of the environmental management systems.

CIRCULAR ECONOMY



2.6. ESRS E5 Resource Use and Circular Economy

2.6.1. Management of Impacts, Risks and Opportunities

ESRS 2 IRO-1 – Description of Processes for Identifying and Assessing Material Impacts, Risks and Opportunities Related to Resource Use and the Circular Economy

The COGNOR Capital Group systematically analyses the impact of its activities on the use of natural resources and the opportunities for implementing circular economy (CE) principles. As part of this approach, at the Ferrostal Łabędy Division:

- **raw materials whose availability may be at risk are identified**, both due to the depletion of natural resources and potential restrictions arising from legal regulations (e.g. regulations concerning critical raw materials),
- the Company uses **market and regulatory analyses** to assess potential risks and opportunities related to new legal requirements concerning recycling, recovery, and responsible waste management.

To assess its activities in terms of the circular economy, Cognor S.A. Ferrostal Łabędy Division conducted a Material Flow Analysis (MFA).

This tool enables the detailed identification of which raw materials – both primary and secondary – are used in production processes, as well as the types of waste generated at various stages of operations.

The MFA also allows for the identification of materials that **can be reused, recovered, or recycled**, supporting the goal of maximising material efficiency and minimising resource losses.

The conclusions from the analysis form the basis for planning circular economy (CE) actions and enable more informed resource management over the long term.

The COGNOR Capital Group conducts extensive stakeholder dialogue, including cooperation with suppliers to increase the share of secondary raw materials in production and to promote closed-loop material circulation within the supply chain. The Ferrostal Łabędy Division also consults with local communities, particularly where the operations of plants may affect land use or involve the generation of industrial waste. In addition, the COGNOR Capital Group cooperates with regulators and industry organisations to continuously monitor legislative changes and to adapt operational processes to forthcoming circular economy requirements.

ESRS E5-1 – Policies Related to Resource Use and the Circular Economy

The Ferrostal Łabędy Division has implemented a Policy on Resource Use and the Circular Economy. This policy is aligned with the EU Circular Economy Strategy and ISO 14001.

ESRS E5-2 – Actions and Resources Related to Resource Use and the Circular Economy



To enhance resource efficiency, the COGNOR Group undertakes a range of initiatives encompassing both ongoing investments and established operational practices. In the reporting year, the Group optimised its production processes through the modernisation of the rolling mill line in Kraków. The modernisation project included the reconstruction of the EAF furnace, aimed at increasing production capacity while simultaneously reducing electricity consumption per megagram (Mg) of product. The upgrade was designed to reduce post-production waste by approximately 5%. The applied solution

also targets a reduction in electricity consumption, achieving an estimated decrease of around 10% per tonne of finished product. In parallel, due to previously implemented measures, a reduction in the use of primary raw materials of approximately 20% is anticipated – mainly through an increased share of recycled materials. These assumptions can only be confirmed once full production capacity is reached and appropriate measurements are conducted. Additionally, a system for the recovery and reuse of metal waste within a closed-loop production cycle has been introduced.

The implementation of circular economy objectives has involved significant financial, technological, and human resources. In the reporting year, the Ferrostal Łabędy Branch initiated the development of new recycling solutions and technologies supporting closed-loop systems, with full implementation planned by 2028. One example of technological investment is the installation of modern electric furnaces, optimised for the remelting of steel scrap, which enhances both energy and material efficiency in production processes.

In the area of business models supporting the circular economy, the Ferrostal Łabędy Branch is developing product return and regeneration systems, enabling their re-use in production. In parallel, the branch continues cooperation with industrial partners within the framework of industrial symbiosis, whereby waste generated by one company is used as raw material by another.

To prevent waste generation, material loss monitoring and reduction systems have been implemented at Ferrostal Łabędy, enabling better control over resource use already at the operational stage. In addition, the share of secondary raw materials in production has been increased, which contributes to a reduction in primary waste and limits the exploitation of natural resources.

Waste management is carried out in accordance with the waste hierarchy. During the reporting year, actions were taken to **minimise the amount of waste sent to landfill** (disposal), while in the long term, the Company focuses primarily on the recycling, recovery, and reprocessing of metals and other production materials.

An important element of the circular economy (CE) system also remains the prevention of waste generation through the reduction of material losses already at the product and process design stage.

In terms of cooperation, the GK COGNOR actively engages with suppliers and customers to implement solutions that promote recycling and the recovery of raw materials. Suppliers of secondary raw materials, including steel scrap and other materials that are reintroduced into the production process, also play a key role in this area.

Among the plans for the coming years, the GK COGNOR announces the expansion of its secondary raw materials recycling facility, **which will enable an approximately 30% increase in the level of material recovery** and further strengthen the COGNOR Capital Group's position as a leader in sustainable steel production within a circular model.

Cognor S.A. HSJ Division undertakes numerous actions aimed at increasing resource management efficiency and implementing circular economy principles. As part of its operational activities, closed-loop water systems have been introduced in selected parts of the installations, allowing for a reduction in fresh water consumption and wastewater emissions. Where required, preliminary treatment (pre-treatment) of industrial wastewater is also carried out. Untreated wastewater is discharged into an external sewerage system, which is connected to a specialised wastewater treatment plant.

In the area of material recovery, the HSJ Division utilises post-production steel waste and used graphite electrodes. Waste is primarily directed for recovery, in accordance with the waste hierarchy principles, and only to recipients holding the appropriate permits. During the reporting year, actions were implemented to increase the share of secondary raw materials in the production process. These include the recycling of iron-bearing waste, which is reintroduced into the technological cycle as valuable feedstock material. Additionally, used refractory materials – bricks and shapes that show no signs of wear – are sorted and reused for lining furnaces and steel ladles. The Company also strives to use steel scrap with a higher iron content, which reduces the amount of slag and dust generated from the dedusting of off-gases. All actions are supported by systematic monitoring of raw material, energy media, and water consumption.

The circular economy model implemented by HSJ is also based on cooperation with other companies within the framework of industrial symbiosis – waste such as dust or slag, which cannot be utilised internally, becomes a valuable raw material for external recipients.

Waste management at the HSJ Division is carried out in accordance with the waste hierarchy indicated in the applicable legal regulations. The primary objective is to prevent waste generation, and where this is unavoidable, to pursue its recovery.

As a last resort, where recovery is not possible or is unjustified for economic or environmental reasons, waste is subjected to disposal processes. Due to the nature of the operations, the dominant waste fractions consist of slag from casting processes and steel waste from mechanical processing. Thanks to properly managed technological processes, the quantities are kept at the lowest possible level. External partners are also involved in circular economy activities.

The Division uses returnable packaging to reduce the amount of packaging waste, invests in the purchase of devices and lighting sources with extended durability, and carries out rational lighting management. In addition, high-quality batteries are used, which helps to reduce the frequency of replacement and the amount of hazardous waste generated.

2.6.2. Metrics and Targets

ESRS E5-3 – Targets Related to Resource Use and the Circular Economy

The Resource Management and Circular Economy Policy adopted by the Ferrostal Łabędy Branch in Gliwice sets out ambitious and measurable environmental targets aimed at improving material efficiency, reducing waste generation, and promoting solutions aligned with the principles of sustainable development. The key objectives include:

- **Increase the share of secondary materials in production to 70% by 2030**, contributing to the reduction of demand for primary raw materials and the lowering of the environmental footprint of processes.
- **Reduce the generation of production waste by 30% by 2030** through the optimisation of technological processes and the implementation of waste monitoring and management systems.
- **Achieve 100% recycling of post-production waste by 2030** to maximise material recovery and close the resource loop within the organisation.
- **Develop an ecodesign strategy aimed at designing products with durability**, ease of disassembly, and reusability in mind, in line with circular economy principles.

The achievement of these targets strengthens the Company's competitiveness, supports compliance with European Union regulations, and represents a significant step towards a full transition to a circular economy.

Ferrostal Łabędy Branch in Gliwice incorporates all key elements of the waste hierarchy into its waste policy, in accordance with European Union guidelines. Priority is given to **waste prevention**, which is achieved through the optimisation of production and technological processes. Where waste generation cannot be avoided, the Company aims to **reuse components**, including through the development of systems for the return and regeneration of parts that can be reused. **Recycling of raw** materials remains a key element of environmental activities, particularly through the extensive use of steel scrap and other secondary materials. **Waste disposal** is treated as a last resort and is carried out only in cases where recovery is not possible or is economically or environmentally unjustified.

In the area of **waste minimisation**, the Company is implementing an approach based on conscious product design and process efficiency. Products are designed to enable easier disassembly, recycling, and reuse. Production processes have been optimised to minimise



raw material losses, and cooperation with specialised recycling companies enables the effective recovery of post-production materials.

Ferrostal Łabędy Branch in Gliwice is also actively developing an **ecodesign approach**, integrating it as a key element of its environmental strategy. **Modular design** is being implemented, allowing for the easy replacement and repair of components, thereby extending product life cycles. The Company also aims to **minimise the number of materials used in products**, facilitating their later disassembly and

recycling. Wherever possible, **the share of biodegradable or fully recyclable materials** is increased, in line with circular economy principles.

Ferrostal Łabędy Branch in Gliwice implements a variety of circular economy models within its industrial operations to support the optimisation of resource use and the reduction of environmental impact. The key models include:

- **Regenerative model**, based on the recovery of metals from scrap and post-production waste, which are then reused in the production process. This approach reduces the demand for primary raw materials and minimises material losses.
- **Service model**, involving the offering of selected products and services through rental or leasing rather than sale. This solution extends product life cycles and increases opportunities for reuse, refurbishment, and component recovery.
- **Closed-loop recycling model**, in which waste generated during production is processed internally and returned to the cycle as a fully valuable raw material, supporting the material self-sufficiency of the plants.

As part of its broader approach to the circular economy, the Company also implements the **9R** principles, which represent an extended hierarchy of circular economy actions:

- **Refuse** – unnecessary materials and components are eliminated at the product design stage, simplifying construction and reducing waste.
- **Reduce** – the Company consistently reduces the consumption of primary raw materials by increasing the share of secondary materials and optimising technological processes.
- **Reuse** – return and regeneration systems for components have been implemented, enabling their reuse within the production cycle.
- **Repair** – the availability of spare parts and product servicing options is ensured, increasing product durability and usability.
- **Refurbish** – older components and products are modernised or refurbished, allowing them to return to use in an updated form.
- **Remanufacture** – elements recovered from dismantled equipment are reused in the manufacture of new products or constructions.

- **Repurpose** – the Company seeks alternative applications for production waste, for example by using dust or slag as secondary raw materials in other industrial sectors.
- **Recycle** – extensive recovery of secondary raw materials is conducted, including metals, steel scrap, and packaging materials, which are recycled in accordance with applicable environmental standards.

The implementation of these actions and models supports the Company’s strategic objectives regarding resource efficiency, regulatory compliance, and the reduction of the environmental footprint of industrial activities.

ESRS E5-4 – Resources Input

Company	Resources Introduced	
	Total mass of products and technical and biological materials used during the reporting period (Mg)	Mass of reused or recycled components, products, and secondary materials used in product manufacturing (Mg)
COGNOR	541 703,40	348 533,59

ESRS E5-5 – Resources Output

Company	Total mass of waste generated from own operations and transferred to authorised recipients (Mg)	
	Hazardous waste	Non-hazardous waste
GK COGNOR	3 023,26	170 294,05

Company	Total mass of waste subjected to recovery processes (Mg)				
	Hazardous waste				
	Recycling	Disposal	Incineration	Landfilling	Other forms of recovery
GK COGNOR	3 018,19	5,07	0	0	0
Company	Total mass of waste subjected to recovery processes (Mg)				
	Non-hazardous waste				
	Recycling	Disposal	Incineration	Landfilling	Other forms of recovery
GK COGNOR	169 776,32	342,79	0	91,75	83,19

ESRS E5-6 – Anticipated Financial Effects Arising from Impacts, Risks and Opportunities Related to Resource Use and the Circular Economy

Information regarding the anticipated financial effects of material physical risks and transition risks, as well as potential opportunities related to resource use and the circular

SOCIAL ISSUES



3. Information Regarding Social Matters

3.1. ESRS S1 Own Workforce

3.1.1. Strategy

ESRS 2 SBM-2 – Interests and Views of Stakeholders

GK COGNOR dostrzega, że jej sukces zależy od zaangażowania, kompetencji i satysfakcji pracowników, dlatego uwzględnia ich opinie oraz interesy w procesach zarządzania i podejmowania decyzji.



GK COGNOR recognises that its success depends on the engagement, competence, and satisfaction of its employees, and therefore takes their views and interests into account in management and decision-making processes.

Across all its entities, GK COGNOR actively undertakes initiatives to incorporate the interests and views of employees into both strategic and operational processes. At the Ferrostal Łąbędy Division in Gliwice, regular **employee satisfaction surveys** are conducted, providing an important source of information regarding their needs, expectations, and levels of engagement. The Company has also implemented a **social dialogue policy**, under which employee representatives are given the opportunity to participate in decision-making processes, particularly those affecting employment conditions and the working environment.

A similar approach is applied at the Ferrostal Division in Siemianowice Śląskie, where employees' views are collected through **meetings, surveys, and direct consultations**. This information is used to shape HR and ESG strategies, as well as for the ongoing optimisation of internal processes.

At the PTS Division, communication with employees is based on **regular meetings with trade union representatives**, during which strategic objectives are shared. In situations requiring rapid action or adaptation to changes in the business environment, **ad hoc meetings** are organised to facilitate the exchange of information and to take employees' interests into account.

At Cognor Holding S.A. Sp. komandytowa, due to the intimate nature of its operations, a model of direct and frequent communication is in place. **Weekly working meetings are held**, during which all matters important from the employees' perspective are discussed. In addition, direct contact with the management is available whenever clarification or the handling of individual issues is required.

At JAP Industries s.r.o., an open cooperation model is also applied — **the management regularly reviews employee suggestions** and implements those solutions that may contribute to improving operational activities or working conditions.

All the above examples confirm that, within the Cognor Group, employees' views are an

important element in shaping organisational and operational strategy, and that communication mechanisms are tailored to the specific nature of each unit.

Shaping Corporate and ESG Culture

The Cognor Group actively involves employees in decision-making processes related to the sustainable development strategy and ESG policies, adapting participation mechanisms to the specific characteristics of each organisational unit.

At the Divisions in Siemianowice Śląskie, Gliwice, and HSJ, internal consultations and thematic workshops are conducted, aimed at gathering employees' opinions and ideas concerning environmental and social initiatives.

Additionally, **an ESG initiative submission** system has been implemented, allowing every employee to propose specific solutions that could influence the business strategy and sustainable development policies.

At the **PTS Division**, employees have the opportunity to influence strategic directions through the **direct submission of opinions and initiatives**, as well as through the participation of team representatives in periodic meetings with the management. This dialogue forms an integral part of organisational management and is an important tool for strengthening employee engagement.

At **Cognor Holding S.A. Sp. Komandytowa**, due to the smaller number of employees, **joint meetings** are held during which all key matters — both operational and strategic, including ESG-related issues — are discussed. Employees have the possibility of direct contact with the management to submit their suggestions.

Meanwhile, at **JAP INDUSTRIES s.r.o.**, the management regularly **collects proposals and feedback from employees regarding ESG matters** and implements those solutions that have genuine potential to improve the organisation's operations and its impact on the surrounding environment.

This approach fosters the development of an organisational culture based on shared responsibility and mutual dialogue, while simultaneously strengthening the effectiveness of implementing ESG strategy objectives across the entire Group.

ESRS 2 SBM-3 – Significant Impacts, Risks, and Opportunities and Their Interconnections with the Strategy and Business Model

During the double materiality assessment, risks and opportunities in the area of workforce matters were identified:

Area of Significant Impact	Opportunity	Risk
Occupational health and safety	Engagement in improving occupational health and safety conditions contributes to a reduction in the number of accidents and occupational diseases, which may	The risk of workplace accidents, including the possibility of slipping, tripping, or falling on the same level, being struck by moving machinery

	lead to lower insurance-related costs and, at the same time, reduce the risk of business interruptions.	(e.g., loaders, cranes, forklifts), and being hit or crushed by falling objects. Additionally, there is a risk of electric shock during work with electrical equipment.
Training and skills development	Developing cooperation with local vocational and technical schools through internship and apprenticeship programmes creates an opportunity to educate future employees in line with the company's needs. Implementing employee referral programmes and providing broad access to training, including online training, enables the systematic enhancement of staff competences and strengthens team engagement. These actions not only mitigate the risk of workforce shortages but also support the building of a long-term competitive advantage based on a stable and highly skilled human capital.	A lack of candidates with the required qualifications, certifications, and experience poses a significant risk to the continuity and efficiency of operational processes. Staff shortages may lead to increased workload for existing employees, decreased productivity, and the risk of team overload.
Gender equality and equal pay for work of equal value	Ensuring equal opportunities and equal pay for work of equal value supports the creation of a fair and inclusive working environment. Such an approach fosters greater engagement, job satisfaction, and the attraction and retention of talented employees.	Failure to uphold the principle of equal opportunities and fair treatment of all employees may lead to decreased job satisfaction, reduced engagement, and underutilisation of the potential of part of the workforce. Inequalities in pay or promotion opportunities may also negatively affect the organisation's reputation.

Employee-Related Risk

GK COGNOR monitors and identifies potential negative impacts of its operations on employees across its various organisational units. The Cognor Group monitors and identifies potential adverse impacts of its activities on employees within different organisational units. In the Ferrostal Branch in Gliwice and the HSJ Branch, key challenges remain related to occupational **health and safety risks**. Working in a metallurgical environment involves exposure to high temperatures, noise, and dust and gas pollutants, which necessitates strict adherence to health and safety regulations and the use of personal protective equipment.

At Cognor S.A.'s Branch in **Siemianowice Śląskie**, **challenges have been identified in retaining qualified technical employees**, linked to increasing competition in the labour market and higher staff turnover. Similar risks also apply to the Branches in Gliwice and HSJ, where the **automation of technological processes** may gradually alter the employment structure and lead to a reduction in the number of manual labour positions.

At the PTS Branch, potential risks have been identified relating to **insufficient opportunities for employees to express their opinions**, as well as the risk of pay **inequalities based on gender**. Meanwhile, JAP INDUSTRIES s.r.o. reports occupational health and safety risks associated with exposure to vibrations and air pollution resulting from certain production processes.

Opportunities and Potential in the Employment Area

GK COGNOR strives to create a working environment that fosters development, employment stability, and employee well-being. At the PTS Branch, the strategy and business model are based on **respect for employee rights, equal opportunities and employment conditions**, and the promotion of an organisational culture built on mutual respect and engagement. The company implements initiatives supporting the mental and physical well-being of employees. At the Branch in **Siemianowice Śląskie**, **upskilling programmes** are being implemented, including specialist technical training and courses aimed at adapting employees' competences to ongoing technological changes.

At Cognor Holding S.A. Sp. Komandytowa, positive impacts are reflected, among other things, through **qualification enhancement programmes** that allow employees to align their competences with evolving industry and legal requirements. Additionally, **a bonus system linked to sales performance** has been introduced, which positively influences staff motivation and satisfaction.

Meanwhile, JAP INDUSTRIES s.r.o. provides employees with **long-term job security and tangible wage growth**, which, combined with improvements in working conditions, constitutes a significant positive impact of the business model on the workforce.

Key Characteristics of Employees

The Cognor Group employs staff with a high level of professional experience, with the employment structure varying depending on the branch. A predominance of male employees is characteristic, which results from the nature of the industrial sector and the dominance of technical professions.

At the **Ferrostal Branch in Gliwice (Łabędy)**, as at the reporting date, **313 employees** were employed, of whom **18% were women** and **82% were men**.

The average age of employees was **46 years** for both women and men. **The average length** of service at the company was **13 years** – 12 years for women and 14 years for men – which demonstrates a high level of staff retention and employee loyalty.

At the Siemianowice Śląskie Branch, the majority of employees have **more than five years of professional experience**. **Women account for 12.5% of the total workforce**, while **men represent 87.5%**. The company places great emphasis on maintaining employment stability and developing the competencies of its staff.

At the **HSJ Branch**, there are **801 employees**, of whom **15% are women** and **85% are men**. Here too, the workforce is predominantly composed of staff with many years of professional experience.

The PTS Branch employs **over 80 full-time employees**, including **16% women and 84% men**. The age structure shows a predominance of long-serving employees, which supports the maintenance of high operational standards but also presents a challenge in terms of succession planning and career path development.



Cognor Holding S.A. Sp. Komandytowa is an administrative entity which, as of the reporting date, employed **3 people**. Recruitment in this unit focuses on matching candidates' qualifications to specialised analytical and managerial tasks.

At **JAP INDUSTRIES s.r.o.**, **99 employees** are currently employed, of whom **28% are women** and **72% are men**. The vast majority of employees have **more than five years** of **professional experience**, which positively contributes to the stability of operational processes and the quality of services provided.

Across the entire Cognor Group, the workforce is characterised by **long service periods, a high level of professional qualifications, and gradually developing initiatives aimed at promoting gender equality** and knowledge transfer between generations.

Classification of Employees by Organisational Structure and Type of Employment



The Cognor Group classifies its employees based on a range of organisational variables, such as: assignment to departments or divisions, plant location, type of employment contract, working time arrangement, length of service, age, and education level. This approach enables efficient human resource management and allows HR activities to be tailored to the specific needs of individual organisational units.

At the **Ferrostal Plant in Gliwice**, employee classification is carried out in line with the adopted organisational structure. Employees are assigned to specific divisions and departments, such as the Steelworks, Maintenance Department, Sales Department, Logistics Department, Laboratory and Quality Control, Purchasing Department, Utilities Department, IT, and administrative-accounting departments. Additionally, employees are categorised according to the type of contract (employment contract or civil law contract), position held, length of service, education level, age, and working time arrangement.

At the **Siemianowice Śląskie Plant**, employees are assigned to functional areas such as Production, IT, and Marketing. **Approximately 70% of the workforce is employed on a full-time basis**, while the remaining 30% work part-time, including through flexible employment arrangements.

At the **HSJ Plant**, a similar division applies within key operational areas. **99% of the employees work full-time**, with only a small proportion (1%) employed on a part-time basis.

At the **PTS Branch**, employee classification is based on assignment to departments such as Accounting, HR, Transport Services, or the Logistics Department. Most employees are employed **under full-time employment contracts**, while a few individuals work part-time – typically retired employees who continue to collaborate with the company.

At **Cognor JAP INDUSTRIES s.r.o.**, employees are assigned to departments such as Sales, Finance, Production, Warehousing, Customs, Laboratory, and Operations. Additionally, **the Production Department is subdivided into sections according to**

technological processes, including Graphite Electrodes, Graphite Products, Briquetting, Refractory Products, and the Maintenance Department.

Across the entire Cognor Group, the classification of employees enables **effective workforce management**, the adaptation of HR strategies to operational needs, and ensures compliance with labour law regulations and human resources management standards.

Challenges related to strategic workforce aspects

Cognor Group, as part of its developed human resources management strategy and ESG policy, systematically identifies and analyses key employee-related risks that may impact operational continuity, work quality, and employment stability.

In the **Siemianowice Śląskie Branch**, particular attention has been given to the **risk of a shortage of qualified employees**, especially in the areas of metallurgy and materials engineering. Difficulties in attracting specialists with appropriate technical experience may negatively impact technological development and the continuity of production.

In the **Ferrostal Łabędy Branch in Gliwice** and at **HSJ**, **health and occupational safety risks** have been identified, associated with working in an industrial environment where there is exposure to hazardous substances, high temperatures, and physical factors. There is also an elevated risk of workplace accidents, necessitating the implementation of advanced prevention measures and investments in employee health protection systems.

HSJ additionally highlights the risk associated with progressing **automation and digitalisation**, which requires the reskilling of part of the technical workforce. Technological transformation may necessitate restructuring of the employment structure and the implementation of training programmes to adapt staff to the new working environment.

In the **PTS Branch in Kraków**, three key risks have been identified. The first concerns **excessive workload**, particularly among drivers, whose working hours are often irregular and interrupted, potentially impacting their health and efficiency. The second risk relates to **discrimination in the employment of women** in traditionally male-dominated professions, such as drivers or mechanics, highlighting the need to strengthen initiatives promoting equality. The third issue concerns the **high average age of employees**, which increases the workforce's vulnerability to occupational illnesses and affects the pace of production task execution.

In the company **JAP INDUSTRIES s.r.o.**, **health risks** have been identified, **arising from exposure to vibrations and air pollution**, which result from the nature of certain production processes. In addition, the company faces a **shortage of skilled machine tool operators**, which may impact the quality and timeliness of order fulfilment.

The identification of the above risks enables the Cognor Group to undertake effective preventive and adaptive measures in human capital management, as well as to build long-term organisational resilience in the context of a changing labour market.

Impact of Transition Plans Towards Sustainable Operations on Employment and Working Conditions

Cognor Group’s transition plans towards more sustainable operations have a significant impact on the employment structure, human resources policy, and working conditions across its various divisions.

In the **Divisions in Siemianowice Śląskie, Łabędy, and HSJ**, the development of a low-emission strategy, including investments in environmentally friendly technologies, is generating a demand for the recruitment of **new specialists in the areas of green technologies, energy efficiency, and environmental management**. At the same time, changes in production processes resulting from **modernisation and automation may lead to the restructuring of certain job positions**. In response to these challenges, the companies are undertaking initiatives aimed at **retraining current employees**, thereby providing them with opportunities for further professional development within the evolving technological and environmental landscape.

As part of preparing the workforce for the environmental transition, **training and educational programmes have been expanded** to cover both technical skills and aspects of sustainable development. These initiatives aim to provide **new career pathways** and to secure long-term employment opportunities.

In the **PTS Division**, the ESG transformation is also **impacting recruitment policies and remuneration systems**, adapting them to new competency requirements and expectations. **Health and safety standards** are likewise evolving, reflecting the implementation of new technologies, materials, and processes — resulting in the revision of safety procedures and the adaptation of workstations.

The actions undertaken by the Cognor Group in response to the climate and environmental transition are **therefore both adaptive and developmental** in nature – strengthening the resilience of the internal labour market and supporting employees throughout the process of change.

Risk of Forced Labour or Child Labour Occurrences



The Cognor Group does not identify any cases of forced labour or child labour within its production facilities, including **Ferrostal in Siemianowice Śląskie, Łabędy, HSJ, and the PTS Branch**. The working environment in these units is subject to regular internal inspections and external audits, which confirm compliance with both national and European Union labour law regulations.

At the same time, the Cognor Group **monitors the risk of unethical practices within its supply chain**, with particular focus on suppliers from outside the European Union. At **Ferrostal Gliwice** and the **PTS Branch**, as part of the contractor qualification and evaluation process, information is **collected to identify and mitigate the risk of cooperating with**

entities involved in child labour or forced labour. Appropriate contractual clauses and ethical declarations are applied, forming the basis for continued cooperation.

At the company in **Siemianowice Śląskie**, despite the absence of internal incidents, preventive measures are undertaken as part of responsible supply chain management. This monitoring focuses on potential risks in regions with elevated social and regulatory risks. The actions taken confirm the Cognor Group's commitment to **respecting human rights**, in line with the UN and OECD Guidelines and the principles of responsible business conduct.

Operations Most Exposed to the Risk of Labour Rights Violations

The Cognor Group identifies several areas of its operations where there is an **elevated risk of labour rights violations**, both within its own activities and across its supply chain. In the **Siemianowice Śląskie Branch** and at **HSJ**, this risk primarily concerns suppliers of **primary raw materials**, particularly mining companies operating outside the European Union, where **ethical standards and labour law regulations may be less stringent**. Additionally, increased risk is associated **with collaboration involving subcontractors** employing temporary workers, where irregularities regarding employment conditions, occupational health and safety compliance, and remuneration practices are more likely to occur.

In the PTS Branch, the risk of labour rights violations may concern **internal processes**, such as remuneration planning, organisation of working time (particularly in cases of irregular work patterns), as well as recruitment processes. In these areas, it is necessary to ensure full compliance with applicable regulations and to maintain transparent and fair procedures.

For JAP INDUSTRIES s.r.o., according to the company's declaration, **no operations are conducted that would entail a risk of labour law violations**, and its activities are fully compliant with both local and European employment standards. The identification of these risks enables the Cognor Group **to implement appropriate oversight mechanisms, supplier and subcontractor audits**, as well as continuous improvement of internal human resources processes, which forms an integral part of responsible human capital management across the organisation.

Mechanisms for Monitoring and Controlling Working Conditions



The Cognor Group implements and continuously improves systems for monitoring and controlling working conditions across all its organisational units. These mechanisms aim to ensure compliance with labour law requirements, protect employees' health and safety, and promote an ethical corporate culture.

In the **branches located in Siemianowice Śląskie, Łabędy, HSJ, and PTS**, regular **occupational health and safety (OHS) audits and internal inspections of working conditions are conducted**. Findings from these activities are documented and form the basis for

further preventive and corrective measures. Each of these units has also adopted a **Code of Work Ethics**, setting out employment standards, principles of responsible treatment of employees, and a prohibition of any forms of discrimination or harassment.

In the **PTS Branch in Kraków**, monitoring of working conditions is further reinforced through **continuous dialogue with the workforce**, including representatives of trade unions and workplace health and safety inspectors. Employees also have unrestricted access to health and safety services and are encouraged to submit proposals directly regarding improvements to workplace conditions.

In **Cognor Holding S.A. Sp. Komandytowa** and **JAP INDUSTRIES s.r.o.**, the supervision of working conditions is carried out directly by the company's management, with any identified deficiencies addressed on an ongoing basis. In the limited partnership company, the **Cognor Group Code of Ethics** is in force, **alongside a whistleblowing system** that allows employees to report breaches anonymously.

Additionally, at the **Ferrostal Łabędy Branch in Gliwice**, **external certifications and labour standards** have been implemented, including **ISO 45001** and **SA 8000**, confirming the alignment of management systems with international occupational health and safety standards and workers' rights regulations.

The Cognor Group consistently fosters a working environment based on transparency, safety, and respect for human rights, ensuring the availability of effective tools to prevent infringements and promote responsible employment practices.

3.1.2. Management of Impacts, Risks and Opportunities

S1-1 – Policies Related to Own Workforce

The Cognor Group has implemented a comprehensive approach to human resources management, tailored to the specific characteristics of each business unit. The adopted policies address key aspects related to occupational health and safety, respect for workers' rights, promotion of diversity, and support for social inclusion.

At the **Ferrostal Łabędy Branch in Gliwice** and the **Siemianowice Śląskie Branch**, a **consistent workforce management policy** is in place. This policy covers, among others:

occupational health and safety (OHS), adherence to fundamental workers' rights, principles of equal treatment, and the promotion of diversity. It applies to both directly employed staff and – in the case of Gliwice – also to individuals indirectly involved through the supply chain.

1. At the **PTS Branch**, a human resources management strategy has been implemented which integrates the provision of a safe and dignified working environment, compliance with labour law regulations, and equality and anti-discrimination policies. This strategy applies both to employees engaged under employment contracts and to individuals working on civil law contracts or on a self-employed basis. Additionally, it incorporates preventive measures against mobbing and discrimination.
2. **Cognor Holding S.A. Sp. Komandytowa** applies a similarly comprehensive HR policy that addresses occupational health and safety (OHS) requirements, the protection of workers' rights, equal opportunities, and social inclusion. The company places particular emphasis on internal dialogue and the systematic assessment of employee needs.
3. In **JAP INDUSTRIES s.r.o.**, a set of internal regulations is in force, covering key HR areas such as: the labour code, training and health protection regulations, the use of personal protective equipment, working time organisation, remuneration systems, access to meals, language classes, pension support, personal data protection, and a whistleblowing procedure for reporting irregularities.

The policies implemented across the Cognor Group are aimed at mitigating risks associated with staff turnover, shortages of qualified personnel, and occupational health and safety (OHS) hazards, while simultaneously supporting positive outcomes such as the development of competencies, increased job satisfaction, and the creation of an engaged and responsible workforce.

The adopted policies on human resources management, workers' rights, occupational health and safety, diversity, and social inclusion apply to **all employees**, regardless of their form of employment. This means that both individuals employed under employment contracts and those engaged on a civil law basis are subject to the same standards and rules of conduct.

These principles are applied consistently and without discrimination, with their implementation based on cyclical monitoring activities – including **audits of HR indicators** (such as turnover, absenteeism, and the number of training hours), **employee satisfaction surveys**, and **benchmarking analyses against industry standards**. This approach enables effective identification of both risks and opportunities in the area of human resources management, facilitating the implementation of appropriate improvement measures.

The Cognor Group's employee policy explicitly prohibits all forms of **forced labour, child labour, and human trafficking**. These principles are aligned with the provisions of the **International Labour Organization (ILO) Conventions, the United Nations Guiding Principles on Business and Human Rights, and the OECD Guidelines for**

Multinational Enterprises.

As part of these commitments, the Group implements **due diligence mechanisms** aimed at identifying, monitoring, and eliminating potential violations in this area – both within its own operations and across its supply chain. Adherence to these principles constitutes one of the pillars of the Group’s responsible employment policy and sustainable management of business relationships.

S1-2 – Procedures for Engaging with Own Workforce and Workers’ Representatives Regarding Impacts

The Cognor Group engages with its workforce both **directly** and **through workers’ representatives**. Direct communication is conducted, among others, **via information meetings, employee surveys, and thematic consultations**, allowing for the continuous collection of feedback and suggestions from employees on matters concerning their working conditions, professional development, as well as environmental and social aspects.

At the same time, the Group maintains a structured **dialogue with workers’ representatives**, including **trade unions and elected workforce representatives**, who participate in consultations on key organisational changes, human resources strategies, remuneration systems, and plans related to the ESG transition.

This **two-track communication model** enables the incorporation of a wide range of perspectives and enhances the transparency of decision-making processes across the Group.

Consultations with Employees

Consultations with employees within the Cognor Group take place **at various stages of management processes**, particularly in the area of human resources policies and working conditions. Employees are engaged both during the **preparation of new regulations, HR policies, and procedures**, as well as **during their implementation** and **in the evaluation of the effectiveness of the adopted measures**.



Consultations are also held **prior to planned organisational changes**, such as restructuring processes, changes to remuneration systems, or the reorganisation of operational structures. Particular emphasis is placed on **dialogue in the area of occupational health and safety**, where employees are involved in risk analysis, the identification of hazards, and the evaluation of preventive measures.

This approach enables the **active participation of employees in shaping the working environment** and enhances the transparency and acceptance of the actions being implemented.

Consultations with employees are conducted on a regular basis, through quarterly meetings with employee representatives and trade unions, as well as via annual

satisfaction surveys. In addition, opinion surveys are carried out using questionnaires, and thematic meetings are organised when new processes, policies, or significant organisational changes are being implemented. Consultations are also held on an ad hoc basis whenever there is a need to gather feedback or to agree on solutions directly with employees.

The Human Resources (HR) Department is responsible for ensuring effective collaboration with employees, working closely with direct supervisors and departmental managers. They also support consultation processes and social dialogue and are tasked with implementing HR policies and collecting employee feedback regarding working conditions and professional development.

The effectiveness of cooperation with the Group's own workforce is regularly evaluated using a set of quantitative and qualitative indicators. Particular attention is given to employee turnover rates, which help to identify trends in departures and inform corrective actions within employment policies. Simultaneously, the level of employee engagement is analysed, measured through indicators such as attendance rates, participation in internal projects, and involvement in development initiatives.

An important tool is the annual employee satisfaction survey, which covers aspects such as the quality of internal communication, relationships with supervisors, working conditions, opportunities for professional development, and the sense of belonging to the organisation. Based on the survey results, appropriate improvement measures are implemented – both at the operational and strategic levels.

S1-3 – Processes for Mitigating Adverse Impacts and Employee Grievance Channels

GK COGNOR has established a formal internal reporting procedure, regulated by the "Internal Reporting Regulations of COGNOR HOLDING S.A." adopted by the Management Board. This procedure was developed in consultation with trade unions and is aligned with Directive (EU) 2019/1937 of the European Parliament and of the Council, as well as the Polish Act of 14 June 2024 on the Protection of Whistleblowers.

The system enables employees to report breaches anonymously and guarantees full protection for whistleblowers against retaliatory actions. Employees can submit reports both openly and anonymously via a dedicated internal channel accessible from company computers, as well as through communicators such as WhatsApp, Signal, or Messenger.

Reports are received and handled by the designated Compliance Coordinator, who is responsible for maintaining confidentiality, receiving reports, conducting investigations, and reporting the outcomes to the company's senior management. The Coordinator may also – upon approval from the Management Board – forward reports to the appropriate public authorities.

The scope of reportable matters includes, inter alia, breaches of legal provisions, internal regulations, ethical standards, as well as issues related to discrimination, mobbing, violations of labour rights, and working conditions.

Every newly recruited employee is familiarised with the content of the Internal Reporting Regulations prior to commencing employment, with this being documented in the

personnel files.

The Regulations also provide protective measures for whistleblowers and their supporters, including a prohibition on any retaliatory actions such as demotion, reduction of remuneration, limitation of access to promotion opportunities, or other forms of detrimental treatment.

Additionally, the company may implement incentive schemes for individuals who report irregularities, in accordance with Article 25(2)(4) of the Act on the Protection of Whistleblowers.

S1-4 – Taking Action on Significant Impacts on Own Workforce and Applying Approaches to Mitigate Significant Risks and Capitalise on Significant Opportunities Related to Own Workforce, and the Effectiveness of Such Actions

1. Employment Security

Employment stability is one of the key social areas on which the COGNOR Group exerts a significant impact. Ensuring employees a sense of job security translates into their life stability and well-being, whereas the potential loss of employment constitutes a serious negative social impact. Accordingly, the COGNOR Group undertakes a range of initiatives aimed at reducing the risks associated with employment insecurity and leveraging opportunities related to maintaining a stable and motivated workforce. The key initiatives of the COGNOR Group concerning employment security include:

- **Preference for Permanent Employment Contracts:** The Group offers employment under both fixed-term and indefinite contracts, with a clear emphasis on job stability — approximately 90% of employees are employed on permanent contracts. This employment structure reflects the Group's commitment to ensuring long-term employment security and reducing the phenomenon of job uncertainty.
- **Job Protection Programmes During Restructuring:** In situations requiring restructuring or organisational changes, COGNOR Group implements job protection programmes. Their purpose is to minimise the extent of redundancies by seeking alternative solutions (e.g., redeployment of employees between departments, reduction of working hours, or other flexible forms of employment) before resorting to final dismissals.
- **Social Support for Redundant Employees:** Where redundancies become unavoidable, the Group takes measures aimed at preventing a significant deterioration in the living conditions of affected employees, including offering social support mechanisms.
- **Support for Retraining and Securing New Employment:** COGNOR Group actively assists departing employees in adapting to changes through programmes

that facilitate retraining and support their reintegration into the labour market.

2. Working Time and Work–Life Balance

COGNOR Group recognises the importance of appropriate working time management as a key factor influencing both employee wellbeing and organisational efficiency. Proper monitoring of working time and initiatives to promote a healthy work–life balance help mitigate the risk of occupational burnout, employee overload, and the resulting absenteeism or staff turnover.



Working Time Monitoring Systems

The Group’s companies apply a range of working time recording methods, tailored to the specific nature of different employee groups. The key solutions include:

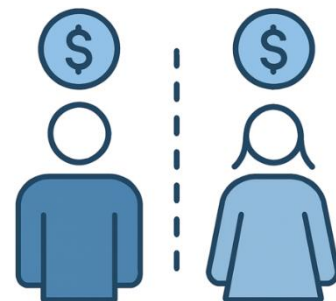
- **Electronic working time recording system** – this is the primary tool for monitoring working hours and overtime. The system ensures accuracy and transparency in registration and enables the identification of potential breaches of working time regulations.
- **Driver cards** – for manual workers in production and logistics facilities, electronic driver cards are used to record the actual start and end times of work.
- **Attendance lists and system logs** – the working time of office staff is monitored using traditional attendance sheets as well as login and system activity records.
- **Paper-based working time records** – supervisors maintain manual records of their teams’ working hours, particularly in areas where full automation has not yet been implemented.

Risk Management and Opportunity Exploitation

Accurate monitoring of working time enables early detection of irregularities, employee overload, and excessive overtime. Based on time data analysis, management can make operational decisions regarding the more balanced distribution of tasks, reinforcement of teams in critical areas, or reorganisation of shift work.

3. Adequate Remuneration

GK COGNOR attaches great importance to ensuring that employees receive adequate remuneration, understood as fair compensation that is proportionate to the work performed and aligned with both market conditions and the Group’s internal standards.



System of Salary Reviews and Adjustments

To maintain the competitiveness and fairness of its remuneration system, the Group's companies conduct **regular salary reviews**, which include the analysis of:

- **market conditions** – including benchmarking of pay rates offered for similar positions within the region and the industry,
- **internal criteria** – such as the complexity of the role, scope of responsibilities, and individual and team performance outcomes,
- **agreements with employee representatives** – the salary review process is conducted through social dialogue, respecting the principles of transparency and partnership.

Salary adjustments are implemented both as part of the annual salary review cycle and in response to changing market conditions or internal organisational developments.

Approach to Remuneration in the Context of Risks and Opportunities

The remuneration system at GK COGNOR constitutes an important tool for managing workforce-related risks — insufficient or unfair pay could lead to employee turnover, decreased motivation, or difficulties in attracting qualified specialists. Regular reviews of salary levels and their adjustment to market realities help to mitigate these risks and simultaneously represent a significant competitive advantage.

4. Freedom of Association

GK COGNOR recognises employees' right to freedom of association as one of the fundamental human rights, crucial for building relationships based on respect, cooperation, and social trust within the organisation.

Right to Association

Employees of GK COGNOR can **freely associate within trade unions** and other employee representative bodies. The Group not only respects this right but actively supports its exercise through:

- participation in **regular dialogue** with trade unions and employee representatives,
- **engagement in meetings**, consultations, and negotiation processes regarding key employment matters,
- **providing space and resources** necessary for conducting trade union activities (e.g., offices, informational materials),
- **encouraging employees to actively participate** in representative structures.



Actual Impact and Cooperation

In the Group's companies where trade unions or employee councils operate, regular consultations are conducted on matters significant to employment conditions, remuneration, restructuring, social policies, and occupational health and safety (OHS). These activities enhance the effectiveness of human resource management and help mitigate risks associated with the lack of employee participation in decision-making

processes.

In units where no formal representative structures exist (e.g., no trade unions operating at a given site in 2024), the company does not undertake any actions to discourage their establishment nor does it impede their functioning.

5. Right to Information, Consultation and Participation

GK COGNOR actively upholds employees' right to receive information, to participate in consultations, and to be involved in decision-making processes concerning matters that affect their professional situation. These activities are carried out in accordance with labour law regulations and best practices in social dialogue.

Access to Information

Employees of GK COGNOR are guaranteed **regular access** to information concerning the company's operations, including in particular:

- organisational and structural changes,
- decisions relating to employment and working conditions,
- development strategies, including planned investments, reorganisations, or restructurings.

Information is provided in a clear and timely manner, using a variety of communication channels — including face-to-face meetings, written communications, the intranet, and team briefings.

Consultations and Dialogue with Employees

GK COGNOR conducts **consultations with employee representatives** prior to taking key decisions that affect employment, organisational structure, working systems, or remuneration conditions. The consultation process is genuine and takes place at an early decision-making stage, thereby enabling the submission of comments and the joint development of optimal solutions.

Participation in Decision-Making

In cases of significant changes, employee representatives **actively participate in the analysis of available options** and have a tangible influence on the choice of the course of action. This approach enables the implementation of solutions that better reflect employee expectations and reduces the risk of social disputes or workforce dissatisfaction.

6. Work-Life Balance



GK COGNOR actively supports initiatives aimed at maintaining a balance between professional and private life, recognising this aspect as key to employee wellbeing as well as their long-term engagement and effectiveness.

Flexibility of Working Time and Work Organisation

Where possible, taking into account the nature of a given position and organisational needs, employees are offered the following solutions:

- **Flexible working hours**, allowing employees to adjust their start and finish times to their individual needs,
- **The possibility of remote or hybrid working**, particularly for administrative and specialist positions,
- **An individualised approach** for employees returning from maternity, parental, or childcare leave.

Work-life balance initiatives

As part of building a positive organisational culture, GK COGNOR also implements integration and family-oriented initiatives, such as:

- Family trips and employee integration excursions,
- Activities supporting family time and the development of team relationships outside of working hours.

Outcomes and effectiveness of actions

The implemented measures are regularly assessed in terms of their impact on employee satisfaction, absenteeism levels, and staff turnover rates. Work-life balance initiatives are embedded in GK COGNOR's sustainable human resource management strategy and constitute an important element of creating an attractive working environment.

7. Elimination of discrimination and anti-mobbing measures

GK COGNOR implements an equal opportunities and diversity policy aimed at ensuring **fair treatment for all employees**, regardless of gender, age, ethnic origin, religion, disability, sexual orientation or beliefs. The company not only counteracts discrimination but also actively promotes the development of an **inclusive organisational culture**, where respect, cooperation, and ethics are fundamental values.

GK COGNOR operates an **Anti-Mobbing Policy**, which defines specific procedures for preventing and responding to cases of workplace bullying. Every employee is required to familiarise themselves with the policy and confirm their acknowledgment by signing it.

As part of the Anti-Mobbing Policy:

- Employees have the possibility to **submit a complaint** regarding workplace bullying to the Ethics Officer (verbally, in writing, by telephone, or by email).

- Following a preliminary review of the complaint, the employer appoints an **anti-mobbing commission** within seven working days.
- The commission, which includes, among others, a representative of the trade union and a person designated by the employee, conducts an investigative procedure.
- If the complaint is confirmed, disciplinary measures provided for under the Labour Code may be applied against the perpetrators.
- The management is obliged to implement measures aimed at preventing the recurrence of such situations.

Additionally, the company conducts **annual training** sessions on counteracting workplace bullying and carries out **regular assessments of the effectiveness of the Anti-Mobbing Policy (WPA)**, in collaboration with trade union organisations.

8. Diversity and Inclusion

GK COGNOR strives to create an open and inclusive working environment, where all employees have equal opportunities for development and are treated with respect, regardless of their gender, age, origin, health status, or other personal characteristics. Diversity is perceived as an added value that contributes to building organisational resilience, fostering innovation, and improving team performance.

Main activities supporting diversity and inclusion

As part of its equal opportunities and diversity policy, GK COGNOR implements a range of initiatives, including:

- **Application of equal pay principles** – remuneration and bonus systems are regularly monitored for potential disparities that could breach the principle of equal treatment, regardless of gender or other characteristics.
- **Promoting women's participation in industrial and technical sectors** – we actively offer job opportunities and vocational training to women in professions traditionally dominated by men, such as drivers or mechanics. In addition, mentoring programmes are in place to support the professional development of women within the company's structures.
- **Inclusion of people with disabilities** – GK ensures that employees with disabilities are provided with working conditions adapted to their health needs and offers full organisational and social support throughout their employment.
 - **At the PTS branch:** workstations are **adapted to the needs of employees with disabilities**. In addition, integration programmes and initiatives are implemented to foster an **inclusive organisational culture** that promotes respect, cooperation, and the acceptance of individual differences.
 - **At JAP INDUSTRIES s.r.o.:** the organisation **adjusts working conditions** to accommodate employees with disabilities. Inclusion is ensured through the daily actions of the management team and direct contact with employees, promoting an individualised approach.
 - **At HSJ:** activities are undertaken to **adapt workstations to the individual needs of employees** with disabilities. The company also implements assistive **technologies that facilitate** the performance of professional duties while ensuring safety and comfort at work.

- **Inclusion in day-to-day management** – activities promoting inclusivity are also an integral part of the management style across the company’s facilities, implemented through regular contact, an individual approach, and the management’s openness to employees’ needs.

9. Training and Skills Development

The development of employees’ competencies is one of the key pillars of GK COGNOR’s long-term human resources management strategy. Investing in the knowledge and skills of the workforce supports not only increased organisational efficiency but also enhances the attractiveness of the workplace, team motivation, and the ability to adapt to technological and market changes.



Systematic Approach to Employee Development

GK COGNOR implements its competency development policy in a coordinated manner, tailored to employees’ career paths. Activities include:

- **Vocational training** – tailored to the specifics of individual positions and technological requirements,
- **Qualification enhancement courses**, including specialist training and courses preparing employees for managerial roles,
- **Mentoring programmes**, particularly for employees at the beginning of their careers or those transitioning to a new area of specialisation,
- **Support for grassroots initiatives** – employees are encouraged to independently propose training needs, which are assessed and, where possible, incorporated into development plans.

Training Needs Identification Process

GK COGNOR’s training policy is based on the **continuous analysis of competency needs**, arising both from the company’s strategic objectives and from individual career development paths. Training needs are identified through:

- periodic performance evaluations and development discussions with supervisors,
- the results of competency audits,
- feedback and requests submitted by employees and managerial staff,
- management decisions regarding the implementation of training required for legal, safety, or strategic reasons.

10. Prevention of Violence and Harassment in the Workplace

GK COGNOR places great emphasis on ensuring a safe working environment free from violence and harassment. Preventing all forms of inappropriate behaviour, including sexual,

psychological, or physical harassment, is an integral part of the Group's organisational culture and is reflected in the adopted procedures and preventive actions.

Key Preventive Measures

To counteract violence and harassment in the workplace, GK COGNOR has implemented the following measures:

- **Incident Reporting Procedures** – Every employee has the possibility to report cases of violence, harassment, or inappropriate behaviour through a formally defined procedure. Reports can be submitted in written, electronic, or telephone form.
- **Ethics Officer** – Within the Group structure, an Ethics Officer position exists, responsible for receiving reports, conducting preliminary analyses, and recommending further actions. The Ethics Officer operates based on the applicable **Code of Ethics**, which all new employees are introduced to.
- **Preventive Training – Regular training sessions on the prevention of harassment and violence in the workplace** are organised for all employee groups, including managerial staff. These sessions aim to raise awareness, recognise prohibited behaviours, and foster attitudes that support a safe and supportive workplace culture.
- **Induction Programme** – As part of onboarding, new employees are familiarised with the rules concerning ethics, psychological safety, and the appropriate channels for reporting irregularities.
- **Daily Contact with Supervisors** – In some entities (e.g., JAP INDUSTRIES s.r.o.), prevention of undesirable phenomena also takes place through **direct and regular contact between management and employees**, enabling quick reactions and the immediate resolution of potential conflicts or tensions.

11. Occupational Health and Safety (OHS)



GK COGNOR attaches particular importance to creating a **safe and healthy working environment**, treating safety as a priority element of its responsibility towards employees and as a foundation for the efficient functioning of the organisation. The policy in this area is systemic in nature, covering both prevention and corrective actions, as well as the development of a safety culture.

Occupational Health and Safety Management System

The companies within the GK COGNOR Group have **implemented and maintain an Occupational Health and Safety Policy**, which in some entities (e.g., where required or appropriate) is **certified according to ISO 45001 standards**. The health and safety management system includes:

- **regular OHS (Occupational Health and Safety) training**, tailored to specific

job positions and levels of occupational risk,

- **monitoring and reporting of accident indicators**, including the analysis of near-miss incidents,
- **implementation of corrective and preventive actions** after each undesirable event,
- **continuous improvement of OHS practices**, including updates to procedures and the introduction of new organisational and technical solutions.

Health and Safety Protection Initiatives

As part of the OHS policy, activities are also carried out to ensure the **daily protection of employees' health and lives**, including:

- **provision of personal protective equipment** – workwear, personal protective gear, and workplace safety measures,
- **regular workplace inspections**, conducted in cooperation with the **Social Labour Inspector** and the OHS department,
- **co-financing of medical packages** for employees as part of health care and preventive health initiatives,
- **training sessions aimed at raising hazard awareness**, including workshops, presentations, and educational materials for employees and line managers.

3.1.3. Metrics and Targets

S1-5 – Targets relating to the management of significant negative impacts, the enhancement of positive impacts, and the management of significant risks and opportunities associated with own workforce

For the period from 01.01.2024 to 31.12.2024, three main targets have been set, aimed at improving the situation of the company's own workforce:

1. **Reduction of negative impacts** – the target was to increase job satisfaction and motivation. The planned outcome was to raise the overall level of employee satisfaction, assessed through conversations with employees and their supervisors.
2. **Enhancement of positive impacts** – the target was to increase employee engagement by fostering an appropriate organisational culture.
3. **Management of significant risk** – the risk of employees failing to adapt to a modern work environment was identified. In response, a personnel strategy was developed and its assumptions implemented, aimed at increasing employees' adaptability.

The goal-setting process was carried out with the active involvement of employees, including through meetings with employee representatives and the HR department. Together, targets were defined relating to the improvement of health, work-life balance,

and working conditions.

Performance tracking was conducted with employee participation through feedback meetings, and engagement was continuously monitored, allowing for an assessment of the effectiveness of the actions taken.

Findings and improvements were discussed during summary meetings, where areas requiring enhancement were identified — for example, the need for additional training or changes to the motivation strategy.

S1-6 – Characteristics of the Entity’s Workforce

Total number of employees by gender			
	F	M	Total
Total number of employees	320	1 587	1 907
GK COGNOR – (Poland)	292	1 516	1 808
GK COGNOR – (Czech Republic)	28	71	99

Total number of employees by type of employment contract (fixed-term or permanent) and by gender			
	F	M	Total
Total number of employees	320	1 587	1 907
– fixed-term	275	1 329	1 604
– permanent	45	258	303

Total number of employees by type of employment (full-time or part-time) and by gender			
	F	M	Total
Total number of employees	320	1 587	1 907
– full-time	298	1 571	1 869
– part-time	22	16	38

S1-7 – Characteristics of Non-Employees Considered as Own Workers of the Undertaking

Total number of non-employees considered as own workers			
	F	M	Total
Total number of non-employees considered as own workers*	38	55	93

* Non-employees considered as own workers of the undertaking are individuals engaged under civil law contracts (such as contracts of mandate and contracts for specific work).

S1-8 – Scope of Collective Bargaining and Social Dialogue

The Group places great importance on social dialogue and freedom of association. Employees of the Group have full freedom to organise within trade unions and other employee representative bodies operating within the Group. The Group not only respects this right but also actively supports its implementation through, among other means, participation in dialogue with trade unions and employee representatives, as well as joint involvement in meetings, consultations, and negotiation processes concerning key employee matters.

S1-9 – Diversity Indicators

Diversity			
	F	M	Total
Number of employees by age group:	320	1 587	1 907
– up to 30 years	34	344	378
– 31–50 years	171	633	804
– over 50 years	115	610	725
Number of employees in senior management positions	19	87	106
Percentage of employees in senior management positions	5,9%	5,5%	5,6%

S1-10 – Adequate Wages

Adequate Wages	
Percentage of employees receiving adequate remuneration	100,0%
Percentage of employees remunerated below the minimum wage	0,0%

S1-11 – Social Protection

Social Protection	
Percentage of employees covered by social protection	100,0%

S1-12 – Persons with Disabilities

Employees with Disabilities			
	F	M	Total
Percentage of employees with disabilities	3,4%	2,7%	2,8%

S1-13 – Training and Skills Development Indicators

The COGNOR Group conducts periodic employee evaluations; in 2024, 25.8% of the Group’s employees were subject to such assessments. Employees develop their competencies by participating in various types of development training. However, training records are not currently maintained. This gap is expected to be addressed in future reporting periods.

S1-14 – Occupational Health and Safety Indicators

Occupational Health and Safety	
Percentage of employees covered by the occupational health and safety management system	100,0%
Number of reported cases of work-related ill health	0
Number of lost workdays due to work-related injuries and illnesses	793
Number of workplace accidents, including – fatal accidents	26 0
Accident rate*	13,6

* The accident rate is calculated as the ratio of the number of workplace accidents to the number of employees (per 1,000 employees).

S1-15 – Work-Life Balance Indicators

Work-Life Balance			
	F	M	Total
Percentage of employees entitled to family-related leave	100,0%	100,0%	100,0%
Percentage of entitled employees who used family-related leave	21,9%	10,7%	12,6%

S1-16 – Remuneration Indicators (Pay Gap and Total Remuneration)

Pay Gap and Total Remuneration*	
Gender pays gap between women and men	5,04%
Ratio of the remuneration of the highest-paid individual to the median remuneration of all employees	5,89

First quartile (Q1)	69 058,25
Second quartile (Q2 - median)	84 260,94
Third quartile (Q3)	100 825,17

* Excludes members of the Company

S1-17 – Incidents, Complaints and Serious Impacts on Respect for Human Rights

Incidents, complaints and serious impacts on respect for human rights	
Total number of reported cases of discrimination, including – Harassment	0 0
Total amount of fines, penalties and compensation for damages resulting from incidents and complaints related to discrimination	0
Number of serious incidents related to respect for human rights involving workforce resources	0
Total amount of fines, penalties and compensation for damages resulting from serious incidents related to respect for human rights	0

AFFECTED COMMUNITIES



3.2. ESRS S3 Affected Communities

3.2.1. Strategy

ESRS 3 SBM-2 – Interests and Views of Stakeholders

GK COGNOR identifies local communities as a significant group of stakeholders potentially impacted by the Group's activities, particularly in terms of environmental impacts and the operational safety of production and storage facilities.

The Group's strategy recognises the importance of maintaining positive relationships with local communities and respecting their rights, including the right to a clean environment, the protection of health, and access to accurate information. To this end:

- Ongoing monitoring is carried out of reports and interventions submitted by local communities, public authorities, and the media.
- Remedial and modernisation actions are implemented whenever nuisances are identified, for example, concerning noise emissions or pollution.
- Regular contact is maintained with representatives of local communities and local authorities in order to prevent and resolve potential disputes.

In 2024, no significant reports or complaints were recorded against the activities of the Group's entities by local communities.

Previous incidents, such as the settlement reached in 2022 with a neighbouring resident of one of the Group's sites, related to events from several years earlier (2015–2016).

At HSJ in Stalowa Wola, occasional inspections were carried out by the Marshal's Office and an intervention by the Regional Environmental Protection Inspectorate (WIOŚ) occurred in August 2024, following earlier reports by residents regarding noise and emissions nuisances. However, by the end of 2024, no new official letters containing further allegations had been received.

In the remaining Group companies, including OMS and Złomrex, no formal complaints or reports from local communities were recorded during the reporting period.

The identified cases to date have not been systemic nor have they had a material impact on the Group's strategy or business model in 2024. Nevertheless, GK COGNOR remains prepared to respond to emerging risks and continues to implement preventive measures within its environmental management systems and community dialogue practices.

3.3. ESRS S4 Consumers and End Users

3.3.1. Strategy

ESRS 2 SBM-2 – Interests and Views of Stakeholders



GK COGNOR regards the recipients of its products and end users as a key group of stakeholders, influenced through the quality, safety, and durability of the products offered, as well as through responsible management of information and commercial relations. The interests and rights of these parties are taken into account both in the Group’s strategy and its operational model.

As part of this approach, GK COGNOR implements the following actions:

- **Systematic Quality Management** – The Group adheres to the requirements of **ISO 9001:2015**, and operational activities are carried out in accordance with internal regulations and documents focused on the continuous improvement of product quality.
- **Advanced Quality Control** – GK COGNOR operates its own laboratories and specialised equipment, enabling quality **control at every stage of production**. The branch in Stalowa Wola, for example, is equipped with a **modern metallographic testing line**, allowing 100% control of parameters such as grain size, decarburisation depth, non-metallic inclusions, structural banding, and the presence of a Widmanstätten structure.
- **Customer Data and Privacy Protection** – The Group applies **GDPR Policy** principles, including internal regulations on data encryption, ensuring a high level of security for commercial information and personal data in relations with customers and end users..
- **Commitment to Transparency and Information** – Clients have access to technical specifications, quality documentation, and test results. All products are fully traceable, and the production process is thoroughly documented.
- **Continuous Monitoring of Customer Satisfaction** – The Group analyses customer feedback through ongoing cooperation and periodic quality reviews, allowing for the integration of user expectations into the further improvement of products and services.

Through these initiatives, GK COGNOR ensures that the Group’s development strategy and business model meet the needs, rights, and expectations of consumers and end users, minimising the risk of non-compliance and strengthening trust in the brand and the products offered.

ESRS 2 SBM-3 – Significant Impacts, Risks and Opportunities and Their Interconnection with Strategy and Business Model

GK COGNOR regards the recipients of its products and end users as a significant group of stakeholders, impacted primarily through the quality, safety, and durability of the products offered, as well as through responsible management of information and commercial relationships. The interests and rights of these groups are considered both within the Group's overall strategy and its operational model.

Within this framework, GK COGNOR implements:

- **Systematic quality management**, compliant with the requirements of ISO 9001:2015, based on internal procedures for continuous product improvement.
- **Advanced quality control**, including 100% product inspection carried out in specialised laboratories using modern methods (e.g., in the areas of metallography, decarburisation, and non-metallic inclusion analysis).
- **Principles for data protection and customer privacy**, based on the GDPR Policy and data encryption within information systems.
- **Transparency regarding product information** – ensuring access to technical specifications, testing results, and quality documentation.
- **Systematic monitoring of customer satisfaction**, enabling timely responses and the adjustment of processes and product offerings to meet client needs.

Links with Strategy and Business Model

The actual and potential impacts on end-users arise directly from the Group's business profile and its strategy regarding quality, safety, and corporate responsibility. At the same time, these impacts have a tangible feedback effect, shaping GK COGNOR's operating model towards:

- strengthening control and preventive measures,
- seeking opportunities to reduce the environmental footprint of products,
- developing technical solutions that meet the increasing demands of end-users.

Scope and Types of Users Affected

GK COGNOR primarily supplies its products to industrial customers (B2B clients), who in turn place the products on the market or use them in sectors such as construction, infrastructure, industrial manufacturing, and transport. End-users are therefore entities responsible for the safe use of components within the further value chain.

The Group does not supply products directly to individual consumers or particularly vulnerable groups (such as children, the elderly, or economically disadvantaged persons), but acknowledges the importance of its indirect impact on the safety and comfort of end-users.

3.3.2. Management of impacts, risks and opportunities

S4-1 – Policies related to consumers and end-users

GK COGNOR has an integrated approach to managing the impacts of its products on consumers and end-users, based on **quality management systems, environmental management, occupational health and safety (OHS), and operational compliance with recognised international standards**. The implemented policies and procedures focus on minimising risks, seizing market opportunities, ensuring compliance with human rights, and building lasting and responsible relationships with clients.



Policies for managing impacts, risks and opportunities

GK COGNOR implements and adheres to policies concerning product quality, transparency of technical information, and user safety, which cover all groups of customers and end-users across the value chain. The key elements of these policies include:

- **An integrated management system** based on international standards:
 - **ISO 9001:2015** – quality management,
 - **ISO 14001** – environmental management,
 - **ISO 45001:2018** (implemented to replace PN-N 18001 and OHSAS) – occupational health and safety management.
- Compliance with internal documents concerning the **continuous improvement of product quality**, enabling ongoing management of impacts on customers as well as timely response to complaints and non-conformities.
- **High standards of technical inspection** – including modern laboratories and an advanced metallographic testing line, allowing for 100% control of the technical parameters of steel products.

As part of the implemented policies:

- **the rights to access reliable information are protected**, including full product traceability and technical documentation;
- **principles for the protection of personal data (GDPR)** and data encryption standards have been introduced, supporting the right to privacy and information security;
- customers have the opportunity **to submit complaints and report non-conformities**, which are handled in accordance with quality and ethical procedures;
- no incidents were recorded of breaches of the above-mentioned guidelines within the company's own operations or in commercial relations that would directly affect consumers or end users.

S4-2 – Processes for Engagement on Impacts with Consumers and End Users



GK COGNOR undertakes actions to engage with consumers and end users by systematically gathering feedback from product recipients and analysing the actual and potential impacts on their satisfaction, safety, and the comfort of using the metallurgical products offered.

Ongoing Collaboration and Gathering of Customer Feedback

The primary form of engagement is **customer satisfaction surveys**, conducted periodically within selected Group units. For example, at the OM Szopienice Branch in Katowice, key satisfaction indicators are assessed, such as:

- product quality,
- timeliness of deliveries,
- handling of complaints,
- level of cooperation with the sales department,
- pricing conditions,
- breadth of the product range offered.

The data collected is used **to identify the strengths and weaknesses of cooperation**, and subsequently to formulate improvement actions. The results are shared with the operational, quality, and sales departments, which make decisions regarding potential adjustments to processes, procedures, or the product offering.

Impact of Customer Feedback on Decisions and Processes

Feedback from end-users (collected via B2B clients) influences, among other things:

- the improvement of technical parameters of products,
- the optimisation of the complaints handling process and commercial communication,
- decisions regarding the expansion or modification of the product range,
- the introduction of organisational solutions supporting the timeliness and reliability of deliveries

S4-3 – Processes for Remediating Negative Impacts and Channels for Consumers and End-Users to Report Issues

GK COGNOR has implemented mechanisms enabling clients and end-users of its products to report concerns, complaints, and non-conformities, as well as ensuring appropriate follow-up and remedial actions. The aim of these solutions is to guarantee transparency, accessibility, and the effectiveness of responses to potential and actual negative impacts.

General Approach to Remediation

In the event of a negative impact — for example, relating to product quality, technical documentation, or the order fulfilment process — the Group undertakes actions aimed at its immediate rectification and the mitigation of its effects. Reports are analysed

individually by technical and commercial departments and, if necessary, forwarded to the quality department. Such actions may include:

- direct contact with the client and verification of the issue,
- correction of the delivery or the product,
- root cause analysis and implementation of corrective or preventive actions,
- review and update of procedures or technical documentation.

The effectiveness of the actions taken is assessed, among other things, through complaint indicators and customer satisfaction surveys.

S4-4 – Taking action on material impacts on consumers and end-users and applying approaches to manage material risks and seize material opportunities related to consumers and end-users, as well as the effectiveness of such actions

GK COGNOR undertakes a range of actions aimed at **identifying, preventing, and mitigating potential negative impacts** on consumers and end-users, as well as **enhancing positive impacts** through product quality, transparency of information, and responsible management of customer relations.

Actions aimed at limiting negative impacts

- The Group has implemented an **integrated quality management system (ISO 9001:2015)**, covering the full cycle of design, production, and technical control of steel products.
- In the event of non-conformities or complaints, **clear corrective action procedures** are applied, along with root cause analysis to prevent recurrence.
- End-users are provided with access to **complete technical specifications**, enabling the correct use of the product and reducing the risk of improper application.



3.3.3. Metrics and Targets

S4-5 – Targets for Managing Significant Negative Impacts, Enhancing Positive Impacts, and Managing Significant Risks and Opportunities

GK COGNOR undertakes activities aimed at systematically **reducing potential negative impacts** on consumers and end-users, while **increasing the positive impact** of products

and services through technical quality, responsible commercial relations, and transparency of information.

Quality and Operational Targets

The Group defines measurable targets in the areas of quality management, complaint rates, delivery timeliness, and customer satisfaction, which are reviewed on an annual cycle. These include, among others:

- **reducing the number of quality-related complaints** in relation to the total number of orders,
- **maintaining a high level of customer satisfaction** within the framework of regular surveys (e.g., at the OM Szopienice Branch).

GOVERNANCE



4. Governance Information

4.1. G1 Business Conduct

4.1.1. Governance Structure

ESRS 2 GOV-1 – Role of the Administrative, Supervisory and Management Bodies

At GK COGNOR, the corporate governance structure is based on three main bodies: **the Management Board, the Supervisory Board, and the General Meeting of Shareholders**. Their activities are complemented by the **Audit Committee**, which operates within the Supervisory Board.

The Management Board is responsible for managing the Company's affairs, administering its assets, and representing it externally. It conducts its operational activities in compliance with applicable law, the Company's Articles of Association, the Management Board's Rules of Procedure, and the principles of good corporate governance. All members of the Management Board are jointly responsible for managing the Company's affairs, ensuring collegial decision-making and transparency in business conduct.

The Supervisory Board exercises ongoing oversight over the Company's activities. It does not have the authority to issue binding instructions to the Management Board, which reinforces the operational independence of the executive body and supports the balance between supervision and management. Members of the Supervisory Board are obliged to act in the best interests of the Company and to assess its activities in accordance with the principle of due diligence.

The Company's governing bodies perform their functions based on the provisions of the **Commercial Companies Code**, the Company's Articles of Association, internal regulations, and the principles set out in the document "**Best Practices of WSE Listed Companies 2021**", promoting responsible business conduct, regulatory compliance, and corporate ethics.

b) Expertise of the governing bodies regarding business conduct

The members of the Management Board and the Supervisory Board of GK COGNOR possess extensive experience in managing industrial companies, corporate finance, ownership supervision, and corporate governance. Their expertise covers both strategic and operational aspects, including knowledge of legal regulations, reporting standards, ESG issues, and industry-specific risks.

The Supervisory Board is supported by the **Audit Committee**, which is competent in overseeing financial reporting, internal control, and compliance systems. Members of the Committee have expertise in accounting and financial auditing, enabling them to effectively

perform supervisory tasks and assess management activities from the perspective of ethical and responsible business conduct. GK COGNOR ensures the continuous updating of the competencies of its governing body members by providing access to industry and specialist training, including in the areas of sustainable development, risk management, and regulatory changes.

4.1.2. Management of Impacts, Risks and Opportunities

ESRS 2 IRO-1 – Description of processes for identifying and assessing material impacts, risks and opportunities

As a result of the double materiality analysis carried out, GK COGNOR has identified the key areas of impact in relation to business conduct:

1. Supplier relationship management, including payment practices: The application of transparent cooperation principles and adherence to the highest standards of business ethics contribute to building long-term, trust-based relationships with suppliers.
2. Prevention and detection of corruption and bribery, including training: The implementation of effective mechanisms and mandatory training for employees enhances awareness of business ethics and helps prevent corrupt practices.
3. Incidents of corruption and bribery: Thanks to the observance of high ethical standards and effective prevention mechanisms, no confirmed cases of corruption or bribery were recorded during the reporting period.

This analysis takes into account both the actual positive impacts arising from the Company's internal processes and its influence across the entire value chain, including suppliers and customers.

G1-1 – Corporate Culture and Business Conduct Policies



GK COGNOR implements its business conduct policy based on an adopted **Code of Ethics**, an anti-corruption policy, and comprehensive internal procedures aimed at promoting a responsible organisational culture.

The Group's corporate culture is founded on the principles of transparency, reliability, integrity, and social responsibility. New employees are introduced to these values during their onboarding process – in accordance with the applicable induction procedure (PO:7.1-01), which includes, among other things, training on ethics, safety, and fraud prevention, as well as signing a declaration

confirming that they have read and understood the Code of Ethics.

Policies and Mechanisms:

- **Code of Ethics** – a document applicable to all companies within the Group, defining standards of conduct, preventing bullying and discrimination, and promoting equality and responsibility.
- **Whistleblowing System** – compliant with EU Directive 2019/1937 and the Polish Act of 14 June 2024 on the protection of whistleblowers. The implemented system ensures confidential channels for reporting breaches and protection against retaliatory actions. The person responsible for handling reports is the Compliance Officer.
- **Anti-Corruption Training** – conducted on a regular basis, covering the identification of so-called "red flags", risk analysis, the fraud triangle theory, and preventive measures. The training is tailored to the specific operations of companies within the steel sector.
- **Anti-Corruption and Anti-Bribery Policy** – aligned with international standards, including the UN Convention against Corruption. The Group operates a "zero tolerance" policy towards unethical conduct.
- **Whistleblower Protection Policy** – covering both individuals reporting irregularities and those supporting them. Protection includes, among other things, a ban on retaliatory actions and full confidentiality.

G1-2 – Managing Supplier Relations



GK COGNOR places great importance on responsible management of supplier relations, treating it as a key element in building a resilient, ethical, and sustainable supply chain. Cooperation is based on the principles of transparency, long-term partnership, and compliance with the Group’s values regarding corporate governance, environmental protection, and human rights.

Approach to supplier relations

The Group conducts **annual risk assessments within the supply chain**, taking into account organisational, financial, legal, and sustainability aspects. Special emphasis is placed on identifying factors that could disrupt the continuity of supply. In such cases, **corrective actions** are taken, including the potential **diversification of supply sources**.

GK COGNOR uses a **list of qualified suppliers** with whom **long-term cooperation** is possible. Before a supplier is approved for collaboration, a risk analysis is carried out. Subsequently, suppliers are subject to **periodic audits** aimed at monitoring compliance with ethical, legal, and environmental requirements.

The aim of these activities is to ensure **continuity of supply, compliance with ESG requirements, and the elimination of risks that could impact the Group’s**

reputation and operational activities.

Incorporating social and environmental criteria

In the supplier selection process, GK COGNOR takes **social and environmental criteria** into account. Preference is given to suppliers who hold **sustainability certifications** and those who adhere to principles of responsible production and conduct transparent activities in the areas of ethics, anti-corruption, and respect for human rights.

Collaboration is based on meeting strict standards and confirming their compliance through **external or internal audits**. In cases where non-compliance is identified, **corrective action procedures** are initiated.

Preventing Payment Delays

GK COGNOR attaches great importance to the **timeliness of payments**, especially towards micro, small, and medium-sized enterprises. Payments **are continuously monitored**, and any delays are analysed and addressed to ensure they do not affect suppliers' financial stability. The Company's goal is to provide a **fair and predictable model of commercial cooperation**.

Employee Training and Awareness

Employees responsible for supplier relations receive regular training in the following areas:

- ethical purchasing practices,
- ESG standards,
- identification of corruption and environmental risks,
- application of procedure **IP/8.4/HSJ/HGD – Procurement Principles, Delivery Control, Supplier Assessment**.

The purpose of the training sessions is **to raise the awareness and competencies of procurement teams** to ensure that supplier relationships align with the Group's values and support the implementation of its sustainable development strategy.

G1-3 – Prevention and Detection of Corruption and Bribery

GK COGNOR has implemented and operates a **policy for the prevention of corruption and bribery**, which includes preventive actions, educational initiatives, and mechanisms for responding to cases of violations. This policy forms part of the Group's internal ethical system and is mandatory across all Group companies.

Procedures and Response Mechanisms

The procedures for preventing, detecting, and prosecuting cases of corruption are outlined in the Group's 2024 documentation. They include:

- **an obligation to comply with the Code of Ethics,**
- **the introduction of training sessions and educational materials** (e.g., “Fraud Training” and thematic outlines),
- **the implementation of procedures for monitoring risks** in business relationships and during employee onboarding,
- **periodic surveys:** “Onboarding Process Survey” and satisfaction surveys among randomly selected employees (Representative Group),
- the inclusion of **cybersecurity topics** in training as a corruption-related risk.



All verification proceedings in cases of justified suspicion of corruption are conducted by the **Security Officer – Marek Lewandowski** – acting under the supervision of the Management Board.

Independence of Investigative Structures

The individuals conducting investigations are separate from the operational structures involved in the potential case. The results of the proceedings are analysed during Management Board meetings, which decide on the implementation of **appropriate preventive or corrective measures**.

Communication and Awareness

Communication regarding corruption risk is carried out through two main channels:

- **as part of mandatory training** – for all newly hired and current employees
- **through the communication of analysis results and case studies at the management level**, leading to the implementation of additional preventive measures.

Training

Training programmes are conducted on a regular basis and include:

- **newly hired employees** – training sessions in groups of approximately 20 people,
- **the Sales Department and Scrap Yard Classifiers** – quarterly training sessions, and ad-hoc sessions in case of identified threats,
- **training with elements of ethics, anti-corruption, and cybersecurity awareness.**

Training is also provided to **members of management and the Management Board**, as they are responsible for shaping the organisational culture.

Scope of Monitoring Policy Effectiveness

The effectiveness of the implemented measures is monitored in **two ways**:

- through meetings with the management staff of individual Group entities,
- and via the whistleblowing mechanism in accordance with the **Internal Reporting Regulations** (implementing EU Directive 2019/1937).

Scope of Communication with Suppliers

Ethical practices are communicated to suppliers; however, in 2024 this applied **exclusively to scrap suppliers**, with whom the Group collaborates based on detailed ethical criteria.

4.1.3. Metrics and Targets

G1-4 – Confirmed Incident of Corruption or Bribery

Table: Incidents, Penalties, and Fines Related to Corruption and Bribery

Incidents, Penalties, and Fines Related to Corruption and Bribery	
Number of convictions for violations of anti-corruption and anti-bribery laws	0
Total amount of fines for violations of anti-corruption and anti-bribery laws (PLN)	0,00

G1-5 – Political Influence and Lobbying Activities

During the reporting period, GK COGNOR did not engage in any lobbying activities nor in any actions aimed at exerting political influence. The company also did not make any financial or in-kind contributions of a political or lobbying nature.

G1-6 – Payment Practices

Table: Payment Practices

Incidents, Fines and Penalties Related to Corruption and Bribery	
Number of convictions for violation of anti-corruption and anti-bribery regulations	0
Total amount of fines for violation of anti-corruption and anti-bribery regulations (PLN)	0,00
Payment Practices	
Average invoice settlement period (number of days)	14-30
Number of unresolved court proceedings related to payment delays	0