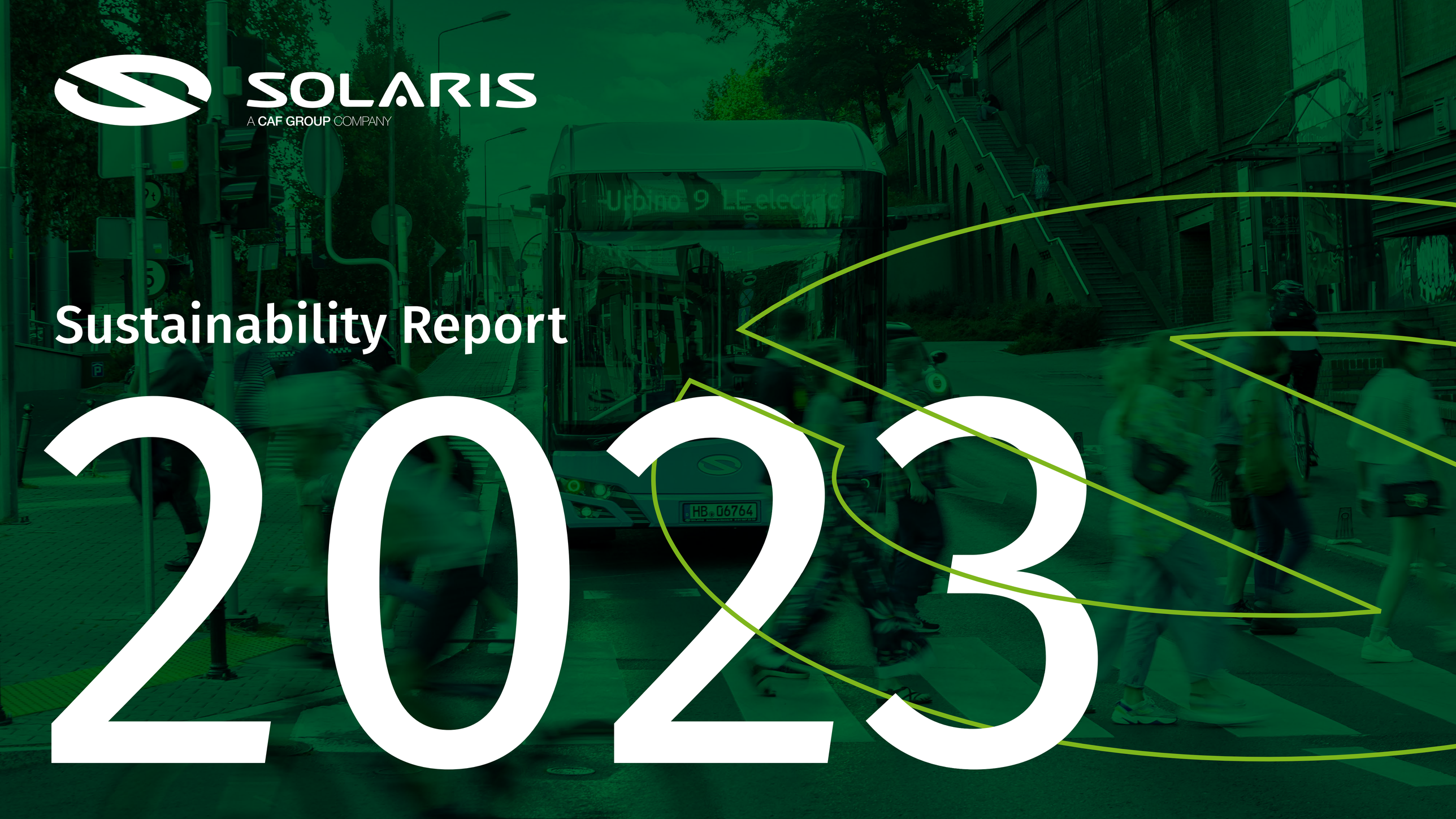
SOLARIS

A CAF GROUP COMPANY

Sustainability Report

2023





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Dear Stakeholders,

Providing sustainable transportation solutions that improve the quality of life for city dwellers has been the guiding principle of the CAF Group's efforts over the years. The presence of Solaris in the Group, with its innovative approach to the development of zero-emission buses, is an excellent demonstration of this commitment.

I am proud that in 2023, despite the geopolitical and macroeconomic challenges of recent months, Solaris delivered almost 30% more vehicles with alternative drives than it did in 2022. More than half of these vehicles have zero carbon emissions. The best performance was achieved in hydrogen technology - almost every second hydrogen-powered city bus in Europe was sold by Solaris.

With a market share of 15%, the Solaris Group is once again a leader in e-mobility in Europe, bringing cities closer to climate neutrality in 2050.

The year 2023 was an important milestone on the road to sustainability for the entire CAF Group, not only in terms of products. In fact, sustainability is one of the four key pillars on which the Group's future rests, according to our Strategic Plan 2026, and it has evolved the most over the past year.

Thanks to the professionalism and dedication of CAF Group employees, the sustainability performance in 2023 exceeded our expectations.

Scope 1 and 2 emissions related to production processes and energy consumption have been reduced by 32.6% for the CAF Group and by 64% for the Solaris Group over the last 5 years. During the same period, Scope 3 emissions related to the use of our products, both trains and buses, have been reduced by 46.8%.

The CAF Group as a whole has also received high ESG ratings from major rating agencies, including a Platinum rating from Ecovadis, which places us in the top 1% of companies, and a Low Risk rating from Sustainalytics. We are also very pleased with the satisfaction of our customers, who gave CAF Group a score of 7.9 out of 10 in satisfaction survey.

These results confirm that we are moving towards a sustainable future while keeping focus on our customers and shaping the market for zero-emission, safe urban mobility. At the same time, we want to share our values and have a positive impact on our stakeholders.

I would like to thank all employees and stakeholders who have contributed to the Solaris 2023 results we are presenting and to this report. To all readers of this report, I wish you an enjoyable reading experience!



Javier
Martinez Ojinaga

CEO of the CAF Group
President of the Supervisory Board of Solaris Bus & Coach

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Dear Stakeholders,

The European pursuit of sustainability allows us to look into the future with optimism and have faith that our joint efforts will enable us to stand up to the challenges of the climate crisis. The growing awareness of the significance of sustainability within societies has propped up the elevation of the ESG issues to the top of the agenda adopted by a large number of businesses. Including ours.

We are honored to bring you Solaris' latest Sustainability Report. This cross-sectional account of our recent activities outlines Solaris' continuous commitment to the advancement of corporate social responsibility, sustainability and corporate ethics.

Hand in hand with the CAF Group, we have set ourselves an ambitious goal of achieving carbon neutrality by 2045, meaning that our efforts are now zeroed in on working towards the achievement of this goal. The strict regulatory requirements imposed at the EU and national levels, including the EU's Corporate Social Responsibility Directive (CSRD) in force since 2024, have made us all the more incentivized to change. We consider the adherence to the principles of sustainability an indispensable requirement also for our customers, stakeholders and finance providers.

Behind us is another year of comprehensive improvement and alignment of the Solaris Group's business with the CAF Group's Strategic Plan 2026 considering sustainability as a major pillar of growth. In 2023, we established the Solaris Sustainability Committee involving our management teams in dialogue on ESG-related challenges and a new governance model.

Our intention is to uplift the responsibility for sustainability issues to a level where it becomes an integral part of our operations. In 2023, we have been engaging teams from various areas of our company to embed a broad spectrum of environmental, social and governance aspects into the business processes of the whole organization.

The Solaris Group is well prepared for the relentlessly changing market environment. We have achieved this primarily through our spot-on market intelligence, as well as the extensive experience and in-depth expertise of our employees. In the fall of 2023, we marketed a new version of an articulated electric bus and a new-generation battery. We also created a unit fully dedicated to our products and related to the development of battery technologies, the Solaris Battery HUB. Effective battery recycling and projects facilitating battery reuse are within the key areas of the HUB's focus. This is an extremely important step towards decarbonization and the achievement of a circular economy.

We hope that this year's report will provide you with a more comprehensive view of the operations of the Solaris Group, a leading European manufacturer of zero-emission public transportation vehicles.

Day in and day out, we are transforming public transportation in European cities to help them become more sustainable. We firmly believe that through our company-wide endeavors, we create value for our stakeholders and, above all, have a favorable impact on the environment we live and act in.



Javier Iriarte

CEO
of Solaris Bus & Coach



Agata Stańda

Solaris Bus & Coach Management Board Member for Strategy and Sustainability

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The Solaris Group

GRI 2-6

Solaris is one of the leading European producers of buses and trolleybuses. We enjoy the most comprehensive portfolio of electric vehicles and services in continental Europe, and we keep growing it relentlessly to support our customers in their transition to sustainable public transport. We are a member of the CAF Group, a Spanish manufacturer of rolling stock and rail vehicles with over 100 years of market presence.

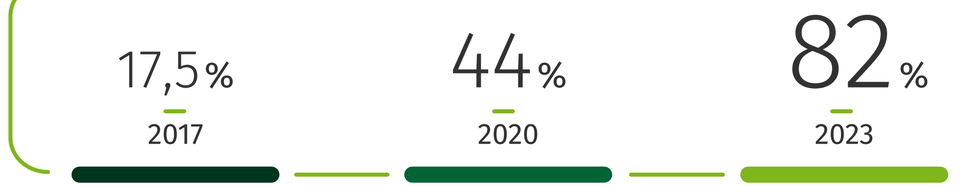
Pillars of our offer growth strategy:

- We keep expanding and improving our offering of zero-emission drives
- We invest in technological innovations to shape the sustainability agenda
- We provide turnkey solutions (vehicles with comprehensive charging infrastructure)
- We adapt our vehicles in a flexible manner to the diverse needs of our customers and the characteristics of their cities.

Deliveries of our vehicles in 2023:

- 1,456 vehicles delivered to 109 european cities in 17 countries
- Alternative-drive vehicles (electric, hydrogen, hybrid, trolleybuses) accounted for 82% of our deliveries
- Our largest markets: Poland, Spain, Italy, Norway, Germany, the Czech Republic and Romania.

Alternative-drive vehicles in our supply mix:





In 2023, our articulated Solaris Urbino 18 electric bus with a modular drive and a new generation of batteries premiered.

Solaris is the leader of e-mobility in continental Europe*

- Highest number of zero-emission (hydrogen and battery-powered) buses delivered among all manufacturers from 2012 to 2023
- Ranked first on the market for zero-emission buses (electric and hydrogen) in 2023
- Leader in the hydrogen bus segment with a 44,5% market share in 2023
- Ranked second in the battery-powered bus market in 2023
- Ranked third in the city bus market in 2023.

Solaris' awards during the last 3 years:

- **2023**
  - CSR Silver Leaf by "Polityka" weekly
- **2022**
  - Green Eagles of the "Rzeczpospolita" daily for Solaris Bus & Coach in the "Company" category
  - Kielce Fair Medal for Solaris Urbino 18.75 electric as the best product in the "Buses" category at the 16th International Fair of Public Transport
  - Innovation Award for Solaris Urbino 9 LE electric in the "Electric bus: Intercity" category by the German magazine "busplaner"
  - Polish Project Excellence Award 2022 for Solaris team in the "New Technologies, Science and Innovations" category during the 25th IPMA Poland Conference
  - Sustainable Development Reports Competition Award for Solaris Bus & Coach in the "Best debut" category
  - Kielce Trade Fair Medal for Solaris Urbino 12 hydrogen as the best product in the "Buses" category, during the 15th Transexpo International Fair of Public Transport
  - Sustainable Development 2021 Award for Solaris Urbino 15 LE electric in the "Electric Bus" category by the German magazine "busplaner".
- **2021**
  - Sustainable Bus Award for Solaris Urbino 15 LE electric in the "Urban" category

Our Team:

- We employ 2,578 people globally
- On average, staff have a tenure of 10 years and 5 months at Solaris Bus & Coach, respectively
- 216 staff reached a 20-year tenure at Solaris Bus & Coach in 2023.

* EU27, Norway and Switzerland without the United Kingdom and Ireland

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GRI 2-1, 2-2

Structure of the Solaris Group

The Solaris Group (“Group” or “Solaris”) consists of the parent company Solaris Bus & Coach sp. z o.o. (“Solaris Bus & Coach”) and 16 subsidiaries based in 16 other European countries. Our network is also supported by representative offices located in 3 other countries across the globe. The majority shareholder of Solaris Bus & Coach sp. z o.o., with a 97.33% stake in its share capital, is Construcciones y Auxiliar de Ferrocarriles S.A. (CAF).

Solaris vehicles are fully manufactured in Poland. Our central workshop and logistics centre are also located in Poland.

Subsidiaries

In addition, we maintain a network of workshops and spare parts warehouses across Europe, run by selected subsidiaries.

Solaris’ international outreach enables perfect understanding of specific needs of various cities in diverse parts of the world. The responsibilities of each of our Group member companies include: maintaining ongoing contact with customers, analyzing local market trends and shaping our brand image. Information collected from international markets also serves us as the basis for coming up with innovative solutions.



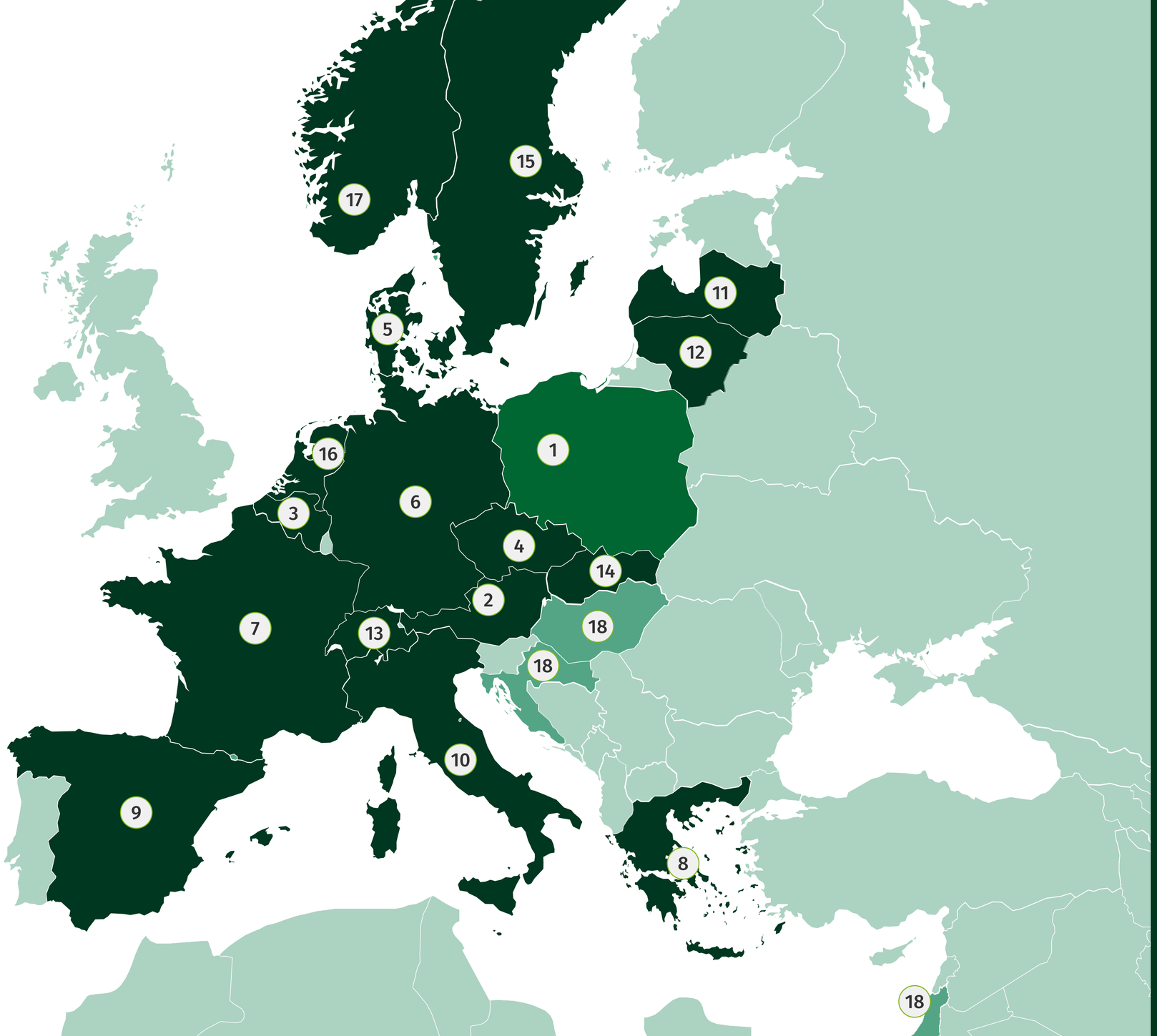
* In May 2023, part of manufacturing process was transferred to Kijewo and the plant in Poznań was shut down.

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GRI 2-1, 2-2

Members of the Solaris Group*:

1. Solaris Bus & Coach sp. z o.o.
2. Solaris Austria GmbH
3. Solaris Belgium SRL
4. Solaris Czech spol. s r.o.
5. Solaris Denmark Bus A/S
6. Solaris Deutschland GmbH
7. Solaris France SARL
8. Solaris Hellas S.A.
9. Solaris Bus Ibérica SLU
10. Solaris Italia S.R.L.
11. SIA Solaris Bus & Coach Latvia
12. UAB Solaris Bus & Coach LT
13. Solaris Schweiz GmbH
14. Solaris Slovakia s r.o
15. Solaris Sverige AB
16. Solaris Netherlands BV
17. Solaris Norge AS
18. Solaris representative offices in Croatia, Hungary and Israel.



- Solaris Bus & Coach
- Subsidiaries
- Representative offices

* As at 31 December 2023.

GRI 2-9, 2-10, 2-11

Solaris Bus & Coach management structure

The Company's governing bodies are the Management Board, the Supervisory Board and the Shareholders Meeting. The Management Board consists of one or more Members, including the President of the Management Board (CEO). The number of the Management Board Members is determined by the Supervisory Board. If the Management Board consists of more than one person, a Management Board Member may also be entrusted with the position of Vice President. Management Board Members are appointed (and dismissed) by a resolution of the Supervisory Board for an indefinite term. Management Board Members hold an executive function, are in charge of the day-to-day operations of the Company, represent it and supervise the specific area entrusted to them.

The Supervisory Board consists of at least three members, including the President and Vice President. Supervisory Board Members are appointed (and dismissed) by a resolution of the Shareholders Meeting for an indefinite term. Supervisory Board Members exercise supervision over the Company's day-to-day operations and the pursuit of the Company's strategy.



GRI 2-9, 2-10, 2-11

Supervisory Board in 2023



Javier Martinez Ojinaga

President of the Supervisory Board



Josu Imaz

Vice President of the Supervisory Board



Janusz Reiter

Member of the Supervisory Board

Management Board in 2023



Javier Iriarte

CEO



Dariusz Michalak, PhD Eng.

Deputy CEO, R&D, Quality Assurance, Procurement & IT



Olivier Michard

Management Board Member for Sales, After-Sales, Marketing*



Tomasz Barański

Management Board Member for Production, Logistics



Agata Stańda

Management Board Member for Strategy and Sustainability



Inigo Artamendi

Management Board Member for Finance and Investment



Patryk Kawa

Management Board Member for Human Resources and H&S

* From October for Sales and Marketing

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GRI 201-1

Financial highlights

	SOLARIS GROUP				SOLARIS BUS & COACH			
	2023		2022		2023		2022	
	millions of euros	%	millions of euros	%	millions of euros	%	millions of euros	%
Economic value generated								
Sales revenue	817	97.9%	696	98.9%	769	97.8%	689	98.5%
Other operating revenue	6	0.7%	2	0.3%	5	0.6%	1	0.2%
Financial revenue	12	1.5%	6	0.9%	12	1.6%	9	1.3%
Total revenue	**835**	**100.0%**	**704**	**100.0%**	**786**	**100.0%**	**699**	**100.0%**
Purchases of materials	573	68.6%	459	65.2%	563	71.6%	484	69.2%
Other expenses	136	16.2%	135	19.1%	120	15.3%	125	17.8%
Prepayments	**708**	**84.8%**	**594**	**84.3%**	**684**	**86.9%**	**608**	**87.0%**
Gross economic value	**127**	**15.2%**	**110**	**15.7%**	**103**	**13.1%**	**91**	**13.0%**
Depreciation	19	2.3%	17	2.5%	17	2.2%	15	2.2%
Net economic value	**108**	**12.9%**	**93**	**13.2%**	**86**	**10.9%**	**76**	**10.8%**
Economic value distributed								
To employees (wages, salaries, benefits)	84	77.9%	83	89.9%	67	77.8%	67	88.4%
To providers of capital (costs of financing)	27	25.5%	21	22.9%	26	30.3%	23	30.2%
To the state (taxes and duties)*	2	2.1%	0	0.2%	1	1.3%	-1	-1.0%
To the company (profit allocated to reserve/ supplementary capital)	-6	-5.5%	-12	-13.0%	-8	-9.4%	-13	-17.7%
Net economic value	**108**	**100.0%**	**93**	**100.0%**	**86**	**100.0%**	**76**	**100.0%**

* The economic value distributed to the public sector does not include VAT. The financial data presented are consistent with the Consolidated Financial Statements for the fiscal year ending December 31, 2023.

SDG 7, 9, 11, 13

Contribution to the pursuit of the UN Sustainable Development Goals

In the Solaris Group, we deploy innovations and carry out activities that support the pursuit of the UN Sustainable Development Goals (SDGs). In our business, we contribute in particular to the pursuit of the SDGs in the area of our strongest impact:



7 AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and modern energy for all.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovations.

11 SUSTAINABLE CITIES AND COMMUNITIES

Make cities and human settlements inclusive, safe, resilient and sustainable.

13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts.



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Our values

At Solaris, we take action based on five values that define the corporate identity of our Group and what we collectively identify as key. Our values form a roadmap that serves us as the basis for our business decisions.

Customer Orientation

- We look at quality from the customer's perspective
- We achieve success together with our business partners mutually respecting each other's needs
- We are a role model of cooperation with customers.

Innovation

- We are the leader of innovative solutions
- We set ourselves ambitious goals
- We are constantly developing our products
- We improve our work on a daily basis.

Long-term orientation

- We observe the market to identify its needs and create solutions fit for the future
- We take our decisions having in mind the future of the company, our employees and the environment.

Cooperation

- We are one team and we work together
- Our actions are based on trust, commitment, and mutual respect
- We care about relationships with others
- We are responsible for the decisions we make.

Agility

- We are quick and flexible to react to changes within our organization and beyond
- We are bold in our actions.

Value Ambassadors

In 2023, we completed our Value Ambassadors project aimed at supporting our staff in the process of identifying with the culture and goals of the Company. 5 teams of of blue and white collars from various areas of the organization participated in the project. Each team was assigned to work on a selected initiative representing a distinct value of the Solaris Group.

Customer orientation: joint bus delivery and acceptance procedures with customers, aimed at increasing the participants' awareness of the vehicle delivery and acceptance procedure from the customer service perspective, looking at the vehicle inspection process through the customer's eyes and building a sense of responsibility for the final product (including among those team members who are not involved in the manufacturing process on a daily basis).

Solaris' aspiration

We are changing the image of public transport.

Our motivation

Solid and long-lasting relations with our customers and team work. We are proud of our products and our innovative technical solutions.

Innovation: "Solaris Values – Through the Eyes of Employees" contest fostering the employee's understanding of the values espoused by the organization and associating them with existing processes and day-to-day tasks pursued by Solaris.

Long-term orientation: draft traction battery recycling procedure.

Cooperation: compendium of information about various departments within the organization aimed at systematizing the scope of tasks and responsibilities of all departments in the Company.

Agility: "Guidebook for Effective Meetings," containing a collection of tips and best practices that support productive online meetings.

GRI 2-28

Solaris' partnerships and memberships

We continuously work on the development and execution of innovative projects with other sector participants, industry organizations and stakeholders who are active in the field of sustainable public transport. As part of our involvement, we promote e-mobility and modern transport solutions.

Union Internationale des Transports Publics, UITP (International Association of Public Transport)	Hydrogen Europe (NEW-IG)	Innovative Transport Forum (ITF)
Information Technology for Public Transport (ITxPT)	Chamber of Commerce for Urban Transport	VDV (Association of German Transport Firms)
Polish Scientific Society of Internal Combustion Engines	Polish-German Chamber of Commerce and Industry	Wielkopolska Chamber of Commerce and Industry
Wielkopolska Employers' Association LEWIATAN	Polish Committee for Standardisation, Technical Committee 17 for Vehicles and Road Transport	Polish-Spanish Chamber of Commerce
Polish Chamber of Automotive Industry	Polish Union of Public Transport Employers	Open4PT Association for the Standardisation of Modern Transport Systems
Wielkopolska Hydrogen Valley	Mazovia Hydrogen Valley	European Clean Hydrogen Alliance





GRI 2-28

Solaris participates in the following initiatives:

Joined in

2011

Sustainable Development Charter

As part of our activities in the UITP, we became a signatory to the Sustainable Development Charter. One of the main areas of activity of the Charter's signatories and the UITP members is the SDG Target 11.2: "by 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention paid to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons."

Clean Bus Deployment Initiative

The document was signed by the European Commission and the biggest manufacturers in the sector. It is an expression of support for the large-scale deployment of completely zero-emission buses with alternative drive systems. The European Declaration is an initiative based on the following three pillars: (1) a commitment by cities and producers to pursue a joint mission of advancing the process of emission reduction, (2) creating a platform for information exchange between municipal authorities, carriers and financial organizations, and (3) establishing a group of experts providing professional analysis in the areas of technology, economics and logistics.

Joined in

2017

Joined in

2020

European Clean Hydrogen Alliance

The Alliance was established as an initiative led by the European Commission and its aim is to scale up, by 2030, the production and deployment of hydrogen as a fuel obtained using low-emission technologies and renewable energy sources.

Letter of Intent for the Wielkopolska Hydrogen Valley

An initiative involving the development of the Wielkopolska Hydrogen Valley and Poland's nationwide ecosystem based on hydrogen technologies. Signatories to the letter of intent for the Wielkopolska Hydrogen Valley include officials from the Wielkopolska Region, mayors of its largest cities, rectors of universities and the business community. The signatories' aim is to contribute to decarbonising the economy with a view to achieving climate neutrality.

Joined in

2021

Joined in

2022

Mazovia Hydrogen Valley

The aim of the Mazovia Hydrogen Valley is to boost hydrogen-based industry in the region and to establish a Mazovian hydrogen hub by promoting cooperation between the initiative's participants on innovative technologies enabling the deployment of hydrogen in transport, energy, public utilities, agriculture and other sectors of the economy.



GRI 2-29

Stakeholders and stakeholder relations

In 2020, we prepared a map of stakeholders of strategic significance to our business. As part of this exercise, we conducted an in-depth stakeholder identification exercise and then assessed the degree to which they impacted our company and vice versa. Through stakeholder relations, the Group attains its business, information and communication objectives.

All identified stakeholders were then broken down into five groups indicated by the CAF Group in the Code of Conduct:

1. Customers
2. Suppliers
3. Shareholders
4. Employees
5. Society: consumers, local communities, local governments, social organizations, public administration, scientific institutions and higher education institutions, industry organizations, media.

Solaris strives to build relationships with its stakeholders based on trust. We are particularly fond of those forms of contact that enable two-way communication and exchange of opinions and permit stakeholders to become more deeply involved in those of the Group's activities that affect them (such as trade fairs, participation in initiatives and execution of joint projects, vehicle launch events, media conferences, etc.).

Satisfaction assessment

With the intention of improving cooperation, we regularly assess the degree of satisfaction of selected Solaris stakeholder groups and review their needs.

In 2023, we conducted two surveys:

"Customer Satisfaction Survey – Polish Market 2023", resulting in the CSI (Customer Satisfaction Index) score of 89%

"CAF 2023 Social Satisfaction Survey", in which social organisations rated their satisfaction with cooperation with Solaris at 8.5 points out of 10.

Communication

The manner and frequency of communication with each stakeholder group depends on the dynamics of the relationship and the current needs of both the Company and the respective stakeholders. Selected departments are responsible for ensuring an effective and qualitative communication with each group of Solaris' stakeholders as part of their daily work.

The following are key channels of communication shared by all stakeholder groups:

- Social media channels
- Company's multilingual website
- CAF Group website
- Whistle-blower channel – from June 2023 (previously available to Solaris employees only).

Moreover, dedicated channels and/or activities are conducted for selected groups. These channels are also important for determining stakeholder concerns and benefits with regard to sustainability and are one of the tools for determining Solaris' strategy and activities in this area.

Employees:

- Internal communication tools (such as the Intranet, Przystanek magazine – printed and online version, internal newsletter, information on bulletin boards and TV screens, periodic management meetings with employees)
- Meetings with trade unions
- Work of the OHS Committee
- Dual education programs
- Meetings of the Solaris Club for the Elderly
- Regular Organization Health Survey
- Internal CAF Group App

Customers:

- Solaris Customer Magazine – online, bilingual (PL, ENG) version from 2023
- Industry-specific events
- Company's bilingual (PL, ENG) website promoting e-mobility (eCity by Solaris)
- #SolarisTalks conferences for customers
- Regular customer satisfaction surveys, Net Promoter Score (NPS) analysis
- Customers' reports following their tests of demo buses
- Magbus spare parts platform for customers
- Study visits by customers to production facilities

Society:

- **Local communities**
  - Social campaigns
  - Visits of students from local schools focused on technical education relevant to our business
- **Media**
  - Online, bilingual press office
  - Press conferences and relations with the media
  - Industry-specific events promoting e-mobility
- **Industry organizations**
  - Participation in trade fairs
  - Membership in associations and industry organizations
  - Vehicle launch events.

GRI 3-1, 3-2

Selection of relevant reporting topics

The impact exerted by the Company is analysed on many organizational levels as part of the ongoing work of pertinent operating divisions. Solaris Bus & Coach has an *Integrated Management System* in place an integral part of which is the review of internal and external factors that affect the organization and are relevant to meeting customer requirements and achieving the goals set by the organization. We place particular emphasis on environmental aspects, pollution prevention and issues related to occupational health and safety (OHS) in relation to all processes taking place within the Company.

We keep analyzing data and information collected inside and outside the organization as well as information collected from our stakeholders as it enables us to identify and assess risks and opportunities for the growth of our organization and to attain our goals related to quality, environment and occupational health and safety.

In 2023, we built on the analysis of topics relevant to ESG reporting updated in 2022. The update included: preparation of a list of topics (based on: materiality matrix from the previous reporting cycle, analysis of the sources of impact identified in the *Integrated Management System*, topics reported as relevant to stakeholders, etc.); assessment of the materiality of topics by representatives of all internal and external stakeholder groups; analysis and assignment of a materiality degree to each topic and compilation of a list of recommended material topics for reporting. The updated list was approved by the Company's Management Board.

In 2024, the CAF Group will conduct a new dual materiality analysis based on the guidelines set forth by EFRAG in the new European Sustainability Reporting Standards (ESRS) applicable to the CAF Group in the 2024 report. The results of this analysis are to serve as the basis for an update CAF's *Sustainability Master Plan* outlining strategic directions in this area for 2024-2026.



GRI 3-1, 3-2

Materiality matrix

Environment

- 1. Weight and type of raw materials used by the company
- 2. Use of raw and recycled materials
- 3. Components for production and packaging materials subjected to recycling
- 4. Minimizing the volume of waste, recycling
- 5. Energy consumption and ways to reduce it
- 6. Reducing energy and fuel consumption by vehicles
- 7. Water consumption and ways to reduce it
- 8. Impact on biodiversity
- 9. Greenhouse gases emissions and ways to reduce them

Corporate governance

- 10. Impacts on the climate and actions taken to mitigate climate change
- 11. Compliance with environmental regulations, prevention of abuse and violation of environmental laws and regulations
- 12. Impact on local labor market
- 13. Direct economic value generated and distributed
- 14. Tax governance
- 15. The amount of orders from local suppliers
- 16. Financial implications and other risks and opportunities due to climate change
- 17. Financial assistance received from government
- 18. Customer privacy, preventing losses of customer data
- 19. Actions to combat anti-competitive behavior, anti-trust, and monopoly practices
- 20. Actions to prevent accidents of corruption

Society

- 21. Employment, new employees, remunerations, turnover rate, benefits
- 22. Occupational Health and Safety
- 23. Training and education, professional development
- 24. Diversity of governance bodies and employees
- 25. Equal pay
- 26. Non-discrimination in the workplace
- 27. Freedom of association
- 28. Impact (positive and negative) on the local communities
- 29. Health and safety impacts of product and service categories



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Ethics and compliance

GRI 3-3

We consider compliance with international and national laws, ethical standards and recognized best practices as the foundation of our business. Our relations with employees, counterparties and other stakeholders are based on the Company's key values, patterns and rules of conduct which we bear in mind while making our business decisions.

The groundwork for our organizational culture in the context of good corporate governance is defined by the following two documents: the *CAF Group Code of Conduct* and the *Solaris Code of Best Practices*, which are based on the *Universal Declaration of Human Rights and the United Nations Global Compact on Human Rights, Labour Rights, Environment and Anti-Corruption*.

The *CAF Group Code of Conduct* is based on three pillars:

1. Ethical principles
2. Behavioral criteria
3. Implementation mechanisms.

The rules and principles stipulated in these documents are applicable to all Group's employees, professionals and any third party which has a business relationship with any Solaris Group Company.

An extension of the principles and duties assumed in these documents is provided by a system of mandatory regulations involving compliance management, both at the level of the CAF Group and at the level of Solaris Group companies. The system covers, among others, issues such as: respect for law, business ethics, Human Rights, protection of exploitation of the child labor, public freedoms and fundamental rights, the principles of equal treatment and non-discrimination, protection of the natural environment and local communities, due diligence in the supply chain, taxes, principles and laws on competition and crime prevention, including corruption.

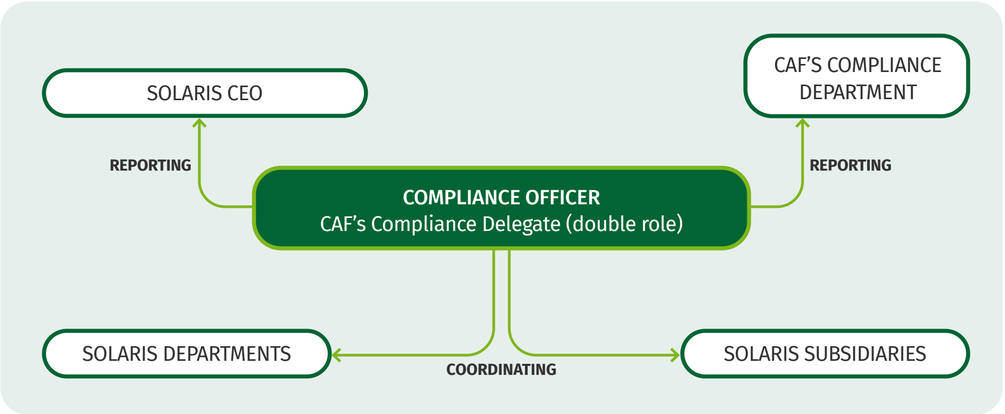
Compliance Officer function at Solaris Group

The Compliance Officer oversees the operation of the compliance system at the Solaris Group. The Compliance Officer has the necessary autonomy and independence to exercise his or her rights and to avoid potential conflicts of interest. The Compliance Officer has the supervisory and control powers and is also responsible for the direct management of the business ethics, anti-trust and crime prevention areas. The person is also responsible for overseeing other areas managed by various managers.

The Compliance Officer reports directly to the President of the Management Board of Solaris and the Corporate Compliance Department of the CAF Group. Reporting covers annual reports on activities performed, ongoing reporting on identified material risks and reports on the Internal Reporting System (the whistleblowing system). The Compliance Officer also functions as a delegate of the CAF Group whose responsibility is to supervise the deployment of the Group's compliance procedures.



New structure of the compliance function



GRI 3-3, 205-1, 205-2, 205-3

Dissemination, trainings and consultations

The Company employees get familiarized with key documents during the onboarding process, through ongoing internal communication and, periodically, during mandatory e-learning courses. They confirm their adherence to the provisions of the codes and key policies in writing or through the e-learning platform. The Group's codes and key policies are also available at all times on the Company's Intranet and Company's internal application and in the CAF Group's corporate internal communication application. Documents at the corporate level are translated and made available to employees in Polish, English and German languages. Selected documents covering the extent of activities and responsibilities of the production team are available in managers' offices in all production plants.

Key documents describing the Group's approach to compliance issues are also available publicly on the CAF and Solaris websites. Additionally, the Compliance Officer organizes a number of information campaigns, direct trainings and workshops, meetings and discussions, in which different groups of employees are involved, depending on the current needs.

Employees of Solaris and its subsidiaries may, at any time, discuss their potential compliance concerns and also seek advice or an opinion on compliance from the Compliance Officer or the corporate Compliance Department. Third parties may also contact compliance@solarisbus.com regarding compliance matters. However, if an irregularity is observed or suspected, employees or third parties should use the Internal Reporting System, which provides a safe and confidential way to report such incidents and ensures an appropriate level of protection.

The number of inquiries that have been referred to the Compliance Officer indicates an effective distribution of compliance information and education and, consequently, an increased awareness of compliance issues among employees of the Solaris Group and third parties.

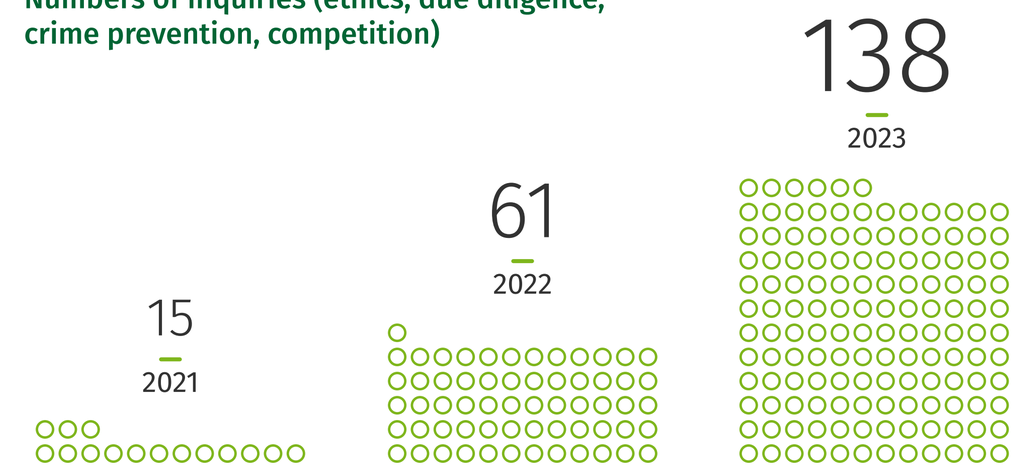
Crime prevention

The Solaris Group is subject to the crime prevention program laid down in the *CAF Group Crime Prevention Manual*. At the Solaris Group level we continue to develop a specific crime prevention sub-program including specific guidelines for local legislation.

The manual contains a list of crimes rated in terms of their risk of commission in the context of the CAF Group's business, identifies business activities that involve the risk of a crime and defines procedures and rules of conduct designed to prevent the pursuit of criminal actions, taking into account, in particular, crimes related to corruption (such as corruption between individuals, bribery or influence peddling) and money laundering.

The purpose of the manual is to build a common framework of good practices and policies that must be followed by all employees of the CAF Group.

Numbers of inquiries (ethics, due diligence, crime prevention, competition)



Within the Solaris Group the ongoing dissemination and trainings are aimed to raising employee awareness of various types of crime considered particularly harmful or prevalent and potential sanctions for any violations, as well as implementing guidelines and measures aimed at mitigating any identified risks.

The manual, mandatory for all the employees in Solaris Group, is available at all times on the Intranet, in the Company's application and in the CAF Group's corporate internal communication application.

The contents of the *CAF Group Crime Prevention Manual* are also included in mandatory e-learning courses held for all employees who have access to a company computer. As of the end of 2023, 942 individuals i.e. 70% of the administration team from the whole Solaris Group, have completed the new training introduced in May 2023. We aim to reach at least 95% of trained employees by the end of 2024. Moreover, every new hire of the Solaris Group, regardless of the area of his or her involvement (production or administration), must read and confirm his or her familiarity with the Solaris Code of Conduct, which covers, among other issues, matters related to business ethics.

In 2023, we did not identify the occurrence, within the Solaris Group, of any cases of corruption or any other crimes referred to in the Manual.

GRI 2-6, 3-3, 206-1

Competition protection

For the CAF Group, unconstrained competition constitutes a fundamental pillar of market development and economic activity. The purpose of the CAF Group *Competition Law Compliance System is* to reinforce the commitment of the CAF Group companies to strict observance of competition laws in all their business areas. The main document governing the above issues is the *Manual of Compliance with Competition Law*, which covers issues such as: agreements that restrict competition, prohibited exchange of information or documentation with competitors, abuse of a dominant position and business concentrations. The manual lays down a list of security measures that must be applied in the Company's day-to-day business, concerning in particular: prohibited conduct and commercial practices in relation to agreements that restrict competition, abuse of a dominant position or dominance, economic concentrations and state aid in European Union. The *Competition Law Compliance System* is supplemented by: the *Corporate Procedure for Antitrust Inspections and the Procedure for Evaluating Consortia with Competitors*. The procedures must be applied if any business partner that the company plans to enter into an agreement with, is also a competitor.

All employees of the Solaris Group must comply with the obligations included in the abovementioned Manual. The contents of the Manual are also part of mandatory e-learning courses held for employees whose professional duties are related to the contents of the Manual. The full version and an abridged version of the Manual are available at all times on the Company's Intranet, in the Company's application and in the CAF Group's corporate internal communication application.

In 2023, we did not identify, within the Solaris Group, any occurrence of any breaches of competition protection regulations.

Due diligence in contracting with third parties

We seek to pass on our values included in the General Rules of the *CAF Group Code of Conduct* to the entities, with which we cooperate in the value chain. To this end, the Solaris Group applies the rules contained in the *CAF Group Due Diligence Manual for Contracting with Third Parties*. The manual is an extension of the *CAF Group Crime Prevention Manual* and the *CAF Group Code of Conduct*.

The manual standardizes and formalizes the due diligence measures that enable Solaris to verify that third parties comply with the General Rules of the *CAF Group Code of Conduct* before entering into cooperation with them.



All employees and representatives of the Solaris Group must comply with obligations resulting from the abovementioned manual. The Due Diligence measures include:

1. Particular signature of the Non-Disclosure Agreement
2. Competition Law analysis
3. Business Ethics analysis (prevention of corruption, prohibition of contracting with public authorities, international sanctions, conflict of interests)
4. Analysis of other third-party risks
5. Periodic monitoring and reassessment of risk levels.

The manual is available at all times on the Company's Intranet, in the Company's application and in the CAF Group's corporate internal communication application. In 2023, we continued to train employees on the basic principles set forth in the *CAF Group Code of Conduct*.

In 2023, intense work underwent at Solaris to streamline all processes associated with the requirements laid down in the Manual. In order to automate the process of the compliance Due Diligence we started to implement the supplier management tool, which includes an IT tool that scans if the third parties are listed in the international sanctions lists and allows automatic compliance controls of the supplier registration process.

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GRI 3-3, 2-26, 406-1, 407-1

Due diligence in matters of Human Rights and international sanctions

The CAF Group's *Due Diligence Manual on International Sanctions* and the *Human Rights Due Diligence Procedure* are the examples of our priorities and ethical approach in the way we do business.

As an essential part of the due diligence procedure, from the very outset of the business opportunity and prior to the presentation of the initial offer or entering into a business opportunity, at Solaris we identify and assess the risks related to Human Rights in accordance with the *United Nations Guiding Principles on Business and Human Rights*, take the remedial actions for potential impacts, as well as identify the potential non-compliance with the International Sanctions in force.

At Solaris Group, we directly apply the *Corporate Compliance System* in this regard. The detailed description of the approach to Human Rights and International Sanction is included in Chapter 7.2.7 of the *CAF Group Sustainability Report 2023.*

Compliance with the *Norwegian Transparency Act*

Notwithstanding the above, the details required by the *Norwegian Transparency Act* can be found in Chapter 7.2.7 of the *CAF Group Sustainability Report 2023.*

For the purposes of the provisions of Section 5 of the *Norwegian Transparency Act*, the content of the information to be reported on Human Rights and decent working conditions is detailed in Chapter 2: Responsible governance and Chapter 5: Social responsibility of this report.

Reporting irregularities and protecting whistleblowers

Mechanisms for seeking advice and raising concerns

The Company has an *Internal Reporting System* for reporting noted or suspected breaches of the law or ethical standards, procedures or other internal regulations adopted by the organization.

Since June 2023, the previous *Internal Reporting Regulations* have been replaced by corporate documents: the Internal *Reporting System Policy* and the *Corporate Procedure of the Internal Reporting System*, which integrate all reporting channels opened in the CAF Group. The above-mentioned documents have been drawn up in compliance with the national and European whistleblower protection laws, as well as with the ISO 37002:2021 standard on whistleblowing management systems.

The complete reporting system is provided by an external vendor and is independent of any IT systems run by Solaris. It enables the reporting of breaches in a secure and confidential manner and lets the Company maintain two-way communication with the whistleblower without compromising his or her anonymity.

Until June 2023, the reporting system operated at solaris.integrityline.com. Starting in June 2023, the reporting system has been operating at a new address: caf.integrityline.com.

Suspected breaches may be reported by all Company employees, regardless of their form of employment. Since June 2023, the option of using the *Internal Reporting System* has been available to employees of subsidiaries and to third parties (until June 2023, reporting was only possible at the corporate level via the e-mail address whistleblowing@caf.net). The new feature is launching a separate channel for labor related issues such as mobbing, discrimination and other labor law violations that were previously reported directly to Solaris Management Board Members in accordance with the provisions of the *Solaris Labor Regulations*.

Individuals who report violations and, where applicable, those associated with or assisting them in reporting violations will be protected from retaliation in accordance with applicable law.

The Internal Reporting System Policy and *Corporate Procedure for the Management of the Internal Reporting System* may be accessed internally on the Intranet, through the Company's application, in hardcopy form at all Company locations, as well as publicly: on the website solarisbus.com. and on the CAF website and the application website caf.integrityline.com. Information about the system was also disseminated in the form of an instructional animation and in a bulletin available to all employees.

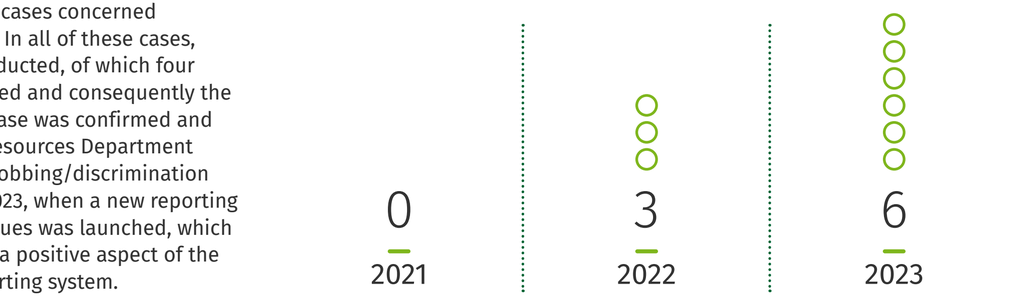
In 2023, Solaris conducted six proceedings initiated on the basis of received suspected breach reports. None of the cases concerned a grave breach of the law or posed a significant risk for the Company. One case involved a minor violation of internal regulations that did not pose a risk to the Company. The report was confirmed following an investigation procedure and appropriate disciplinary and preventive measures were taken for the future. Five cases concerned mobbing/discrimination. In all of these cases, an investigation was conducted, of which four reports were not confirmed and consequently the cases were closed. One case was confirmed and referred to the Human Resources Department for disciplinary action. Mobbing/discrimination reports started in June 2023, when a new reporting channel for employee issues was launched, which should be considered as a positive aspect of the development of the reporting system.

Breaches reported in 2023

2023	Number of cases
Solaris Bus & Coach	5
Subsidiaries	1

Type of report	Category of breach	Confirmed report	Unconfirmed report	Investigations in progress
improper use of employee card	violation of internal regulations	1	-	-
mobbing/ discrimination	violation of law and internal regulations	1	4	-

Number of cases – annual progress







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GRI 2-27

Compliance with laws and regulations

In 2023, we were in the midst of two appeal procedures relating to the decisions of the President of the Energy Regulatory Office from 2020 and 2022, imposing a penalty of nearly EUR 13 thousand and approx. EUR 42.6 thousand, respectively, for the Company's failure to submit within the prescribed time limit the legally required reports on the types and quantities of produced, imported and exported liquid fuels and their intended use. In both cases, we explained that the harmfulness of the omission was minor, including inadvertent violation of the regulations, and on our own initiative we performed all obligations even before the administrative proceedings were initiated, as soon as we became aware of their existence.

Regarding the 2020 case, the court of first instance dismissed the appeal, which decision was then challenged by the Company. As at 31 December 2023, the court of second instance did not yet issue a judgment. The 2022 case was examined by the court of first instance. Solaris Bus & Coach requested a suspension of proceedings due to parallel proceedings pending in the Constitutional Court the outcome of which was likely to affect the judgment in our case. As at 31 December 2023, the court of first instance did not yet issue a judgment.

In 2023, we continued to file explanations and documents in response to the 16 December 2020 decision of the President of the Office of Competition and Consumer Protection to initiate a proceeding to investigate potential excessive delays in the disbursement of cash benefits by the Company in July, August and September under the Act of 8 March 2013 on Counteracting Excessive Delays in Commercial Transactions. In December 2023, the President of the Office of Competition and Consumer Protection issued a decision according to which Solaris Bus & Coach had excessively delayed financial performances and imposed an administrative fine of EUR 676,223.325 on the Company. The penalty was paid, but in January 2024 the Company filed a complaint with the Voivodship Administrative Court in Warsaw against the decision. The case is in progress.

Risk management

GRI 201-2

Correct management of uncertainty is important to us as we strive to achieve our business goals and realize our vision. This is stated in our *General Risk Assessment and Management Policy*, where we set out the basic principles for the control and management of risks and opportunities of all kinds.

These principles enable us to:

- Achieve our strategic objectives with controlled volatility
- Provide the highest level of guarantees to our shareholders
- Protect our results and reputation
- Defend the interests of our stakeholders
- Ensure business stability and financial strength in a sustained way over time.

The comprehensive risk management model that Solaris adopts is aligned with international standards, both in terms of the use of an effective methodology for the analysis and integrated management of risks and opportunities, and in the assignment of responsibilities. A detailed description of our approach to risk management can be found in Chapter 7.1 of the *CAF Group Sustainability Report 2023*.

Risk at Solaris is managed in cooperation with the CAF Group Risk Management Department.

The following functions are of key significance for these processes:

- Management Board Representative for the Data Management and Protection System
- Risk Manager
- Compliance Officer
- ESG Team.

The Management Board Representative for the *Data Management and Protection System* role in the field of risk management is to: define and assess system risks in accordance with Section 6.1 of ISO 9001, ISO 14001 and ISO 45001, support process owners in identifying actions taken to eliminate and mitigate risks, and verify the approach to risks in the framework of ongoing internal audits and management reviews, as well as deal with any non-compliance in this regard.

The Risk Manager's job is to build an operational risk management system at the strategic, financial and legal levels. The system is being created based on the CAF Group guidelines and the ISO 31000 and COSO international risk management standards.

The Compliance Officer's responsibilities include managing the compliance system at Solaris. This function is carried out in cooperation with the CAF Compliance Committee.

The role of the ESG Team in the area of risk management is to coordinate work on identifying environmental risks, including climate risks.

The detailed approach to risk management in ongoing operating processes is described in the relevant sections of the report.



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Sustainability governance

GRI 2-11, 2-12, 2-13

Sustainability policy

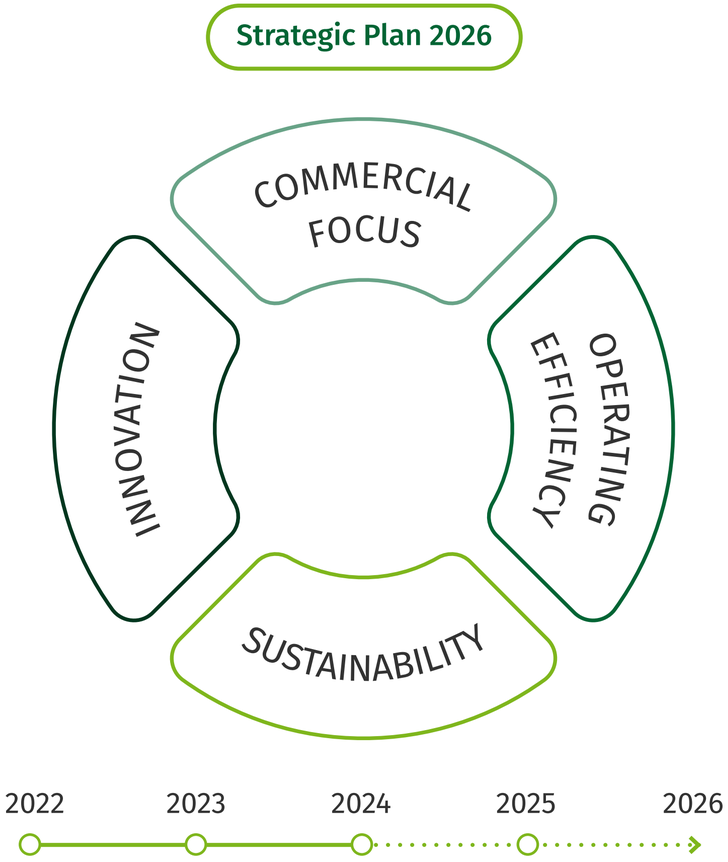
Solaris manages sustainability issues based on the objectives of the *CAF Group Sustainability Policy*. The policy defines our sustainability-related goals, tasks and commitments. Its primary objective is to integrate the CAF Group's mission with the sustainable fulfilment of the needs and expectations of our stakeholders in compliance with the applicable legal requirements, but also in line with the best practices of corporate governance, risk management and compliance with sustainability-related regulations and standards.

The year 2023 was an important milestone for Solaris in its journey towards sustainability, thanks to the implementation of the CAF Group-wide *Strategic Plan 2026*, which was approved at the end of 2022. The *Strategic Plan* emphasizes the importance of sustainability in the Group's activities. It is one of the four strategic growth pillars of the CAF Group, along with market growth, innovation and operational efficiency.

In order to ensure the implementation of the actions defined in the *Group's 2023 Sustainability Plan*, the process of transforming the management model has been initiated, resulting in the creation of the Delegation of Authority (DoA) model. The main goal of the new management model is to embed responsibility for ESG issues, including climate change issues, into day-to-day operational and decision-making of all functions and business units.

Sustainability Committee

Another improvement to the sustainability management model was the introduction of the Sustainability Committee at Solaris in 2023. It engages Management Board members and the management staff in the implementation of the Sustainability Plan and builds understanding of sustainability issues in a dynamically changing legal environment.



The operation of the Sustainability Committee at Solaris mirrors the function of the Sustainability Committee at the CAF Group which is split into the Strategic Sustainability Committee and the Operating Sustainability Committee. The Strategic Committee is headed by the CAF Group CEO and includes the Executive Committee, and the Sustainability, Legal and Compliance functions.

The Operating Committee is coordinated by the corporate Sustainability Team and includes representatives from all business units in the Group, as well as representatives from the corporate ESG and risk functions.

The functioning of a number of multi-level and directional committees and knowledge sharing forums makes it easier to manage material sustainability issues. As a result, in implementing sustainability strategy, we follow best practices and communicate our achievements and commitments transparently.

The Sustainability Committee at Solaris was created on the initiative of the ESG Team as a result of the close cooperation with the CAF Group in the implementation of the Strategic Plan. Ongoing communication with the CAF Group allows us to achieve synergies and ensure consistency in the ESG activities that we undertake.

In 2023, the ESG Team was consistently supported by the Management Board Member in charge of the ESG issues, who represented Solaris at the meetings of the Operating Sustainability Committee at the CAF Group level. In turn, the CEO represented Solaris' position at the Group's Strategic Sustainability Committee meetings.

The functioning of the CAF Group Sustainability Committee



Tax management

GRI 3-3, 207-1, 207-2, 207-3

CAF's tax objective consists essentially of ensuring compliance with the tax legislation in force in each territory in which it operates, thus avoiding tax contingencies and fostering cooperation with the tax authorities.

CAF's ultimate objective is to build trust and distribute value in the domestic and international market through responsible action, particularly with regard to taxes. This objective also makes it possible to design a corporate strategy and ensure consistent tax behavior throughout the organization, which ultimately makes it possible to: satisfy the stakeholders; maintain a relationship based on mutual trust with the tax authorities and contribute to improving communities by paying taxes.

Tax strategy

The framework for tax management activities in the Solaris Group is defined by the *Corporate Tax Policy*, which is publicly available on the CAF Group's corporate website, and the *Tax Policy Implementation Manual*, which applies to all companies in the CAF Group. CAF's *Tax Policy* specifies that all the principles mentioned below will be implemented in accordance with CAF's general principles, specifically those relating to good faith and integrity vis-à-vis all stakeholders.

The following principles for CAF's actions in tax matters are a development of the fundamentals of the *Code of Conduct*, the *Sustainability Policy* and the *General Risk Control and Management Policy*, and should guide the actions of all those persons and entities to which they are applicable:

Comply at all times with its tax obligations, always endeavoring to comply with the deadlines set out by tax regulations, both for the payment of taxes and for other tax obligations. To this end, CAF will ensure the quality, veracity and security of the information and data, as well as the accuracy of its tax returns.

To collaborate at all times with the Tax Authorities, providing the information and documentation of tax importance requested by the competent tax authorities and other regulatory bodies, in a complete and truthful manner, and in the shortest possible time.

Commit to ensure that there is always a valid economic rationale for tax actions.

Avoid investments or transactions in or through territories classified as tax havens under Spanish law, or territories with low or zero taxation, for the sole purpose of reducing the tax burden. Investments or operations in these territories will only be permitted when they respond to business reasons and are aimed at undertaking the activity included in CAF's corporate purpose, subject to prior approval by the Board of Directors in the cases provided for by law and regulations.

Ensure compliance at all times with the obligations relating to related party transactions, maintaining a responsible transfer pricing policy in accordance with the arm's length principle, thus avoiding the erosion of tax bases through non-arm's length pricing.

Manage its intangible assets responsibly, avoiding the use and generation of intangible assets for purely tax purposes.

Prevent and reduce, as far as possible, tax risks in the course of its activities, while maintaining a prudent risk profile. In this framework, investments and operations that may represent a particular tax risk will be carefully assessed.

Avoid the use of opaque structures, processes or systems designed exclusively for tax purposes, or for the purpose of preventing the Tax Administrations from knowing who is ultimately responsible for the activities or the ultimate owner of the assets and rights.





Moreover, at Solaris Bus & Coach, we have an internal *Tax Strategy* in place, as endorsed by the Management Board. Among the areas defined in the strategy are the fundamental principles of conduct applicable to tax-related matters, tax risks along with methods of their mitigation and the structure of accountability for the calculation and payment of taxes. The strategy is complemented by various internal policies pertaining to specific areas of tax accounting. The Company has an internal procedure in place aimed at preventing failures to comply with the obligation to provide information on mandatory disclosure rules.

The Company's primary objective in the context of the *Tax Strategy* is to ensure compliance with the applicable provisions of tax law. The strategy is consistent with the Group's business strategy and ethical values.

The *Tax Strategy* and all procedures related to tax matters are reviewed at least annually. During the review, the strategy's validity is verified in relation to the changes taking place within the Company and its environment. The CFO is in charge of reviewing and updating all pertinent procedures and the strategy. The CFO is also responsible for verifying and monitoring the pursuit of the strategy.

The procedures for validating the tax function adopted by the Company include internal control, executed on an ongoing basis by designated employees of the Finance Department, ongoing monitoring conducted within reporting to the CAF Group and external audit. Issues related to taxes and potential tax irregularities are reported by employees as part of internal communication with the Tax Department. All employees of the Finance Department are required to become acquainted with the *Tax Strategy*. The Company also ensures continuous improvement of qualifications and updating of knowledge in accordance with the annual training plan geared towards structuring employee know-how and providing targeted training.

Information on the *Tax Strategy* pursued by the Company, in accordance with the applicable regulations, is available at www.solarisbus.com and is updated annually.

Tax risk management

The identification and assessment of tax risks faced by the Company is carried out as part of its day-to-day activities. The Management Board, the CFO, other employees of the Accounting Department and the Tax Department and staff of the operating departments take an active part in this process. Additional assistance in identifying tax risk related to unusual business transactions is provided by external experts. All identified risks are included in the internal Risk Register, which subject to annual reviews.

The tax risk management system, including the internal tax control system, is monitored continually by the Tax Manager. Once every year, the CFO evaluates the tax risk management system at each stage of its operation.

The tax risk management system concerns, in particular, the application of tax regulations in the Company's business transactions, the proper fulfilment of statutory fiscal obligations (submission of tax returns, payment of taxes, provision of responses to requests from tax authorities, etc.) and the posting of liabilities and receivables in the correct amount in the Company's ledgers.

Cooperation with state administration authorities

In contacts with tax authorities, the Company is guided by the principles of honesty and transparency. Solaris Bus & Coach maintains transparent and open relationships with tax authorities and cooperates with them on an ongoing basis.

In July 2020, the Company submitted an application to join the pilot edition of the "Cooperation Program". The company is in the final stages of joining the program. The program constitutes a form of cooperation between the National Tax Administration Authority and large enterprises, based on mutual trust and understanding, and transparency that extends beyond the applicable statutory requirements. The purpose of the program is to take joint actions aimed at ensuring compliance with tax law, with particular emphasis on specific needs and expectations of key taxpayers with a view to ensuring better terms for the conduct of business activity in Poland. The program is based on the guidelines developed by the Organization for Economic Co-operation and Development (OECD). Within the framework of ongoing tax accounting and regards to related party transactions, the Company applies two unilateral Advance Pricing Arrangements (APAs) providing for an integrated service model and an integrated distribution model (pertinent decisions of the Head of the National Tax Administration Authority were issued in 2019).

The Company is not involved in any lobbying activities related to tax matters.

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Protection of personal data and confidential information



GRI 3-3, 418-1

Protection of personal data

The CAF Group has in place a *Privacy Policy* to ensure compliance with applicable privacy regulations in all territories in which it operates. This policy and the accompanying manual set out the organizational and technical measures necessary to guarantee the correct management of personal data processed by CAF staff and third parties that engage with any Group company.

In order to ensure proper management and implementation of the policy and instructions throughout the Group, CAF has established a Privacy Compliance Committee and appointed a Data Protection Officer (DPO). The DPO's role is to oversee CAF's compliance activities, give advice to employees, cooperate with the supervisory authority and serve as a point of contact.

Each CAF company ensures correct compliance with local regulations on the protection of personal data. In any case, the CAF regulatory framework on data protection places special emphasis on European privacy regulations, specifically on Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, repealing Directive 95/46/CE ("GDPR").

At Solaris Bus & Coach, we have an internal *Personal Data Protection Policy* in place. It sets out the extent and detailed methods of securing personal data, the use of organizational and technical measures and data protection mechanisms applicable to hard and soft copy documentation.

The Company processes personal data in compliance with the following principles:

- Lawfulness, fairness and transparency
- Restriction of the purpose of data processing (data processing for specific, explicit and legitimate purposes)
- Data minimization (processing only the necessary personal data)
- Proper data processing (processing only current data)
- Restriction of data storage (deletion of data after the purpose of processing ceases to exist)
- Integrity and confidentiality (protection against unauthorized access and loss)
- Traceability.

In order to ensure compliance with internal rules pertaining to the processing of personal data and to minimize any potential risk of leakage, theft or loss of personal data, GDPR training for new hires was continued in 2023. An extensive anti-phishing campaign was also carried out, focused on building awareness of the significance of cybersecurity in e-mail and cell phone communication. All employees were required to complete an interactive e-learning course on this subject.

In 2023, the Company recorded no substantiated complaints regarding the protection of personal data, nor any leaks, theft or loss of personal data.

Protection of confidential information

Work on the Solaris *Confidentiality Policy* and the implementation of the *CAF Group Cybersecurity Policy Development Manual* were completed in 2023. The aim of these policies is to reinforce the information security above the level of protection resulting from the provisions of law, establish the organizational and technical measures that guarantee the confidentiality and to deploy the information security culture in our organization. The *Confidentiality Policy* establishes the classification of sensitive and confidential information processed in the organization as well as, along with the *Cybersecurity Policy*, determines the responsibilities and duties related to protection of information and the guidelines and measures of protection that must be followed by all employees.



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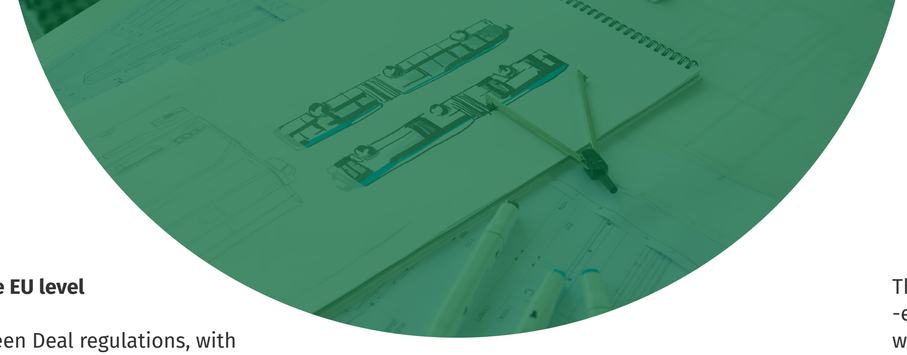
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Sustainable product



GRI 3-3, 203-2

Sustainable transport of the future

The need for change

Today's cities are developing extremely fast. 57%[1] of the population already lives in urban areas, and in 2050 the figure will be probably as high as 68%[2]. Such intensive development comes with various challenges, including, among others, high emissions. Nowadays, cities are responsible for as much as 75% of CO_2 emissions[3], with much of it coming from transportation. Another challenge is dense traffic, which has a significant impact on the quality of life of residents and the development of the agglomerations.

Climat adaptation in the cities determines the need to change the way people move around. We have been seeing a change in awareness in this area – among passengers, among our customers, and among the decision makers at the European Union (EU) level.

At Solaris, we believe that sustainable and accessible public transportation will play a key role in changing the mobility model.

The change at the EU level

The European Green Deal regulations, with their ambitious goal set for the achievement of climate neutrality by 2050, consider it a priority issue to implement sustainable public transport based on zero-emission drives. It is the most environmentally friendly mode of transport developed to date.

The initiatives to accelerate the transformation in transportation include, among others:

- *EU Directive on the Promotion of Clean and Energy Efficient Road Transport Vehicles*, which sets minimum targets for the share of zero-emission buses in urban fleets at 45% by 2025 and 65% by 2030
- *The EU Strategy for Sustainable and Smart Mobility*, which pledges to reduce CO_2 emissions in the transportation sector by 90% by 2050
- NextGen funds, which aim to accelerate the green transformation in Europe.

The future of transportation

Public transportation is crucial in any future mobility scenario. The use of private cars is expected to decrease in the coming years in favor of zero-emission subways, streetcars and buses.

According to forecasts, urban passenger transportation will increase by 60-70% by 2050[4].

Let us take a look at the bus segment. According to the most recent regulations, starting in 2035, all new city buses in the European Union will have to be zero-emission vehicles[5]. According to forecasts, electric buses will account for as much as 87% of all buses on the world's roads by 2050[6]. This is one of the highest electrification rates of any vehicle segment, meaning that with increased industry efforts, the city bus sector is on track to achieve net zero emissions in 2050.

Challenges of 2023

2023 was a year marked by a recovery in the European public transport industry in the wake of a slowdown period affected by the coronavirus pandemic, the war in Ukraine, high inflation and the general economic crisis.

The year was particularly favorable for the zero--emission bus segment (electric and hydrogen), which recorded a 49% annual growth rate.

The share of zero-emission vehicles in the total number of newly registered city buses reached an impressive 42% (up from 30% in 2022).

The number of electric and hydrogen buses hitting the roads of European cities in 2023 was once again at a record high, having surpassed 6,500 vehicles[6].

This growth is driven by several factors: growing demand from carriers for sustainable vehicles, dynamic advances in battery technology, as well as government and EU programs funding green transportation solutions.

In Solaris' sales, the green trend is even more evident – 82% of the buses that left our factory in 2023 had alternative propulsion systems (battery vehicles, hydrogen vehicles, trolley buses and hybrid buses), while more than half were zero-emission vehicles.

[1] Source: "Share of urban population worldwide in 2023", Statista Inc., accessed: https://www.statista.com/statistics/270860/urbanization-by-continent/
[2] Source: "68% of the world population projected to live in urban areas by 2050, says UN", UN, accessed: June 18, 2024, www.un.org/uk/desa/68-world-population-projected-live-urban-areas-2050-says-un
[3] Source: "Cities and climate change", UNEP, accessed: June 18, 2024, www.unep.org/explore-topics/resource-efficiency/what-we-do/cities/cities-and-climate-change
[4] Source: "Policy Priorities for Decarbonization Urban Passenger Transport", International Transport Forum
[5] Source: "Commission welcomes agreement on strong EU targets to reduce CO_2 emissions from new trucks and urban buses", European Commission, accessed: June 18, 2024, https://ec.europa.eu/commission/presscorner/detail/en/IP_24_287
[6] Source: "Electric Vehicle Outlook 2023", BloombergNEF, accessed: June 18, 2024, https://assets.bbhub.io/professional/sites/24/2431510_BNEFElectricVehicleOutlook2023_ExecSummary.pdf



Solaris as a pioneer of green solutions

Since its inception, Solaris has followed technological trends, and often set them itself. Anticipating the green trend in transportation, the Company has been investing in the development of clean drive technologies for nearly two decades. It is a pioneer in implementing electric and hydrogen solutions in many European bus fleets.

Complete Zero-Emission Portfolio

Today, the company is the only manufacturer that offers a complete range of zero- and low-emission buses. Our portfolio contains more vehicles with alternative propulsion systems than conventional ones.

Various bus configurations, proven zero-emission solutions, hundreds of millions of electric kilometers traveled on different roads and in various climatic conditions – we gain real experience in every possible area to ensure the reliability and efficiency of our vehicles.

Additionally, one of our priorities aims at a close cooperation with clients at every stage of project implementation. This includes feasibility studies, service support, and after-sales service. Through discussions with clients and active, close collaboration, we can offer solutions tailored to the specific needs of cities and the preferences of transport operators. Our common efforts make a real impact on the green transformation of public transport.

Hydrogen trend

Hydrogen technology is one of the fastest growing sectors in Europe. The European Union sees hydrogen as a key element in the energy mix of the future, and as such props up its development with significant subsidies.

Hydrogen-powered buses are a relatively young segment, but we see a strong growth trend. Solaris has been developing hydrogen-cell vehicles since 2014, seeing great potential in this technology from the outset. In 2019, 32 hydrogen buses were registered in continental Europe*. In 2023, the corresponding number soared to 172 vehicles. Importantly, nearly half of these, 77 (44.5%), were Solaris buses.

In 2023, Solaris won Europe's largest hydrogen bus contract to date – 130 vehicles.

The Italian carrier TPER Bologna issues an order, with the earliest deliveries scheduled for 2024. In total, we have already contracted more than 700 hydrogen buses.

Innovation as a key to sustainable mobility

The CAF Group prioritizes innovation in its products and services, responding to the growing global demand for travel and the reduction of fossil fuels need at the same time.

The innovation is one of the four pillars of growth in the Group's *Strategic Plan 2026*, along with market development, operational efficiency and sustainability.

The CAF Group's innovation strategy is implemented annually through the *Innovation Management Plan*. This plan combines activities aimed at evolving our products and services with the creation of knowledge and proprietary technologies. These elements distinguish the CAF Group from its competitors, creating a high-quality products offering in the field of sustainable mobility.

In the CAF Group's *Strategic Plan 2026*, we highlight the following areas of actions:

- **Zero emissions agenda** – activities developing the alternative propulsion systems to diesel, reducing fuel consumption and minimizing emissions from our vehicles
- **Autonomous and automatic mobility** – activities focusing on the development of vehicles that operate in an automated manner, increasing safety and efficiency in transport systems
- **Product portfolio** – activities aimed at providing better products and services for both CAF Group customers and end users
- **Digitalization** – activities involving the optimization of internal and external processes through digitalization, such as those ensuring the cybersecurity of our products and services.

* EU27, Norway and Switzerland, excluding the UK and Ireland.

SDG 9, 11

Zero emissions agenda

As part of this path, focused on reducing environmental impact, we are undertaking work in several areas:

- **Development of vehicles with battery and hydrogen-based drive systems** that emit no CO_2 at the location of use
- **Optimization of bus batteries**. On average, every two years we create a new generation of batteries with improved performance. For instance, the energy density per kilogram of high-capacity battery increased by more than 200% in less than 10 years. Owing to the improved performance of High Energy batteries, a greater amount of braking energy is recovered which, combined with stronger charging power, has resulted in the shorting of battery charging times. All of these improvements have exerted a major impact on vehicle performance and autonomy.
- **Development of technologies that reduce vehicle energy consumption** by improving the energy efficiency of their components (e.g., power devices based on new silicon carbide (SiC) transistors) or by reducing air resistance and vehicle weight (e.g., through simplified architecture, more aerodynamic shapes, lighter materials and components, reduced wiring). In recent years, Solaris has reduced energy consumption in its 12- and 18-meter electric bus models by over 20%.

The Solaris has
increased
energy density
per kilogram of
High Energy battery by more than
200%
in less than 10 years



We have
reduced
the noise
inside the Urbino 9 LE electric
model by
2-8 dB

- **Intelligent management of the energy consumed by the vehicle**, including the development of driver assistance systems, efficient autonomous driving systems, and intelligent management systems for the operation and use of various technological solutions on board the vehicles.
- **Innovations enabling noise reduction inside the vehicle**. The introduction of new suspension components for the drivetrain and carefully selected insulating materials in the Urbino 9 LE electric model have enabled us to reduce the noise inside the bus by an average of 2 dB, and in selected cases even by 8 dB (depending on the measurement point, and frequency). The development and implementation of advanced BTMS (Battery Thermal Management System) control software has significantly shortened the fan operation time (achieving results up to 25% of the initial state, depending on conditions), which has translated into noise reduction.
- **Latest developments in the Company's zero-emission portfolio**. In 2023, our Urbino 18 electric bus with modular drive premiered. Built on a new drivetrain architecture and the latest battery technology, this vehicle delivers exceptional performance. At maximum battery capacity, it may travel for up to 600 km, in SORT2 cycle* a single charging. Owing to a new design that enables a versatile use of the roof area, it has significantly increased passenger space (accommodating up to 145 people).

In terms of the "Zero Emissions" pathway in 2023, we also implemented activities, described later in the report, within the framework of research and development projects: VIRTUAL-FCS and StasHH.

* SORT2 - test conducted by a third-party entity in accordance with UITP E-SORT2 requirements, which reflects the energy consumption of a city bus in an average urban cycle.

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Autonomous and automatic mobility

Intelligent mobility brings significant benefits to operators and enhances the safety and comfort of passengers. The increasing automation of solutions and the development of autonomous vehicles are also key elements in enhancing transportation capabilities, energy efficiency, punctuality, and the smoothness of journeys from door to door.

As part of this path, we are implementing the following solutions:

- Cybersecurity-enhanced databus with a new OnePlatform architecture for data management*
- Advanced Driver Assistance Systems (ADAS)
- Data exchange systems and passenger information systems
- Geofencing, allowing the designation of virtual zones within a city using GPS technology and programming bus mode changes within specific areas
- Secure vehicle positioning without the need for infrastructure devices
- On-board control and diagnostic system capable of performing critical safety functions.

Digitalization

The CAF Group recognizes the immense importance of the ongoing digital transformation process across all social sectors.

Therefore, it dedicates a significant portion of its research and development efforts to developing its own vision of digitization for railway and bus transport, focusing on the following paths:

Development of technologies to ensure infrastructure for capturing and transmitting data throughout the transportation system, including aspects such as sensing and communication between vehicles and infrastructure

Management and analysis of large amounts of information using big data techniques

Application of advanced data analysis technologies (artificial intelligence, machine learning, deep learning, etc.)

Utilization of the data analysis technologies to develop applications in areas of particular importance, such as diagnostics, maintenance, energy consumption, and operations

Installation of on-board real-time vehicle monitoring system in the infrastructure (Solaris eSConnect)



* Developed within the framework of the Solaris Cybersecure Connectivity project.

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Solaris Battery HUB

During the last 10 years, the Solaris Group has delivered the highest number of zero-emission vehicles (electric buses, hydrogen buses and trolleybuses) than any manufacturer in continental Europe, thereby supporting the transition of EU countries to electromobility and bringing the European Union closer to the achievement of its climate neutrality goal set for 2050. The lithium-ion batteries used in our zero-emission vehicles are among the key components.

Battery sustainable developement

Based on technology development and growing experience, Solaris has been improving its battery products for years, focusing on the enhancement of performance, safety and monitoring tools and processes to lengthen the whole battery life cycle.

To centralize and intensify these endeavors, a battery competence center was established within the Company's structures in 2023, the Solaris Battery HUB.

Solaris strives to ensure that the batteries powering its vehicles are manufactured in a sustainable manner: from cell procurement (requiring long and complex supply chains) to logistics, to development projects, to after sales and second life of the batteries. Research efforts and performance tuning of state-of-the-art battery systems also contribute to the extension of driving ranges.

Circular economy

The Battery HUB is committed to working towards implementing a circular economy for lithium-ion batteries, thereby improving resource efficiency, reducing greenhouse gas emissions and cutting down the costs generated by new traction batteries.

Post-warranty batteries, once removed from vehicles, are tested to determine their suitability for reuse in energy banks, such as those used for the stabilization of electric grids. Solaris cooperates with experienced partners to change the functionalities of energy storage facilities and develop new solutions.

Post-warranty traction batteries that are unsuitable for other uses are recycled with a material return rate not lower than that specified in EU Directive 2006/66/EC and Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries. In 2023, Solaris began collaborating with Polish lithium-ion battery recyclers to increase control over the quantity and quality of recovered metals.

New generation of batteries

Unveiled at Busworld Europe 2023, the new generation of Solaris High Energy batteries features lower cobalt content compared to the previous generation owing to the use of modern cathode materials.

This translates into reduced raw material consumption and a more sustainable production process.

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GRI 201-4, SDG 7, 9

Research and development projects

The needs of our clients and the cities they represent serve as inspiration and motivation for us to develop innovative solutions, including zero and low-emission alternatives to conventional propulsion systems. At the same time, the dynamic advancement of technology allows for their increasingly widespread application.

We effectively secure external financial resources that support us in implementing innovative initiatives.

In 2023, the Company received over EUR 294 thousand in public funds solely dedicated to research and development projects.

Due to our ongoing activities, in 2023, we benefited from the research and development relief aimed at supporting innovative economic activities of taxpayers, thereby increasing the scale of investment by enterprises in research and development in Poland. Taxpayers have the right to deduct expenses incurred for research and development activities from the taxable base. In 2023, the Company availed itself of this opportunity for qualified expenses totaling nearly EUR 4.6 million, resulting in a tax relief amounting to almost EUR 870 thousand.

Subsidized R&D projects implemented in 2023:

Virtual-FCS

The main objective of the initiative is to support the development and optimization and design of hybrid hydrogen fuel cell and battery systems for various applications.

StasHH

The venture is developing an open standard for a fuel cell module for heavy-duty vehicles in terms of size, interfaces, controls and test protocols.

Hybrid Beams

The project focuses on developing a new concept for a light-weight bus body frame.

Solaris Cybersecure Connectivity

The project, initiated in 2022, aims to develop a significantly improved cybersecurity databus with a new OnePlatform architecture for data management. The platform is responsible for the vehicle's connectivity and will serve as the bus's new data exchange system. The project also supported the development of the new Urbino 18 electric bus model, which premiered in 2023. The bus sports a new design with a distributed drivetrain and components fitted on the roof and in the rear of the vehicle. The Urbino 18 electric bus meets all safety standards, including the new GSR2 and cybersecurity requirements, scheduled to take effect in July 2024.

Cooperation with scientific centers and universities

Cross-sector partnerships are important for developing and successfully implementing innovative solutions in public transportation.

In 2023, we continued our R&D projects involving further development of our products in collaboration with various research and educational institutions in Europe:

- **Université Bourgogne Franche-Comté (UBFC)** (Association of Universities and Higher Education Institutions in the region of Bourgogne-Franche-Comté in the form of a "union of universities and institutions")
- **Commissariat à l'Énergie Atomique et aux Énergies Alternatives** (Alternative Energies and Atomic Energy Commission, France)
- **Nederlandse Organisatie voor toegepastnatuurwetenschappelijk onderzoek TNO** (Dutch Organisation for Applied Scientific Research)
- **Sintef AS** (Research Institute, Norway)
- **Výzkumný a zkušební ústav Plzeň s r.o.** (Pilsen Research and Testing Institute, the Czech Republic)



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Business profile

Vehicle offering

Customers and the needs of the cities they represent are at the center of our attention. We support the transformation of public transportation by, among other things, designing modern powertrains, introducing new bus lengths or offering innovative safety systems. Our goal is to create and deliver vehicles with the best possible environmental and social profile.

Solaris brand drives

Alternative:

- electric
- hydrogen
- hybrid
- trolleybus

Conventional:

- CNG
- diesel

Vehicle lengths:

- 8.9 LE
- 9 m zero-emission model only
- 10.5 m
- 12 m
- 15 m zero-emission model only
- 18 m
- 18.75 m
- 24 m zero-emission model only

Solaris zero-emission vehicles



Hydrogen buses

The energy source for these vehicles is hydrogen. It is turned into electricity in a fuel cell which serves as a miniature power generator on board of the vehicle. The electricity generated in the cell is transferred directly to the drivetrain, while the surplus energy is stored in batteries and used on a need basis, for instance during acceleration. The only by-products of the chemical reaction occurring in the fuel cell are water and heat. Harnessing hydrogen technology in power generation enables buses to cover long distances in a completely emission-free manner.



Electric buses

Battery-powered vehicles fit perfectly into the requirements of urban traffic. The wide range of options in terms of bus lengths, engines, battery types and charging options make them easy to adjust to the specific features of different cities, climates, traffic characteristics, passenger volumes on distinct bus routes and even topography. A zero-emission drive system, innovative and safe ADAS, modern components and comfortable interior make them a real green alternative to diesel transport in urban areas.



Trolleybuses

They are powered by electricity drawn from an overhead powerline network, just as in the case of electric trams. However, trolleybuses do not need rails to move on the road. These quiet vehicles produce no local emissions either. They may feature additional batteries that are charged en-route using the In-Motion-Charging system enabling them to operate even without a connection to overhead wires.

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Sustainable mobility promotion

As we are an active industry player and a leader in sustainable solutions in Europe, we are happy to share our knowledge and experience to promote good sustainable mobility solutions.

#SolarisTalks

These are annual expert-led conferences dedicated to public transport and sustainable mobility issues. The 2023 edition focused entirely on e-mobility and the key issues in the area of electric vehicles and hydrogen technologies.

eCity powered by Solaris

In 2023, Solaris also published its content on the eCity expert website. Using this online space, the Company shares its expertise and experience in the area of environmentally and resident-friendly zero-emission vehicles. The website aims to popularize environmentally friendly public transport. It also serves as a knowledge base for e-mobility topics.

Solaris magazine for customers

In 2023, the Company's magazine for customers, which had been published continuously for more than 20 years, underwent a major makeover: from print to online space. The facelift of the Solaris Customer Magazine into a modern, refreshed and environmentally friendly format has triggered a qualitative change in the Company's communication with customers. Through its new website at www.magazine.solarisbus.com, the Company keeps its customers up to date on events in the Company's life, tender outcomes, industry events, product news and bus tests. The new Magazine features various forms of communication, such as infographics, videos, photos, articles and interviews. Since September 2023, the Magazine has been published exclusively online to reduce impact on environment and, like its print forerunner, is available in two language versions: Polish and English.



SDG 9, 11, 13

E-mobility support offer

At Solaris, we strive to meet and exceed the expectations of carriers and support them in meeting the challenges of the green transition of public transportation. We offer customers with a comprehensive solution to better plan and manage the change, as well as a dedicated After Sales support structure:

Feasibility studies

Feasibility studies are advanced calculations and simulations carried out for customers in order to optimally match electric buses, their amenities, features and equipment, number, battery technology and charging method to the specific needs of the cities where they will be operated. To this end, we analyze a broad range of data and information, including the number of stops, passengers, the timetable at the respective location, the topography and climatic conditions.

Our broad offering and extensive experience enable us to provide customers with optimal solutions in terms of batteries, vehicle lengths, drive systems, climate comfort systems, amenities, features and equipment.

Turnkey projects

These complex projects include not only the delivery of vehicles, but also the setting up of full charging infrastructure, adapted to the specific features of the location. Solaris takes care of the execution of the construction work, including dealing with the necessary paperwork, such as building permits or permits for the use of charging infrastructure.

eSConnect system

The system enables operators to monitor and efficiently manage their bus fleets and to use them in an optimal manner which, in turn, translates into energy consumption savings. In addition, eSConnect provides the ability to better adapt to the requirements of the modern city by allowing the vehicle to adapt to zero-emission zones and local speed limits. Thanks to reports generated by the system, the user can monitor in real time the energy consumed by the bus during operation.



eSConnect also provides remote access to the vehicle's diagnostic data, thanks to which technicians are often able to remotely diagnose a defective component and prepare the workshop to carry out any repair, if so required. Furthermore, in certain cases the system enables service technicians to remotely rectify the defect without the need to be physically present at the customer's location, which significantly reduces repair times, travelling costs and related environmental impact.

eSSyncroService

It is a system that uses augmented reality for remote repair and maintenance services and vehicle delivery and acceptance purposes. eSSyncroService uses goggles to give the mechanic a simultaneous view of the bus and a comprehensive scan of the vehicle. Using voice commands, a person can call up the required documentation. These elements form a picture that is accompanied by guidelines and next steps. For more complicated issues, a mechanic can connect remotely with a Solaris expert, relaying the image to her or him. At the same time, the Solaris expert can apply markers indicating specific components to be repaired.

With eSSyncroService, our customers can reduce the repair time to a minimum and get buses back on the road immediately. By remotely contacting Solaris experts, the time required for them to come to the customer is eliminated.

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GRI 302-5, SDG 11, 13

Vehicles safe for people and the environment

Buses, trolleybuses and trains, serving as green means of public transport, are capable of making a significant contribution to protecting and reducing the impact exerted by human activity on ecosystems and to improving the quality of people's lives. The CAF Group is prioritizing efforts to replace fossil fuels with alternative propulsion solutions and reduce CO_2 emissions in transport by providing highly efficient vehicles, thereby pointing the way to a sustainable, green and emission-free future.

Product Life Cycle Assessment

Life Cycle Assessment (LCA) allows for the identification of processes, materials, and components that have the greatest environmental impact. This process considers all stages of product's life: from the extraction and transportation of raw materials, through component production and bus manufacturing, to the transport of the finished vehicle to the customer, and ending with the vehicle's operation, maintenance, and disposal phase.

In 2022, based on the LCA calculations, the Company obtained Environmental Product Declarations (EPDs) for the Solaris Urbino 18 electric and Solaris Urbino 12 hybrid buses, verified by a third party.

In 2023, we embarked on a journey to obtain the third EPD environmental label for an 18-meter-long hydrogen bus.

Conducting a life cycle analysis by Solaris and obtaining EPDs supports public transport operators in making more responsible purchasing decisions. This allows them to consider not only the price, technical parameters of the vehicle, or warranty and service conditions but also the impact of the product manufacturing and usage process on the natural environment. In this sense, the EPD declaration supports sustainable environmental choices and motivates manufacturers to manage supply chains and production processes more responsibly.

In 2023, our main focus, in terms of life cycle analysis, was to build knowledge within the organization about calculating the environmental footprint of vehicles and drawing conclusions from the obtained outcomes.

The process of collecting material data for the life-cycle analysis for the hydrogen bus has also begun.

Reducing vehicles' energy and fuel demand

We take responsibility for our products throughout their life cycle. This is why we are working on solutions that reduce the energy and fuel requirements of Solaris vehicles from the design and development stage, through the manufacturing process and into the use phase. The Life Cycle Assessment (LCA) of two types of our vehicles has shown that the greatest environmental impact occurs during their usage phase.

In recent years, actions contributing to the reduction of energy and fuel consumption include:

- **Development and implementation of innovative systems and tests**
  In 2023, a more efficient drivetrain management resulted in reduced energy consumption by 30% for the Urbino 12 Hydrogen model and 15% for the Urbino 18 Hydrogen model. These values were confirmed by tests carried out in accordance with the requirements of the UITP E-SORT1 standard.
- **Implementing the Battery Thermal Management System (BTMS) in vehicles**
  It allows for controlling the temperature of batteries, ensuring their operation under optimal conditions, and maximizing their performance and lifespan. Operating batteries at too high or too low temperatures affect their capacity and lifespan.
- **Changes in the bodywork design introduced during the evolution of the Urbino generation bus**, which have enabled significant energy savings. A lower mass directly translates into lower energy consumption by the vehicle.
- **Launch of increasingly more efficient batteries based on the new generation of lithium-ion cells** (every 2 years on average). Electric and hydrogen buses now offer driving ranges comparable to vehicles with conventional propulsion, without emitting any emissions during use. A significant leap in battery development can be observed especially in the case of High Energy batteries, which provide a long driving range for the vehicle. Since 2013, we have almost tripled the nominal energy index of the battery while maintaining the same mass, resulting in higher energy efficiency of the electric bus. In the case of High Power (or high power density) batteries, we have seen a significant increase in the charging power parameter. Although their nominal energy is lower, they provide immediate recharging of the bus during the day and longer trips with passengers. The Solaris Battery HUB works on optimizing the battery housing and frame, and reducing their mass. Savings for a bus equipped with several batteries can reach up to several hundred kilograms. For High Power batteries, this is a reduction in mass by about 15% per battery, and for High Energy batteries, by about 7%. These improvements impact, among others, the reduction of the bus's energy demand.
- **Eco-design activities aimed at improving the thermal insulation of the bus**
  In 2019-2020, we conducted a series of analyses and research, and then introduced new insulation materials into the vehicle's interior. They provide up to a 10% improvement in thermal insulation parameters. Since 2022, for selected types of batteries fitted on the roof we have been using additional insulation of their covers. This reduces the energy required to cool the batteries and extends their life.

GRI 3-3, 301-3

Vehicle recyclability

Component marking

We are mindful of the depletion of natural resources and the need to ensure sustainable production, which is why we enable the recycling of distinct vehicle components by properly marking parts made of metals, plastics and elastomers.

Requirements for component labeling are part of the internal standard SN22-004-00L „Marking - determination of marking locations, information, and scope," which was developed based on international standard guidelines applicable in this area. Our suppliers are required to comply with this standard.

Based on the requirements of ISO 22628:2002, we have calculated the recyclability potential of our buses.

According to the data published in the Environmental Product Declarations (EPDs) for the 18-meter electric and 12-meter hybrid buses, the estimated recycling potential is 94.9% and 95.9%, respectively, with a recovery potential of 95.1% and 96.1%.

Furthermore, to ensure the safe handling of our vehicles throughout their life cycle, we adhere to and require our component suppliers to comply with the obligations under the European Commission's REACH regulation.

Handling of battery waste at the end of life cycle

According to the Battery and Accumulator Act, Solaris is obliged to take back batteries at the end of their life. We cooperate with a certified company authorized to recycle batteries and accumulators. The used batteries are processed in accordance with applicable standards, allowing for the recovery of materials that can be reused in various industrial production processes.



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GRI 416-1

Safety of vehicle use

In order to ensure the safety of passengers and drivers, we are implementing the Collision Mitigation System (CMS) and preparing for changes related to the entry into force, in July 2024, of the EU's Global Safety Regulation 2 (GSR2), indicating a revision of approval standards. We are also keeping an eye on EU regulations related to data security and preparing for their implementation at the Company. Among other things, in 2023 we continued the Solaris Cybersecure Connectivity project, which enhances the digital security of buses.

Safety systems in Solaris' vehicles:

- Fire detection and extinguishing systems
- Electrical insulation measurements
- Tables and drawings showing torques for screws in relevant systems (such as the drive system)
- Enclosed driver's cabin
- Safety system to prevent passengers from being trapped in the door (opening automatically if any resistance is detected)
- Electric Nothan valve (to lock the door when the bus is in motion)
- Braking resistor (aids braking in e-buses)
- Retarder (aids extended braking and protects brakes)
- Use of flame-resistant materials
- Bus emergency exits
- High voltage shut-off system (emergency stop)
- Laying HV cables in ducts to prevent direct contact with people

ADAS (Advanced Driver Assistance Systems)

Blind Spot Information System

The system enables the driver to see more owing to cameras placed outside the vehicle. They detect the presence of pedestrians and cyclists in the so-called blind spot of the vehicle, which is particularly important when turning.

Cameras that replace side mirrors

They show what is happening on screens inside the vehicle and thus ensure enhanced visibility for the driver. They substantially broaden the field of view and improve the aerodynamics of the vehicle.

CMS (Collision Mitigation System) intelligent braking assistance system

During an emergency, the system enters braking mode, reducing velocity and thus reducing the consequences of a potential collision. Its correct calibration is of great significance in city buses where there are no safety belts and most passengers ride while standing. Hence, the braking force is crucial for the passenger safety and comfort.

BirdView system composed of four cameras

A precise device monitoring the surroundings of the vehicle, including all blind spots. The device provides high-quality bird's eye view images of the vehicle, making maneuvers such as turning easier, thus increasing safety in the vehicle and on the road.

Rain and dusk sensor

The sensor assists the driver when the vehicle is driven in unfavorable weather conditions. As soon as the weather deteriorates or it gets dark while driving, dipped headlights are automatically switched on or amplified to provide clear visibility.

DDR (Driver Distraction Recognition)

A driver vigilance monitoring system analyses the driver's facial expressions to alert him or her by visual or sound signals, should the driver be distracted, keep looking around or show signs of drowsiness. The system detects signs of fatigue by constantly analyzing the driver's eye movements.

GRI 3-3, 416-1

Training and education

Driver training

We have been supporting the broadening of drivers' knowledge and skills by running the "Safe Driver" training program since 2005. Its aim is to improve the safety of all road users. During the theoretical part and practical training on a special track, drivers learn to anticipate and quickly identify threats, acquire new skills and consolidate them to react properly in emergency situations. The training enables participants to become acquainted with the modern systems we offer in our buses, thereby taking full advantage of the potential of these solutions.

Customer training

Seeking to best prepare customers for the proper operation of Solaris products, we have established a special Technical Training Department which, apart from running practical training courses at the customer's location, is also in charge of the Technical Support Centre.

In 2023, the Technical Training Department conducted nearly 500 training sessions for a total of nearly 4000 participants.

The training courses we offer include:

- Driver training in eco-driving
- Driver training in managing the workplace, basic maintenance and economical driving
- Training of the customer's technical staff in the construction, maintenance and repair of operated vehicles, either during the production process or at the customer's location
- Specialist training regarding built-in components, delivered by subcontractors' representatives
- Training for emergency and road services in the design of modern city buses and in safe conduct in the event of road accidents involving buses
- Internal technical training as per identified needs.





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Environmental management

GRI 3-3, 201-2, 304-1, 413-2

Solaris, as part of the CAF Group, implements the *CAF Group's Environmental Policy* and *Sustainability Policy* in its operations. These documents define and consolidate the principles that guide all companies in the CAF Group in their sustainability activities. Environmental issues are an important aspect in them.

It is crucial for us to act strictly in accordance with relevant environmental regulations and requirements when conducting our business, and to undertake activities reducing our impact on climate change.

Our priority activities in this area:

- Utilizing renewable energy sources
- Investing in research and development
- Introducing sustainable products and technologies, in compliance with environmental management system requirements.

Since 2005, Solaris Bus & Coach has had a certified environmental management system in place, based on ISO 14001 requirements. It supports us in achieving our environmental and economic goals.

Environmental risks

Identification of environmental risks is a part of the *CAF Group's Integrated Control and Risk Management System*. The system is based on the *General Control and Risk Management Policy*, and is underpinned by the *Control and Risk Management Procedure*.

The following risks have been identified and assessed in the catalogue of environmental risks:

- Consumption of raw and auxiliary materials
- Consumption of natural resources due to inappropriate use of energy and natural resources
- Water and soil pollution
- Impact on biodiversity
- Air pollution and global warming
- Consumption of natural resources due to inadequate waste management
- Noise pollution
- Inadequate third-party environmental management due to outsourcing
- Improper use and maintenance of machinery and equipment.

This assessment complements the risk identification process of the *Environmental Management System* in Solaris Bus & Coach. In accordance with the requirements of ISO 14001, environmental aspects were assessed with harmfulness to the environment as the most significant criterion. On this basis, significant aspects were identified that could potentially result in the materialization of risks. Countermeasures were also defined to avoid hazardous events and potential environmental pollution.

As part of the analysis of climate risks at the CAF Group level, risks and opportunities arising from climate change were identified based on the expected trends, in order to prevent and reduce the impacts of the risks and take advantage of the opportunities that this phenomenon will entail, defining how to address them. The detailed approach to climate risk management is described in Chapter 5.2 of the *CAF Group Sustainability Report 2023*.

Biodiversity protection

The production facilities of Solaris Bus & Coach are located outside areas protected under national regulation – the *Nature Protection Act.*

Being aware of the importance of protecting biodiversity, each time we make investment decisions we conduct an environmental impact analysis of our activities.

We pay attention to the preservation of green areas and trees, as well as animal, plant and fungal species.





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GRI 301-1, 301-2, SDG 13

Consumption of materials and raw materials

We are acutely aware of the impact exerted by Solaris' business on the natural environment and the local communities in which we operate.
We take responsibility for our products throughout their life cycle and make efforts aimed at minimizing our potentially negative environmental impact, including through a reasonable use of available resources.

Recycled input materials used in components

Solaris is fully aware of the problem of depletion of natural resources, and is therefore defining activities to use recycled materials and enable recycling of products, as well as to ensure reuse of both raw materials and products.

In order to identify this potential, based on the best knowledge and information provided by suppliers, Solaris has taken steps to identify recycled materials used in the production of vehicle components.

The content of recycled steel in the stainless steel supplied by a main supplier to us used for the frame itself, which makes up a significant part of the total vehicle weight, was 89.8% according to ISO 14021.

Taking into account our suppliers, use of recycled metal from waste streams, the content of recycled steel was 93.9%.

However, it is worth noting that the production of many groups of components requires use of materials of the highest quality due to technical parameters and requirements, safety of use and aesthetic expectations of customers. In such cases, use of recycled materials is not possible.

We consider it a matter of key significance to ensure that not only the products but also the equipment required for the manufacturing and logistics processes support the sustainable use of raw materials. We purchased 38,500 containers for our Bolechowo warehouse, which had been made of regranulate obtained from recycled materials. According to the supplier's declaration, by offsetting the share of CO_2 generated in the production process and using the regranulate, the containers became climate-neutral. This resulted in savings around 87 tCO_2.

We used the following key materials and raw materials to produce our vehicles in 2023:

Material/raw material	Weight [t]
Aluminium	614
Adhesives	494
Brass tubes	37
Plywood	346
Stainless tubes	34
Stainless steel 1.4003	5,739
Black steel	64
Copper used to make the bundles	217

For the purpose of packaging spare parts at Solaris Bus & Coach in 2023, we used:

Material/raw material	Weight [t]	Breakdown of raw materials by renewability
Wood	92	Renewable
Paper	308	Renewable
Plastics	9	Non-renewable

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GRI 3-3, SDG 13

Greenhouse gas emissions (GHG)

CAF Group is undertaking a number of initiatives leading to the decarbonization of the value chain linked to the Paris Agreement targets. In 2021 CAF Group joined the Science Based Targets Initiative (SBTi) and Race to Zero, and in 2022 moved these commitments to the *Strategic Plan 2026* as part of the "Zero Net Emissions" initiative.

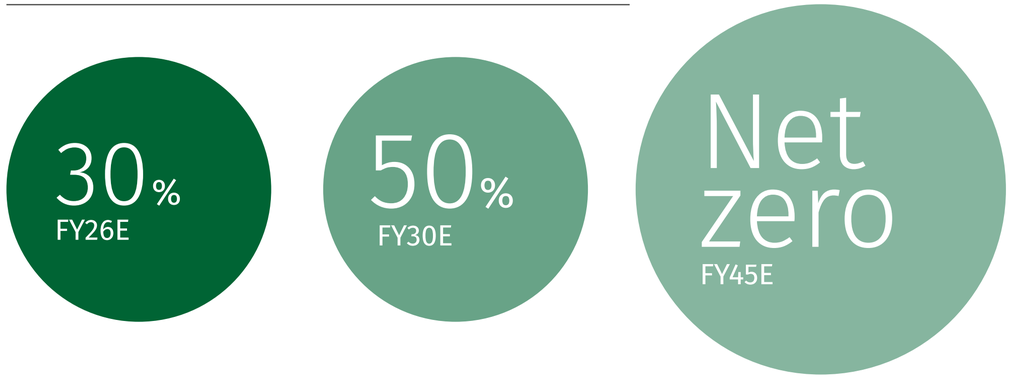
The main pillar of Solaris' value chain decarbonization are the innovative products available in their ever-expanding range of electric, hydrogen and hybrid buses.

In 2022, CAF Group defined short- and long-term emission reduction targets, taking into account the SBTi methodology and using previous years' carbon footprint calculations as a benchmark. The baseline for the reduction targets has been set up as per the 2019 result. In September 2023, SBTi launched the process of technical validation of the CAF Group's short- and long-term reduction targets.

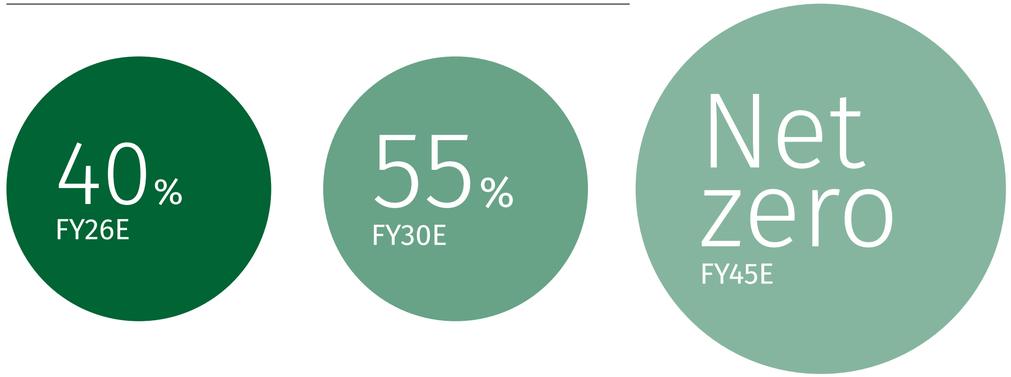
Solaris, as a member of CAF Group, has made a commitment to achieve Zero Net Emissions by 2045.

CAF Group's decarbonization goals*

Scopes 1&2 (reduction rate % of absolute emissions)



Scope 3 (% per passenger-km)



The CAF Group's first CDP (Carbon Disclosure Project) climate change report was completed in 2022 as part of the work of the CAF Groups' Sustainability Committee and the "Zero Net Emissions" initiative. It was a response to the set reduction targets and the promotion of strategies addressing climate change through the reduction of greenhouse gas emissions and the use of renewable energy sources. The report achieved a score of B on the CDP scale (from A to D).

In setting reduction targets, CAF Group took into account its key sources of greenhouse gases (GHGs), which include emissions arising from the product life cycle related to energy consumption during the use phase, as well as emissions from energy consumption in operations.

Activities to achieve the targets focus on gradually reducing emissions through:

- Improving energy efficiency in manufacturing operations and facilities
- Increasing the share of renewable energy
- Research and development toward developing sustainable, zero-emission transportation solutions.

*As of the publication date of the report, the reduction targets are under SBTi validation.

GRI 305-1, 305-2, 305-3, 305-4, 305-5

Carbon footprint

The carbon footprint calculation was carried out in accordance with ISO 14064:2018 and it was subjected to external verification.

The carbon footprint was calculated and verified in the following scopes:

Scope 1 – direct emissions:

resulting from fuel consumption in stationary and mobile installations, as well as fugitive emissions of fluorinated gases

Scope 2 – indirect emissions:

from electricity consumption and thermal energy consumption

Scope 3 – other indirect emissions:

from the use phase of the product, production and transportation of materials to Solaris' production facilities, transportation of the product to the customer, waste management and transportation, water consumption, commuting and business travel.

The greenhouse gases (GHGs) included in the calculations are expressed in equivalent tons of CO_2 and refer to emissions of carbon dioxide, methane and nitrous oxide (CO_2, CH_4 and N_2O, respectively), in addition to hydrofluorocarbons (HFCs) associated with refrigerant gas losses.

Carbon footprint results* in Scopes 1&2 [tCO_2e]

	Scope 1	Scope 2	Scope 1&2
2019			
Solaris Bus & Coach	4,255	9,075	13,330
Subsidiaries	1,121	1,150	2,271
Solaris Group	5,376	10,225	15,601
2021			
Solaris Bus & Coach	4,278	8,886	13,164
Subsidiaries	968	44	1,012
Solaris Group	5,246	8,930	14,176
2022			
Solaris Bus & Coach	4,279	1,606	5,886
Subsidiaries	644	36	680
Solaris Group	4,924	1,642	6,566
2023			
Solaris Bus & Coach	3,138	1,842	4,980
Subsidiaries	576	34	610
Solaris Group	3,714	1,876	5,590

Carbon footprint reduction in Scopes 1&2

	%Δ2019-2023	%Δ2022-2023
Solaris Bus & Coach	-63%	-15%
Subsidiaries	-73%	-10%
Solaris Group	-64%	-15%



* The carbon footprint calculation did not include data for 2020, as it was not considered a representative year for the Company's actual operations.

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GRI 305-1, 305-2, 305-3, 305-4, 305-5

Carbon footprint results in Scope 3

GHG tCO_2e emissions	CAF Group		Solaris Group	
	2019	**2023**	**2019**	**2023**
Use of sold products	6,749,610	3,438,358	999,928	514,421
Use of sold products [gCO_2/passenger kilometre]	11.87	6.35	15.16	9.42
% change compared to base year [gCO_2/passenger kilometre]	-	-46.8%	-	-37.85%
Objective Net-zero pathway SBTI	-	-25.2%	-	-*
Purchased goods and services	71,874	77,989	13,658	17,721
Upstream transport and distribution	5,824	2,844	-	-
Waste	1,156	843	65	103
Business trips	8,735	5,913	1,783	725
Commute to work	18,180	14,024	3,724	1,743
Downstream transport and distribution	15,350	7,568	1,095	1,149
Franchises	-	15	-	-
Scope 3 emissions (excludes use of sold products)	121,120	109,196	20,338	21,440
Total emissions scope 3	**6,870,730**	**3,547,554**	**1,020,253**	**535,861**



Scope 1&2 greenhouse gas emissions intensity at Solaris Bus & Coach converted into man-hours

	2019	2021	2022	2023
Emission itensity [$kgCO_2e$/man-hour]	3.2	3.1	1.4	1.3

Scope 3 emissions from the use phase of the vehicles delivered in 2023 by the CAF Group (both buses and rail) are presented as an indicator trend relative to the 2019 baseline

Scope 3 (product use)	%Δ2019-2023	2023 target
CAF Group	-46.8%	-25.2%

* The Net-Zero Objective is CAF Group's target.

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GRI 2-27, 3-3, 302-1, 302-3, 302-4, 303-1, 303-2, 303-3, 303-5, SDG 7, 13

Energy consumption within the organization

The energy intensity rate per man-hour in 2023 was 6.4 kWh/man-hour, down by 0.9 kWh/man-hour from 2022. Among the factors that enabled the reduced energy consumption was an alignment of the operation of the most energy-intensive equipment with the production plan.

Initiatives taken in recent years to improve energy efficiency in processes and use of renewable energy:

- Use of electricity from renewable sources with a guarantee of origin at Solaris Bus & Coach plants. In 2023, it accounted for 86% of total consumption.
- Installation of a 340 kWp photovoltaic installation at the Bolechowo plant. It will enable improvements in energy independence.
- Motion-controlled lighting in warehouse areas.
- Air distractors pushing warm air from the upper layers of storage halls.
- Replacement of lighting systems with energy-efficient ones. In December 2023, the electrical system in Bolechowo was upgraded by replacing fluorescent lamps with LED sources. As a result, energy consumption is expected to be reduced by 565 MWh in 2024.
- Replacement of existing forklifts with electric ones. At the end of 2023, a fleet of electric forklifts was in operation at the Bolechowo warehouse, the Logistics Center in Jasin, and the Środa Wielkopolska and Kijewo plants.
- Air curtains on loading docks in the welding shop in Środa Wielkopolska to prevent heat loss.

Total energy consumption by Solaris Bus & Coach in 2023 [MWh]

Electricity	Heat	Gas
10,402	4,808	9,395
86% renewable	22% renewable	Non-renewable

Water consumption

At the Company, we use water primarily for workplace amenities and facilities. In the production process, we use relatively small amounts of water to wash our vehicles.

The car wash is equipped with a closed water circulation system.

The water used there is recycled through a device that treats wastewater from washing the bodies of buses. Through filtration on a quartz bed, adsorption on activated carbon and oxygenation by air injection, the recovered water can be reused for washing. The water consumed by Solaris Bus & Coach is obtained from the municipal water distribution system.

Solaris Bus & Coach's total water consumption in 2023 was 25.19 Ml.

Ongoing monitoring of water consumption based on monthly meter readings makes it possible to detect any uncontrolled water leaks. The results are analyzed and archived over the years.



GRI 3-3, 306-1, 306-2, 413-2, SDG 7, 13

Waste

Waste is an important part of assessing our impact on the environment. Hazardous waste constitutes a major environmental aspect of the *Environmental Management System* in place at Solaris Bus & Coach, in compliance with the requirements of ISO 14001. We reduce waste generation on our part and properly sort and store waste to enable the largest possible degree of recycling and recovery.

We strictly follow the requirements of the national regulations in the area: Waste Act and the waste management permits in force. Moreover, the Company has internal regulations in place that define the principles of proper waste management and recycling. Responsibility for Solaris Bus & Coach's compliance with waste management laws lies with the environmental specialists in the Strategy and Sustainability Office.

Waste generation and consequences of waste generation

The waste generated by the Company's operations is one of the elements that can affect the environment. We run our business in compliance with all administrative decisions on waste management and fulfill all legal requirements in this respect, including by keeping records of generated waste in national database on products and packaging and waste management (BDO).

Moreover, we have adopted our own qualitative and quantitative targets for each type of waste to monitor our waste generation volumes. We ensure that the waste we generate does not pollute the earth's surface, soil or waters. The containers we use for storing waste are tight and resistant to any chemical reactions that may be going on inside them. Our waste containers are marked with the type and code of the substances stored inside them. Our waste storage locations are protected against unauthorized access. We monitor the storage sites.

Further waste handling

We outsource the collection of our waste and the fulfillment of the obligation to recover and neutralize our waste to companies holding waste handling permits issued by a certified authority. In making decisions on transferring our waste to the next owner, we take into consideration the principle of proximity, meaning that we tend to move our waste to the nearest waste processing locations.

Managing major waste-related consequences

We keep our waste management processes under close supervision, in consideration of the relevant environmental and economic aspects and strictly observing the applicable laws.

We are undertaking a host of activities to minimize the amount of waste produced, including the following:

Detail Packaging Cards

The new procedure has been deployed in consultation with our suppliers to introduce a uniform packaging method for the respective index/group of indexes. The cards contain all key information about the packaging of the components we order, including the type of protective materials such as foil or paper. Our regulations governing the type and form of packaging materials contribute to the reduction of their volumes and to the proper sorting of packaging waste.

Returnable packaging

In collaboration with our suppliers, we continue to deploy a returnable packaging system for deliveries. Reusable returnable packaging made of plastic or steel or aluminum reduces the volume of stretch wrap, foil, paper and cardboard in deliveries to the Company.

Reusable wheel and glass racks

We use reusable racks in the factory, thus reducing the use of wood and thus waste. The initiative also improved the ergonomics of picking parts, and streamlined the process of preparation for assembly, as well as reduced the risk of damage to components during transport, and made it possible to stack wheels, reducing the storage area.

A trolley for delivering seats to the production station

The trolley has helped reduce the amount of materials such as film, stretch film, paper and cardboard used to secure the seat details.

Procedure for circulation of non-rotating materials

The procedure streamlined the process of opinion of non-rotating materials by selected departments and thus facilitated checking the possibility of using backlogged details. The opinion process is recorded in the system. The use of non-rotating details has reduced the number of details to be disposed of.

Validation of the length of high-voltage cables

The implementation of a process for validating the length of high-voltage cables has enabled us to optimize the use of materials and, as a consequence, has contributed to a reduction in the amount of generated waste.



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GRI 306-3

Waste generation

Solaris Bus & Coach keeps quantitative and qualitative records of waste on an ongoing basis using the national electronic database on products and packaging and waste management (the so-called BDO), and submits the required reports within the statutory deadline.

Waste generated at Solaris Bus & Coach in 2023 by waste type

Waste type	Waste weight [t]
Packaging waste (wood, paper and cardboard, plastic)	1,480.5
Metal waste	519.8
Waste generated in painting processes	92.0
Oil waste	2.3
Hazardous substance packaging waste	11.2
Batteries	97.0
Other	273.9
Total	**2,476.8**

Waste generated at Solaris Bus & Coach in 2023 by location

Production plant	Waste weight [t]
Bolechowo	1,716.7
Jasin	69.8
Kijewo	69.9
Murowana Goślina	139.4
Poznań	135.1
Środa Wielkopolska	345.9
Total	**2,476.8**

Waste generated by Solaris Bus & Coach in 2023

Waste classification	Waste weight [t]
Non-hazardous waste	2,181.5
Hazardous waste	295.3
Total	**2,476.8**

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GRI 306-4, 306-5

Waste generated at Solaris Bus & Coach in 2023 by disposal method

Thanks to a proper waste management carried out within the framework of our waste recovery processes, in 2023 waste recycling ratio at Solaris Bus & Coach was 68.7%. None of the waste we generate ends up in landfills.

Waste subject to neutralization [t]

	Incineration	Storage	Other waste disposal operations
Non-hazardous waste			
Packaging waste (wood, paper and cardboard, plastics)	0	0	564.9
Metal waste	0	0	0
Other	15.3	0	0
Total	**15.3**	**0**	**564.9**
Hazardous waste			
Waste from painting activities	43.4	0	48.6
Oil waste	0	0	0
Packaging waste	0	0	11.2
Batteries	0	0	0
Other (adhesives, solvents, antifreeze)	92.7	0	0
Total	**136.2**	**0**	**59.8**

Waste subject to recovery [t]

	Reuse	Recycling	Other recovery operations
Non-hazardous waste			
Packaging waste (wood, paper and cardboard, plastics)	0	915.7	0
Metal waste	0	519.8	0
Other	0	165.9	0
Total	**0**	**1,601.3**	**0**
Hazardous waste			
Waste from painting activities	0	0	0
Oil waste	0	2.3	0
Packaging waste	0	0	0
Batteries	0	97.0	0
Other	0	0	0
Total	**0**	**99.3**	**0**

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Process innovations and investments in logistics and production

SDG 9

In the last few years we have made a number of investments that streamline the production processes, improve product quality and materials management and influence the improvement of health and safety at work.

Process improvements rolled out in 2023

At Bolechowo plant:

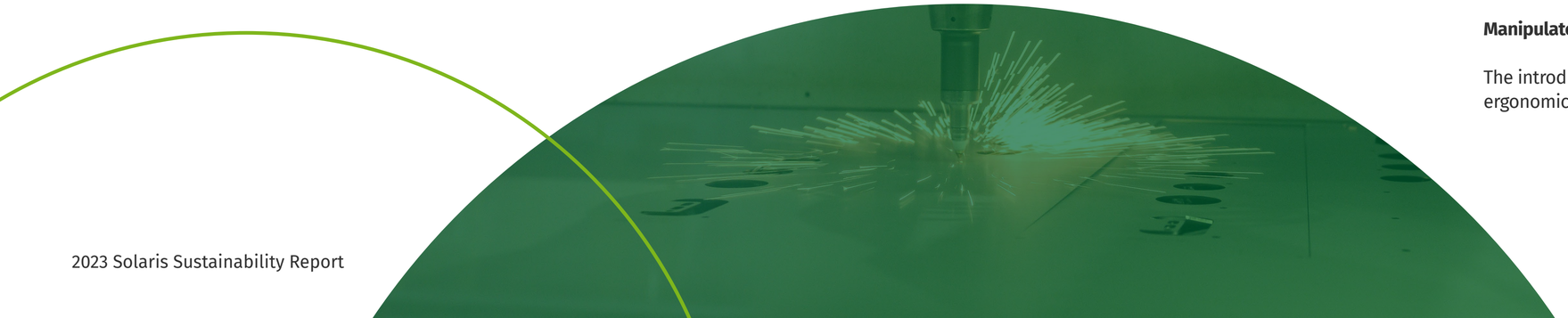
- Reduction of number of hydrogen plant flushes from 3 to 2 – blue hydrogen consumption down by approx. 20%
- Introduction of a cutting plotter for felts and foams instead of manual cutting – accident rate reduced to zero
- Introduction of a manipulator for loading and transferring plywood – reduced load on staff's osteoarticular system and improved occupational safety
- Introduction of a platform for assembling rear glass – improved work safety and ergonomics
- Introduction of an industrial saw with a guy rope for threshold profiles – improved safety and quality of cutting.

At Środa Wielkopolska plant:

- Installation of a sheet metal winch at the roof flashing station – improved work safety
- Automation of the process of straightening frames with pneumatically controlled hydraulic cylinders at the Leżnie station – reduced noise emissions and use of physical force by staff (previously using a hammer) and improved safety in the workplace.

At Kijewo plant:

- Reorganization of the bundle and battery manufacturing process, including by cutting down on noise emissions and consumption of chemicals – improved working conditions
- Relocation of batteries from the external warehouse to Kijewo where a storage area was created and fitted with a fire detection system
- Construction of two battery fire-fighting containers – one at the production site and the other one in the warehouse.



The other process improvements in production, implemented in last years:

Welding robots

At our production facilities in Środa Wielkopolska and Kijewo, where we produce bus frames, welding processes are supported by modern welding robots. The new equipment stabilizes the technological process and improves the quality of the welds made. The robots are integrated into the software, where we program welding paths or calculate welding times.

Platform for working on the roof of the bus

To increase safety while improving efficiency, we have introduced a platform for working on the roof of the bus. The design of the platform makes it possible to work at height without the use of restraints by operators, thanks to barriers mounted on three sides. The platform adjusts to the height of the vehicle over which it is positioned.

Milling plotter (CNC)

The milling plotter cuts bus floor plates according to a pre-programmed, customized design. Automation of the cutting process has increased productivity and improved working conditions and safety.

Manipulator for bus door assembly

The introduction of the manipulator has improved ergonomics and work safety.

SDG 9

New investments

Solaris Bus & Coach is constantly modernizing and expanding its factories, taking supporting sustainable production, including, among other things, reduction of energy consumption and improvement of occupational health and safety. In 2023, the largest investments were made in Bolechowo.

Modernization of the Prototyping Hall

Earlier this year, the modernization of the Prototyping Hall was completed. The roof structure was reinforced, and the electrical, lighting, telecommunications, compressed air and fire alarm systems were partially replaced. Thermal modernization of the facility, including mineral wool roof insulation with membrane covering was carried out, the old walls were replaced with sandwich panels with a mineral wool core, and a mechanical ventilation system with recuperation was installed. This significantly improved the energy performance certificate of the hall. In addition, two offices were created and toilets in the social building were renovated.

The modernized space provides the opportunity to work in more comfortable, ergonomic and safer conditions. Large windows provide better daylight to the workstations.

The Prototyping Hall includes, among other things:

- Climate chamber to test buses in extreme temperature conditions
- Laboratory of the Certification and Testing Department
- Mobile laboratory workstations and an acoustic chamber for simulation of the operation of systems, commissioning tests and accurate measurements of noise emissions.

Construction of Hydrogen / CNG Hall

The investment project, which began in July 2023, will centralize production stations and work related to specific types of propulsion - CNG and hydrogen - in a single, specially adapted hall as early as in 2024. For its construction, the existing buildings, formerly serving the Main Warehouse, were partially used. They have been modernized and expanded. As we pay special attention to work safety, the hall is equipped with an air handling unit, emergency roof fans to purify the air inside, a sprinkler system and measuring gas detectors. Employees will also gain new welfare facilities: locker rooms with washrooms, a dining room and toilets.





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Sustainable supply chain

GRI 3-3, 204-1

In order to ensure a sustainable supply chain, Solaris takes into consideration environmental and social aspects as well as corporate governance in its relationships with suppliers. This is to avoid risks in the supply chain, but also to encourage suppliers to incorporate sustainability into their operations.

The Company manages the supply chain in compliance with the following principles:

- We give preference to domestic suppliers, thereby contributing to the maintenance of jobs in Poland and a reduction of greenhouse gas emissions in transport.
- We optimize logistics processes.
- We acquire components and materials used in the production of our buses from businesses fulfilling certain social and environmental criteria.
- We make purchases based on a responsible procurement program.
- We require suppliers classified as being at potential risk of supply chain abuse to have their operations evaluated on an external EcoVadis platform in order to obtain objective evidence of a sustainable supply chain. Suppliers whose performance fails to satisfy acceptable thresholds are required to present plans for improvement.

Basic data

In line with the proximity principle, we are conscious to give preference to domestic suppliers. Therefore, in 2023, we worked with 1,357 suppliers, of which 69.9% were domestic suppliers and the remainder suppliers originated from other European countries (28.4%) and outside Europe (1.7%), respectively. In 2023, 57.7% of the value of our orders went to domestic suppliers.

In 2023, we were in the process of implementing the ARIBA tool to collect baseline data from our suppliers. The tool also serves us in improving communication with suppliers and in evaluating the financial, social and political risks associated with our collaboration with such suppliers.

In 2023, we primarily purchased from domestic suppliers from the following segments:

- Vehicles
- Trailers and semi-trailers
- Professional and business services
- Warehouse and transport services
- Municipal and recycling services.

Due diligence in contracting with third parties

We strive to instill responsible practices among the third parties we work with. To this end, we use the *CAF Supplier Code of Conduct* to help us better understand the expectations placed on them. This document obliges suppliers to comply with the standards adopted by the CAF Group in its *Code of Ethics*, and formulates requirements and recommendations in six categories: compliance with the law and human rights, working conditions, health and safety, the environment, business ethics and information confidentiality.

Since the introduction of the *CAF Supplier Code of Conduct*, any entity that wants to start working with us must pledge to fully comply with this document, as well as communicate the principles contained therein to those below in the supply chain. An exception to the above rule is for a contractor to have its own code of conduct, which contains provisions of an equivalent nature to the *CAF Supplier Code of Conduct*.

All CAF Group suppliers are required to comply with applicable laws and regulations, including those relating to anti-corruption, bribery and extortion, and must act in accordance with the principles of fair competition and integrity, both in their relations with CAF Group and with any other public or private entity.

The Company also has an *Implementation Manual for Due Diligence in Contracting with Third Parties of the CAF Group*, which establishes a minimum standard procedure before entering into a contract with third parties, and sets out the parameters for evaluating third parties for compliance requirements, including, in particular, entities considered to be competitors (together with the *CAF Group Competition Law Compliance Manual).*

We systematically implement the principles derived from this manual and train our employees in this regard. Details of the handbook are included in the „Responsible Management" section. The Company verifies suppliers and customers based on the *Due Diligence Contractor Verification Manual*. It specifies the steps we perform before entering into a transaction with a new counterparty.

For this purpose, we use the „Due Diligence" application to obtain confirmation of:

- The counterparty's credibility
- The ability to perform proper VAT settlements, including the possibility of applying the 0% rate
- The ability to post fees for the provision of intangible services as tax-deductible expenses
- The ability to perform withholding tax (WHT – Whitholding Tax) settlements.

Such verification is conducted every time before establishing cooperation with a new counterparty and periodically in respect of already verified entities (to ascertain whether continued cooperation is unthreatened).



GRI 407-1

ESG issues in supplier assessment

Sustainable supply chain management includes environmental, social and corporate governance aspects. The approach to supply chain management is based on the *Group Purchasing Policy, the Environmental Policy, the Health and Safety Policy and the Supplier Code of Conduct*, all of which take into account the UN's Human Rights, environmental and anticorruption principles and provide guidelines not only for our organization but also for our suppliers.

Specific requirements for respecting Human Rights in the CAF Group Companies' own operations are also included in the CAF Group's internal *Procedure for Proper Conduct in Respecting Human Rights*.

Responsible procurement

In 2023, Solaris continued to implement a responsible procurement program to develop responsibility in the supply chain and ensure compliance with CAF Group's policies.

In accordance with the program's guidelines, the Group selected suppliers whose activities pose the greatest environmental, social and ethical risks because of not only the potential negative impact of the products they supply, but also because of the country in which they operate and the likelihood of risk in the aforementioned areas.

Entities entered in the list of suppliers with potential ESG abuse risks are thoroughly evaluated for their sustainability management approach on the EcoVadis platform.

In 2023, we have continued our cooperation with battery suppliers to develop a responsible supply chain given the risks involved in battery production, particularly in sourcing the scarce raw materials needed to make them. Based on the prepared self-assessment sheet, we verified the battery suppliers' sustainability activities. In 2023 a dedicated unit (Battery HUB) has been established at Solaris to fully manage battery-related operations, including sourcing and procurement.

We prefer suppliers certified by global responsible raw materials mining initiatives, such as the Responsible Cobalt Initiative and the Responsible Minerals Initiative. Thanks to our battery supplier qualification criteria, we are able to obtain information on whether the materials necessary for the production of our battery cells are obtained in areas free from armed conflicts or an elevated risk of Human Rights violations.

Moreover, we began discussions with battery suppliers in 2023, preparing them for the requirement to comply with the provisions of Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries. The standard requires battery manufacturers, among other aspects, to prepare a carbon footprint declaration for each battery model per production plant.

Due diligence in respecting Human Rights

The Solaris Group has an internal *CAF Group Human Rights Due Diligence Procedure*, which supports employees in conducting a preliminary assessment of each potential bid, contract or project to ensure that its participation does not give rise to a breach of Human Rights, either through its own activities or as a direct result of its operations, or due to the sale of its products or the services provided. At the same time, the possible existence of international sanctions is checked on a general basis. For this purpose, CAF Group uses internationally recognized human rights risk indicators and public databases on international sanctions.

In 2023, CAF Group updated the list of countries at risk of human rights violations and subject to international sanctions. CAF Group continued to undertake training and dissemination activities on Human Rights due diligence commitments among the Group's employees as part of general compliance training and e-learning module to specifically train those employees in charge of carrying out Human Rights due diligence.

For details on the management of Human Rights due diligence issues, see Chapter 7.2.7 of the *CAF Group Sustainability Report 2023.*

In 2023, the Solaris Group did not identify any bid, order or project that violates Human Rights.



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Our employees

GRI 2-7, 3-3

We are fully aware that our business operations may affect the lives and daily existence of various individuals across the Solaris value chain. We take specific targeted actions to maximize our favourable impact while minimizing our potential adverse influence.

The *CAF Group Code of Conduct* constitutes the internal framework which lays down the manner of the Solaris Group's conduct in the area of social responsibility.

By reference to the principles laid down in the *Universal Declaration of Human Rights* and the *UN Global Compact* in the area of human and labor rights, the Code covers the following matters:

- Respect for human rights and civil liberties
- Respect for fundamental rights and principles of equal treatment and non-discrimination
- Protection against child labor
- Ensuring secure and healthy work conditions
- Equality
- Counteracting discrimination in the workplace.

Our team

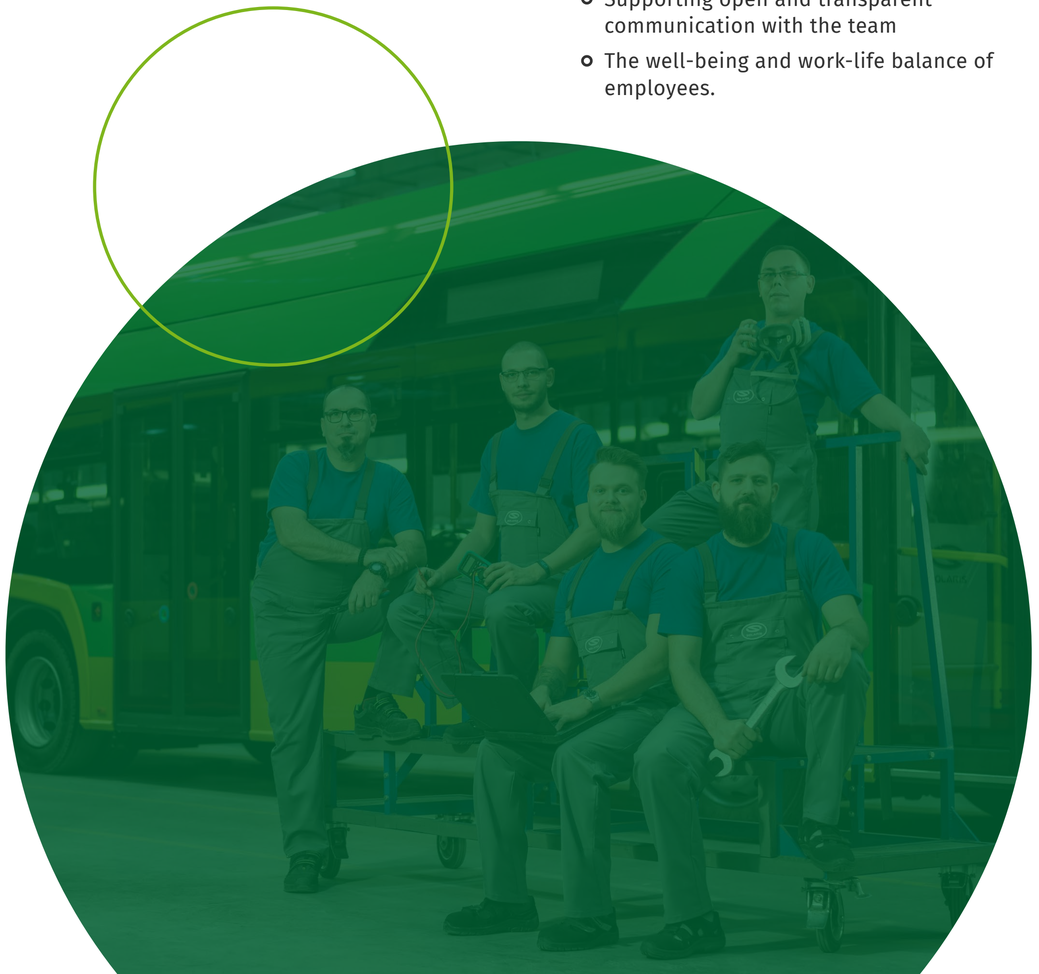
Employees are a fundamental force that enables Solaris' vision of growth. As of the end of 2023, the Solaris Group had 2,578 staff working in locations across Europe. We are a team of individuals with diverse competencies fulfilling different functions, but sharing the same goal: we are changing the image of public transport.

Although each entity of the Solaris Group – due to its own characteristics and the diversity of local laws – enjoys independence when it comes to team management, yet each of them is subject to uniform codes, policies and patterns of conduct. The fundamental obligation of each Group company is to comply with international and national laws, standards of conduct, internal regulations and the Group's values set out in our codes of ethics.

Solaris Bus & Coach has a number of internal documents in place, such as the *Work Rules and Regulations* and the *Remuneration Rules* and Regulations, along with other internal policies and procedures. The purpose of these documents is to implement the applicable provisions of Polish law, as formulated in the *Labor Code*, into the Company's internal management system. The Human Resources Department is in charge of ensuring compliance of the Company's internal regulations with the *Labor Code* and other workplace regulations and standards.
At the Management Board level, the Human Resources Department is supported by the Management Board Member responsible for HR and Occupational Health and Safety. The Human Resources Department and managers of each substantive department are responsible for the execution of the Company's *HR Policy*.

When carrying out HR-related activities, we focus on:

- Building working conditions that support employees' commitment and identification with the Solaris brand
- Supporting open and transparent communication with the team
- The well-being and work-life balance of employees.





GRI 2-7

Employment structure*

Total number of employees

	2021			2022				2023			
	Women	Men	**Total**	Women	Men	**Total**	Growth	Women	Men	**Total**	Growth
Solaris Bus & Coach	374	2,080	2,454	424	2,096	2,520	2,7%	399	1,945	2,344	-7,0%
Subsidiaries	57	173	230	54	185	239	3,9%	52	182	233	-2,1%
Solaris Group	**431**	**2,253**	**2,684**	**478**	**2,281**	**2,759**	**2,8%**	**451**	**2,127**	**2,578**	**-6,6%**

Type of employment (indefinite or fixed term)

	Indefinite term		Fixed term		Total
	Women	Men	Women	Men	
Solaris Bus & Coach	363	1,846	36	99	2,344
Subsidiaries	46	164	5	19	234
Solaris Group	**409**	**2,010**	**41**	**118**	**2,578**

Type of employment (full-time or part-time)

	Full-time		Part-time		Total
	Women	Men	Women	Men	
Solaris Bus & Coach	395	1,944	4	1	2,344
Subsidiaries	44	177	8	5	234
Solaris Group	**439**	**2,121**	**12**	**6**	**2,578**

* All headcount data for the Solaris Group are presented as at 31 December 2023. The number of Solaris Bus & Coach employees as at 31 December 2023 does not include juveniles hired under an apprenticeship contract or individuals remaining on unpaid or parental leave. This also pertains to all other tables. Due to Polish law, a juvenile is an employee who has reached the age of 15 and has not exceeded 18.

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GRI 405-1

The Solaris Group does not hire non-guaranteed hours employees. In 2023, no significant changes occurred in the level, type or form of employment within the Solaris Group. Contracts other than employment contracts account for a small percentage of all labor relations. For the most part, we enter into such contracts with individuals participating in dual study program or internships and with persons providing us with services in specific areas (mainly marketing, graphics and IT). In 2023, we entered into civil law contracts with 58 individuals and into B2B contracts with 5 persons.

Employment structure by region*

	Age	Women	Men	Total
Central and Eastern Europe: Czech Republic, Lithuania, Latvia, Poland, Slovakia	0-29	90	350	440
	30-49	268	1,206	1,474
	50 and above	54	430	484
Southern Europe: Greece, Spain, Italy	0-29	3	2	5
	30-49	12	20	32
	50 and above	5	11	16
Northern Europe: Denmark, Norway, Sweden	0-29	0	6	6
	30-49	3	18	21
	50 and above	2	16	18
Western Europe: Austria, Belgium, France, the Netherlands, Germany, Switzerland	0-29	3	11	14
	30-49	8	32	40
	50 and above	3	25	28
Solaris Group	**Total**	**451**	**2,127**	**2,578**

Type of employment (indefinite or fixed term) by region

	Indefinite term		Fixed term		Total
	Women	Men	Women	Men	
Central and Eastern Europe: Czech Republic, Estonia, Lithuania, Latvia, Poland, Slovakia	374	1,885	38	101	2,398
Southern Europe: Greece, Spain, Italy	18	33	2	0	53
Northern Europe: Denmark, Norway, Sweden	4	25	1	15	45
Western Europe: Austria, Belgium, France, the Netherlands, Germany, Switzerland	8	43	5	26	82
Solaris Group	**404**	**1,985**	**46**	**142**	**2,578**

* All headcount data for the Solaris Group are presented as at 31 December 2023. The number of Solaris Bus & Coach employees as at 31 December 2023 does not include juveniles hired under an apprenticeship contract or individuals remaining on unpaid or parental leave. This also pertains to all other tables. According to the Polish law, a juvenile is an employee who has reached the age of 15 and has not exceeded 18.

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GRI 3-3, 401-1

Headcount and employee turnover

Our team, based on the competencies and experience of its individual members, constitutes a fundamental contribution to the Solaris Group's position as a leader in its industry. We strive to ensure that our staff associate their professional future with Solaris for a long time to come. Moreover, our ambition is to be the employer of first choice for potential candidates who are willing to help pursue Solaris' aspirations and identify with our values.

We provide our team with comfortable, competitive and fair working conditions as well as good opportunities for development. We foster a work culture based on joint responsibility, dialogue and mutual respect.

10 years and 5 months
average length of service at Solaris Bus & Coach

Total number of persons who left their jobs (at the initiative of either party) by region

	Age	Women	Men	Total	Rate
Solaris Bus & Coach	0-29	17	83	100	4.3%
	30-49	34	123	157	6.7%
	50 and above	3	27	30	1.3%
Subsidiaries	0-29	1	6	7	3.0%
	30-49	5	5	10	4.3%
	50 and above	0	3	3	1.3%
Solaris Group		**60**	**247**	**307**	**11.9%**

Women accounted for 26.2%
of new hires in the Solaris Group in 2023

Total number of new hires* by region

	Age	Women	Men	Total	Rate
Central and Eastern Europe: Czech Republic, Lithuania, Latvia, Poland, Slovakia	0-29	13	39	52	2.0%
	30-49	14	36	50	1.9%
	50 and above	0	4	4	0.2%
Southern Europe: Greece, Spain, Italy	0-29	1	1	2	0.1%
	30-49	2	1	3	0.1%
	50 and above	1	1	2	0.1%
Northern Europe: Denmark, Norway, Sweden	0-29	0	2	2	0.1%
	30-49	0	2	2	0.1%
	50 and above	0	2	2	0.1%
Western Europe: Austria, Belgium, France, the Netherlands, Germany, Switzerland	0-29	0	0	0	0.0%
	30-49	0	1	1	0.0%
	50 and above	0	0	0	0.0%
Solaris Group		**31**	**89**	**120**	**4.7%**

* The number of newly hired staff as at 31 December 2023 does not include juveniles whose basis of employment changed from an apprenticeship contract to an employment contract or individuals who returned to work from their unpaid or parental leave.

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GRI 3-3, 201-3, 401-2

Benefits and working conditions

We consider equal treatment of all persons remaining in a labor relationship with us to be of fundamental significance, which is why all individuals hired under an employment contract, regardless of the type of employment (full/part-time, definite/indefinite term) at Solaris Bus & Coach, are provided with access to the same benefits and perquisites.

Benefits at Solaris Bus & Coach:

- Monthly discretionary bonus
- Vacation bonus
- Christmas bonus
- Attendance bonus
- Christmas present
- Annual bonus based on EBIT
- Basic medical care
- Employee nursery school
- Subsidized meals
- Group life insurance
- Partial funding of business-related postgraduate or MBA studies
- Business-related language courses
- Cafeteria benefit platform, enabling employees to collect points in order to receive additional subsidised healthcare services, leisure cards and numerous discounts
- Employee Pension Scheme (PPE), which may be joined by all employees with a length of service in the Company of at least 1 year, regardless of the type of employment contract. Under the Scheme, the Company pays monthly contributions towards future pensions of participating employees.
- “I have an Idea” program of employee initiatives, enabling our employees to contribute to improving the Company’s operations by suggesting improvements and, after a favourable verification, to share in the savings after the improvement has been implemented. In 2023, the program marked its 16th edition.

Moreover, in accordance with the applicable laws:

- We have implemented an Employee Capital Scheme (PPK) which is the government’s general savings scheme for employees offered based on the principle of cooperation between employers and the state.
- We pay retirement and disability benefits to employees who leave work in relation to the right to the age or disability pension.

Administrative employees at Solaris Bus & Coach, due to the nature of office work, may also take advantage of the following options:

- Hybrid work
- Flexible working hours (start of work between 6:00 and 9:00 in the morning)
- Equivalent working time
- Individual work schedule for selected positions in response to submitted requests.



GRI 3-3, 203-2, 404-1, 404-2, 404-3

Training and development

The continuous improvement of our employees is crucial. It enables us to develop innovative solutions for sustainable public transport. A broad range of training options and continuous vertical and horizontal professional development solutions supports our team in building employment continuity and simultaneously increase of employee commitment and job satisfaction.

All employees of the Company, regardless of the form of employment (full/part-time, definite/indefinite term), are provided with access to training and development opportunities.

External specialist training

This includes qualification courses, for instance, to acquire SEP (Association of Polish Electrical Engineers) or forklift and welding certificates and various training courses to broaden the employees' knowledge and improve competencies in such areas as business reporting, product reporting for non-production departments, human resources, labor law, employee relations for team managers, finance, bus design and IT applications for the office.

Co-funding for post-graduate or MBA studies

In order to improve various relevant qualifications of our staff, whenever this is reasonable from the business perspective, employees may attend courses co-funded by the Company.

Language courses

Employees whose duties require foreign language skills are offered the opportunity to take part in free language classes. In 2023, 254 people participated in the courses.

In-house training

In-house training covers courses dedicated to specific topics and areas. They are provided to address current needs, identified and analysed by the HR Department. Within the framework of internal development endeavors, the following activities are conducted:

"Be a Better Boss" program

This is an extensive training program for foremen, leaders, managers and directors. It helps participants to improve their managerial skills, both hard and soft ones, and to learn how to manage one's team more effectively, how to contribute to its development and how to support it. The program is partly based on the Ken Blanchard SLII® methodology. The manager development program also includes internal training, including in the conduct of periodic evaluations.

In 2023, a workshop program was prepared for managers in the production area. The workshops will be delivered by internal trainers in 2024. Each training module will be elaborated on during facilitation meetings.

"Be Better" program

In 2023, the "Be Better" internal training program was established. It is intended to enable Solaris Bus & Coach employees to share their knowledge and competencies by preparing and conducting training sessions for other members of staff in using various office apps, including Excel, Power Point and Microsoft 365.

"Electromission" and "reConstruction" reskilling programs

In response to the changing automotive market, Solaris' strategic plans and the resulting shift towards the production of alternative-propulsion vehicles, we have been running employee development program since 2022. They enable Company's employees to acquire new qualifications focused on the competences of the future and at the same time elevate public awareness of electromobility.

"Electromission"

The program is a series of internal training courses that provide employees with the opportunity to retrain from assembly jobs to electrical workstations at various levels of advancement. It involves both people from inside and outside the organization who are willing to expand their electrical competencies or become retrained. The training is also targeted at electricians who wish to take up work at workstations where advanced electrical operations are performed. "Electromission" is executed as a key development project in the manufacturing area.

"reConstruction"

The program targets staff of the organization's Technical Department and provides them with the opportunity to improve their skills related to electrical, electronics and software development areas.

Average number of training hours per person by gender at Solaris Bus & Coach*

Women	10
Men	4
Total average training hours per person	**5.2**

Average number of training hours per person by job category at Solaris Bus & Coach*

Directors	10
Managers	19
Production managers	16
Administration	6
Direct production	2
Production, other	3
Total average training hours per person	**5.2**

* Without initial occupational health and safety training and onboarding training.

GRI 3-3, 203-2, 404-1, 404-2, 404-3

In addition to training aimed at improving the participants' knowledge and skills, we also provide:

Onboarding training

Every new employee is provided with an extensive induction and onboarding training. The training introduces new members of our team to the company's structure and the responsibilities of individual departments. Participants also have the opportunity to talk to an HR Business Partner and thus gain in-depth knowledge of employee issues. Induction training is also conducted for all employees working in our subsidiaries, regardless of their country of residence or the country they work in.

Mandatory initial and periodic occupational health and safety training (more on page 71 of this report)

In order to properly manage the knowledge and competencies of our staff and at the same time improve working conditions in accordance with the needs of our team, we take the following actions:

Organizational Health Survey (OHS)

We regularly conduct anonymous Organizational Health Survey to collect the insights from our people on various aspects of work in our organization, inter alia, development opportunities, management style or work environment. Based on the collected insights, we introduce measures to improve health of the organization.

Competence matrices

The SkillBox is a tool for gathering and analyzing information about the competencies of individual Company employees and for facilitating team development. It also helps us identify areas in need of continued work and improvement. The purpose of this tool is to support the planning of improvement of employee skills in accordance with the needs of the organization. In 2023, we continued to deploy this tool in subsequent teams across the Company.

Annual appraisals

Annual appraisals form a significant component of professional development of the Solaris Group team as a whole and of each team member. These appraisals enable the preparation of structured feedback and a joint review of objectives and the degree of their achievement by superiors and subordinates. In 2023, all Solaris Group employees underwent their periodic appraisals.

Internal recruitment

The Company's in-house recruitment contributes to the professional development of individual team members, their identification with the organization and the acquisition of internal talents for new jobs. Our consistent and transparent rules facilitate a smooth execution of the recruitment process, termination of work in the current job and taking up a new function.

Number of persons participating in various programs in 2023

	Dual studies	Practical vocational training	Traineeships
Solaris Bus & Coach	11	52	43

Promotions

In 2023, 9.21% of the Solaris Bus & Coach team was promoted within the framework of 4 development paths:

- 53 managerial promotions: promotion to a position related to team management
- 34 vertical promotions: promotion to a higher position, combined with a relocation to another department
- 36 career path development cases: development within a certain position (e.g. from junior to senior specialist)
- 97 lateral promotions: change of a position based on the initiative of an individual employee, within the same level.

Succession

Due to the need to secure core competencies in 2023, work was undertaken to identify key roles and to plan for succession. Work in this area will be continued in the following year.

Training future employees

In a world of rapidly changing technologies, we consider the professional education of future employees and engineers to be one of our top priorities. We have been developing our cooperation with technical schools in the Wielkopolska region since 2007. Not only do our initiatives provide young people with a tremendous head start in their profession, but they also support local education and serve as an investment in the local labor market.

In 2023, we continued the following three forms of education:

- Dual study programs offered in collaboration with the Poznań University of Technology
- Practical vocational training in collaboration with the vocational school Branżowa Szkoła I Stopnia, part of the agricultural school grouping Zespół Szkół Rolniczych in Środa Wielkopolska, and its counterpart school in Murowana Goślina
- Professional internships.

GRI 3-3, 202-1, 405-1, 405-2

Diversity and equality

All of Solaris Bus & Coach employees, regardless of their age, gender or any other characteristics, enjoy the same working conditions and have the same opportunities for vertical and lateral promotion, based solely on their competencies and qualifications. We are committed to fostering diversity in our team.

Employees of retirement age

We support those of our staff members who have reached retirement age. Employees who, despite being eligible to retire, wish to continue working are offered the opportunity to continue their employment on the same terms. In turn, those who wish to retire receive a farewell gift package from the company. As at the end of 2023, despite having reached retirement age, 7 members of our staff decided to continue working at Solaris Bus & Coach.

We also keep in touch with retired employees through our Club for Seniors. All retired employees are welcome to join it.

Competitive remuneration and equality in employment

Solaris Bus & Coach has the *Remuneration Rules and Regulations* in place, setting out the basic principles of remunerating the Company's personnel. The purpose of our policy in this area is to attract and retain the most qualified and committed individuals. When determining the amount of remuneration, we are guided solely by the qualifications, competencies and experience of the person in question.

In the Company, we offer an attractive remuneration package comprising:

- Base remuneration
- Monthly bonus
- Additional financial benefits.

All full-time Company employees receive base employee compensation higher than the lowest allowable wage or salary set by Polish law (the same minimum salary applies throughout Poland at EUR 825 pre-tax as at the end of 2023).

We consider equal pay for women and men to be another one of our priorities. We carry out regular reviews of remuneration levels and, if any gaps are identified, we strive to eliminate them.

With every passing year we have been observing an increase in interest among women in receiving education in engineering and pursuing a professional career in a technical field. In 2023, women accounted for 26.2% of new hires in Solaris Bus & Coach.

Ratio of remuneration to the minimum wage at the lowest job level, by gender at Solaris Bus & Coach

	Women	Men
Average base remuneration at the lowest job level	122%	135%
Average total* salary at the lowest job level	164%	181%

Remuneration ratio of women to men at Solaris Bus & Coach*

	Average base remuneration	Average total remuneration**
Managers	101%	98%
Administration	96%	96%
Direct production	94%	94%
Production, other	94%	93%



* The ratio takes into account remuneration for positions where both women and men are employed in the respective year.
** Remuneration including bonuses and additional financial benefits.





GRI 401-3

Working parents

We create the right conditions for those of our employees who return to work after childbirth in order to help them reconcile their professional and private lives, enabling them to spend more time at home with their families and derive satisfaction from their job at the same time.

The forms of support we offer include:

- Optional use of a Company nursery school by persons employed in the Company for at least 1 year
- Flexible working hours
- Equivalent working time
- Hybrid work.

Parental leave

	Type of leave	Women	Men	Total
Solaris Bus & Coach	Number of people who were on maternity* or paternity** leave in 2023	64	138	202
Subsidiaries		8	1	9
Solaris Group		**72**	**139**	**211**
Solaris Bus & Coach	Number of people who returned in 2023 from maternity or paternity leave	32	135	167
Subsidiaries		2	1	3
Solaris Group		**34**	**136**	**170**
Solaris Bus & Coach	Number of people who returned to work after maternity or paternity leave and were still employed within 12 months of return	48	110	158
Subsidiaries		2	0	2
Solaris Group		**50**	**110**	**160**

Return-to-work and job-retention ratios

	Ratio	Women	Men
Solaris Bus & Coach	of return to work	64%	94%
	of job retention within 12 months of returning	82%	85%

* According to Polish law, the 12-month “maternity leave” consists of the following two components: 20 weeks of maternity leave to be taken only by women and 32 weeks of parental leave to be used by either men or women.
** In accordance with Polish legal requirements, a father who raises a child up to 2 years of age is entitled to paternity leave and may use that leave within 2 years of the child’s birth. Fathers are not required to provide the employer with the child’s birth data unless they wish to take paternity leave.

Occupational health and safety

GRI 3-3, 403-1, 403-7, 403-8

The health and safety of the Group's employees is of fundamental importance for us. We take a number of initiatives, in close cooperation with our teams, to ensure safe and ergonomic working conditions.

As a member of the CAF Group, Solaris Bus & Coach has implemented the corporate *Occupational Health and Safety Policy*, which sets out the relevant principles, standards and procedures to support the creation and maintenance of appropriate working conditions. The main objective of the policy is to guarantee the health and safety of people. In it, we undertake to apply the essential measures to prevent accidents at work, occupational diseases and damage to property by promoting a precautionary culture among all individuals performing professional duties for the CAF Group. Our policy is consistent with international standards set by the World Health Organization (WHO), the International Labour Organization (ILO) and other prominent institutions.

The basic principles of Occupational Health and Safety defined in the corporate policy are as follows:

- Build a positive preventive culture through the leadership of management, in consultation with and the participation of employees and workers
- Establish or reinforce the occupational health and safety management systems that are focused on continuous improvement and that contribute to integrating the preventive culture into all activities
- Respect current occupational risk prevention regulations in the countries where the Group operates and, as far as possible, anticipate the introduction of new regulations and comply with the occupational health and safety commitments voluntarily acquired by the Group
- Continuously identify and evaluate the working conditions of the activities carried out to generate safe and healthy work environments
- Report clearly on the results and actions in the area of occupational health and safety, maintaining the appropriate channels to promote communication with employees and workers and with stakeholders in general.

As part of building and promoting a culture of health and accident prevention at Solaris Bus & Coach in 2023, we maintained a number of activities:

- We continued regular workplace audits
- We have updated and improved our occupational safety expertise through training delivered by our in-house experts
- We promoted safety culture among management through periodic thematic workshops
- We actively participated in the celebration of Occupational Safety and Health Days, organized under the auspices of the State Labor Inspectorate (these activities are described in more detail below).



The basis for managing issues related to occupational health and safety in the Company is our strict observance of the applicable legal requirements and best standards under the watchful eye of the Occupational Health and Safety Department. The Department is composed of occupational health and safety specialists, experts in chemical substances and fire inspectors. At the Management Board level, the Department is supported by the Management Board Member responsible for Human Resources and H&S.

In 2022, Solaris Bus & Coach completed the deployment of the Occupational Health and Safety Management System and obtained the ISO certification. The system facilitates the assurance of proper working conditions in the Company and enables continuous improvement in the occupational health and safety area, striving for the complete elimination of accidents. The system covers our employees hired under an employment contract and other persons who perform work directly for the Company. In 2023, the organization successfully completed an inspection audit for compliance with ISO 45001*.

The Occupational Health and Safety Management System is regularly supervised through, among other things, internal audits and reviews of legal and other requirements. Qualified internal auditors assess the effectiveness of the Management System and confirm compliance with CAF internal procedures, instructions and policies.

The results of internal audits provide a basis for taking corrective actions to address any identified non-conformities and initiating actions to improve the management system.

* As at 31 December 2023, our ISO 45001 certification covered all Company locations, except for the service station located in Murowana Goślina. It will be certified at the next phase of the standard implementation procedure.



GRI 403-2, 403-4, 403-5, 403-7, 403-9, 403-10

Participation of the team in co-managing OHS issues

The employees' active participation in the establishment of the occupational health and safety system and the team's high degree of awareness of OHS issues play a key role in maintaining appropriate working conditions in the Company.

Consulting on health and safety issues

The Company has established an Occupational Health and Safety Committee which serves as a consultative and advisory body. The Committee is composed of OHS services and a medical doctor providing preventive health care and employees representing various departments and areas. The Committee meetings are held regularly every quarter, each time at a different site. The minutes of each OHS Committee meeting are taken, including conclusions and opinions, and are then presented to management of each plant during separate meetings.

Informing the team about health and safety concerns

We regularly provide our team with information on the events, developments and achievements related to our occupational health and safety management system.

In 2023, we launched a new communication channel called *BHP_News* [*OHS News*]. Using an attention-grabbing graphic layout, through e-mails, the intranet and screens on the company's premises, we disseminate information about updates to instructions and procedures, and present new health and safety guidelines. Once prepared, such information is communicated regularly, at various intervals, depending on the need to familiarize employees with changes of relevance to them, in each case broken down into the following three modules:

- Instructions / procedures
- Chemical management
- Fire protection.

In such communication, employees will find information about the area and individuals affected by the change and what actions related to it they should take.

The eye-pleasing delivery of communication enables the Company to reach a broad spectrum of recipients within the organization and at the same time serves as a tool for promotion and dissemination of knowledge in the occupational health and safety domain.

In addition, depending on the scope of data, we regularly (on an annual, quarterly, monthly or ongoing basis) provide the following: information on the fulfilment of annual objectives and KPIs related to occupational health and safety; statistical data; outcomes of working environment measurements, information on new solutions and changes in the organization of workstations or updates of the Occupational Risk Assessment.

To this end, we use various internal communication tools at our disposal to make sure these data and information are available to all Company employees.

Training in and promotion of OHS knowledge

As part of our efforts to promote the knowledge of occupational health and safety issues in 2023, we carried out the following:

- Mandatory initial general and on-the-job training for each new hire during his or her first day at work
- Mandatory periodic training to refresh and update employees' knowledge of occupational health and safety issues
- Training of nearly 100% of employees in the manufacturing area regarding proper health protection when working with substances containing diisocyanate compounds
- 3-day workshop "Safety Days at Solaris 2023", held under the auspices of the Chief Labor Inspectorate
- Monthly outreach campaign (Topic of the Month) via internal communication tools to popularize various occupational health and safety issues
- Weekly meetings with heads of production and warehouse logistics devoted to occupational health and safety matters, called "OHS Mondays"
- Intensified cooperation with the Social Labor Inspector.

GRI 403-1

Management of OHS risks

In order to eliminate OHS-related hazards and minimize any pertinent risks, Solaris Bus & Coach has developed an *Occupational Risk Assessment* document, which contains an inventory of occupational risks identified in each of the Company's production plants for each workstation. The document is subject to regular periodic and ad-hoc updates (following measurements of the working environment, acceptance audits of machinery and equipment, significant technological changes and accidents).

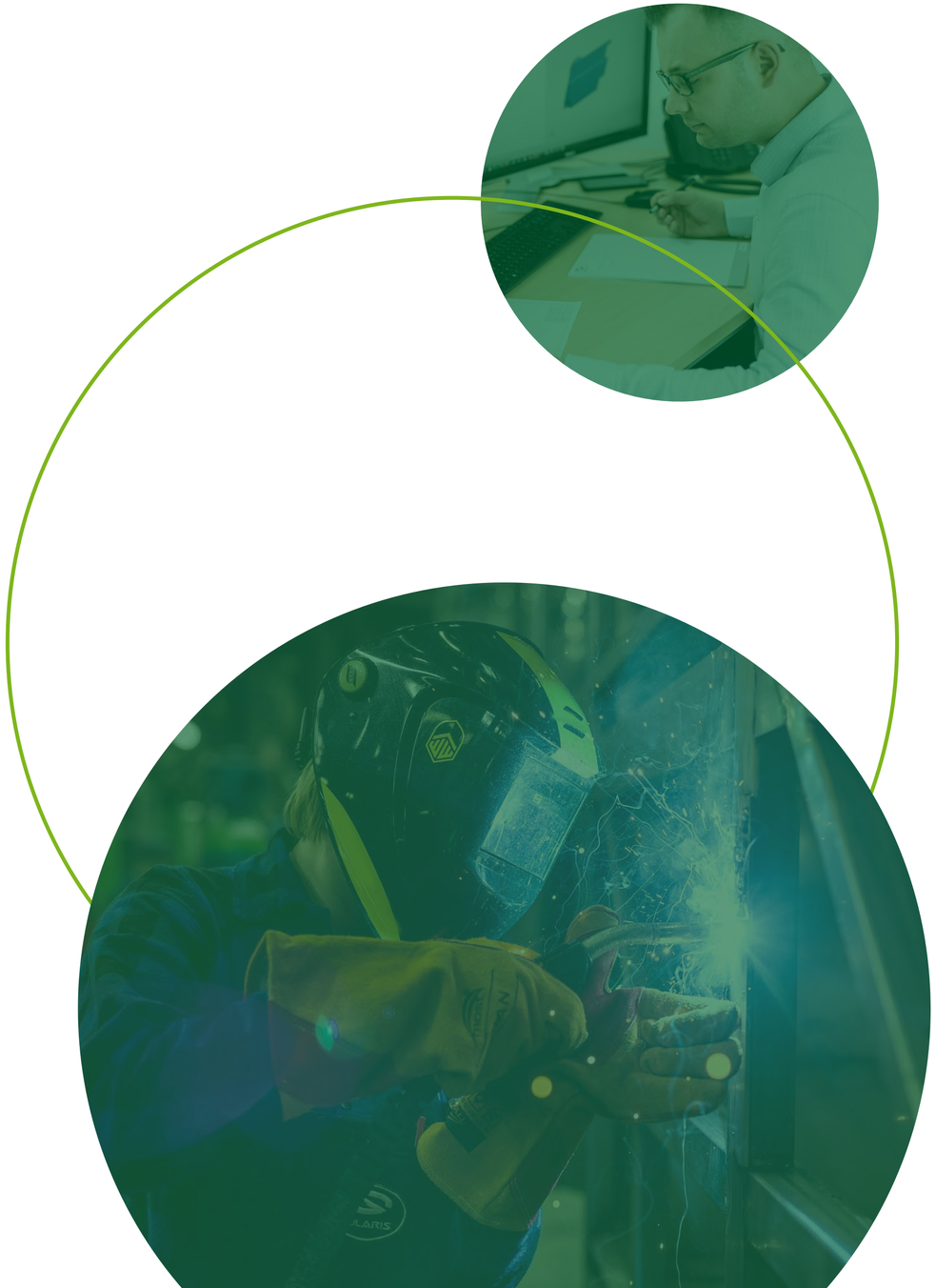
Risk identification and updates of the *Occupational Risk Assessment* document are the responsibility of a team comprising a representative of the OHS Department, the manager and a representative of the team from the area under analysis, and the Social Labor Inspector. The diverse composition of the team is conducive to the preparation of a complete and up-to-date picture of the risks described in the Occupational Risk Assessment document. The risk assessment procedure is described in detail in the internal "Instructions for occupational risk assessment at workstations". The Instructions describe the hazards that the respective process may generate along with the consequences that may be caused by such hazards. On this basis, appropriate preventive measures are selected.

Potentially hazardous situations are also identified with the involvement of the Company's employees. Any hazards identified during ongoing work and any accidents that have occurred may be reported to the OHS Department through our standard communication channels (in person, by phone, e-mail, suggestion box, through an internal notification channel for whistleblowers).

The procedure to be followed in the event of an accident at work is laid down in the Company's internal manual entitled "Determining the circumstances and causes of accidents and how to document them". The accident log is kept by the occupational health and safety services.

All new hires become acquainted with the *Occupational Risk Assessment* and the company's manual on what to do in the event of an accident on their first day at work.

In order to improve the occupational health and safety system and motivate our team to pay attention to and report any departures from the adopted OHS rules, the Company has developed an app for reporting near-misses. By analyzing the reports sent through the app, we are better able to take corrective actions before a hazardous event or a situation that may threaten human health or life in the workplace occurs. Once near misses have been identified, changes in the work environment are made, significantly contributing to an improvement in the safety of all our employees and subcontractors.



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GRI 403-9, 403-10

Protection against accidents and harmful factors at work

In order to appropriately protect the health of our employees, their work environment is regularly measured in all Solaris Bus & Coach production plants and warehouses and at every workstation wherever factors harmful or arduous to an employee's health have been identified. Surveys of working conditions are carried out by an external company fully accredited to administer such surveys. Information about the survey outcomes is communicated to our team through internal communication channels.

Due to a specific nature, materials used or local conditions of work performance, there are certain workstations in the Company where the risk of accidents is greater than elsewhere.

In order to minimize any risks associated with the performance of activities of this type and in the light of work safety, ergonomics and other pertinent considerations, for each Solaris Bus & Coach plant, in cooperation with the Company's Production Engineering Department, the following documents have been prepared:

- List of particularly hazardous works
- List of works to be performed mandatorily by a team of at least 2 persons.

A system of written permits for the performance of such works has also been put in place.

Number and rate of accidents at work at Solaris Bus & Coach

	Fatalities as a result of work-related injury		High-consequence work-related injuries (excluding fatalities)		Recordable work-related injuries with leave		Number of hours worked
	Number	**Rate***	Number	**Rate***	Number	**Rate***	
Persons employed in the Company under an employment contract	0	**0**	0	**0**	48	**12.15**	3,950,827
Persons performing work for the Company	0	**0**	0	**0**	0	**0**	360,335

In order to protect our staff against any harmful effects of chemicals and other physical factors affecting their health, we provide them with appropriately selected technical protective equipment and collective and personal protective equipment.

Occupational risk prevention in figures

Due to the specific nature of work, the following three main types of injury occur in the Company's plants:

- Injuries resulting from movement (specifically, sprains of the joints of the lower limbs)
- Superficial cuts and injuries related to work with sharp tools or impacts with sharp vehicle structural elements or workstation hardware,
- Injuries related to contact with hot sections of welded structures.

In 2023, we registered the same number of accidents as in 2022 (the year with a decrease of 17.7% vis-à-vis 2021). The accident rate increased slightly (due to the decrease in the Company's headcount). This confirms a stable level of safety in our organization. For 2024-2026, we have set ourselves the objective of decreasing the accident rate by continuing to develop and build a culture of workplace safety. This is one of our main goals for sustainability in the social area.

In 2023, we did not record any cases of occupational disease among Solaris Bus & Coach employees or others working directly for the Company.

* Rates calculated in compliance with the GRI Standard (based on 1,000,000 hours worked according to the formula: number of incidents with leave divided by the number of hours worked and multiplied by 1,000,000 hours worked).

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GRI 403-3, 403-5, 403-6

Occupational safety and protection of vulnerable groups

We give great significance to positions in which women, people with disabilities and young workers are employed in our organization. Our Work Rules and Regulations govern all issues related to the occupational health and safety protection covering these groups. We are also in an ongoing dialogue with our team, which enables us to analyse various situations and adapt specific solutions, going above and beyond what the current legal regulations require.

In areas where young workers undergo practical vocational training, a detailed hazard analysis, including a risk assessment, is conducted. Vocational trainers (certified or educated as teachers) ensure the proper vocational training and safety of young workers.

Health promotion at work

We provide our employees with mandatory and preventive medical care.

Within the framework of our cooperation with a private medical network, we perform mandatory preliminary, periodic and verification occupational medical examinations. As part of his or her care for our team, an occupational medicine physician also deals with the prevention of occupational diseases by monitoring the working environment and factors that have an adverse impact on human health. The occupational medicine physician also regularly participates in meetings of the OHS Committee and has access to information about the outcomes of the measurement of factors affecting the working conditions, which enables us to properly protect the health of our staff. These meetings also enable our team to consult with the occupational medicine physician the organization of workstations in the context of ergonomics, physiology and psychology of work, and carry out diagnostics and treatment activities in the field of occupational pathology.

All Solaris Bus & Coach employees hired under an employment contract are offered private medical care through the Company's benefit platform.

As part of this care, free access to specialist consultations and examinations and medical services is offered. The basic package, which is fully paid for by the Company, may be extended by applying points available on the benefit platform. All our employees, their spouses or life partners and employees' children are eligible to join the private medical care program.

Investments and safety-related matters

In 2023, Solaris Bus & Coach continued to expand and modernize its production and warehouse facilities in Bolechowo to accommodate significantly increased production volumes of alternative-propulsion vehicles and to increase the degree of ergonomics and occupational safety within the manufacturing process. A large team of employees within our organization, including staff of the Occupational Health and Safety Department, was involved in this significant investment. From the earliest stage of the project, the team members involved in it participated in consultations as the investment kept unfolding and, at the final stage, in the construction acceptance procedures and approval of the facilities for operation.



Social engagement

GRI 203-2

Corporate Foundation

The „Green Dachshund Foundation - to the rescue of the defenseless” was established in 2012. The regular beneficiaries of the Foundation include our employees and their immediate family members, as well as the local community. We provide ongoing support to the Special School Complex in Kowanówko, to which we donate computers, classroom equipment, educational aids and other equipment that helps in the day-to-day operation of the facility.

The work of the Foundation is managed by the Foundation Council, whose members work as volunteers without receiving any remuneration.

In 2023, Solaris Bus & Coach donated over EUR 22 thousand for the Foundation’s statutory activity.



Photo: Mariusz Ł aura Łuczak.



Support for local initiatives

Solaris Bus & Coach also supports local initiatives run by cultural centers in the cities and townships where our buses run. In 2023, we provided funds mainly for outdoor events to promote public transportation, among other things:

- Art contest „By electric bus around Augustów” / cultural institutions in Augustów
- Swarzędz Days / Cultural Center in Swarzędz
- St. James outdoor event / City and Township Cultural and Recreation Center in Murowana Goślina.



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GRI 2-2, 2-3, 2-4, 2-5, 2-14

The *2023 Sustainability Report* prepared by Solaris is based on GRI Standards and the 9 Reporting Principles contained therein. The publication also includes references to the Sustainable Development Goals (SDGs). The contents of the Report include the data and description of the activities of Solaris Bus & Coach sp. z o.o. in the period from 1 January to 31 December 2023.

Our Report focuses primarily on the Company's operations in Poland in 2023. It also includes key information in the reported period on Solaris Group subsidiaries (Solaris Austria GmbH, Solaris Belgium SRL, Solaris Czech spol. S r.o., Solaris Denmark Bus A/S, Solaris Deutschland GmbH, Solaris France SARL, Solaris Hellas S.A., Solaris Bus Iberica SLU, Solaris Italia S.R.L., SIA Solaris Bus & Coach Latvia, UAB Solaris Bus & Coach LT, Solaris Schweiz GmbH, Solaris Slovakia s r.o., Solaris Sverige AB, Solaris Netherlands BV, Solaris Norge AS). Any reference to the activities carried out by our subsidiaries or foreign representative offices or activities of the Solaris Group pursued outside the reporting period are clearly marked as such in each case.

The information and data presented in our Report have been developed and verified internally and in cooperation with representatives of the CAF Group. Our Report has not been audited by an external company.

All key aspects and the extent of reporting coverage were selected with the involvement of stakeholders of strategic significance for Solaris Group. The updated in 2022 materiality analysis was based on the results of an anonymous stakeholder survey and an analysis of: the impacts identified in the Integrated Management System, topics reported as material by the Company's various operating divisions, the extent of the reported data by other industry participants, and topics relevant from the sustainability perspective by the ESG Team. To select its content, we also kept in mind our internal policies and strategies as well as information relevant to customers' tender requirements. The selection of topics for reporting was approved by the Company's Management Board. Additional information on the process of defining material aspects and the list of material aspects are presented in the subsections: Stakeholders and Stakeholder Relations, Selection of Material Topics for Reporting, and Materiality Matrix.

The members of the Company's Management Board and Supervisory Board have reviewed this eport and approved the contents presented therein.

Solaris Bus & Coach sp. z o.o. reports on an annual basis. As at the date of this report, the Company is not required to report and does so voluntarily. Solaris' previous *2022 Sustainability Report* was published on 30 July 2023. All significant changes compared to the previous reporting period are noted in the individual chapters of this report.

The publication is the outcome of the work of employees representing various departments of Solaris Bus & Coach sp. z o.o and individual subsidiaries in the Solaris Group with the support of representatives of the CAF Group.

We would like to thank everyone involved for their contribution to this publication.

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