

ERBUD Capital Group 2024 Operations Report

**comprises
ERBUD S.A. OPERATIONS REPORT**

26 March 2025



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A LETTER OF THE MANAGEMENT BOARD MEMBERS

Dear Sirs,

The year 2024 has once again put our industry to the test, presenting both challenges and new opportunities. In the face of an evolving macro-economic environment, an unstable geopolitical situation and cost pressure, the ERBUD Group has remained true to its strategy and consistently built a strong and modern organisation. Through diversification of our activities and clear definition of our development priorities, we are strengthening our position as a leader in sustainable construction, an active participant in the energy transition and a provider of modern solutions for industry.

Our business continues to be based on four pillars: building construction, the Renewable Energy Sector (RES), industrial maintenance services and modular timber construction. Each of these segments contributes to the stable growth of the ERBUD Group and enables us to respond in a flexible manner to dynamically evolving market conditions.

Our commitment to Europe's energy transition is yielding tangible results. ONDE, which is responsible for the implementation of renewable energy projects, has strengthened its position in the market, with a significant impact on the Group's performance. We are successfully developing a portfolio of photovoltaic and wind farm projects, pursuing a consistent green transformation strategy and generating electricity from our first own farm at the time of writing this letter, despite mounting competition and regulatory changes in the European Union.

The industrial segment, which includes maintenance and engineering services, was expanded with the addition of 200 professionals from the new companies that joined the Group in 2024. The Polish and German companies specialising in industrial services effectively respond to the growing demand for advanced solutions, providing a consistently high quality of service. We are optimistic about the future because of the predictability and stability of our contracts.

In 2024, the modular timber construction sector remains under pressure from the risks specific to new business start-ups. The segment was also impacted by a one-off event that significantly undermined profitability. Nevertheless, thanks to effective costing and increasingly efficient production processes, we are pleased to have secured a strong commercial backlog for 2025. As part of the MOD21 start-up, we invest heavily in cutting-edge technology and building market awareness, which translates into enhancement of competitive edge of our products. We consistently see that the market is huge, and in 2024 we recorded a 70% year-on-year sales growth.

We would like to express our gratitude to all our personnel members for their commitment and their contribution to the Group development. Occupational safety and the highest standards of health and safety continue to be our top priority. The awards and accolades we have received in this area are the best confirmation of our efforts. We are also pleased to report further successes in the ESG sector - ERBUD and ONDE once again were awarded the prestigious EMAS certificate, and our commitment to the promotion of construction among women has been recognised by the Polish ESG Association.

We are optimistic about the years ahead, the consistent attainment of our goals and the strengthening of the ERBUD Group's position as a leader in innovative and sustainable construction. We would like to express gratitude to our shareholders, business partners and customers for the confidence they have placed in us. Working hand-in-hand, we are building a future based on responsibility, innovation and sustainable values.

Best regards,

ERBUD GROUP MANAGEMENT BOARD:

1. MACROECONOMIC ENVIRONMENT

1.1. Economic situation

1.1.1. Poland

According to an estimate by the Statistics Poland (former Polish Central Statistical Office), the Gross Domestic Product (GDP) was up by 2.9% in real terms in 2024, compared to the 0.1% growth recorded in 2023. This means a return to economic growth. In 2023, domestic demand was down by 4.1%, consumption shrank by 0.1%, and household consumption was down by 1%. There was also a significant reduction in inventories, which had adverse impact on GDP growth rate. On the other hand, there was a positive impact exerted by an 8.0% increase in capex on fixed assets and strong growth in net exports.

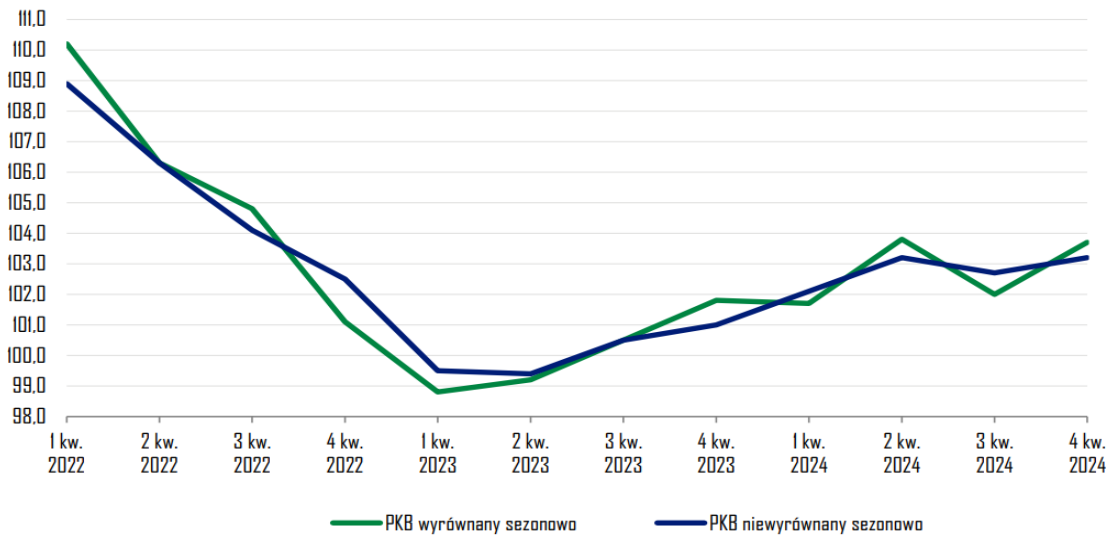
Meanwhile, according to the Statistics Poland's (former Polish Central Statistical Office) data, GDP in real terms in Q1 2024 was up by 2.1% compared to the same period of 2023. Domestic demand was up by 4.6%. Growth in government consumption was stronger. It was up by 10.9% year on year. Net exports also had a positive impact on the growth rate of Gross Domestic Product. In contrast, a decline in gross capex on fixed assets and a reduction in inventories had the opposite impact.

In Q2 2024, Gross Domestic Product was up by 3.2% on an annual basis. The main drivers of growth were private consumption (2.6%) and public consumption (2.2%). As opposed to Q1 2024, however, net exports had a negative impact on GDP. In addition, the achieved performance was adversely affected by the reduction in inventories, although its impact was weaker than in the previous quarter.

Q3 2024, on the other hand, was characterised by growth of 2.7%. The structure of the impact of the different GDP components differed markedly from previous periods. Consumption proved to be the key to GDP growth rate in the first half of the year. In contrast, household and government consumption did not have a significant positive impact on GDP growth in Q1 of the second half of the year. The fall in consumption was reflected in an increase in inventory, which proved to be the major economy engine in the Q3 2024. The impact of investment remained neutral. Growth was adversely affected by negative net exports.

The last quarter of 2024 was characterised by an economic growth rate of 3.2% compared to the same period in the previous year. As expected, the slowdown in consumption in the previous quarter was only temporary. At the end of the year, consumption had a positive (2.4%) impact on economic growth. The impact of investment was positive but relatively small, while accumulation made a significant contribution to growth. As in previous periods, net exports continued to be a negative factor affecting GDP level.

GDP growth rate in real terms



Key:

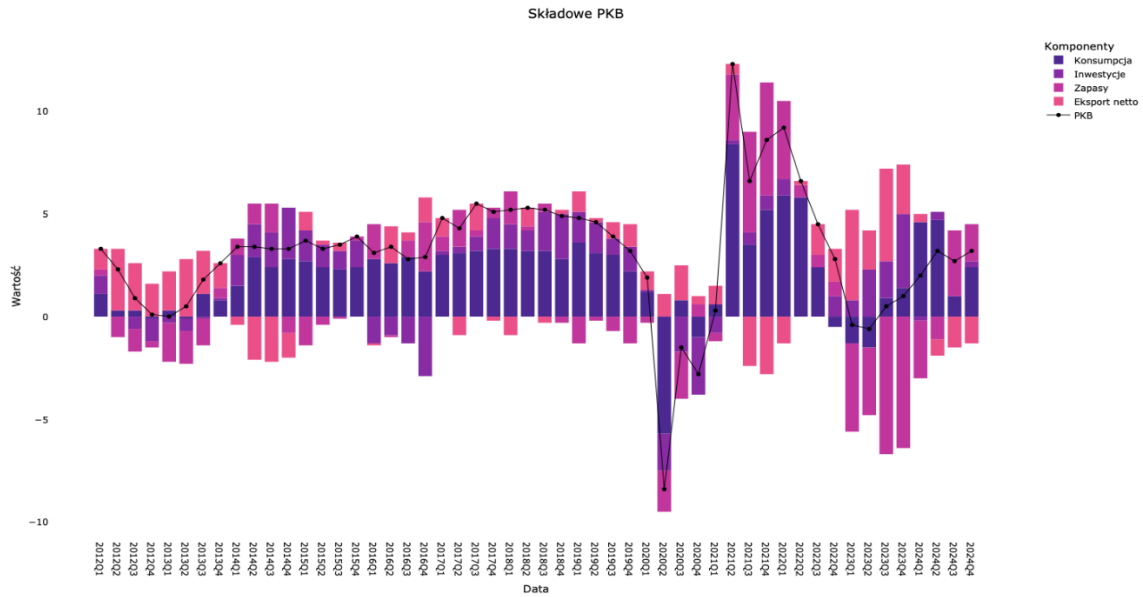
Polish (original)	English (translation)
1 kw, 2 kw, 3 kw, 4 kw...	Q1, Q2, Q3, Q4 ...
PKB wyrównany sezonowo	GDP seasonally adjusted
PKB niewyrównany sezonowo	GDP non-seasonally adjusted

Source: Statistics Poland (former Central Statistical Office), quarterly national accounts, (corresponding period of the previous year = 100)

The GDP growth rates in real terms in individual quarters (Q1, Q2, Q3, Q4) of 2023 2023: (0.3%), (0.6%), 0.5% and 1.0%. This indicated the slowdown of Polish economy in the first two quarters of 2023. This was driven by a reduction in consumption and domestic demand visible after year-on-year comparison, which was the result of a high base that was directly related to the increase in household spending that occurred in response to the influx of refugees from Ukraine.

In 2023 the annual growth rate of the Gross Domestic Product was 0.2 per cent, the worst performance ever, not taking into account the pandemic year of 2020. Despite this, in the last quarters of the previous year, the Polish economy stood out as one of the best performers among EU countries. The year 2024 started with Gross Domestic Product growth of 2.1% in Q1, with subsequent quarters characterised by growth of 3.2%, 2.7% and 3.2%, respectively.

Size of impact of individual categories on GDP growth in real terms (in percentage points)



Source: National Accounts Department, Statistics Poland, quarterly national accounts, non-seasonally adjusted GDP; average fixed prices of the previous year.

Key:

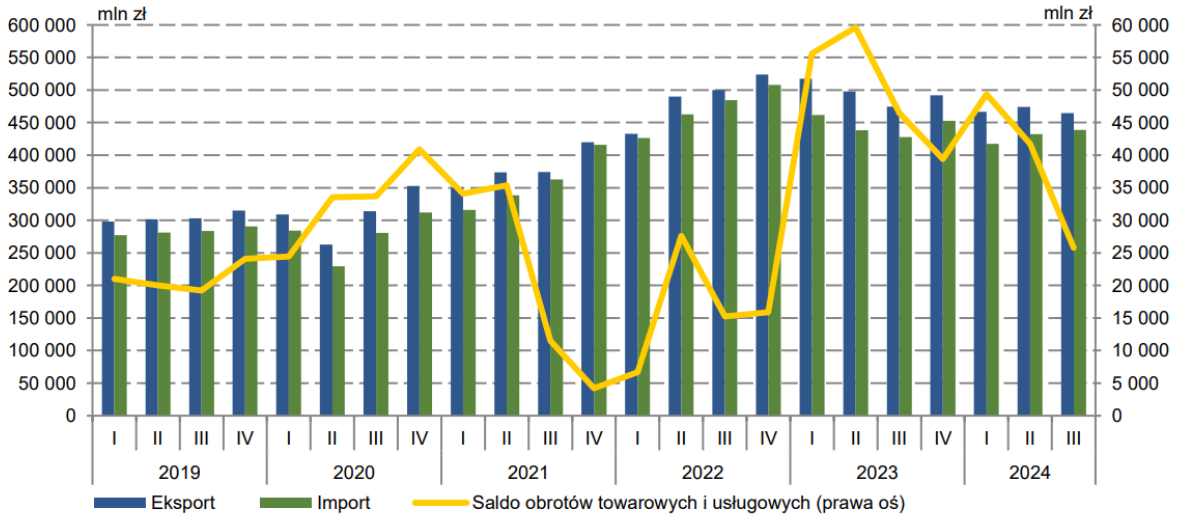
Polish (original)	English (translation)
Składowe PKB	GDP components
Komponenty	Components
Konsumpcja	Consumption
Inwestycje	Investments
Zapasy	Inventory
Eksport netto	Net exports
Produkt krajowy brutto	Gross Domestic Product

In 2023, the shrinking inventories had a strong negative impact on economic growth rate, while in late 2021 and early 2022, inventories were the main driver of GDP growth due to uncertainties related to pandemics and problems in supply chains.

In 2023, with the decline of the uncertainty, there was a significant reduction in accumulated inventories. In H1 2024, the trend of mitigating the negative impact of inventory change on Gross Domestic Product continued. Q1 of the second half of 2024 was characterised by a relatively strong increase in inventory growth rate, which drove GDP up in Q3. In all likelihood, the positive accumulation dynamics can be attributed to the significant weakening of consumer demand, which has reduced purchases of goods in the face of economic uncertainties and high interest rates, among other factors.

In 2023, net exports had a strong positive impact on GDP growth rate. In Q1 2024, this impact remained positive, but its intensity declined. In contrast, Q2 and Q3 were characterised by a negative impact of net exports on GDP growth rate.

Foreign trade in goods and services in value terms



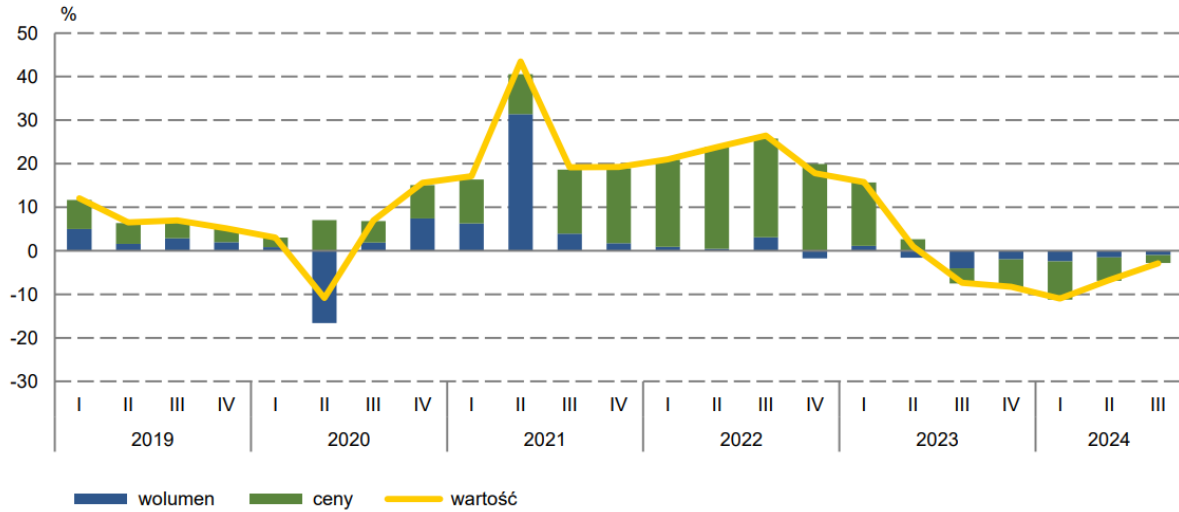
Source: The National Bank of Poland, Balance of Payments of the Republic of Poland in Q3 2024.

Key:

Polish (original)	English (translation)
<i>mln zł</i>	PLN M
<i>Eksport</i>	Exports
<i>Import</i>	Imports
<i>Saldo obrotów towarowych i usługowych (prawa oś)</i>	Balance of foreign trade in goods and services (right axis)

Since 2019 onwards the Polish exports have been significantly affected by the Brexit from the European Union. Subsequently, foreign trade was partially paralysed by the outbreak of a pandemic. Another event having adverse impact on the turnover in international trade in goods and services was Russia's aggression against Ukraine. Both the UK and Ukraine are among the top 10 markets for the Polish exports. Germany, on the other hand, has remained its main trading partner continuously since 1990.

Changes in export volumes, prices and value (% y/y)



Source: The National Bank of Poland, Balance of Payments of the Republic of Poland in Q1 2024.

Key:

Polish (original)	English (translation)
1 kw, 2 kw, 3 kw, 4 kw...	Q1, Q2, Q3, Q4 ...
wolumen	Volume
ceny	Prices
wartość	Value

The National Bank of Poland, in its Balance of Payments for Q4 2023, indicated a global decline in export volumes and prices, due to the weakening of major economies. During this period, 24 EU countries recorded a nominal decline in exports, while the prices of fuels, intermediate and finished goods also went down. Only the value of transport equipment was up.

The onset of 2024 exacerbated the downward trend in exports of goods by 11.3% compared to the same period in the previous year, due to the decline in transaction prices and volumes. Transaction prices were positively affected by the appreciation of the Polish currency in Q1 of the current year. The transaction volume was driven by a decline in the economic activity of Poland's trading partners.

The strongest decline in exports was caused by a drop in sales of means of transport in Q1 2024. Declining exports trend can be seen in almost all member countries of the Community. The strongest negative impact on Polish export dynamics is undoubtedly due to low foreign demand, mainly as a result of the slowdown in the economies trading with Poland.

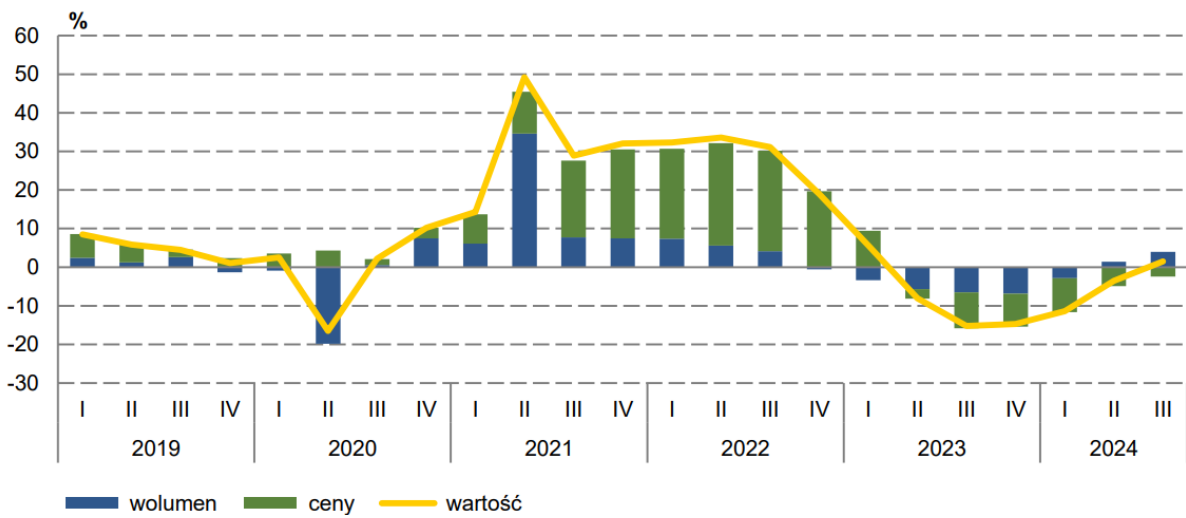
According to a report published by the National Bank of Poland, the level of domestic exports has been adversely hit by swelling imports of Community countries from countries such as China. These imports mainly concerned durables and some means of transport. Other factors limiting export momentum include rising labour costs and high energy prices due to Poland's unfavourable energy mix. These factors significantly affect the country's international competitive edge.

Q3 2024 was the sixth consecutive period in which a real decline in exports was evident - it is the longest such period in the 21st century. Compared to the same period in the previous year, its value was down by 3.7 per cent to PLN 345.7 billion. However, compared to the preceding quarters, the rate at which exports declined is slowing down.

The most visible weakening of exports, as in previous periods in 2024, was in the means of transport industry. This was undoubtedly influenced by the weakened condition of the automotive sector, slower-than-expected development of electromobility and increasing supplies from China to German carmakers. There has been a noticeable increase in Chinese battery exports, which has had the effect of a reduction in the share of this trade for countries such as Poland and Hungary.

As a result, sales to Poland's major trading partner, Germany, fell by 6.4% on a year-on-year basis. This implies the lowest share of Germany in the Polish exports since 2014.

Changes in import volumes, prices and value (% y/y)



Source: The National Bank of Poland, Balance of Payments of the Republic of Poland in Q3 2024.

Key:

Polish (original)	English (translation)
1 kw, 2 kw, 3 kw, 4 kw...	Q1, Q2, Q3, Q4 ...
wolumen	Volume
ceny	Prices
wartość	Value

The third quarter of 2024 was the first in the preceding five quarters to show a slight increase in goods imports when analysed on an annualised basis. In value terms, the increase amounted to PLN 363.5 billion, up by 1.8%.

Data presented in a report by the National Bank of Poland show that the noticeable increase in imports is mainly fuelled by an increase in volume. Poland had one of the highest import expansions among EU countries in Q3 2024.

Import growth was undoubtedly fuelled by military spending, which is mainly implemented through the purchase of goods from abroad, as well as by the strengthening of the real exchange rate of the Polish currency, which favoured an increase in demand for foreign goods. In addition, the impact of the relatively rapid increase in the purchasing power of Poles may also be a crucial factor.

The penultimate quarter of 2024 was characterised by an increase in imports in the consumer goods category. The strongest upward trend was for durable goods such as white goods and furniture. China proved to be the leading supplier, having recorded 53% import growth compared to the previous year.

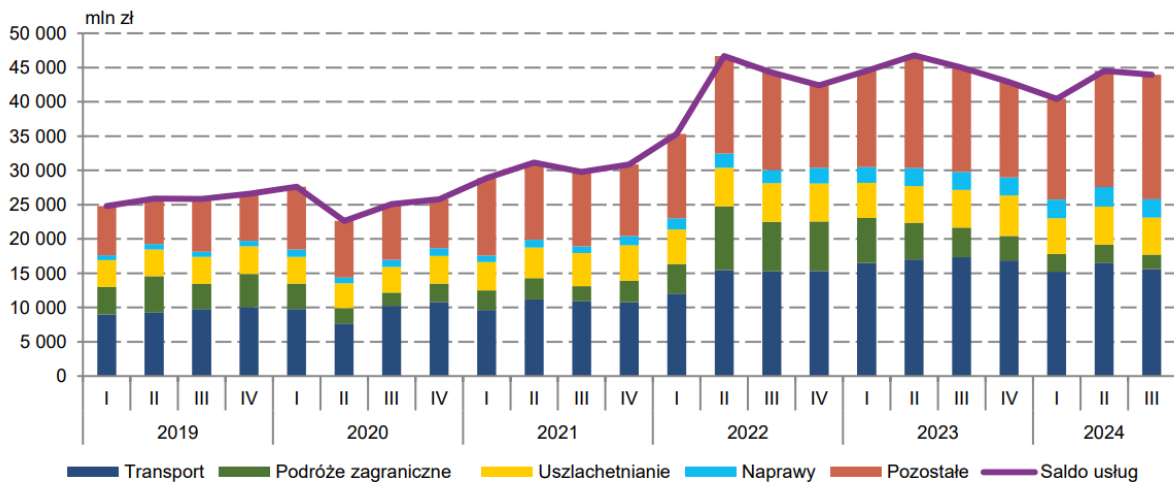
In addition, the Middle Kingdom strengthened its position as the leading importer of capital and consumer goods in Q3, according to data published by the National Bank of Poland.

In summary, the goods trade balance remained negative in Q3 2024, with exports falling and imports rising, and reaches the level of 2021-2022. Between these periods, however, the reasons for the negative trade balance differ.

The negative balance in 2021-2022 is mainly due to an increase in the price of fuel imports, while in 2024 it is mainly due to stagnation in demand for Polish exports and relatively strong domestic demand. The largest negative impact on the balance came from trade with China, where the trade deficit was up by PLN 7.5 bn compared with the same period in the previous year. There is also a downward trend in the goods trade balance with Germany.

In contrast, Poland's trade balance in services has been positive since 1995. It is the trade surplus in the services sector that determines the positive balance of Poland's overall trade balance.

International trade balance in services



Source: The National Bank of Poland, Balance of Payments of the Republic of Poland in Q3 2024.

Key:

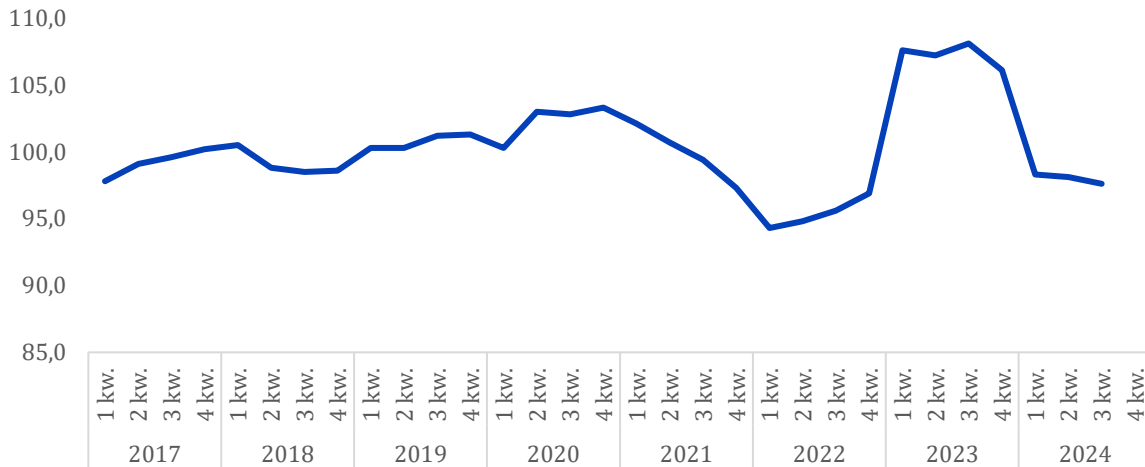
Polish (original)	English (translation)
mIn zł	PLN M
Transport	Transport
Podróże zagraniczne	Foreign travel
Uszlachetnianie	Processing
Naprawy	Repairs
Pozostałe	Other
Saldo usług	Balance of services

As mentioned, in Q3 2024, the balance of international trade in services in Poland reached a positive value of PLN 44 billion. This implies a slight decrease in the trade balance on a quarterly basis compared to the same period of the previous year.

The “Other services” category, which includes professional services (up by 37.8% y-o-y), IT services (down by 6.1% y-o-y), trade-related, technical and other business services (up by 7.6% y-o-y), had the strongest impact on the balance. There was also a noticeable reduction in the trade balance in the transport services category. According to a National Bank of Poland report, the reasons for this phenomenon lie in the growing deficit in maritime transport and transport-compatible services.

According to the data presented in the Balance of Payments of the Republic of Poland in Q3 2024, the terms of trade index has reached unfavourable values since the beginning of 2024 at the following levels 98.3, 98.1 and 97.6.

Terms of Trade



Source: Statistics Poland, Quarterly National Accounts.

A trade agreement between European Union and Mercosur-countries (Brazil, Argentina, Paraguay and Uruguay) could be both an opportunity and a challenge for the Polish trade. A formal agreement to conclude the Association Agreement talks was reached in early December 2024. Talks have been going on for more than 20 years on a trade agreement between the Community and South American countries.

In 2022, EU exports to Mercosur countries amounted to €55.8 billion and imports to €63.1 billion. Despite high traded volume, many goods are subject to high tariffs. The aim of the trade agreement would be the removal of these barriers and the creation of a free trade area for more than 700 million people.

The agreement between the European Union and Mercosur, concluded on 6 December 2024, is currently undergoing legal verification. It will then be translated into the official languages of both organisations. This will be followed by a formal signing and ratification process. In the EU, the trade part requires a qualified majority in the EU Council and a simple majority in the European Parliament. Opposition from France, the Netherlands, Ireland and Poland could prevent the Partnership Agreement from getting ratified.

In Mercosur, four governments have agreed to sign up, but it remains to be seen whether this will translate into support from their national parliaments. The Partnership Agreement could be formally signed at the EU-CELAC Summit in Bogotá in the second half of 2025, if the verification and translation phases are completed smoothly. Ratification would then start in 2026 at the earliest.

The adoption of the EU-Mercosur Partnership Agreement will depend on whether the opponents of the deal manage to put together a blocking minority in the Council of the EU. Poland, which holds the EU Council presidency from 1 January, will have to deal with the debate on the EU-Mercosur Partnership Agreement and the European Commission's efforts to persuade opponents to support it. To address the concerns of farmers, who are the main opposition group, the Commission can offer compensatory or protective measures. Public protests against the agreement, particularly from farmers and NGOs who see it as a threat to climate action, may intensify as the process of drafting the final text of the Agreement progresses.

The trade agreement between the European Union and Mercosur (Brazil, Argentina, Paraguay and Uruguay) has potentially significant implications for the Polish economy, both in terms of opportunities and threats. The Partnership Agreement will open up new markets for Polish industry, in particular in the fields of machinery, tools and the dairy industry. The economies of the Mercosur countries are in a state of dynamic development, and as a result there are opportunities for Polish companies to export technology and industrial products. Increased demand

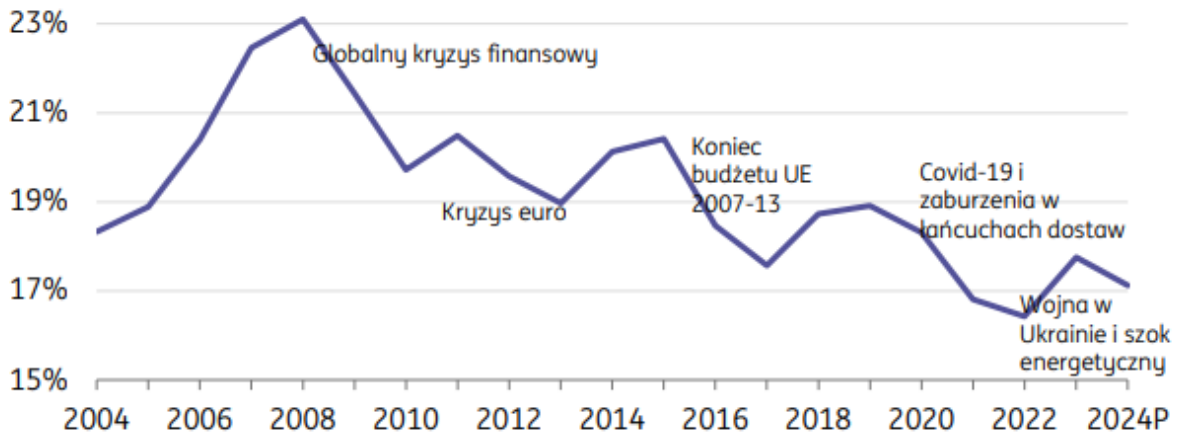
for high-value technological and industrial products in Mercosur countries may help increase Polish exports, which in turn may positively influence the development of Polish industry.

Major risks are related to the agricultural sector, where the influx of cheaper agricultural products from the Mercosur countries, such as beef, poultry and sugar, could exert downward pressure on prices for Polish farmers. Lower environmental standards, animal welfare and the use of chemicals in agriculture make production in Mercosur countries cheaper. These differences may lead to difficulties in competing on price with European agricultural production, which could affect the competitiveness of Polish products on the European market. Ongoing free trade talks with countries such as Mexico, Thailand and India are also worth watching.

In Q4 2023 investment in Poland was up by 7.7% year-on-year and by 8% for the overall 2023. This growth had a positive impact on the dynamics of the Gross Domestic Product. The investment rate was 17.4%, compared to 16.8% in 2022. The increase in investment was linked to the implementation of projects within the framework of the ending EU financial perspective and the popularity of the 2% Safe Loan programme. However, the shortened timeframe for the use of National Recovery and Resilience Plan's funds until 2026 may affect long-term investments. The campaign that took place before the 2024 local government elections could further fuel investment, which is related to the so-called political business cycle.

The impact of investment on GDP dynamics is insignificant from the onset of 2024, while it is non-negative throughout the analysis period: it amounts to 0.2%, 0.5%, 0.0% and 0.3% respectively. This implies that after the strong increases in 2023, there will now be a period of stagnation in the growth rate of gross capital expenditures on fixed assets. 2024 was characterised by low levels of private investment. The investment rate (as a percentage of GDP) has been following a downward trend since 2008.

Investment rate in Poland (% of GDP)



Source: Statistics Poland, as cited in ING.

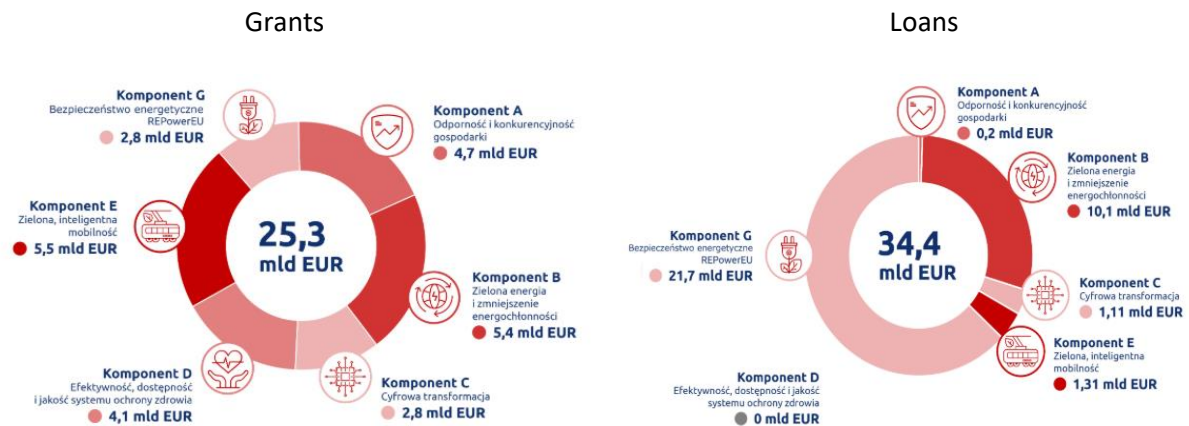
Key:

Polish (original)	English (translation)
Globalny kryzys finansowy	Global financial crisis
Kryzys euro	Euro crisis
Koniec budżetu UE 2007-13	End of the EU budget 2007-13
Covid-19 i zaburzenia w łańcuchach dostaw	Covid-19 and disruption of supply chains
Wojna w Ukrainie i szok energetyczny	The war in Ukraine and the energy shock

It should be noted that the investment rate is one of the lowest in the European Union, in addition to the downward trend observed. The main reasons for this phenomenon can be attributed mainly to the fact that companies were faced with legal and fiscal instability, high costs, a shortage of labour and high interest rates. However, investment

is expected to be the driving force of the Polish economy in the coming years. This will be supported by the inflow of funds from the National Reconstruction Plan (NRP).

The total amount Poland will have at its disposal under the NRP will be PLN 256.3 billion. The grant part will amount to PLN 108.3 billion and the loan part will account for PLN 148.0 billion. The breakdown of funds by purpose will be presented below.



Source: National Reconstruction and Resilience Plan - Ministry of Development Funds and Regional Policy

Key:

Polish (original)	English (translation)
Komponent G Bezpieczeństwo energetyczne REPowerEU	Component G Energy security REPowerEU
Komponent A Odporność i konkurencyjność gospodarki	Component A Resilience and competitiveness of economy
Komponent B Zielona energia i zmniejszenie energochłonności	Component B Green energy and reduction of energy intensity
Komponent E Zielona inteligentna mobilność	Component E Green smart mobility
Komponent D Efektywność, dostępność i jakość system ochrony zdrowia	Component D Efficiency, accessibility and quality of health care system
Komponent C Cyfrowa transformacja	Component C Digital transport

The value of grants is spread evenly across the supported areas, while funds from loans focus on two areas, i.e. REPowerEU Energy Security, and Green Energy and Energy Intensity Reduction. According to figures published by the Ministry of Development Funds and Regional Policy, the highest payments from the National Reconstruction Plan (NRP) are expected to occur in 2025 in the case of grants, while in 2026, speaking of loans.

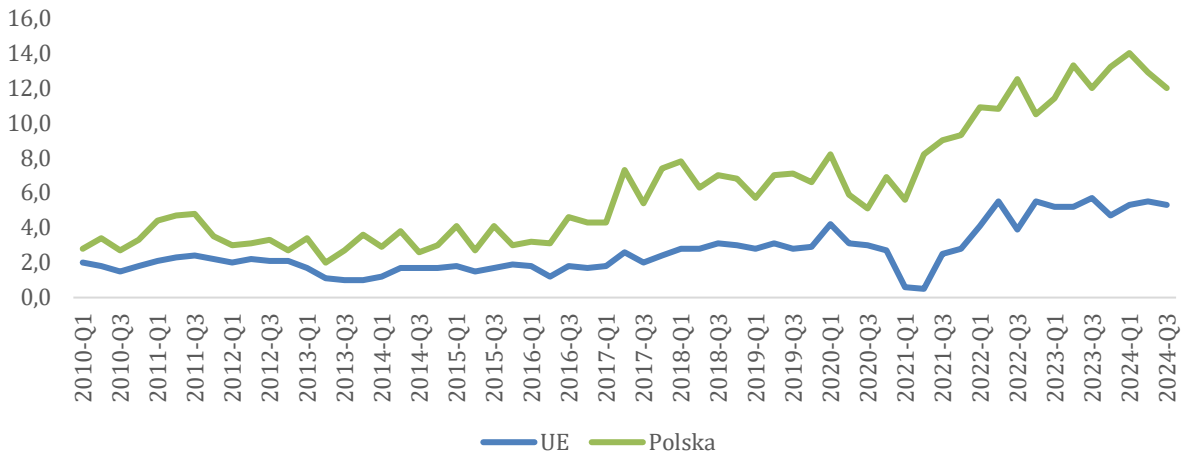
An analysis by economists at PKO BP Bank concluded that the largest increase in output in the construction sector would come from projects under the National Reconstruction Plan (around 40% of the total increase). This could lead to an accumulation of investments, price hikes and delays in tenders. There will also be significant growth in manufacturing (27%). This will be driven by electrical equipment, metal products and building materials. Professional services, including architecture, engineering and research and development, will be the third key sector (8%).

On the other hand, the short timeframe for investment is the main risk associated with the National Reconstruction Plan funds. For grants, the deadline for fund utilisation in full is August 2026, while for loans it is required to have a signed investment agreement by that date. In addition, the fact that there will be limited opportunities for

refinancing of expenditure on investment that has been incurred before February 2020 is likely to have a limiting impact on the rate of investment growth.

Investment growth in the coming years should be driven by the need for labour productivity gains as well as the partial automation of processes in the face of sharply rising labour costs. Despite the gradually increasing economic recovery, a decline in labour demand is visible, which is the result of the earlier nominal slowdown in the economy and attempts by the companies to cut costs in the face of rising labour costs. The graph below shows the growth rate of the labour costs in Poland and the value averaged over all Community countries.

Labour costs growth rate



Source: Eurostat.

Key:

UE = EU

Polska = Poland

Poland is one of the seven countries in the European Union where labour costs will have a growth rate of more than 10% from 2022. This is mainly the result of a high increase in the minimum wage at the same time as economic growth was not at the highest level. The rise in the cost of labour was reflected in a fall in the average number of persons employed in the business enterprise sector.

Growth rate of average employment in the enterprise sector

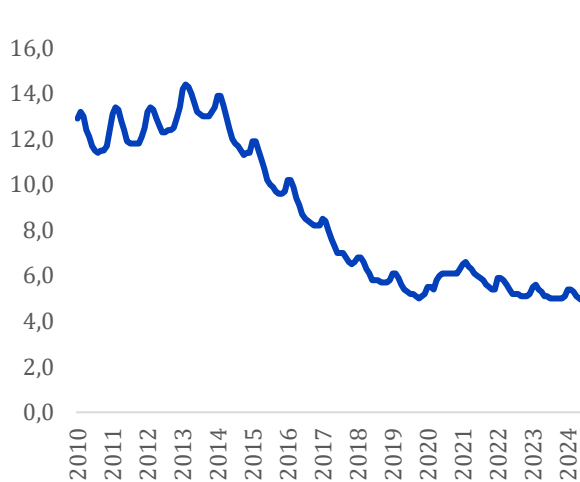


Source: Statistics Poland, Monthly National Accounts.

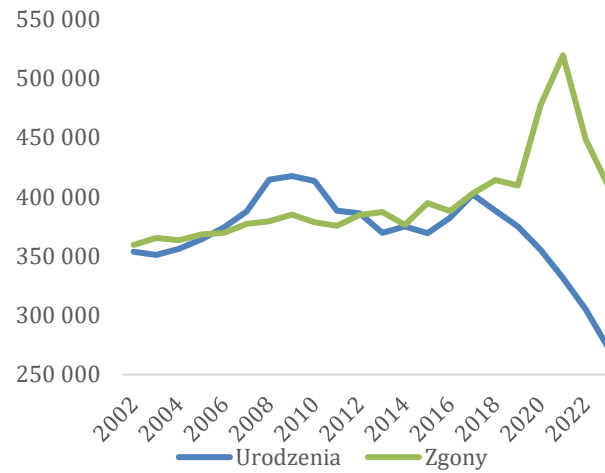
Since October 2023, the growth rate of average employment in the business sector has been negative. The rate of expected employment is also falling, according to both Statistics Poland and the National Bank of Poland.

The decline in employment is paralleled by a very low level of unemployment (the registered unemployment rate at the end of January 2025 was 5.4%). The low unemployment rate is mainly due to demographic changes - a decrease in the number of people of working age and a worsening migration balance.

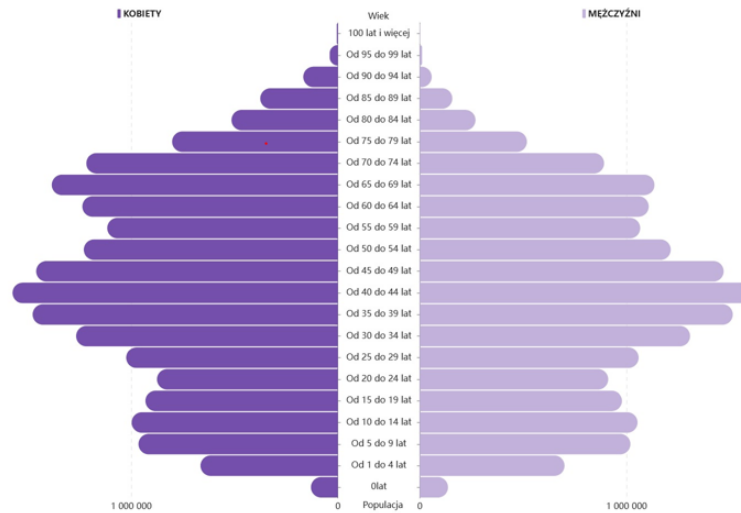
Unemployment rate



Births and deaths



Poland's demographic structure in 2023



Source: Statistics Poland

Key:

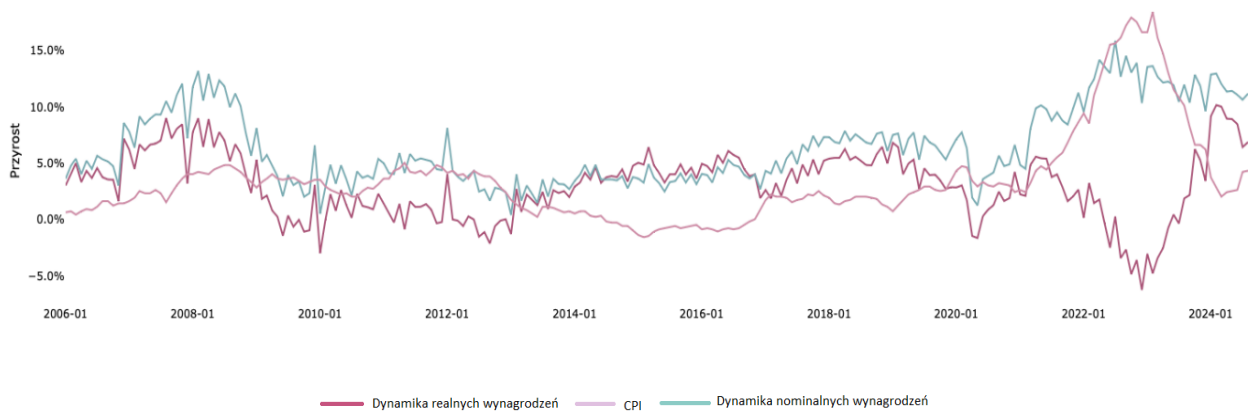
Polish (original)	English (translation)
KOBIETY	WOMEN
MEŻCZYŹNI	MEN

In 2024, as employers are forced to compete for a limited number of workers, Poland's low unemployment rate could lead to wage increases. At the same time, unfavourable demographics with fewer young people entering the labour market may create labour shortages. Consequently, companies can invest in automation to compensate for staff shortages.

The year 2024 was characterised by a record high level of wage growth in nominal terms, as well as by wage growth in real terms. This was due to the increase in wages in the public sector, the indexation of pensions and the increase in the level of social benefits. However, wage growth is projected to slow down in 2025 as a result of slower growth in the national minimum wage, lower public sector wage indexation and lower corporate profitability. This may have a negative impact on household consumption as it will translate into lower disposable income growth in real terms.

In addition, the way in which households deal with their accumulated savings is an important factor that could hamper the recovery in demand. However, it is above all the stable and high (but already single-digit) dynamics of real household disposable income that provide the grounds for a recovery in consumption in the coming periods.

Wage growth in real and nominal terms



Source: Statistics Poland, Monthly National Accounts.

Key:

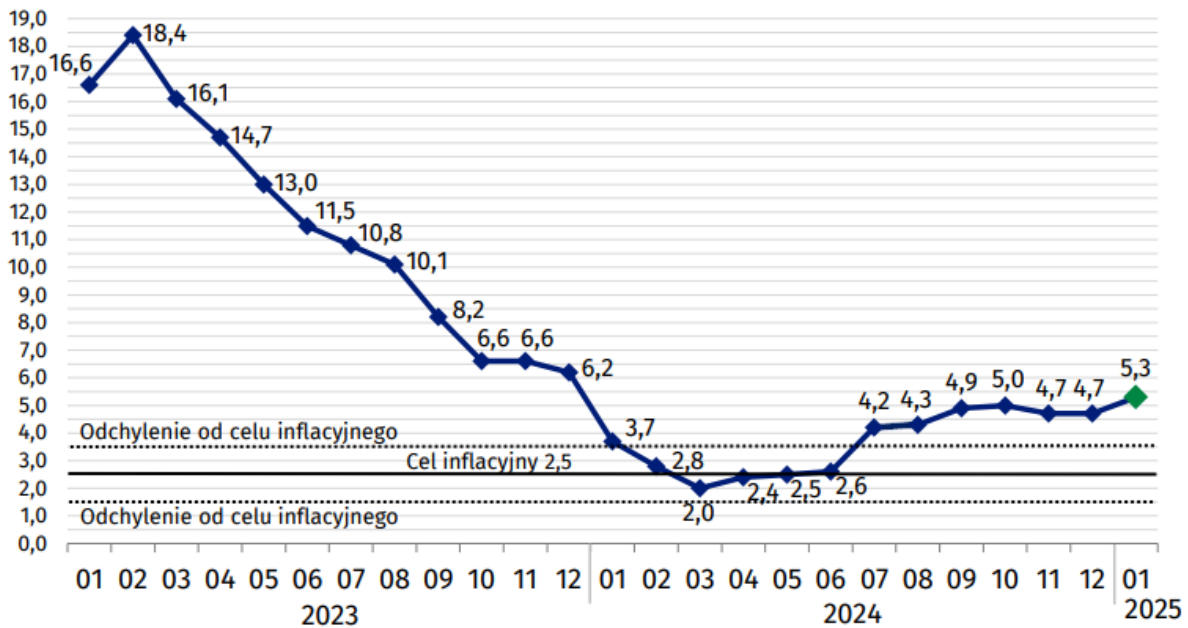
Polish (original)	English (translation)
CPI	CPI
Dynamika nominalnego wynagrodzenia	Wage growth in nominal terms
Dynamika realnych wynagrodzeń	Wage growth in real terms

In the first two quarters of 2023, consumption had adverse impact on GDP growth rate. According to the November 2023 Inflation Report published by the National Bank of Poland, consumer sentiment and uncertainty related to the military aggression against Ukraine had a negative impact on consumption. On the other hand, in Q3 and Q4 2023, there was a positive impact of consumption on the Gross Domestic Product was recorded. This is also the case in 2024, both in Q1 and Q2 quarters. An increase in both private and public consumption exerted positive consumption impact on Poland's GDP. The increase in consumption demand was directly driven by the favourable situation in the labour market, i.e. persistently low unemployment, historically high real wage growth rate and a shrinking inflation rate.

In Q3 2024, consumption's impact on GDP growth rate remained positive, but its level fell to 1%. Private consumption's contribution to growth fell sharply to merely 0.2%. The reduction in private consumption was due to an increase in the savings rate by households. As expected, this was only a temporary dip in consumption. Consumption picked up again in the final quarter and had a positive impact on the level of GDP.

Since the onset of 2023, we have seen wage growth in nominal terms in the business sector alongside wage growth in real terms. In addition, a decline in the growth rate of the consumer price index (CPI) has also been noticeable, which had a positive impact on the domestic consumption level, as it means an increase in purchasing power. In Q3 and Q4, however, the CPI was again outside the inflation target, reaching 4.9% in September. The high rate of increase in the price level in the third quarter was the result of a reduction in household consumption as a result of the increase in uncertainty. The CPI also peaked in December, rising to 4.7% yoy.

Changes in prices of consumer goods and services compared to the same period of the previous year (%)



Source: Statistics Poland

Key:

Polish (original)	English (translation)
Odchylenie od celu inflacyjnego	Deviation from inflationary target
Cel inflacyjny	Inflationary target

In January 2024, the consumer price index has slightly above the upper limit of the inflation target set by the Monetary Policy Council, which is 2.5% (± 1 p.p.). However, in the following months of Q1 of this year, the CPI was already within the inflation target with a quarterly level of 2.8%. A similar level was reached in Q2 2024 at 2.5%. The disinflation process proceeded at a relatively fast pace, influenced by several factors, i.e. the reversal of supply shocks in the food and fuel markets, the price war of major retail chains and the fall in the price level of imported goods. From the data presented by the Statistics Poland, it can be noticed that the reintroduction of the 5% VAT rate on food has been spread over time.

According to the Statistics Poland, the prices of goods and services in June 2024 went up by 2.6% compared to those in June 2023 (the prices of services were up by 6.1%, while the prices of goods were up by 1.3%). When analysing monthly increases, the change was 0.1%. The major drivers of the level of the consumer price index in June 2024 comprised the increase of prices in the food and non-alcoholic beverages category (2.2% y/y), housing (1.7% y/y) and restaurants and hotels (7.7%). The reinstatement of the VAT rate on staple foods is a driver inhibiting

the disinflation process. The inhibition of disinflation in the case of food may also be influenced by the prevailing drought in the country, which could lead to food price hikes.

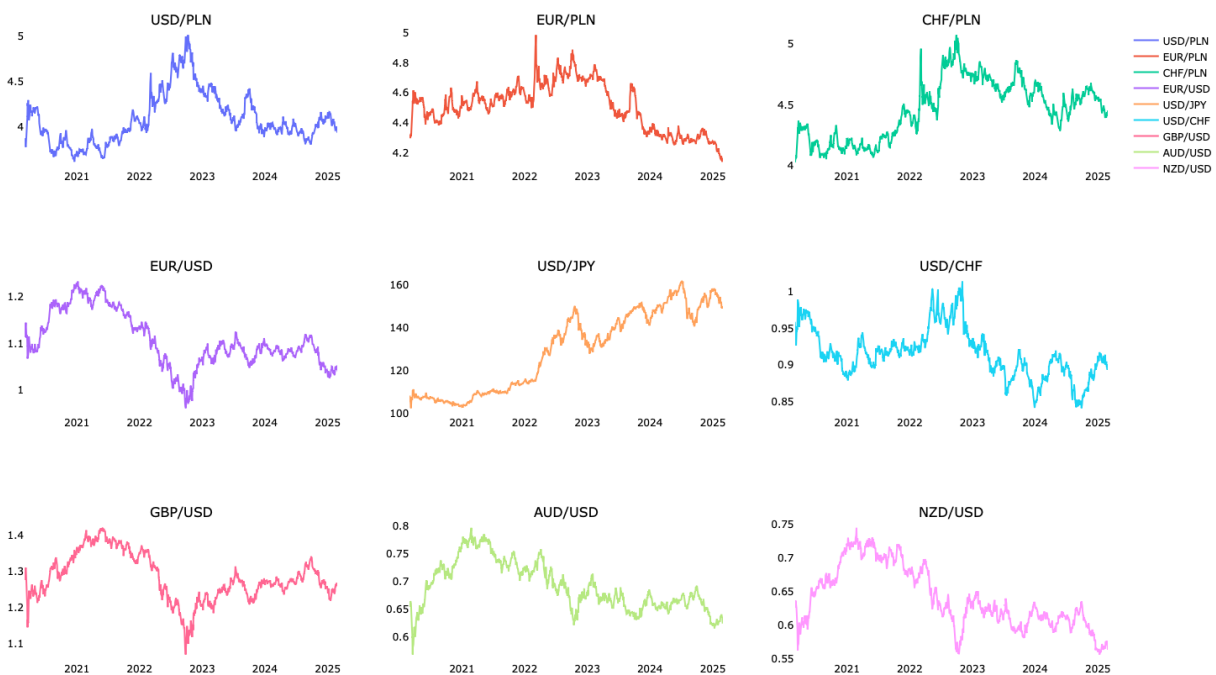
The data presented in September 2024 showed an increase in consumer prices of 4.9 per cent compared to the same month of the previous year (the increase in the prices of services was up by 6.8 per cent and in the prices of goods at 4.2 per cent). A comparison of the dynamics of the price level with the previous month shows an increase of 0.1%, which was only due to an increase in the price of services, as the price of goods remained unchanged. The price hikes were fuelled mainly by price increases in the following sectors: housing (8.0%), hotels and restaurants (7.4%) and food (4.7%) compared to the price levels in the same period of the previous year.

The Statistics Poland data for December 2024 do not differ significantly from the September figures. In December 2024, consumer prices were up by 4.7% compared to the same month of the previous year (the service prices were up by 6.6% and the goods prices were up by 4.0%). A month-on-month analysis of price level growth figures in December also showed that they remained at very similar levels, as was the case in the third quarter. Raw material prices remained unchanged, while services went up by 0.1%. The unfreezing of energy prices is a factor driving inflation in the second half of 2024.

The average annual rate of inflation fell from 11.4 per cent in 2023 to 3.7 per cent in 2024. The marked slowdown in inflationary growth rate can be attributed mainly to stabilising energy commodity prices, the restrictive monetary policy pursued by the National Bank of Poland and the appreciating of the Polish currency.

The economic situation in Poland is also influenced by the appreciation of the Polish currency against major foreign currencies. This is influenced, *inter alia*, by the influx of EU funds and the maintenance of interest rate levels by the Monetary Polish Council (MPC). The PLN/EUR exchange rate has reached its lowest level in several years. However, this situation may have a negative impact on Polish exports, as it leads to an increase in the price of the goods offered, while foreign demand is reduced. Polish exports may become uncompetitive in the long run.

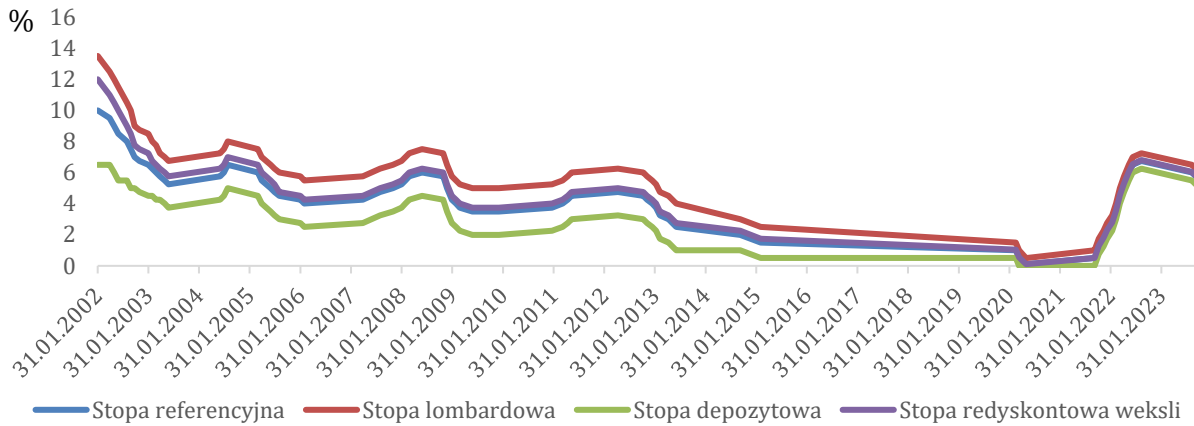
Chart of major currency pairs



In September 2023, the Monetary Policy Council decided to cut interest rates by 75 basis points. As a result of this decision, the reference rate was reduced from 6.75% to 6%. Subsequently, on 4 October, the Monetary Policy

Council (MPC) approved a further reduction in interest rates by 25 basis points. Over 28 days, rates fell by a total of 100 basis points. However, during the MPC meeting, held on 6-7 February 2024, the Council decided to keep the central bank interest rates unchanged. As a result of this decision, the reference rate, as of 5 October 2023, is 5.75%.

Interest rate levels



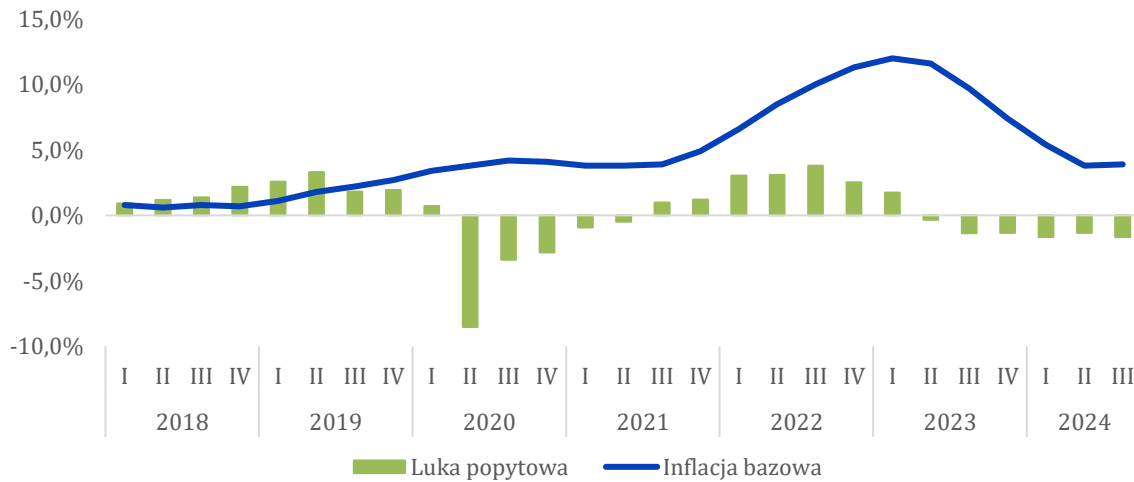
Source: National Bank of Poland

Key:

Polish (original)	English (translation)
Stopa referencyjna	Reference rate
Stopa lombardowa	Lombard rate
Stopa depozytowa	Deposit rate
Stopa redyskontowa weksli	Bill of exchange rediscount rate

The Monetary Policy Council's announcement in December was a clear signal that there no interest rate cuts were planned before the end of 2025. In an article in the Gazeta Prawna daily, the President of the National Bank of Poland listed major factors behind the MPC's decision, including continued double-digit wage growth, a relaxed fiscal policy, low unemployment and an expected economic recovery.. Professor Adam Glapiński stresses that a rate cut could pose a risk to the Polish economy. That's why the reference rate remains unchanged at 5.75%. The Monetary Policy Council's decision was also driven by the fact that the level of core inflation remains above the inflation target. In the case of core inflation, the disinflation process is taking place at a slower pace than in the case of the CPI.

Output gap and core inflation



Source: Own calculations based on data from Statistics Poland and the National Bank of Poland.

Key:

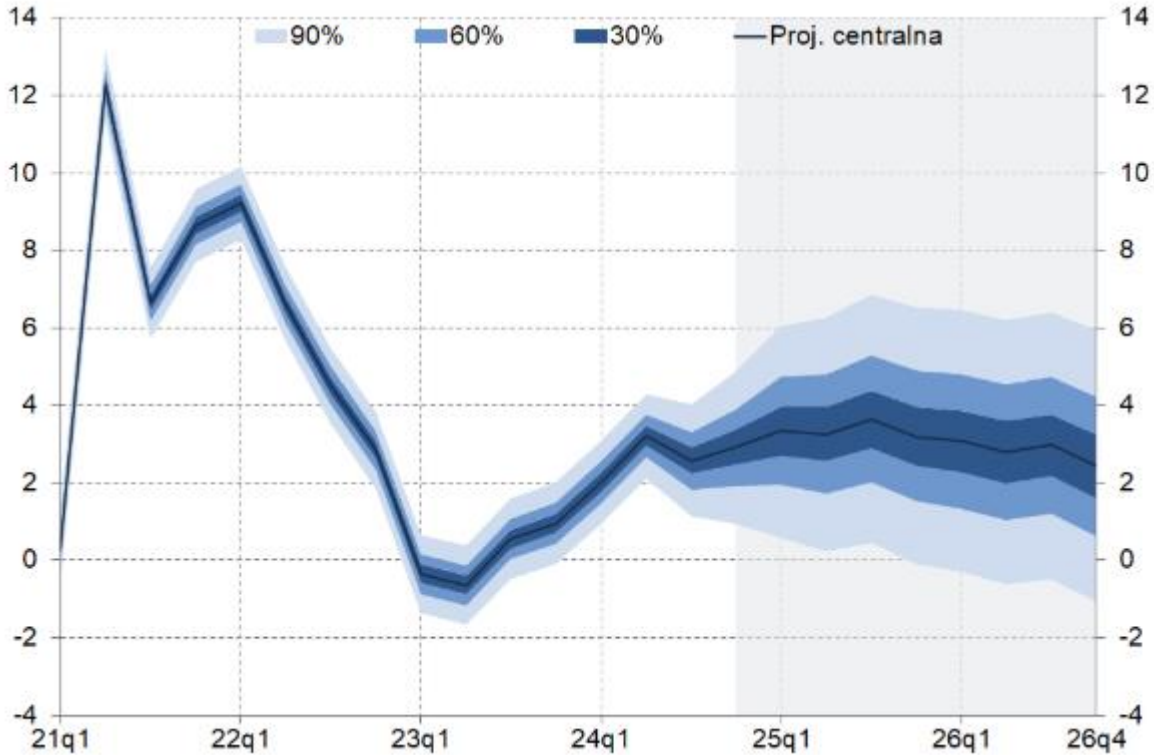
Polish (original)	English (translation)
I, III	Jan. Mar.
Luka popytowa	Output gap
Inflacja bazowa	Core inflation

Despite being aware of the many challenges posed by rapidly rising inflation, many central banks, including the Fed and the ECB, are opting for interest rate cuts after analysis of the macroeconomic situation, thereby easing the restrictiveness of their monetary policy. However, a reduction in the level of interest rates does not mean that a further reduction in inflationary pressures is abandoned.

There are a number of factors that could allow Poland's monetary policy to become less restrictive, according to the economists at the country's main banks. These include the existence of a negative output gap from the second quarter of 2023 onwards, which is an indication of under-utilised capacity in the country and low inflationary pressures. In addition, wage growth rate in real terms will be stabilised by decisions to reduce the growth rate of the minimum wage and public sector wage increases.

In addition, Poland was subject to an excessive deficit procedure in mid-2010 with a general government deficit of 5.1% of GDP (the prudential threshold is 3%). The breach of the 3% of GDP threshold led to the presentation by the government of a medium-term plan for the reduction of the deficit level over a four-year time horizon. Poland's fiscal policy will be significantly affected by the excessive deficit procedure.

GDP projection (y/y %)



Source: Inflation Report - November 2024, National Bank of Poland

Key:

Proj. centralna = Central projection

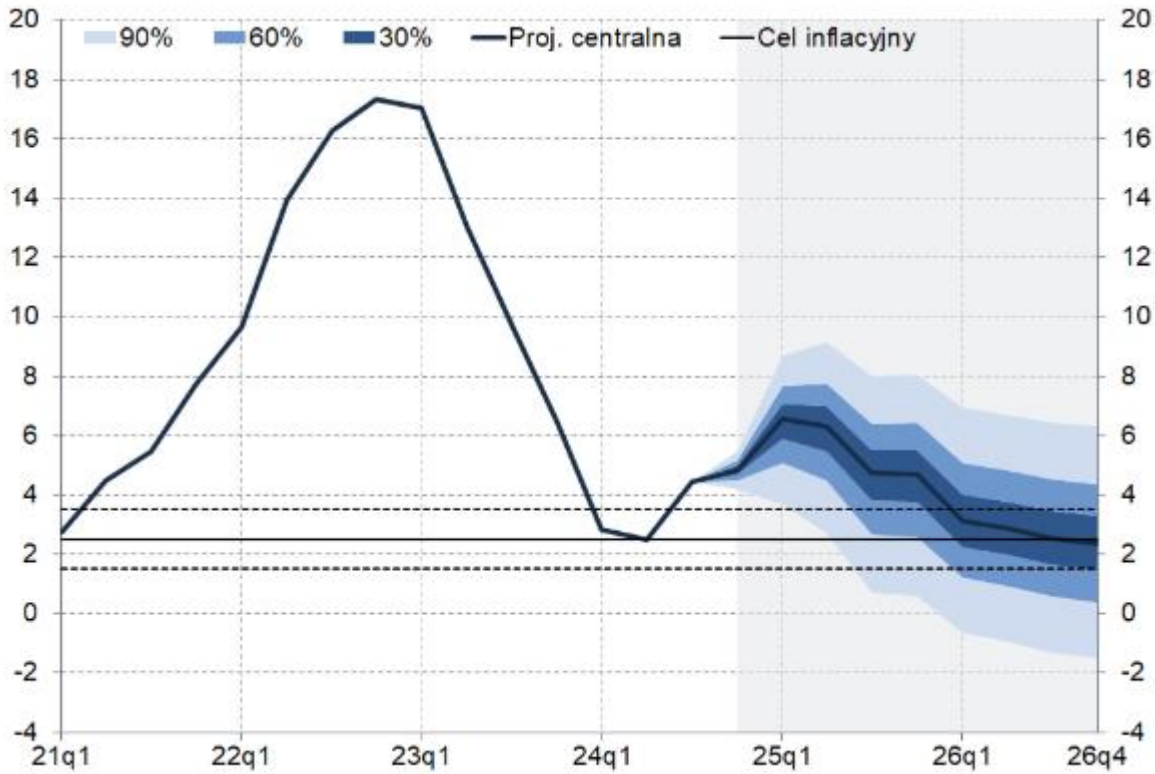
The primary driver of the Polish economy in 2024 was the strengthening of consumer demand, driven by an increase in household consumption as a result of high wage growth in real terms, according to the Statistics Poland data. Poland's economy is expected to grow by around 3% in 2025, with consumption and investment being the main drivers of growth, according to the NBP's forecasts. In addition, in accordance with the law, the household energy price guarantee has been maintained from 1 January 2025 to 30 September 2025, which will have a positive impact on households' disposable income in the first three quarters and thus on consumption or savings levels. However, once the law expires, households' disposable income may fall. This could translate into lower economic growth.

The increase in investment growth rate will be supported by the inflow of EU funds from the National Recovery and Resilience Plan and the launch of the new financing perspective. However, the uncertain geopolitical situation, persistently high interest rates and the high cost of labour in the country may limit private investment. An additional challenge for Poland is the need for the implementation of artificial intelligence (AI) solutions in market players. Poland is at the bottom of the hierarchy of EU countries in this area, with no competitive advantage. The implementation of AI solutions would reduce the cost of manufacturing products, which could have the effect of lowering the final price. In addition, the demographic problem, which will be one of Poland's biggest challenges, could be partially solved by automating processes.

Foreign trade is expected to have a negative impact on Poland's economic growth, as the economic recovery in the European Union is unclear. In addition, a fading out of the inventory reduction trend, which has had a strong negative impact on GDP growth rate since the beginning of 2023, can be observed. Inventory accumulation will have a strong positive impact on GDP growth rate in both 2025 and 2026, according to the National Bank of Poland's forecasts.

The assumption that interest rates, including the reference rate of 5.75%, will remain unchanged constrains Poland's projected GDP growth. Looking ahead over the next eight quarters, this will limit economic growth to 3% as a result of the planned reduction in consumption growth and the continuation of high savings rates.

CPI projection (y/y %)



Source: Inflation Report - November 2024, National Bank of Poland

Key:

Proj. centralna = Central projection

Cel inflacyjny = Inflation target

The National Bank of Poland's CPI inflation projection shows that the first two quarters of 2024 were characterised by a decline in the CPI reading from last year's high levels, in line with the inflation target set by the Monetary Policy Council (MPC). In the second half of the year, however, prices started to rise and have continued to exceed the target since July. The main reasons for this phenomenon are mainly attributed to the gradual dismantling of the protective measures hitherto in place, such as the protection of households from the effects of the strong rise in global commodity and food prices. In addition, the price hikes was supported by unfavourable weather conditions and the prevailing drought, which has a direct impact on food prices.

Looking also at the trajectory of changes in core inflation, it is projected to stop declining, reflecting the current recovery in consumer demand, rising labour costs and strong real income growth rate. In long-term time perspective, it is forecast that the drivers of price hikes will be extinguished and CPI inflation rate will return to the limits of the inflation target set by the Monetary Policy Council. The Household Energy Price Freeze Act, which will be in force from 1 January 2025 to 30 September 2025, will have a major impact on the trajectory of price level growth rates. Freezing energy prices will raise incomes of private individuals in real terms, which could lead to enhanced inflationary pressures. By contrast, allowing the Act to expire after the third quarter could have the opposite effect, accelerating disinflation.

The National Bank of Poland claims that the highest risks accompanying the inflation trajectory include the evolution of commodity prices in global markets, the lack of disruption in the supply chain in the face of the war in Ukraine and mounting tensions in the Middle East, as well as the uncertainty of trade relations between China, the European Union and the United States. Internal risk factors include the price hikes of energy carriers and their direct impact on consumption and household consumption. The forward-looking magnitude of wage growth in real terms and its translation into consumption is also not without significance.

1.1.2. Global economic environment

There was a significant reshuffle on the international stage in late 2024 and early 2025. Donald Trump's election victory and swearing in as the 47th President of the United States was the most significant event with the greatest impact on the global economy. In addition, the Republicans achieved power in the Senate and a majority in the House of Representatives. President Donald Trump's main policies are to remove regulations aimed at increasing the sale of electric cars, reinstate no restrictions on the amount of domestic oil and natural gas produced, carry out a mass deportation of illegal immigrants living in the United States, and reduce armed support for Ukraine.

Donald Trump has opted for wide-ranging tariffs. These include 25% on goods from Canada and Mexico and an additional 10% on goods from China. A 25% tariff on goods imported from the European Union, including cars, was also announced by the US President. The response to this could be retaliatory measures from these countries.

An increase in US trade tariffs could fuel stagnant growth in economies around the world. In Europe, Germany would be most affected, particularly the automotive industry. US tariffs would have an impact on Europe not only directly through a reduction in export sales to the US, but also indirectly through reduced business investment and enhanced competition in the European market on the part of China, which would seek to compensate for losses in the US market.

Chinese authorities have launched an antitrust case against Google and put two US companies on a "no-trust list". They have also complained to the World Trade Organisation about Washington's decision. Together with the US decision, this marks the beginning of a new phase in the trade war. Although US tariffs currently stand at 20%, they are being felt and could be significantly increased in the future. This will be detrimental to the Chinese economy. It is now more dependent on exports than at any time in the past two decades. The Middle Kingdom has reacted cautiously so far. However, it has signalled its readiness to take further action if the situation escalates. Both sides have said that they are willing to negotiate a more comprehensive agreement, but a failure to do so could lead to an escalation of the tariff dispute.

In addition, talks between the Donald Trump administration and the Ukrainian authorities have been on-going for some time regarding an agreement for access to Ukrainian mineral and rare earth deposits. The document provides for the creation of an Investment Fund for the Reconstruction of Ukraine, which will be jointly managed by the two countries. Ukraine's commitment to the fund is that 50% of revenues from natural resource extraction will be invested in the country's development. However, it does not contain the security guarantees originally insisted upon by Ukraine. Ukraine has rich deposits of minerals such as titanium, lithium, uranium, graphite and rare earth elements (REEs), which account for about 5% of the global reserves. Part of the \$350bn deposit is currently in areas under Russian occupation. The signing of the document was to take place on 28 February 2025, during the meeting of the presidents at the White House. The divergence of positions revealed at this meeting resulted in document signing postponement or cancellation. The meeting caused a cooling of relations between the two states and uncertainty over Washington's continued support for Kyiv.

Within the European Union, there has also been a change of authorities. In Germany, the government collapsed after Chancellor Olaf Scholz (SPD) dismissed Finance Minister Christian Lindner (FDP) and called early elections. The election took place on 23 February 2025 and was a victory for the CDU/CSU party. The second highest scoring party was the right-wing AfD. The former ruling party SPD's result was very negative. A CDU/CSU-SPD coalition led by Friedrich Merz is the most likely outcome.

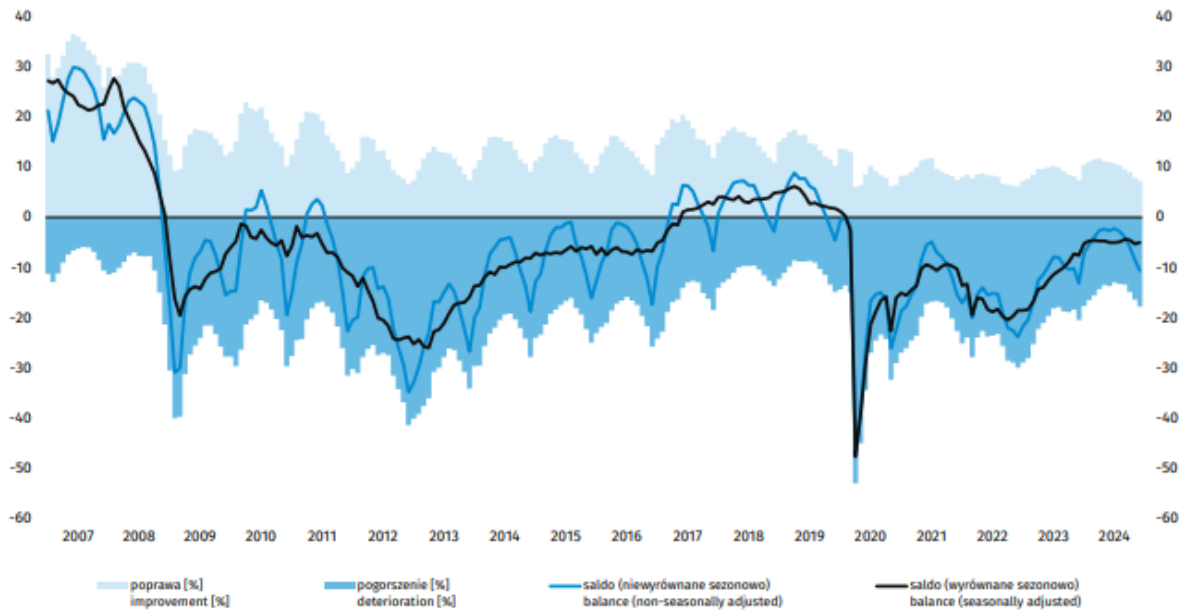
The German economy has long struggled with an unfavourable economic climate. The three main industrial sectors - automotive, chemicals and machinery - are in crisis. Industrial output is down, investment is falling and GDP is declining for the second year in a row. There are also problems in the automotive sector, which used to be the engine of national economic growth. Foreign investment is on the decline and the German economy is forecast to grow by only 0.8% in 2025, which is one of the lowest growth rates among developed economies. Investors are withdrawing capital from the German market, which has a negative impact on the economic outlook. The EU, of which Germany is the largest economy, is entering a period of stagnation following the energy shock, forcing Member States to seek new development models. In 2024, activity in the industrial and construction sectors will be low, and the 2025 forecasts indicate weak GDP growth in the Eurozone.

In the event of the formation of a new CDU/CSU government, its priorities could be economic recovery, migration policy and security issues. Economically, the party promises deregulation, support for industry, lower energy prices and enhanced investment in R&D. In foreign policy, a Merz government might seek greater independence from the US, closer cooperation with France and Britain, and a stronger German position in the EU, including by developing a common arms market. With the CDU/CSU focusing on renewables, gas and reducing the cost of energy transition, no fundamental changes in climate policy are expected.

1.2. Condition of the construction sector in Poland

The report titled Business Climate in Manufacturing, Construction, Trade and Services in 2000-2024), published by the Statistics Poland in December 2024, shows that the general business climate indicator remains negative for most areas of the Polish economy. Entities operating in the information and communication, as well as finance and insurance segments of the economy have a positive view of the situation.

Business climate index in the construction sector

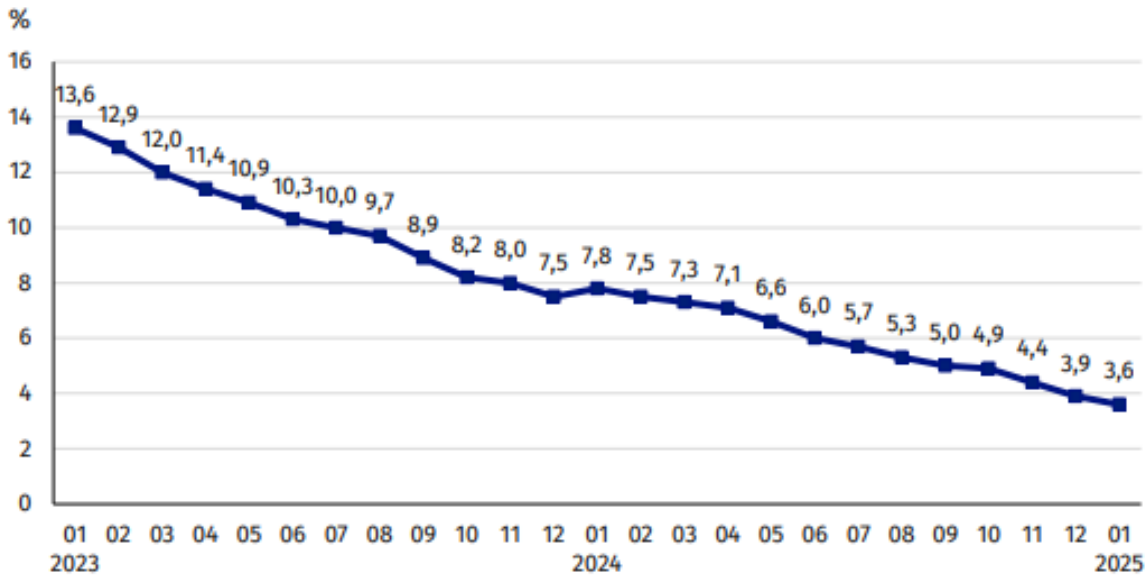


Source: Statistics Poland, Business cycle in manufacturing, construction sector, trade and services 2000-2024, January 2024.

The most negative assessment of the business climate is for manufacturing sector (minus 13.0) and construction sector (minus 10.6). Compared to the same period last year, when the business climate index stood at minus 14.4 and minus 13.2 respectively, both the manufacturing and the construction sectors recorded a slight increase in the level of the business climate index. Companies in the manufacturing segment reporting barriers most often point to employment costs, high budgetary burdens and uncertainty about the overall economic environment and insufficient demand in the domestic market. The construction industry, on the other hand, is clearly dominated by cost concerns. These include the cost of labour and materials, and the heavy burden on budgets.

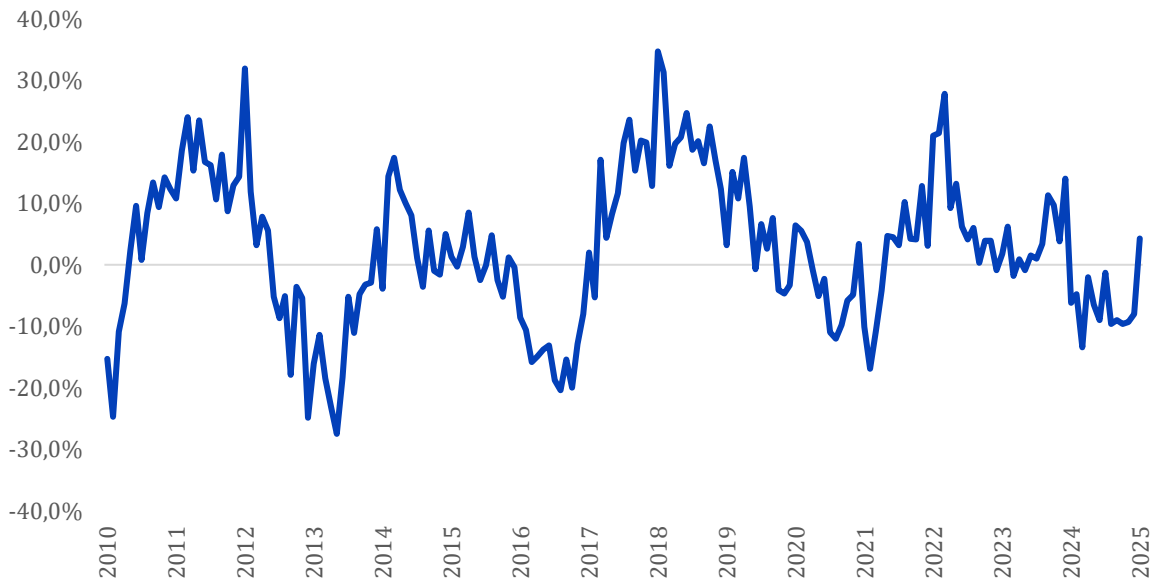
According to preliminary data from the Statistics Poland, in January 2025, the prices of construction and assembly output were down by 3.6% compared to the same month of the previous year. In comparison with January 2024, prices were raised for civil engineering and special trades (by 3.7%) as well as for building construction (by 3.5%). Since October 2022, there has been a declining trend in the annual price growth rate of construction and assembly output.

Construction and assembly output price indices



Source: Statistics Poland, Construction and assembly output price indices - changes in construction and assembly output prices in 2023-2024 compared to the same period in the previous year

Construction and assembly output growth rate



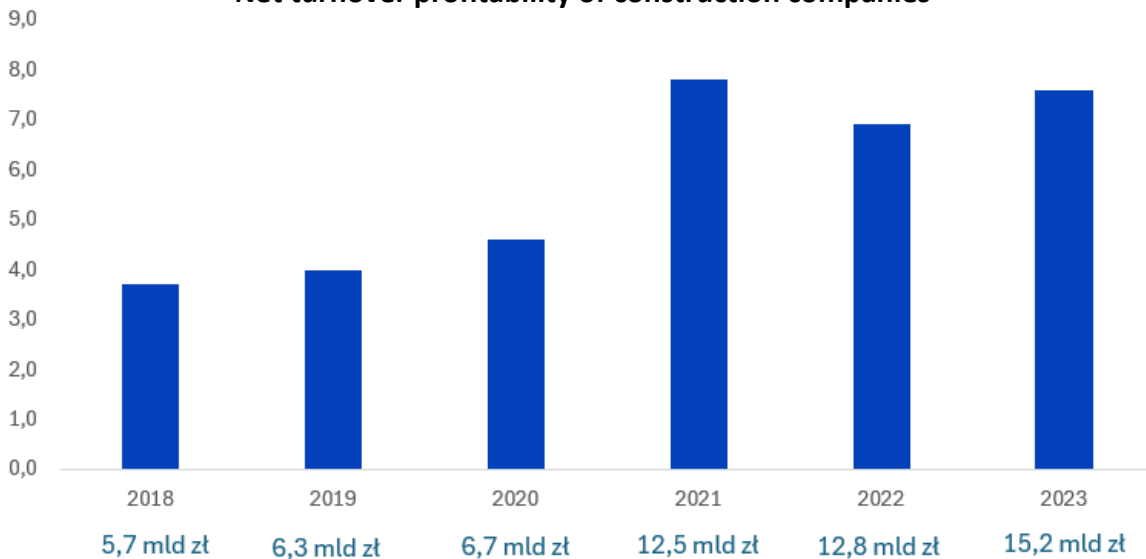
Source: Statistics Poland, Construction and assembly output growth rate - changes in construction and assembly output from 2010 to 2024 compared to the same period in the previous year

The construction sector is characterised by a high degree of sensitivity to changes in the economic climate, which is mainly driven by the investment cycles of the Polish economy. Investment in Poland is carried out by both the public sector and the private sector. Gross fixed capital formation is mainly dependent on the inflow of EU funds, while investment by the private sector is dependent on the financial health of the market players. At the end of 2023, mainly due to the completion of projects from the previous European Union funding perspective, a temporary

increase in the growth rate of construction and assembly production was observed. In contrast, mainly reflecting a weakening of the level of investment in the economy, construction output is in a downward phase in 2024.

The slowdown in the construction sector is taking place in many EU countries, including Finland, Sweden, Hungary, the Czech Republic and Estonia. The EU's two largest construction markets, Germany and France, also underperformed in 2022. High interest rates, which have a negative impact on the level of investment in the economy, are the main reason for this.

Net turnover profitability of construction companies



Net profit of construction companies

Source: Statistics Poland, as cited in Bank Pekao

Key:
mld zł = PLN bn

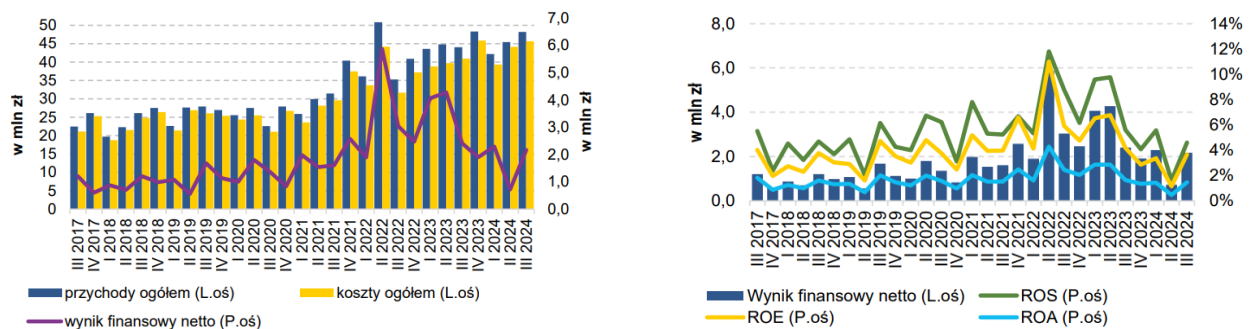
As can be seen, the profits of construction enterprises were not adversely affected by the weak growth rate of construction and assembly production. The reasons for this phenomenon are mainly to be found in the slowdown in price hikes for construction materials, while construction prices remain stable. Civil engineering, particularly industrial infrastructure, roads, railways and transmission networks, will see strong growth in output in 2024. More than double the increase, linked to the election year and the acceleration of EU spending, was in local government investment, such as sports facilities as well as water and sanitation management. The only declines were in the modernisation of airports and in the hydro-engineering sector. The building construction sector was characterised by a downturn. Most segments - residential, logistics/warehousing and offices - recorded single-digit growth or declines. The exceptions were the utilities sector as well as the retail and services sector, which saw solid growth due to investment by local government.

The year 2024 was marked by a decline in construction and assembly output. Furthermore, the extent of the rebound in this segment will depend largely on interest rates and the funds provided by the National Recovery Programme, whereas an earlier start to reducing interest rates could lead to a faster recovery in the industry. In the longer term, supported by record funding from the European Union, infrastructure projects are expected to provide more favourable times for the sector. Pekao Bank analysts predict that, driven by the needs of Poles, the regular increase in purchasing power and the migration of young people to the cities, the residential segment will see strong growth until 2030.

A high risk is the high probability of a significant increase in the price of construction materials in response to increased demand as a result of the sudden boost to the economy from the influx of EU funds and the short time frame for their use. Another risk associated with the growth of the construction sector is the increasing demand for labour. The supply of labour is currently very limited. In the face of sudden increases in demand, EU climate regulations and high prices, competition for a limited labour pool and thus pressure from rising labour costs can lead to an increase in the price of building materials.

In Q3 2024, the condition of the building construction industry deteriorated due to high interest rates on loans, rising operational costs and delays in the settlement of accounts. Larger companies reported that costs (12% compared to the previous year) grew faster than revenues (9% compared to the previous year), resulting in a 10% fall in net profit. The profitability of sales levelled off and the margin fell to 4.6%. There was an improvement in the asset structure as a result of an increase in the number of construction project starts and a reduction in the length of debt collection period. Liquidity declined. The share of enterprises with liquidity problems went up to 22.6%. Smaller companies improved their net financial result by 8% due to a reduction in third-party service costs, despite a 14% decline in sales. Their liquidity and indebtedness ratios have improved, and the equity ratio has gone up to 60%. In the first three quarters of 2024, the number of small construction enterprises registered in the National Business Register fell by 2.3%.

Economic indicators of building construction companies with the headcount exceeding 49 workers



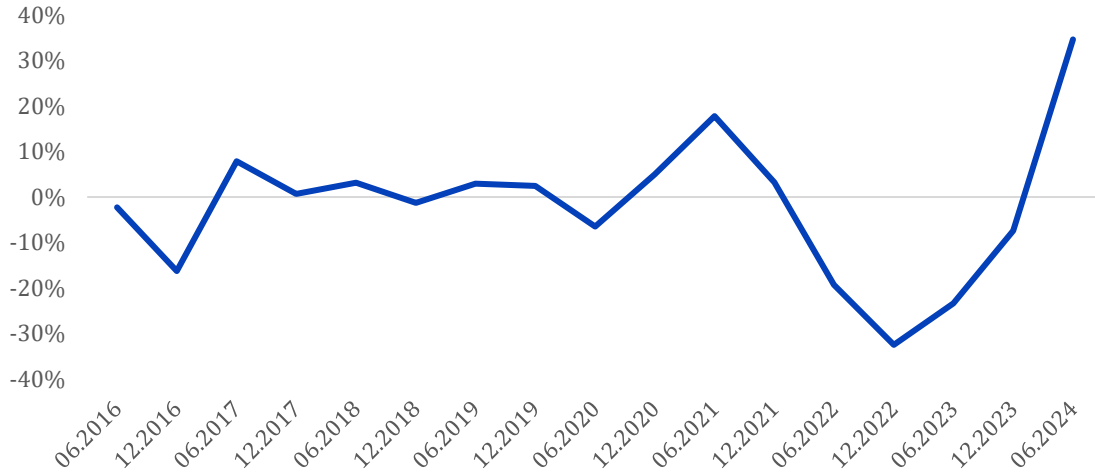
Source: National Bank of Poland

Key:

Polish (original)	English (translation)
Przychody ogółem (L. oś)	Total revenues (left axis)
Koszty ogółem (L. oś)	Total costs (left axis)
Wynik finansowy netto (Prawa oś)	Net financial result (right axis)
Wynik finansowy netto (Lewa oś)	Net financial result (left axis)
ROE (P oś)	ROE (right axis)
ROS (P oś)	ROS (right axis)
ROA (P oś)	ROA (right axis)

According to data provided by the Construction Site Inspection Office in its semi-annual reports, there was a marked decrease in the dynamics of the number of building permits issued in 2022. However, when analysing the data on a year-on-year basis, this trend has changed in the first half of 2024. However, the number of permits issued is still significantly lower than in the record years of 2020-2021.

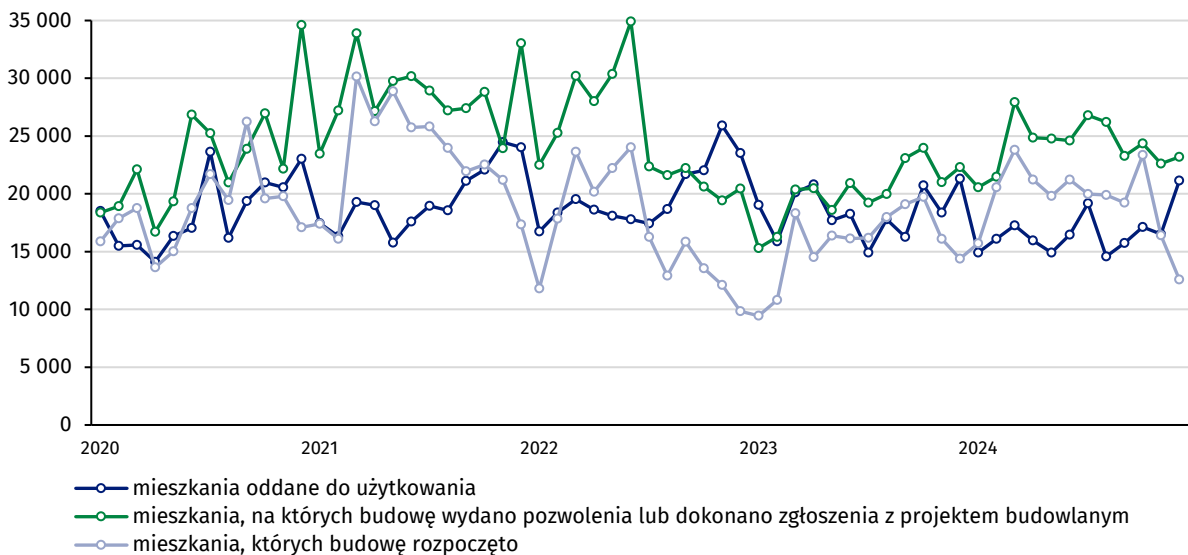
Number of building structures with building permits issued (q/q%)



Source: General Office of Construction Supervision.

A decrease in the number of building permits was recorded in all reported categories from Q1 2021, and this trend continued until the end of 2022. In contrast, the number of building permits for the construction of multi-family dwellings and collective housing, hotels and tourist accommodation were up by 35% (+22.5 thousand) in Q1 2024 compared with the same period in the previous year. However, the number of building permits issued has not yet translated into the number of buildings commissioned. According to Statistics Poland data, the number of housing units commissioned in January-July 2024 is down compared to the same period of the previous year. However, the number of building permits and new construction projects is up compared to January-July 2023. (However, the effect of a low base, which applies in this case, has to be taken into account).

Number of housing units commissioned and under construction



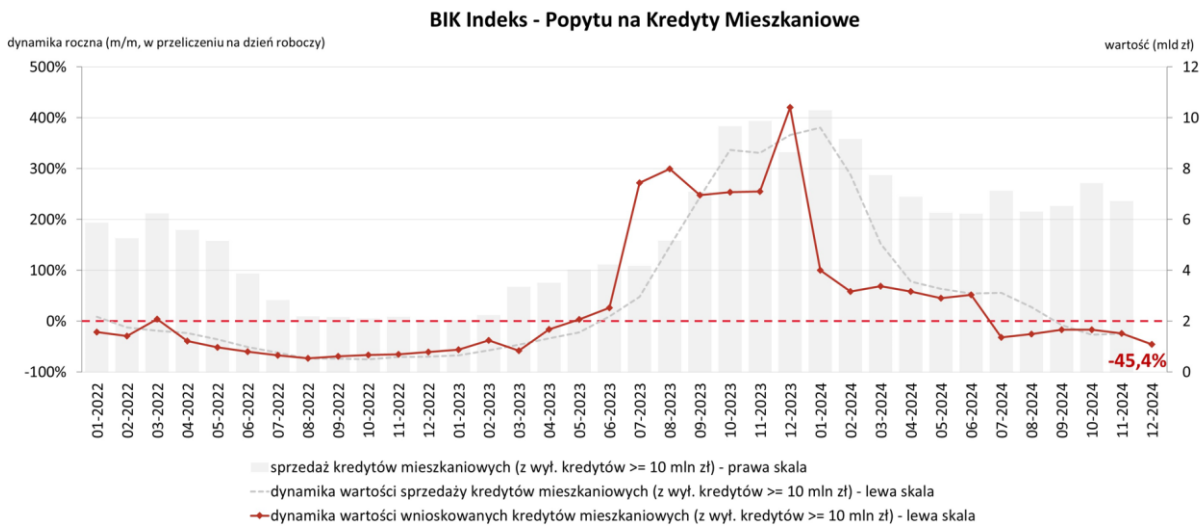
Source: Statistics Poland, housing construction Jan. - Dec. 2024

Key:

Polish (original)	English (translation)
Mieszkania oddane do użytkowania	Housing units completed
Mieszkania na których budowę wydano pozwolenia lub dokonano zgłoszenia z projektem budowlanym	Housing units holding permits issued or notified along with a building permit design
Mieszkania których budowę rozpoczęto	Housing units with construction started

Since the onset of 2023, there has been a clear growing interest in real property in parallel to the limited access to it. The availability of housing units in the market has declined significantly, and the number of apartments under construction remains low, mainly due to higher sales compared to the commercial offer replenishment by developers. Financing of housing purchases is largely based on own funds (about 76% of the total value), but in Q3 2023 there is also a noticeable increase in demand funded with the bank loans. In the same quarter, there was a strong rebound in demand for home loans.

Demand for housing loans



Source: Credit Information Bureau

Key:

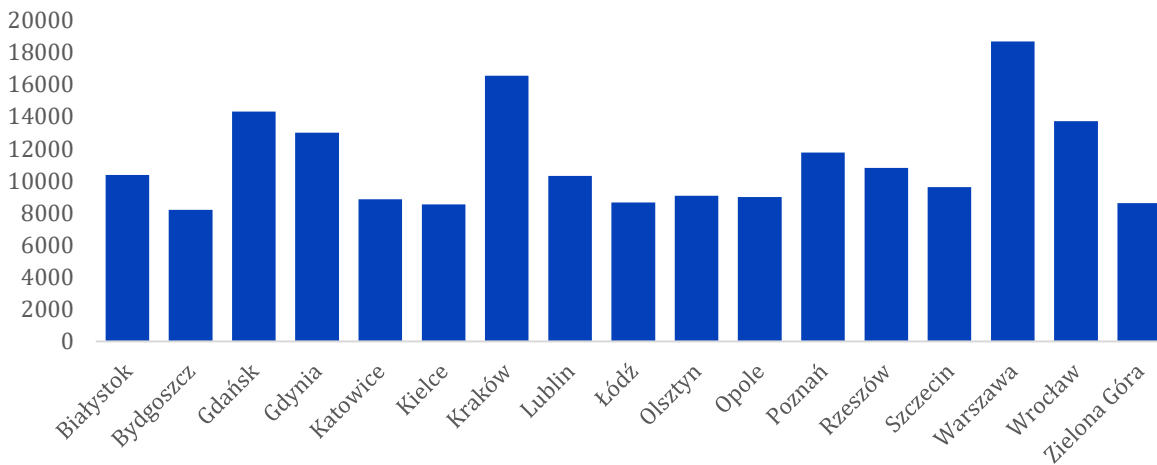
Polish (original)	English (translation)
BIK Indeks – Popytu na Kredyty mieszkaniowe	BIK Index – Demand for housing loans
Dynamika roczna (m/m, w przeliczeniu na dzień roboczy)	Annual growth rate (m/m, per working day)
Wartość (mld zł)	Value (PLN bn)
Sprzedaż kredytów mieszkaniowych (z wył. kredytów >= 10 mln zł) prawa skala	Sales of housing loans (excluding loans >= PLN 10 million) right scale
Dynamika wartości sprzedaży kredytów mieszkaniowych (z wył. kredytów >= 10 mln zł) – lewa skala	Growth rate of the value of sales of housing loans (excluding loans >= PLN 10 million) - left scale
Dynamika wartości wnioskowanych kredytów mieszkaniowych (z wył. kredytów >= 10 mln zł) – lewa skala	Growth rate of the value of housing loans applied for (excluding loans >= PLN 10 million) - left scale

The increase in home loan sales was driven primarily by the launch of the "2% Safe Loan" government scheme. However, in 2023, such performance may also have been influenced by, inter alia, the Polish Financial Supervisory Authority's decision to allow a reduction in the prudential buffer, thus increasing the number of borrowers with creditworthiness. However, an increase in demand for loans, and thus for housing units, and a simultaneous decrease on the supply side, have caused housing prices to rise again. In addition, the situation of the supply side in the construction sector is adversely affected by the lack of skilled workers and the dependence of building contractors on foreign workforce. With the country's historically low unemployment rate and a very strong increase in the minimum wage, there will be an inevitable cost increase on the part of employers. The lack of availability of skilled workforce will be most acute for players in the construction sector at a time when private investment is projected to grow and central government investment projects take off, resulting from an influx of National Recovery Plan funds into Poland.

However, as soon as 2024 started, a sharp decline in the growth rate of demand for home loans was recorded by the Credit Information Bureau. Again, this is due to the effect of the high base from the previous year, when the Polish Financial Supervision Authority (PFSA) decided to reduce the prudential buffer and to launch of the “2% Safe Loan” government scheme. An analysis of the monthly data shows that the demand for housing loans is stable. The average loan value is increasing and will reach an all-time high in December 2024.

On the onset of 2024 the government announced the introduction of another “Get ready to start” assistance program, which is expected to take effect in 2025. The increase in building permits and the planning for the introduction of the new assistance program may have a positive impact on Gross Domestic Product in 2025- 2026. However, this idea has been replaced by the "2025 First Keys" government scheme. One of the main provisions of the government's scheme, presented in February 2025, is that the scheme will only include support for the purchase of housing in the secondary market. This is intended to reduce the direct flow of money to property developers and the increase in housing prices in the primary market. Prices are capped at PLN 10,000/sq. m (PLN 11,000/sq. m in the largest agglomerations). The prices per square metre in the secondary market in Q4 2024 are as follows:

Price per square metre in major Polish cities

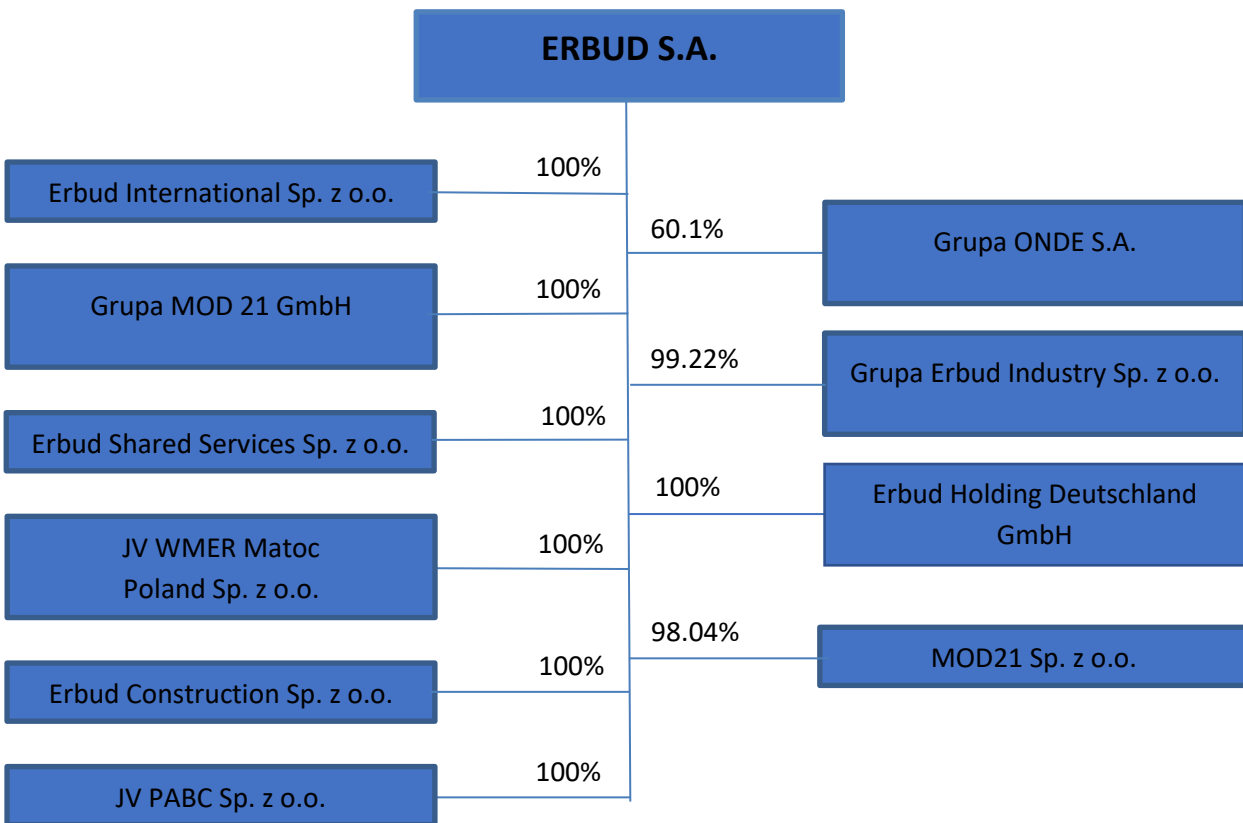


The programme allows the municipalities to set the price level. This is because the price cap differs from the current secondary market prices. The requirement that the seller has owned the home for at least five years and that the buyer has not previously owned the home outright is another pillar of the new "Key to an Apartment" scheme.

2. ERBUD GROUP ACTIVITIES IN 2024

2.1. Capital Group Structure

As of 26 March 2025, i.e., the date of the Management Board's approval of this Report, the ERBUD Group organisational structure was as follows:



Due to marginal significance, ERBUD Construction Sp. z o.o. and the associated entity Toruńska Sportowa S.A. in liquidation were excluded from the consolidated financial statements.

Compared to 6 November 2024, i.e. the date of publication of the ERBUD Group's interim financial statements drawn up as of 30 September 2024, the following changes were recorded in the Group:

On 22 November 2024, ERBUD S.A. sold all its shares in Sanssouci Karpacz Sp. z o.o.. The sales transaction was held at the par price of the share and had no impact on the result. ERBUD S.A. had a controlling interest in the company. This was due to loans granted by ERBUD S.A.

On 23 December 2024, a share sale agreement was concluded under which WOLFF & MÜLLER Government Services GmbH & Co. KG sold its shares in the company's share capital to ERBUD S.A. As of 23 December 2024, ERBUD S.A. is the sole shareholder of the company. The transaction has no impact on the ERBUD Group's result.

2.2. ERBUD S.A.

2.2.1. Scope of activities

ERBUD S.A. is a company with a 35-year history operating as a general contractor. ERBUD S.A. carries out projects primarily in the building construction segment, industrial structures, residential buildings, offices, hotels, shopping malls, logistics centres, hospitals, schools or cultural facilities. Thanks to its extensive credentials, ERBUD offers almost all types of construction services for the public and private investor, including the most complex and specialised ones, such as facilities for power sector, chemical industry or waste treatment and management. It has been listed on the WSE since 2007.

Since the onset of 2023, ERBUD S.A. has been operating through three branches with technical offices:

- the Warsaw Branch with technical offices in Szczecin and Rzeszów;
- the Toruń Branch with a technical office in Gdańsk;
- the Wrocław Branch with a technical office in Kraków.

In 2024 Erbud S.A. was subject to an external audit carried out by the Quality Certification Centre to check the compliance with the standards effective at Erbud S.A.:

- ISO9001:2015, AQAP 2110:2016 – quality management,
- ISO14001:2015– environmental management,
- ISO 45001:2018 – OH&S management.

and to check the compliance with Regulation (EC) No. 1221/2009 of the European Parliament and of the Council, as amended - EMAS The environmental verifier, on the basis of the signed environmental declaration for 2023, declared that the verification and validation were carried out in full compliance with the requirements of EU Regulation 1221/2009 as amended.

There is no evidence of non-compliance with applicable environmental legislation, as confirmed by the results of the verification and validation.

A fair, credible and accurate picture of the company is provided by the data and information contained in the updated environmental statement.

Each area driven by both normative and internal regulations has been thoroughly verified.

Once again, auditors found no inconsistencies. No area for improvement was indicated.

The Audit Report highlights 10 strengths driven by the operation of the Integrated Management System (IMS) in the organization:

1. Further expansion of the application of the HYDRA tool, e.g. for the collection of data from internal audits and the management of non-conformities and improvement activities, environmental as well as health and safety communication.
2. Design and supervision of construction projects (District Court in Katowice, Port of Zabłocie in Kraków, AWF in Warsaw, Sports and Entertainment Hall on the premises of the Air Force Military Academy in Dęblin).
3. Change management - full implementation of activities related to the amendment of the Occupational Health and Safety Ordinance for workstations with display screen equipment.
4. Management of occupational and other risks in the area of occupational health and safety management system.
5. Supervision over subcontractors.
6. High effectiveness of internal audits performed and corrective actions taken.
7. Monitoring of IMS process effectiveness.

In September 2024, internal auditors of ERBUD S.A. IMS (Quality, Environment and Occupational Health and Safety) received specialised training on ISO 19443:2018 Quality Management System (Detailed requirements for the application of ISO 9001:2015 by nuclear sector supply chain organisations providing products and services important for nuclear safety). As a result of the findings, the requirements of the above standard have been incorporated into the provisions of the new IMS documentation (edition VIII of 1 January 2025).

An external audit of ERBUD S.A. is scheduled for June 2025, which will be able to confirm the Company's readiness for performance of contracts comprising these special nuclear safety requirements.

ERBUD SA's subsidiaries have also implemented Integrated Management Systems (IMS), which are maintained and subject to third party audits on annual basis, run by accredited certification bodies:

- ONDE S.A. is audited for compliance with ISO 14001:2015, ISO 45001:2018 and Regulation (EC) No. 1221/2009 of the European Parliament and of the Council, as amended - EMAS
- ERBUD Industry Centrum Sp. z o.o. is audited for compliance with ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards.

In 2023 this group was joined by MOD21. In July 2024, TÜV NORD Polska once again confirmed compliance with the requirements of the three basic standards: ISO 9001:2015, ISO 45001:2024 and ISO 14001:2015.

The external auditors found no non-compliance. However, they identified the following areas for improvement:

1. Potential for improvement in terms of analysis and measures required in case of missed deadlines.
2. Potential to improve completeness of identification labels
3. Areas for improvement in internal audit planning
4. Potential for improving records used to evaluate training effectiveness - HR
5. Potential for proposing water-saving, energy-saving solutions to investors, especially in public buildings - Design
6. Waste segregation potential in production - Production.

The following strengths of the organisation were also highlighted:

1. Management commitment, especially of the IMS representative, to the development and improvement of the management system.
2. Purchase of defibrillators

In addition, MOD21 Sp. z o.o. was granted two key certificates by the German certification body BMF Cert GmbH:

- **Übereinstimmungszertifikat** - Certificate of conformity with German building supervision regulations and standards in Germany, the so-called Ü Mark, and

- **Ral Gütezeichen - RAL-GZ 421** - Quality seal certified by the German Institute for Quality and Marking RAL

In 2024, we again successfully underwent verification of the EMAS eco-management and audit system at two of our companies, namely ERBUD S.A. and ONDE S.A. As a result of these audits, we published environmental declarations available on the website of individual companies, but also published on the website of the General Directorate of Environmental Protection: <https://www.gov.pl/web/gdos/rejestr-emas> and on the European Commission website <https://webgate.ec.europa.eu/emas2/public/registration/list>.

The year 2024 will also see further improvements in implementing the Vertical Transport Principles on construction sites. In the ERBUD Group, we have introduced mandatory "Driver Awareness" training for users of company vehicles. This is based on a self-learning e-learning platform. The aim of the training is to raise awareness and remind people of the Highway Code. The above regulations were adopted as part of the Polish Construction Safety Alliance.

The ERBUD Group, as every year, as an overriding objective in the field of occupational health and safety has set 0 severe, fatal accidents. In 2024, target has been achieved, we have not recorded a fatal accident.

Standardizing and overseeing processes and how data is collected is one of the major challenges in the Construction Group. The Electronic Application, which was implemented in 2022 is being expanded on an on-going basis. In 2024, the application is already an advanced IT tool adapted to the activities. It is capable of collecting ever increasing data volumes from more and more areas of the Company's business. It also helps to systematise the data in terms of the H&S and axis monitoring processes carried out, the effectiveness of the implementation of the resulting actions, the acquisition of trend data on HS&E irregularity areas. It keeps track of the workforce size on construction sites (including subcontractors), records all incidents on site, manages consumption and monitors implementation. This is related to the acquisition of the right data to identify targets for the years to come, but also to systematize and to streamline reporting processes at a Group level. In addition, as of this year, in a dedicated module, we collect the necessary data (including data from our suppliers) to disclose Scope 3 greenhouse gas emissions (carbon footprint) in compliance with the obligation to report non-financial information.

For many years now we have invariably carried out implementation activities of monitoring processes. We place a very high value on building awareness and culture among employees in the field of Health, Safety and Environment (HSE). On an on-going basis, we carry out a lot of training in relation to our legal obligations, but also dedicated under the specific scopes of work carried out on individual construction sites. Once again, like every year under the umbrella of the Polish Construction Safety Alliance, the entire ERBUD Group actively participated in the Safety Week between 13-17 May 2024. A total of 160 companies, 2,800 employees (own forces and subcontractors) took part in nearly 170 activities on our construction sites. We have also undertaken a number of environmental initiatives.

In 2024, a brand new taxonomy module was added to the Electronic Application. This has allowed us to collect updated data for assessing buildings against the climate change adaptation target.

In 2024 ERBUD held the second edition of the 'Safe Construction Site' competition, the winner was the construction of the 'HBO' ORLEN in Gdańsk carried out by the Toruń Branch.

In the ONDE Competition, the winner was the construction project titled "Construction of the S3 Thoroughfare".

The next, Third Edition of the competition continues in 2025.

In 2024 the existing ERBUD Group Climate Policy was updated.

2.2.2. Contracts signed in 2024

Major building contracts signed by ERBUD S.A. in 2024

Contract Date	Investor	Subject Matter of the Contract	Contract net value
5 Nov. 2024	LC Corp Invest XV Sp. z o.o. Investments S.K.A. with its registered office in Wrocław	Construction of 3 multi-family residential buildings B1, B2, B3 with underground car park facilities as well as technical and road infrastructure under the project titled "CEGLANA PARK" 5. Contract execution site: 40-514 Katowice, ul. Ceglana	PLN 74.9 million
5 Nov. 2024	Hitachi Energy Poland Sp. z o.o. with registered office in Warsaw	Subcontracted construction works, including earthworks, steel and reinforced concrete structures, water supply and sewage networks, earthing, road works, site fencing and noise barriers as part of the construction of a complex of facilities for the extraction of power from the Offshore Wind Farm Bałtyk III - section of onshore connection infrastructure	PLN 89.2 million
15 Oct. 2024	GPI CENTRUM POŁUDNIOWE Sp. z o.o. with its registered office in Warsaw	Construction of a multi-family residential building with service premises (small-format retail B) and built-in garages, including landscaping and infrastructure components in Gwiazdzysta Street in Wrocław.	PLN 75.5 million
11 Oct. 2024	Consortium: Transport Services Company – DOM w Poznaniu Sp. z o.o., ul. Mogileńska 10G, 61-052 Poznań, Alusta S.A., ul. Czerwonacka 1, 61-016 Poznań, „Intop Warszawa” sp. z o.o., ul. Łukasza Drewny 70, 02-968 Warszawa.	Construction services in the building construction segment involving the construction of an administrative and office building with the railway traffic control and management function, with technical equipment, carried out under the task "Works on the City of Poznań ring road"	EUR 110.0 million
8 Oct. 2024	AMW SINEVIA Sp. z o.o. with registered office in Nowy Dwór Mazowiecki	Construction of QRA infrastructure for the F-35 fighter - couple-on-duty house and 4 hangars of semi-heavy type at the Świdwin airfield	PLN 31.1 million

27 Sept. 2024	Karol Marcinkowski Medical University in Poznań.	Redevelopment of the "Aesculapius" dormitory building on "Develop detailed design and build" basis. Arrangement of greenery and construction of required on-site technical infrastructure.	PLN 53.0 million
28 Sept. 2024	Karol Marcinkowski Medical University in Poznań, at Aleksandra Fredry 10, 61-701 Poznań	Redevelopment of the "Aesculapius" dormitory building based on the "Develop detailed design and build" formula.	PLN 53.0 million
24 Sept. 2024	IRP ALPHA Spółka z ograniczoną odpowiedzialnością with registered office in Warsaw	execution of construction works involving the construction of the property located in Wrocław in Kazimierza Bieńkowskiego Street - Multi-family residential building with underground car park facility and service premises, including landscaping and infrastructure components.	PLN 60.6 million
28 Aug. 2024	MENTOR S.A. with registered office in Toruń	Design and construction of an office building with technical infrastructure and land development in Forteczna Street in Toruń.	PLN 72.0 million
28 Aug. 2024	ARCHICOM WROCLAW 3 SP. Z O.O. with its registered office in Wrocław	Multi-family residential building with services and underground car park facility Contract execution site: Warsaw, ul. Ciszewskiego	PLN 64.2 million
19 Jul. 2024	Hitachi Energy Poland Sp. z o.o. with registered office in Warsaw	Subcontracted construction works, including earthworks, steel and reinforced concrete structures, water supply and sewage networks, earthing, road works, site fencing and noise barriers as part of the construction of a complex of facilities for the extraction of power from the Offshore Wind Farm Bałtyk III - section of onshore connection infrastructure	PLN 91.8 million
7 Jun. 2024	INSTITUTE OF NATIONAL REMEMBRANCE, COMMISSION FOR THE PROSECUTION OF CRIMES AGAINST THE POLISH NATION with its registered office in Warsaw	Based on the "Design and Build" formula the execution of the project titled: "Branch Office of the Institute of National Remembrance in the City of Kraków"	PLN 73.0 million
21 May 2024	BOUYGUES IMMOBILIER POLSKA Sp. z o.o.	Construction of a residential building and a hotel building in 48 Siennicka Street in Warsaw.	PLN 47.9 million
27 Mar. 2024	Warsaw University of Life Sciences	Construction of a laboratory and teaching facility with technical back-up facilities, associated infrastructure, media connections, passageways and	PLN 93.8 million

		land development for the Innovative Centre for Nutritional Sciences of the Warsaw University of Life Sciences	
26 Mar. 2024	Develia Wrocław S.A. with its registered office in Wrocław.	Construction of two multi-family residential buildings with service premises on the ground floor, with two-storey underground car park facilities, landscaping and technical infrastructure	PLN 118.0 million
22 Feb. 2024	Baltic Towers Sp. z o.o.	Design and construction of a tower production hall for offshore wind energy (OWE) on Ostrów Island in Gdańsk	PLN 358.4 million
29 Jan. 2024	TRUDO Sp. z o.o. with its registered office in Wrocław	“New Promenades Phase IA”, involving the construction of a complex of two multi-family residential buildings with services on the ground floor and an underground car park facility and the necessary technical infrastructure, marked in the design documentation as buildings A1 and A2, with internal and external technical infrastructure and the land development and buried infrastructure, including small architecture and greenery, accompanying buildings, as well as the passageway system, in Czesław Miłosz Street in Wrocław.	PLN 56.3 million

2.2.3. Major executed projects

Major projects executed by ERBUD S.A. in 2024 will certainly include the construction of a production hall for offshore wind towers, civil work on specialized foundations for technological equipment for Lotos oil company, the installation of prefabricated structures, external networks with ducts and a complete technical building, the Centre for Innovative Space for Warsaw School of Economics (WSE) in Warsaw; many facilities in the residential segment; the Camerimage film studio in Toruń, many public facilities and projects for the military.

ERBUD S.A. also provides construction services abroad, mainly in the Belgium and Holland markets. The Company operates abroad as a subcontractor, mainly for building shells.

In 2024, the total revenues in value terms from foreign construction projects amounted to PLN 19.6 million. In 2023, the foreign revenues totalled PLN 18.5 million in value terms.

2.2.4. 2025 Goals

In 2024 a decline was recorded in the construction and assembly output segment in every month compared to the same period in 2023. A major slump of 13.3% y/y was recorded in March. In total, more than 145,400 housing units were commissioned in the nine months of 2024, down by 9.6% compared to the same period of the previous year. The new government's revision of programmes is causing uncertainty among construction companies about the continuity of investment, as the launch of new tenders has slowed down.

The onset of 2025 saw the announcement of major public investments. Expenditure under the National Railway Programme is expected to reach PLN 40bn between 2025-2027. PLN 75 billion is planned to be spent on the national road system between 2025 and 2028. The announcement of such investments brings much optimism. On top of this, there is the expenditure on armament of Poland. According to PMR analysts, the construction market will grow by around 3% in 2025. It will reach a value of PLN 394.2 billion. By 2026, however, it could exceed PLN 400 billion for the first time in history, which would mean that its share of GDP would again exceed 10%.

In the context of the announced "curse of abundance", the most important thing for ERBUD Group managers is to deliver projects at a fair profitability. Historically speaking, we know that every construction boom in Poland has ended with casualties such as bankrupt construction companies. The construction market is marked by high inertia. The contracts we calculate today will not be executed for 6-8 months. In the case of contracts performed on the "Design-Build" basis, this period is considerably longer. In view of this specific nature, we try to anticipate this risk by selecting contracts with relatively short lead times (up to 18 months). The area of interest is mainly industry-related investment, so-called on-shore projects for off-shore investments and defence investments.

2.3. ERBUD International Sp. z o. o.

2.3.1. Scope of activities

In the period from 15 March 2022 to the Report Date, the Company's Management Board consisted of:

- Mirosław Młynarski – President of the Management Board
- Bogdan Dürr – Vice-President of the Management Board
- Krzysztof Gawel – Vice-President of the Management Board

2.3.2. Market environment

Strong development of domestic public investment

In 2024, Poland's construction market, including general contracting, remained dynamic despite some challenges. The market proved resilient and investors remained committed to construction projects, recognising their long-term potential, even though the sector had to contend with rising material costs and difficulties in finding labour. Moreover, especially in the context of increased demand for general contracting services for the construction of public facilities, the future of the sector looks very promising for 2025 and 2026. Investment in this category, including hospitals, dormitories, schools, offices and sports and cultural centres, will be an important area of activity for contractors.

- Hospitals and healthcare infrastructure:

Poland is facing the need for modernisation and expansion of its healthcare system, including the construction of new hospitals, clinics and specialist medical facilities. Hospital construction and upgrading projects, particularly in smaller towns and rural areas where the availability of medical services is limited, are expected to increase. In addition, new hospital facilities will be built and existing ones renovated through the implementation of projects under health programmes and EU funds. This type of investment will require high-tech facilities that can only be implemented by experienced contractors. In addition, healthcare facilities need to be upgraded or new infrastructure built over time, as the theoretical life cycle of a healthcare facility is 20-25 years.

- Education and dormitories:

Investment in educational buildings such as colleges, dormitories, laboratories and research centres will also be on the rise in the next few years. Projects in this area will be encouraged by the growing number of students and the increasing demand for educational space. Major universities in university towns have plans for new teaching facilities, laboratories and dormitories that will be both functional and comfortable. General contractors will be responsible for such projects. They will be characterised by a modern approach to building solutions, which will provide an opportunity for new developments using modular timber structures.

- Sports and leisure centres:

There is also a growing demand for investment in the construction of modern sports and leisure facilities in Poland, both locally and centrally. Over the next few years, the government and local authorities will be investing in building gyms, stadia, swimming pools and fitness centres. These projects will be important because they respond to the needs of local communities, particularly in medium-sized cities. For general contractors, this will be an opportunity for the construction of large cubic capacity facilities that are state of the art in terms of architectural and engineering solutions. The Company also sees great potential in using timber-based modular structures.

- Arts and culture-related investments:

Investment in cultural facilities such as theatres, museums, galleries and conference centres is becoming increasingly important in Poland. Unique building designs requiring special structural and architectural solutions are required to design and build such facilities. Especially in large cities that want to become centres of culture and tourism, this type of investment will continue to grow. General contractors who specialise in the construction of these types of facilities will have the opportunity to take part in prestigious projects.

The next few years look set to be a very promising time for the general contracting sector, particularly in the area of public buildings. There will be many opportunities for construction companies with increased investment in hospitals, educational facilities, sports centres, administrative buildings and cultural facilities. In the delivery of large-scale projects to meet growing social and infrastructure needs, general contractors will play a key role. The sector has a solid foundation for further growth and success in the coming years thanks to the development of public investment, support from EU funds and the growing emphasis on quality and sustainable construction.

Construction market in Belgium

With a wide range of projects in both the public and private sectors, the construction market in Belgium is one of the most developed in Europe. A number of specific trends and challenges are emerging in Belgium in the context of in-house 'shell' construction (i.e. work that includes the construction of the building's load-bearing structure, walls, ceilings, roof and basic services), in which the company specialises.

- Strong position of the construction sector:

Belgium is a country where the construction sector is still one of the pillars of the economy. Belgium is a country where the construction sector is still one of the pillars of the economy. The market is also diverse. There are different types of projects in both urban and rural areas. Using the extensive experience gained in the Polish market, the Company is examining an option of participating in the execution of contracts related to the modernisation of facilities as a subcontractor.

- Trends in “shell” construction:

When partnering with clients in Belgium, the Company chooses to employ its own staff, particularly when carrying out major works, including those involving heavy industry, which allows better control of costs and deadlines. The company has been carrying out construction contracts in this manner for many years and has gained a number of advantages that have contributed to the higher precision and efficiency of its projects. Using our own resources gives us full control over every stage of construction. This has a huge impact on the quality and timeliness of the executed projects.

- Human resources and availability of labour force:

Qualified personnel are required to carry out construction work using our own resources. Particularly in the general construction sector, including shell construction, Belgium is facing a shortage of skilled construction workers. As a result, many companies are recruiting workers from abroad, particularly from Eastern Europe, to address labour shortages.

- Construction standards and regulations:

Belgium has fairly strict building standards and regulations, including those relating to occupational safety and building energy efficiency. In the case of shell construction, contractors must comply with these standards, particularly in relation to load-bearing structures and installations. This requires a great deal of knowledge and experience. Carrying out the work using own resources also means that the client needs to ensure that the legal and technical requirements are complied with, to avoid possible problems during final acceptance.

The construction market in Belgium, and in particular construction of shell using own resources, is characterised by a high level of competitiveness and the development of sustainable construction solutions. The sector faces such challenges as costs, availability of skilled labour and compliance with regulatory standards. However, it is also a market with great potential, particularly for small and medium-sized projects. Using own resources to build allows the Company to exercise greater control over the project, making this segment of the market particularly attractive in the current economic climate..

2.3.3. Projects executed in 2024

Project highlights in 2024 in Poland:

- Improving energy efficiency and harmonising Pavilions I and VIIB of the Mazovian Specialist Health Centre Hospital in Pruszków with the effective legislation.
- Redevelopment of Dormitory No. 1 of the Lublin University of Technology as part of harmonisation to amended fire safety regulations and raising the standard in residential rooms, carried out under a contract awarded by the Lublin University of Technology,
- Purchase, adaptation of premises and installation of a multi-person hyperbaric chamber in Maków Mazowiecki commissioned by the Independent Public Health Care Institution - Complex of Facilities in Maków Mazowiecki,
- Redevelopment of Dormitory No. 4 of the Lublin University of Technology as part of harmonisation to amended fire safety regulations and raising the standard in residential rooms, carried out on "Design & Build" basis under the contract awarded by the Lublin University of Technology,
- Reconstruction of the lecture hall and accompanying rooms in the building of the Faculty of Management and Faculty of Mathematics and Technical Informatics of Lublin University of Technology on the Design&Build basis carried out under the contract awarded by the Lublin University of Technology,
- Redevelopment of a fifteenth-storey building carried out on behalf of the State Treasury - Rzeszów Chamber of Tax Administration, OPGK Rzeszów S.A.

Project highlights in 2024 in Belgium:

- Expansion of the INEOS industrial plant as part of Project One in Antwerp
- Construction of the Rivo Antwerpen residential development - completion of the shell,
- Expansion of a wing of the AZ Groeninge Hospital in Kortrijk - shell execution,
- Expansion of the MABO high school in Brussels - shell execution,

2.4. MOD 21 Sp. z o.o.

2.4.1. Scope of activities

MOD21 Sp. z o.o., with its registered office in Ostaszewo, was established on 23 March 2021 under the ERBUD Group's strategy. The Company's scope of activities is the fabrication of modular timber buildings.

The installation of a second CLT (Cross Laminated Timber) manufacturing line, manufactured by German company Hundegger, including central sawdust extraction, was completed in 2024. On the KVH timber wall manufacturing line, the installation of a new bridge was completed along with a cellulose insulation blowing unit. An investment project was completed, which involved the construction of a 450 kWp photovoltaic farm on the roof of the new facility.

The integrated quality management systems implemented in 2023 were also renewed:

- PN-EN ISO 9001:2015,
- PN-EN ISO 14001:2015,
- PN-ISO 45001:2018.

as well as the RAL-GZ 421 quality mark for the production of prefabricated timber components, covering factory prefabrication of timber panel elements.

At the end of 2024 the headcount level at the Company was 133 people.

The Company's output was approximately 14,000 m² of the planned 22,500 m² in 2024. This is due to the crisis in the German market and - consequently - fewer orders than expected.

2.4.2. Statutory governing bodies

From the date of incorporation until 31 December 2023, the company was represented by a one-man Management Board in the person of Theodor Kaczmarczyk, President of the Management Board. Since 1 January 2024, the Company's Management Board has consisted of two persons, which include:

- Theodor Kaczmarczyk – President of the Management Board,
- Bartosz Wiśniewski – Vice-President of the Management Board.

2.4.3. Projects executed in 2024

In 2024 the Company completed the following projects:

- a kindergarten with an area of 810 m² commissioned by the Reutlingen Municipality;
- a home for people in refugee crisis with an area of 5,069 m² commissioned by the City of Munich
- Montessori school in Strausberg near Berlin with an area of 710 m²;
- a kindergarten with an area of 834 m² commissioned by the Rüdersdorf Municipality near Berlin;
- an after-school centre for the City of Stralsund with an area of 1,780 m²;
- a primary school for the town of Vechelde with an area of 641 m².

The above projects were carried out jointly with a fellow subsidiary MOD21 GmbH.

2.4.4. Major contracts signed in 2024

In 2024 the Company signed the following commercial contracts:

- a home for people in refugee crisis with an area of approximately 5,000 m², commissioned by the City of Munich, contract value approx. PLN 49 million;
- a school with an area of approximately 5,200 m², commissioned by the City of Hannover, the contract value is approximately PLN 58 million;
- a school with an area of approximately 600 m², commissioned by the City of Essen, the contract value is approximately PLN 8 million;
- a home for people in refugee crisis with an area of approximately 3,700 m², commissioned by the City of Munich, contract value approx. PLN 38 million;
- expansion of a school in Münster with an area of approx. 1,200 m², contract value approx. PLN 15 million.

In addition, the Company signed contracts for the construction of a kindergarten for the Municipality of Łysomice near Toruń, with an area of approximately 420 m², the value of the contract is approximately PLN 3.6 million; and already after the close of the financial year, it concluded contracts for the construction of:

- a nursery, commissioned by the Giżycko Municipality with an area of 550 m², contract value approx. PLN 5.7 million;
- a nursery for the City of Kraków with an area of 550 m², contract value approx. PLN 6.1 million;

2.4.5. Opportunities and Threats

According to a report by Bank Pekao S.A., the situation in the construction industry is expected to improve in the coming years, with the main growth driver for the sector once again being infrastructure investment, which is set to gain momentum thanks to a new tranche of EU funding. The long-term outlook for the sector, especially for the second half of this decade, is also optimistic. Another wave of major infrastructure projects, backed by record EU financial assistance, lies ahead. Residential investment, driven by the growing needs of Poles, migration to larger cities, improving purchasing power and normalising interest rates, is also expected to grow until 2030. Other areas of construction, such as warehouses or hotels, may also be affected by the increase.

A major challenge for the sector could be the availability of labour at a time when all segments of the construction sector will be delivering projects simultaneously. This could be after 2025. In recent years, the construction sector has become less attractive as an employer. Salaries are lower than in other sectors. Competition for workers from other industries can lead to strong upward pressure on labour costs.

At the same time, the price of building materials may increase, not only as a result of higher demand, but also as a result of increases in their production costs in connection with adaptation to climate policy requirements and changes in energy costs as part of the energy transition. In spite of these challenges, however, companies should be able to maintain profitability thanks to the prospect of a good level of prosperity by the end of the decade.

The National Reconstruction Plan, which includes a number of funds to support sustainable investments, including energy-efficient and green construction, has been a strong driver for the development of modular timber construction. Modular timber housing projects can benefit from grants, preferential loans and other forms of support. This is particularly the case for projects with low CO₂ emissions and high energy efficiency. Modular timber structures, due to their thermal insulation and energy-saving properties, will have a good chance of receiving financial support from the National Reconstruction Programme funds. A very important factor is the timing of construction projects - funds from the National Reconstruction Programme must be invested and accounted for by August 2026. For investment projects starting in 2025, the only way to complete them is with modular technology.

As a result, the company has set up a quotation department for the Polish market and a project implementation department in Poland, which has led to the conclusion of the first three contracts. In addition, the company aims to acquire contracts worth around PLN 70 million from the Polish market in 2025.

2.5. MOD 21 GmbH (GWI BAUUNTERNEHMUNG GmbH)

2.5.1. Scope of activities

MOD21 GmbH, with its registered office in Düsseldorf, has been a proven expert in the construction sector for many years. It completes projects starting with earthwork and special foundation work to shell building construction, weather-proof coating and turnkey building. As a general contractor, it has been active in the German market since 1993. The most important element of MOD21's philosophy is a noticeable proximity to the client, representing his or her interests at all stages of a construction project.

In 2022, the company launched the process of transforming itself from a service provider in traditional building construction segment to the producer offering modern modular timber buildings.

In 2024, the Company generated a loss, caused by negative events, in particular the flooding of a home for refugees in Munich with rainwater during the period between Christmas and New Year. The Company is currently dealing with the consequences of flooding. Discussions are also underway with insurance companies to seek compensation for the losses. In addition, the company has initiated measures to improve roof manufacturing technology and change the roof insulation system, with the aim of doing as much work as possible in the module prefabrication phase at the plant to avoid such negative events on site in the future.

2.5.2. Statutory governing bodies

Since 1 March 2023, the Management Board of MOD 21 GmbH has been a single-member board, with Mr Theodor Kaczmarczyk being the sole member of the Management Board in the position of President of the Management Board.

2.5.3. Market environment

In 2024, the German construction sector faced a number of challenges that affected its condition. The economic indicators point to a decline in the output of the construction sector, especially in the residential construction sector. The Federation of the German Construction Industry (Hauptverband der Deutschen Bauindustrie) predicts a 3.5 per cent decline in construction sector turnover in 2024. The German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung, DIW) estimates a 5.4 per cent decline in spending on construction services in the residential construction segment.

Rents have risen in all regions of Germany, and **there is currently an estimated shortage of approximately 600,000-700,000 homes**. Rising rents are not surprising in the light of wage growth and inflation, but in some cases rents have doubled - for example, by 108 per cent in the Dahme-Spreewald district of Brandenburg.

Almost twice as much as ten years ago has to be paid for rented accommodation in Berlin (+94%), the district of Ostprignitz-Ruppin in Brandenburg (+92%), the district of Freyung-Grafenau in Bavaria (+87%), Brandenburg (+81%), the district of Dithmarschen in Schleswig-Holstein (+80%) and the district of Barnim in Brandenburg (+79%).

Many building contractors are experiencing financial difficulties due to the rising cost of building materials and higher interest rates. Consequently, the number of corporate insolvencies in Germany rose by 24.3% year-on-year.

2.5.4. Expected Development

Given the dramatic housing situation in Germany, prefabricated construction, including modular construction, is going to be one of the answers. After 2025, it is expected that around 10-15% of new homes will be built using modular timber construction technology. This means around 100,000-150,000 new prefabricated timber homes, and the value of this segment could be around €1-1.5 billion per year.

The number of new building permits has reached its lowest level for years, but is now stabilising. Their number is still very low compared to previous years. In contrast to this trend, there has been a further increase in the share of timber construction in all areas in the first half of 2024. According to the National Statistical Office and Heinze Market Research, the share of timber in the construction of detached and semi-detached houses has gone up to 27.8%, compared to 25.4% in the previous year. In the multi-family dwelling segment, the share of timber construction was up from 6% in the first half of 2023 to 7.5% in the first half of 2024, and in non-residential construction segment from 22.1% to 25.4%.

What was almost unimaginable 20 years ago is now a reality. Multi-storey timber buildings in Building Classes 4 and 5 have increased significantly and still offer great potential. The number of approved class 4 and 5 timber-framed residential buildings has increased steadily over the past decade, according to the Allgemeine Bauzeitung. The research and development efforts of the Holzbau Deutschland Institut also contributed to this. They are the basis for the removal of legal and technical barriers and the further promotion of the acceptance of timber construction so that it is recognised as an equivalent building material.

Demand for detached and semi-detached houses in modular timber technology has gradually been stabilising. There has also been an increase in orders for the modernisation and refurbishment of existing buildings. Energy-efficient renovation and modernisation projects, as well as extending and converting existing buildings, has long been an integral part of the joinery and timber construction industry. They currently account for around 50 per cent of turnover in timber construction segment.

Renovation and modernisation of existing buildings can not only significantly reduce energy demand, but can also significantly reduce climate-damaging emissions. Increased use of timber and other renewable raw materials will further increase the share of climate-friendly construction and reduce the construction industry's contribution to CO₂ emissions. This is an important and necessary step towards German and European climate neutrality.

2.6. ONDE S.A.

2.6.1. Scope of activities

The ONDE Group's main activities are the construction of renewable energy plants and the implementation of its own renewable energy projects, the road-engineering construction projects, other activities and the generation and distribution of renewable energy.

The ONDE Group has an established position on the wind farm construction and photovoltaic market and is positioned as the largest contractor of investments in renewable energy sources in terms of the total volume of completed wind projects in the Polish market. ONDE has more than 400 renewable energy projects in its portfolio. These are either completed or under development. As of 31 December 2024, ONDE has participated in the implementation of more than 4.5 GW of installed capacity, including all wind farms and PV installations completed since the Company's foundation.

The Group currently has a parent company, ONDE, which has extensive experience in the implementation of renewable energy projects and road construction and improvement projects. As of 31 December 2024, the Group also comprised 34 subsidiaries: IDE Projekt Sp. z o.o. (hereinafter referred to as "IDE Projekt"), a studio specialising in design services, ONDE GmbH, established for the purpose of contract acquisition and the execution of construction works and acquisitions of companies operating in the RES segment on the German market, and 32 special purpose vehicles established for the purpose of implementing RES's own projects.

The Group's structure enables the transfer of skills between business areas - experience gained over the years in one area can be used in the implementation of projects in other areas. ONDE also benefits from being part of the ERBUD Group, which has over 30 years of experience in the construction sector in Poland and in foreign markets.

The ONDE Capital Group operates in the following business segments:

- the segment "Construction activities in the Renewable Energy Segment" (hereinafter referred to as "RES Construction"), which is divided into the following areas:
 - execution of contracts for the wind farm sector,
 - execution of contracts for the photovoltaic farm sector,
 - service and maintenance of photovoltaic farms (O&M),
 - sale of subsidiaries with RES projects ready for construction or already built;
- "Road Engineering Construction" segment,
- The 'Other' segment, which comprises other services provided by the Group (sales of aggregates, building materials and ancillary production).
- However, as it does not generate any revenue from the sale of energy at the date of publication of this ONDE Group Management Report 2024 (the "Report"), this segment has not been identified as an operating segment and is not presented separately in the financial statements of the ONDE Group and ONDE S.A. The ONDE Group's "Energy generation and sales" segment will include renewable energy projects built for its own account to generate revenue from the sale of energy.

In 2024, the ONDE executed the following contracts from its own project portfolio:

- On 8 March 2024, the Company concluded share sale agreement for a shareholding in Szybowice sp. z o.o. Wind Farm, which was the owner of a 37.4 MW wind farm, and that it had concluded a major contract for the general and comprehensive construction of the wind farm.
- on 15 March 2024, the Company announced that it had entered into a contract to sell and transfer ownership of 100% shareholding in Czerwona Woda Sp. z o.o. and Invest PV Sp. z o.o. SPVs, which own photovoltaic farms with a total capacity of 23.1 MW.
- On 21 May, the Company entered into an agreement to acquire shares in FV Farm operated by Żabów Sp. z o.o. which owns a 63.4MW photovoltaic power plant project at an advanced stage of development with connection conditions.

In 2024, ONDE completed the construction of 10 wind farm projects and 45 solar farm projects for its customers, with a total generation capacity of almost 750 MW. In 2024, the Company started the development of 4 wind farms with a total capacity of approximately 230 MW and a total contract value of more than PLN 290 million and started the development of 20 photovoltaic farms with a total capacity of approximately 182 MW and a total contract value of more than PLN 250 million.

Staffing levels in the ONDE Group remain stable. At the end of December 2024, the Group's headcount was 605 people.

2.6.2. Statutory governing bodies

Supervisory Board

In the period from 1 January 2024 to 31 December 2024 the Supervisory Board of ONDE SA consisted of:

- Jacek Leczkowski - Chairman of the Supervisory Board
- Jacek Socha - Deputy Chairman of the Supervisory Board
- Agnieszka Głowacka - a Supervisory Board Member
- Mirosław Godlewski - a Supervisory Board Member
- Michał Otto - a Supervisory Board Member
- Michał Hulbój - a Supervisory Board Member

The current term of office of the Supervisory Board began on 1 June 2022 and will expire on the date the General Meeting approves the financial statements for the financial year 2025.

Management Board

As of 31 December 2024 and at the date of Report publication, the Company's Management Board comprised four members:

- Paweł Przybylski - President of the Management Board
- Piotr Gutowski - Vice-President of the Management Board
- Paweł Średniawa - Vice-President of the Management Board
- Marek Marzec - Vice-President of the Management Board

The current term of office of the Management Board started on 1 June 2022 and will expire at the date of the approval of the 2025 financial statements by the General Meeting of Shareholders.

There have been changes in the composition of the Management Board during the accounting period. In the period from 1 January 2024 to 30 June 2024, the Company's Supervisory Board consisted of four persons:

- Paweł Średniawa - President of the Management Board
- Piotr Gutowski - Vice-President of the Management Board
- Marcin Szerszeń - Vice-President of the Management Board
- Marek Marzec - Vice-President of the Management Board

On 24 June 2024, the Company announced the resignation of the Marcin Szerszeń, Vice President of the Management Board, with effect from 30 June 2024 (Current Report No. 16/2024). On the same day, the Company announced that the Company's Supervisory Board had adopted resolutions to appoint Paweł Przybylski to the Company's Management Board effective from 1 July for a joint term of office of the Management Board that started on 1 June 2022 and to appoint him to the position of President of the Management Board and to change Paweł Średniawa's position on the Management Board to the position of Vice-President of the Management Board effective from 1 July this year. (Current Report No. 17/2024).

According to the statement submitted by Paweł Przybylski, he does not run in any form any activity competitive to the Company, does not participate in a competitive company as a partner in a civil partnership, a partnership or a capital company, and does not participate in any other competitive legal person as a member of its body. According to the declaration Paweł Przybylski has not been entered into the Register of Insolvent Debtors, kept pursuant to the National Court Register Act.

On 25 November 2024, the Company announced the resignation of the Piotr Gutowski, Vice President of the Management Board, with effect from 31 March 2025 (Current Report No. 27/2024). The letter of resignation did not specify the rationale for Mr Gutowski's resignation.

Audit Committee

In the period from 1 January 2024 to 31 December 2024 the Audit Committee consisted of:

- Michał Otto - Chairman of Audit Committee,
- Agnieszka Głowacka - an Audit Committee Member
- Jacek Socha - an Audit Committee Member

The current term of office of the Audit Committee will expire at the date on which the General Meeting of Shareholders has approved the financial statements for the financial year 2025.

Remuneration Committee

In the period from 1 January 2024 to 31 December 2024 the Remuneration Committee consisted of:

- Jacek Leczkowski - Chairman of Remuneration Committee
- Agnieszka Głowacka - a Remuneration Committee Member
- Mirosław Godlewski - a Remuneration Committee Member

The current term of office of the Remuneration Committee started on 1 June 2022 and will expire on the date the General Meeting of Shareholders approves the financial statements for the financial year 2025.

2.6.3. Market environment

A pivotal role for the current and future activities of the ONDE Group is played by the shape of legal regulations effective in Poland, mainly in the construction and energy sectors. Current regulations and those in the pipeline affect, *inter alia*, the project implementation methodology, the ability to acquire new assignments and contracts, as well as constraints and opportunities for renewable energy development. For this reason, the ONDE Group monitors on-going legislative changes, assesses their possible implications for its operations, and seeks to minimize the likelihood of occurrence of identified threats and take advantage of opportunities arising from them.

The major regulations most relevant to the ONDE Group and the sector include:

- Public Procurement Law

Some of the contracts concluded by the Company in the road-engineering construction segment are contracts to which the provisions of the Public Procurement Law (hereinafter the "PPL") apply, which define, *inter alia*, the contracting principles, procedure phases, specific instruments and procedures for procurement, legal remedies, out-of-court dispute resolution techniques and the scope of inspections and fines. The Public Procurement Law applies to projects procured by a public entity, usually by means of tenders. What is key to the ONDE Group's operations, contracts concluded under the Public Procurement Law are subject to the statutory regime, in particular with regard to amendments to provisions to concluded contracts, withdrawal conditions, duration, as well as permissible contract security (e.g. due performance, advance payment, defect liability).

- Construction Law

The Construction Law (hereinafter "CL") regulates the administrative and legal issues of carrying out construction work. The Construction Law sets out standards for the preparation and execution of the construction and investment process, for instance: those related to obtaining administrative decisions (building permits, use of the constructed facility, etc.). The Construction Law provisions also contain regulations for the design, construction, maintenance, demolition and renovation of buildings and set out the rules for public administration bodies in these areas. What is important for the Group is the fact that construction project is launched on the basis of a building permit, the validity of which expires if

the construction work has not started before the expiry of three years (3) from the date of permit issue or if the work has been interrupted for more than three years (3). In addition, the completion of the construction process involves the need to comply with other activities provided for in the Construction Law, such as obtaining an occupancy permit for the building.

- Civil Code

The provisions of the Civil Code (hereinafter the "CC") regulate the basic issues concerning obligations under civil law, including building contracts and contracts for the rehabilitation of a building or structure. Importantly enough for the ONDE Group, the Civil Code lays down, *inter alia*, the principles of joint and several liability of the investor and the contractor for payment of the remuneration due to the subcontractor for the civil works performed by the latter, or the right to demand from the investor a guarantee of payment for the civil works, which may take the form of a bank guarantee, an insurance guarantee, as well as a bank letter of credit or a bank suretyship granted upon the investor's mandate. The above rules also apply to contracts between the contractor (General Contractor) and further contractors (subcontractors).

- Energy Law and "Energy Policy of Poland until 2040".

The Act called Energy Law (hereinafter referred to as the "EL") and its implementing regulations define the principles for the development of the state's energy policy, the terms and conditions for the supply and use of fuels and energy (including heat), as well as the activities of energy enterprises, and indicate the authorities competent for fuel and energy management. The Energy Law also defines the principles for the development of the state's energy policy, and the binding document in this regard is the "Energy Policy of Poland until 2040" (hereinafter referred to as EPP 2040).

In 2023, the Act of 28 July 2023 amending the Energy Law and certain other acts, which is an amendment to the Energy Law, entered into force. From the ONDE Group's operations' perspective, the key issues introduced by the Act include the rules for the construction and operation of direct lines. In addition, provisions have been introduced regarding the proper performance of the licensed activity as a prerequisite for the granting of a licence. In turn, the President of the Energy Regulatory Office (ERO) has been delegated power to set the direction of network development and the implementation of priority investments, which in the long term is also important for the ONDE Group operations.

In January 2025, the assumptions of the draft act amending the acts - the Energy Law and certain other acts - were published in the list of legislative and programme works of the Council of Ministers. The Draft Act provides proposed solutions to, *inter alia*, increase the flexibility of the grid through the introduction of changes to connection agreements, solutions to optimise the use of existing grid infrastructure and also to facilitate the grid connection process, solutions to simplify the connection process and increase the number of facilities that can be connected, to make the process of planning grid development and the implementation of connection conditions more realistic and optimised, solutions to create special areas for the development of grid infrastructure and energy storage. As of the date of publication of the Report, the planned adoption date of the Draft Act is Q2 2025.

Act on Renewable Energy Sources

The Act on Renewable Energy Sources (hereinafter the "RES Act") lays down the terms and conditions for the performance of activities relating to the generation of electricity from RES, agricultural biogas from RES plants and the generation of bioliquids. The RES Act also defines, among other things, mechanisms and instruments to support the production of electricity from RES, agricultural biogas and heat in RES installations, as well as rules of international cooperation regarding RES and joint investment projects.

The RES Act regulates, *inter alia*, the operation of the auction system - a support mechanism for generators of electricity from RES plants. During auctioning process, a generator bids to sell electricity from a plant at the price for which it undertakes to sell its declared volume of energy in subsequent years. The generator winning the auction thanks to the lowest price obtains guaranteed support in the period from the first delivery to the grid of electricity generated at his plant for a period of maximum 15 consecutive years.

Announced on 31 August 2023 in the Journal of Laws of the Republic of Poland (Journal of Laws, 2023, item 1762), an amendment to the Act on Renewable Energy Sources and Certain Other Acts, implemented into Polish law a number of provisions from the EU Renewable Energy Sources Directive (RED II) - including those related to guarantees of origin, administrative procedures, and the application of RES in heating and cooling. The new legislation has introduced solutions into the Polish legal standards to support the development of renewable energy sources. This subject

regulates, *inter alia*, the operation of energy clusters or energy cooperatives. In addition, a new definition of hybrid RES plants has been introduced, as well as provisions to provide additional support for the plants that reach the end of their 15-year support period (to cover the reasonable operating costs of such plants).

The key modifications also include the introduction of new rules governing the contracting for cable pooling or the regulation of Power Purchase Agreements (PPAs).

The Ministry of Climate and Environment has estimated that the modifications made in amendment will allow to boost RES capacity by approximately 5 GW in terms of grid connectivity.

- The Distance Act

The Distance Act specifies, *inter alia*, conditions and procedures of location and construction of wind power plants in the vicinity of existing or planned residential development.

In April 2023, an amendment to the aforementioned Act came into force, which stipulates that new wind turbines can only be located on the basis of a Local Zoning Plan (hereinafter 'LZP') at a distance of no less than 700 m for residential buildings. The final distance will be determined as a result of the strategic environmental impact assessment (hereinafter 'SEIA') carried out as part of the Local Zoning Plan (LZP). The SEIA will analyse, *inter alia*, the impact of noise emissions on the surrounding area and the health of local population. The municipal authorities will not be able to waive the execution of an SEIA for a draft Local Zoning Plan that takes a wind power plant into consideration.

The amended Act upkeeps the ban on the construction of wind turbines in the national parks, nature reserves, landscape parks and on Natura 2000 sites. In addition, the amended Act stipulates that the investor must allocate at least 10 per cent of the wind power plant's installed capacity to the municipality population, who would consume the electricity acting in the capacity of a virtual prosumer. Each resident of that municipality will be able to take (buy) a share of no more than 2 kW at the reference price specified in the Act.

A draft act amending the Act on Investment in Wind Power Plants and certain other act is currently in the reading phase. According to the entry in the List of Legislative and Programme Activities of the Council of Ministers, this act provides, *inter alia*, for the abolition of the general 10H rule and the introduction of a new minimum distance between a wind turbine and a residential area amounting to 500 m. Another important element of the Act is repowering (retrofitting existing wind turbines). The Council of Ministers will continue to work on the law in the first quarter of 2025.

- Environmental Law

Environmental Law regulations apply to the existing facilities as well as to the investment and construction process itself. These regulations also assume that the operation of installations that cause, *inter alia*, noise emissions and the generation of electromagnetic fields, should not cause surpassing of the environmental quality standards outside the area to which the operator holds legal title. The Environmental Law provides for civil, criminal and administrative liability for breaching its provisions or permits issued thereunder. It also defines circumstances where the use of a plant may be suspended (including when the plant is used without the required integrated permit).

- The EIA Act

Pursuant to the Act on the Delivery of Information on the Environment and Environmental Protection, Public Participation in Environmental Protection and Environmental Impact Assessments (hereinafter the "EIA Act"), a decision on environmental conditions is required for the implementation of planned projects that may always have a significant impact on the environment or projects that may potentially have a significant impact on the environment. Most investments in electricity generation from RES (especially onshore wind farm projects) are considered as such. The provisions of the act influence the progress of investment project execution, because only after obtaining the decision on environmental constraints (specifying the environmental requirements for the project), the investor may apply for the building design permit.

- Spatial Planning and Land Development Act

The Act lays down the principles for the management of spatial policy by local government bodies and government administrative bodies, the scope and methods of conduct in matters of allocating land for specific purposes and determining the principles of its development and construction - taking spatial order and sustainable development as the basis for these activities.

From the ONDE Group's business perspective, this law is important insofar as it regulates the procedures for the location of investment projects, including, in particular, photovoltaic power plants. On 24 September 2023, an amendment to the Act on Planning and Spatial Development came into force, regulating, among other things, the rules of locating photovoltaic power plants on the basis of local zoning plans (hereinafter: LZP), the participation of local communities in the procedure of the LZP or the restriction of the option to locate photovoltaic power plants on Class IV land pursuant to a decision on development conditions. In addition, all zoning decisions issued by authorities after the effective date of the amendment will be time-limited for a period of 2 years. Prior to the amendment, such decisions were issued for an unlimited period of time.

The comprehensive amendment introduced a number of important changes from the ONDE Group's perspective, which implement new rules for obtaining permits for photovoltaic power plant projects. In the Company's opinion, the changes made will extend the procedural time of certain procedures and further formalize the process of obtaining the necessary location documents.

2.6.4. Market prospects

According to the Energy Forum's publication "2024 Wrapped", the output from renewable energy sources in 2024 reached a record high share of 29.6% in the energy mix (2.3% up compared to the previous year). This gives RES the runner-up position in terms of electricity output in 2024 in Poland. In total, RES generated 48.2 TWh in the domestic energy output (compared to 45.2 TWh the year before).

In 2024, the output of photovoltaic energy will increase from 11.4 TWh to 15.1 TWh - that's already 9% of the energy mix. Meanwhile, onshore wind farms generated 24.6 TWh of electricity compared to 23.3 TWh in the previous year, with its share in the energy mix up to 14.7%.

At the end of 2024, renewable energy sources (RES) capacity exceeded 30 GW, up from 28.6 GW in 2023. Photovoltaics recorded the highest capacity growth in 2024, up by 4.4 GW of installed capacity at PV farms. Additionally approximately 0.7 GW from wind farms were also contributed to the power system.

Wind power engineering

The ONDE Group operates in the dynamically developing market of renewable energy sources, which is a key driver of the energy transition in Poland and in the overall European Union. According to Wind Europe's Report titled "Wind Energy in Europe: 2024 Statistics and Projections for 2025-2030", new wind energy capacity installed in Europe totalled 16.4 GW (84% of which is onshore), including 12.9 GW in the European Union alone. With 805 MW of newly installed wind power capacity, Poland was ranked in 8th position in Europe. According to the 2025-2030 forecast, approximately 187 GW of new wind capacity will be installed in Europe at the forecast period (including 140 GW in the EU and more than 4 GW in Poland), resulting in 450 GW of wind power capacity in 2030 - including 351 GW in the EU. Meanwhile, the EU is aiming to reach 425 GW of installed capacity in wind farms by 2030.

According to the report "Wind Energy in Poland 2024", at the end of December 2023, the installed capacity of wind power in Poland was 9.45 GW. The total installed capacity in the total power system in Poland was 66.4 GW (conventional and renewable energy), so wind farms account for about 14% of the total installed capacity. The average power output of wind turbines in Poland is the second lowest in Europe (3.2 MW), which has been linked to the limitation in wind turbine size due to the 10H rule.

The amendment to the Distance Act, which came into force in April 2023, and the amendment to the Act currently underway in the parliament, are positive for the ONDE Group's business prospects. The abandonment of the so-called

10H rule and the reduction of the minimum distance of a wind turbine from residential buildings from 700 metres currently to the planned 500 metres after the amendment will allow new wind turbine developments in the future.

Solar Energy

Solar power (hereinafter referred to as "PV") in Poland continues to develop rapidly and was the growth leader in the RES market segment for another consecutive year. According to the Institute of Renewable Energy's report titled 'Photovoltaic Market in Poland 2024', in 2023, the capacity of photovoltaic plants in Poland was up by 4.7 GW y/y, accounting a 38% increase in this market y/y. Poland has reached 6th place in the EU in terms of installed PV capacity and 4th in the EU in terms of installed capacity growth in 2023. In 2023, an increase in the capacity of large PV farms above 1 MW was visible for another consecutive year. They recorded a 21% share in the total PV capacity growth.

Development

The business of building our own Renewable Energy Sources is based on the develop, build and sell model. As the Report Date, the Group is in the possession of own projects with a total capacity of approximately 1361 MW, of which approximately 492 MW capacity are wind farms. Projects with a capacity of 439 MW have already connection conditions in place, of which projects with a capacity of 255 MW (36 MW is a wind farm project) have been granted building permit decisions.

ONDE's long-term strategy also provides for an option of entering into the business of generating and trading in electric energy from photovoltaic plants built by the Group.

Intensive efforts are underway to further expand the portfolio of own Company's projects currently being comprehensively prepared by ONDE experts. Processes are also underway to optimise projects under development with a view to oversizing and/or hybridisation. RES's in-house project development department has been strengthened in 2024 with the addition of several market specialists, enabling the company to enhance the scope of its development work.

Road engineering

The shape of government infrastructure schemes, such as the National Road Engineering Construction Program until 2030 (with an outlook until 2033) is key to the Group's operations in the road and civil engineering construction projects implemented by the Company.

A threat to long-term contracts is the originally established 5% cap on indexation. The increase of the indexation threshold up to 10% in February 2022 for tenders announced in 2022 for the General Directorate of National Roads and Motorways under the Design&Build system was a positive development in the road construction segment. In May 2022, the Council of Ministers also raised up to 10 per cent the indexation limits for contracts concluded by the National Roads and Motorways Directorate (GDDKiA) prior to February this year for the execution of national roads. This was followed in December 2023 by another change in the indexation limit to approx. 15 per cent.

Growing burdens pressing local government budgets reduce the number of projects implemented by this investor category. The problem of financing infrastructure projects will grow after the end of the current EU financial perspective. One of the way outs of such a situation may be more frequent use of the public-private partnership formula as a source of project financing.

Plans

The current situation faced by businessmen in Poland makes planning difficult. Poland's energy sector is currently undergoing strong turbulence, involving risks on the one hand, but enormous opportunities on the other.

The ONDE Group operates based on a flexible business model. Bearing this in mind, the Group will certainly continue to strengthen its position in the RES contracting segment in Poland, as well as safely implement plans to expand into the European markets, where regulatory framework allows for stable development and project implementation.

ONDE is working busily on the development of its own wind farm and photovoltaic projects and is constructs them. At the end of 2024, a PV project with a total installed capacity of 32 MW was under construction. This business area represents a solid and secure business pillar for the Company in the long term.

ONDE Group is actively involved in research and development projects related to energy storage, specialised maintenance services and management of renewable energy generation assets. One of the key activities in this area is the SOFIA grant programme, launched under the ONDE FLOW initiative, which supports young researchers and promotes innovative solutions for the RES sector.

In the three editions to date, 15 finalists have been awarded, with more than a quarter of a million Polish zlotys allocated to their projects. The grant programme's content partners are the AGH University of Science and Technology in Kraków, the Bydgoszcz University of Technology and the "With Energy About Law" Association.

The call for the fourth edition of SOFIA grant programme will open in March 2025, giving another group of young innovators a chance to develop breakthrough projects and gain financial and subject matter support to implement their ideas.

2.6.5. Contracts signed

#	Investor	Contract Date	Subject Matter of Contract	Net value (attributable to ONDE) (in '000 PLN).
Contracts signed from 1 January 2024 to the Financial Statement Date:				
1	Farma Wiatrowa Szybowice Sp. z o.o. (Wind Farm)	8 Mar. 2024 (effective from 20 Mar. 2024)	Construction of Szybowice Wind Farm	104,516
2	Park Lewaład Sp. z o.o. ¹	8 May 2024	Construction of Lewaład PV Farm	71 338 ²
3	Member companies of the Luneos Green Energy Sp. z o.o. Group	23 April 2024 10 May 2024 25 June 2024 6 September 2024 15 December 2024	Civil works for FV farms (12 contracts)	119,057
4	Agrolok Sp. z o.o.	18 July 2024	Grain elevator construction work in the Dorohusk Municipality	18,965
5	EZE 1 Sp. z o.o.	17 September 2024	Construction of Olszyny Photovoltaic Farm	PLN 12,761 EUR 892
6	VSB Energie Odnawialne Polska Sp. z o.o.	18 Sept. 2024 (effective from 20 Sept. 2024)	Construction of Miejska Górka Wind Farm	164,460 ³

¹ Proprietary project.

² 16 Jan. this year The ONDE concluded an appendix to the contract with Park Lewaład Sp. z o.o. dated 8 May 2024, under which the compensation payable to the ONDE for the performance of the contract was reduced - from PLN 85 092 thousand to PLN 71 338 thousand (Current Report No. 2/2025).

³ *Contract value attributable to ONDE, contract executed in consortium with P&Q Ltd.

7	EkoWodrol Sp. z o.o. Environmental Engineering Company	24 January 2025	Comprehensive execution of works in the road sector under the project: Comprehensive execution of works in the road sector under the project: 'Enhancement of investment appeal of the Sianów Municipality through development of buried infrastructure in industrial areas along the S6 expressway'.	27,500
8	PV SOL 8 Sp. z o.o.	27 Jan. 2025 (effective from 25 Feb. 2025)	Construction of Korczowa PV Farm	30,500
9	Invest PV Sp. z o.o.	15 Mar. 2024 (effective from 25 Feb. 2025)	Construction of PV EF Jelenia Góra 2	15,046

2.6.6. Projects executed in 2024

The key projects implemented by ONDE in 2024 include, but are not limited to:

- Construction of Drzeżewo 1-3 Wind Farm Drzeżewo 4 Wind Farm
- construction of three Photovoltaic farms: Golczewo PV Farm, Pakość PV Farm and Rokietnica PV Farm on behalf of companies owned by QAIR POLSKA S.A.,
- construction of Bąków 2 Wind Farm,
- construction of Człuchów Wind Farm,
- construction of four Photovoltaic Farm projects on behalf of the companies managed by the LORDS LB Asset Management Fund,
- Redevelopment of Provincial Road No. 152 at the Świdwin - Połczyn-Zdrój section.
- construction of 10 PV power plants for PAD RES Group B.V. member companies,
- construction of Szybowice Wind Farm,
- construction of FV farms for the member companies of the Luneos Green Energy Sp. z o.o. Group
- construction of "Miejska Górka" wind farm (consortium),
- construction of "Lewałd Wielki" PV farm⁴

2.6.7. Opportunities and Threats

More and more countries are choosing to reorient their energy policies towards an energy mix based to a large extent on renewable energy sources. This has to do both with the geopolitical situation and the need for energy security, as well as with policies to contain climate change. As a result, wind, water and solar energy has become a viable alternative to traditional sources derived from burning fossil fuels. These changes also have to do with rapid technological progress: for instance, from the BSF cells available on the Polish market with an efficiency of about 18% in 2012 to the current PERC cells with an efficiency of 24%.

⁴ Proprietary project.

Additionally the ONDE Group is looking for opportunities to boost revenues and diversify its business in foreign markets. Considering the geopolitical situation, very good wind conditions and favourable legislative environment in the Baltic market, German market and Central and Eastern European countries, ONDE sees attractive business potential in the overseas direction of its operations, where it can use the company's knowledge, experience and resources from the Polish market.

Therefore, there are still good prospects for the RES construction segment, although in the ONDE Group's key Polish market they currently vary depending on the source from which the energy is to be generated.

The stagnation in the Polish wind construction market, driven by, inter alia, the Group's regulatory environment, including the shape of the Distance Act (the so-called 10H Act) in force until April 2023, has resulted in a lack of development of new projects in recent years, thus further projects may not be submitted to the auction. The amendment to the Distance Act, which came into force in April 2023, is a positive development for the ONDE Group's business prospects. The abandonment of the so-called 10H rule will allow new wind farm developments in the future.

Meanwhile, in terms of construction related to the generation of energy from the sun, the prospects are very good, including in terms of covering own energy requirements by the companies (so-called business prosumers). According to estimates by the Institute of Renewable Energy from the report 'Photovoltaic Market in Poland 2024', at the end of 2023, installed PV capacity in Poland reached 17.08 GW, and at the end of Q1 2024 - 17.73 GW.

The potential of the road construction market in Poland is also high. In 2020, the National Road Construction Programme (with an outlook to 2030) was launched. It assumes large expenditures on the construction of expressways, motorways, ring roads and maintenance of technical standards of the existing road network. The Company's strategic objective is to bid with an assumed satisfactory margin. A threat to long-term contracts is the originally established 5 per cent cap on indexation. A positive development in the road construction segment was the raising of the indexation threshold to 10% in February 2022 for contracts executed for the General Directorate for National Roads and Motorways, allowing greater scope for changes in contracts due to an extraordinary change in circumstances (through, inter alia, the "introduction of a indexation special law"), and increasing the favourable treatment of contract indexation by the public administration (through, inter alia, the issuance of recommendations by the General Prosecutor's Office of the Republic of Poland and the Public Procurement Office on the permissibility of changes to concluded contracts).

In May 2022, the Council of Ministers also raised up to 10 per cent the indexation limits for contracts concluded by the National Roads and Motorways Directorate (GDDKiA) prior to February this year for the execution of national roads. This was followed in December 2023 by another change in the indexation limit up to approx. 15 per cent.

Growing burdens pressing local government budgets reduce the number of projects implemented by this investor category. The problem of financing infrastructure projects will grow after the end of the current EU financial perspective. One of the way outs of such a situation may be more frequent use of the public-private partnership formula as a way of financing investments.

2.6.8. Strategic priorities

Mission		
To develop our own renewable energy projects and providing high quality renewable energy construction services to support the transformation of the Polish energy system, thus contributing to the vision of a carbon neutral economy that respects the principles of sustainable development.		
Strategic goal		
To create shareholder value by ensuring the Group's continued growth and strengthening its position as a leading provider of environmentally friendly and modern construction solutions in the renewable energy and road sectors in Poland. To further expand its activities to include the purchase and construction of renewable energy systems and their subsequent sale in a develop, build and sell model or operation on its own account.		
Strategy pillars		
<p>1</p> <p>A leading position in the construction of wind farms and a leading position in the fast-growing segment of photovoltaic farm construction in Poland</p>	<p>2</p> <p>A position of a major player in the development of its own renewable energy projects in response to the expected growth of the green energy production sector, in particular wind and photovoltaic energy production in Poland in the period up to 2040 in connection with the implementation of the European Green Deal policy and the Energy Policy of Poland up to 2040",</p>	<p>3</p> <p>Maintenance and further use of own resources and cooperation with the ERBUD Group</p>

The ONDE Group's strategy is based on the expected further development of the market for construction of renewable energy sources, particularly photovoltaic farms and onshore wind farms, which will allow to take advantage of the existing experience and leading market position in Poland in the implementation of projects for the construction of such plants. Significant growth is expected in the proprietary renewable energy project development business, in response to the anticipated growth in market demand for new green energy capacity and the need for energy system transformation. Furthermore, selective participation of ONDE is planned for the implementation of Polish road infrastructure projects as a general contractor under the National Road Construction Programme and road projects financed by local authorities. In addition, ONDE's participation in the implementation of projects in the power infrastructure sector as part of network and substation modernisation programmes for the TSO and DSOs of power systems in Poland is envisaged.

The Group's strategy also provides for an option of generating revenues in the long term from the sale of electricity generated by the renewable energy plants that belong to the ONDE Group's assets. At the Report date, the ONDE Group does not generate any revenues from the "RES energy generation and sales" segment.

The strategic goals are divided into two time horizons:

- short-term goals (12-24 months), and
- long-term goals (more than 24 months).

The constituents included in each time horizon are not presented in chronological order.

Short-term strategy

The ONDE Group's short-term strategy is to take advantage of the expected dynamic investment growth in connection with the implementation of energy and climate policy in Poland by further acquiring and developing photovoltaic farm and energy storage projects for further resale or leaving some of the on-going RES projects within the ONDE Group and selling the energy generated by them, which can provide the Company with sustainable revenues.

The development strategy for the short-term horizon includes:

- pursuing of the adopted business model based on the delivery of construction services in the RES segment in the areas of photovoltaic and wind power as well as energy storage as a core, future-oriented business, as well as continue the activities in the road engineering construction segment through selective choice and implementation of projects. At the end of December 2024 the Group is executing contracts for the construction of wind farms with a capacity of 415 MW and contracts for the construction of photovoltaic farms with a capacity of 432 MW. The Strategy provides for an option of increasing the share of the photovoltaic construction segment in the portfolio driven by an increase in the number of projects and their capacity. The ONDE Group's business prospects will be positively affected by the liberalisation of the Distance Act, which came into force in April 2023 - it will allow new investment projects involving the construction of wind power plants in the future;
- further business expansion in the RES segment to include the development of RES projects under the "Develop, Build and Sell" model, by purchasing and investing in further RES projects including energy storage facilities, in various phases of their development. The Group intends to continue to acquire projects that fall into two categories: projects that are in a very early phase of preparation (greenfield) at the time of acquisition, and projects that are in a more advanced phase. As the Report Date, the Group own projects with a total capacity of approximately 1361 MW, of which approximately 492 MW capacity are wind projects.
- development of operations in the segment of construction of RES by O&M services for photovoltaic, wind power and energy storage facilities. As part of this activity, ONDE provides operation and maintenance services for the farms it has built and sold, as well as for other wind and photovoltaic farms already in operation, based on its experience in the construction of wind and photovoltaic farms and its capacity in terms of human and technical resources.

Long-term strategy

The ONDE Group's long-term strategy includes continuing to operate in the areas defined in the short-term strategy and possibly further expanding its activities in construction and operating photovoltaic, wind and energy storage farms, as well as working in other construction segments related to green energy generation, including:

- Significant expansion of the company's proprietary project portfolio, including greenfield projects, with the help of its own development team, optimisation of existing projects through changes in installed capacity, hybridisation and energy storage, etc.,
- Commencement of the business of generation, storage and trade in electricity from photovoltaic and/or wind power and/or energy storage facilities constructed by the Group.

This business will depend on the possibility of contracting and conditions for the sale of electricity from photovoltaic and wind farms in Poland, as well as labour costs and the cost of purchasing RES system components, which depends on technological progress in this area. The ONDE Group also intends to use the support elements available in the implementation of the European Green Deal policy and the Energy Policy of Poland until 2040;

- undertaking activities in the field of construction of electricity storage facilities and their operation based on experience and design-engineering competence of the ONDE Group gained while implementing other projects in the power sector infrastructure in Poland.

The launch of such business is conditioned by the development of modern energy storage technologies and their availability and universality;

- applying for contracts for implementation of wind power and photovoltaic installations on foreign markets, in particular in countries belonging to the European Union, which implement the policy of the European Green Deal.

The Group may compete for contracts outside Poland on the basis of its own experience and competence and using the support and competence in foreign markets of the ERBUD Group.

- bidding for electricity infrastructure contracts as part of programmes to modernise and expand power grids and substations for the distribution system operators (DSOs), and for offshore wind power contracts.

2.7. ERBUD Industry Centrum Sp. z o.o.

2.7.1. Scope of activities

ERBUD Industry Centrum Sp. z o.o. (formerly Engorem Sp. z o.o.) with its registered office in Łódź was established in 1994, it operates in the service sector and specialises in repairs of power, heating, electrical, control and measurement equipment (Control and Measurement Instruments and Automation) and industrial and municipal systems.

At the end of 2023 the headcount level at the Company was 483 people..

2.7.2. Statutory governing bodies

MANAGEMENT BOARD

In the period from 1 January 2024 to 31 December 2024 the Management Board consisted of:

- Paweł Zaorski - President of the Management Board
- Marcin Stasiak - Vice-President of the Management Board

SUPERVISORY BOARD

In the period from 1 January 2024 to 24 April 2024, the Company's Supervisory Board consisted of:

- Mariusz Moczydłowski - Supervisory Board Chairman
- Andrzej Łukasik - Deputy Chairman of the Supervisory Board
- Belinda Śliwińska - a Supervisory Board member
- Dagmara Sobolewska - a Supervisory Board member
- Joanna Piersa - Supervisory Board Secretary

In the period from 5 April 2024 to 31 December 2024, the Company's Supervisory Board consisted of:

- Mariusz Moczydłowski - Supervisory Board Chairman
- Andrzej Łukasik - Deputy Chairman of the Supervisory Board
- Belinda Śliwińska - a Supervisory Board Member
- Joanna Piersa - Supervisory Board Secretary

2.7.3. Projects executed in 2024

In 2024 the Company, mainly carried out repair, servicing, maintenance and troubleshooting of boilers and auxiliary equipment on the following sites:

- Combined Heat and Power Plants (CHPs) in Łódź commissioned by Veolia Energia Łódź S.A.
- "Karolin" Combined Heat and Power Plant in Poznań commissioned by Veolia Energia Poznań S.A.
- Gdańsk and Gdynia Combined Heat and Power Plants commissioned by PGE Energia Ciepła S.A. and Starogard CHP on behalf of Starogard Heat and Power Station Sp. z o.o.
- Gdańsk Refinery on behalf of Rafineria Gdańska Sp. z o.o.
- The Rybnik Power Plant commissioned by PGE GiEK S.A. The Rybnik Power Plant Branch
- Manufacturing facilities in Janikowo and Inowrocław commissioned by Qemetica Soda Polska S.A. (former Ciech Soda Polska)
- Combined Heat and Power Plant in Toruń commissioned by PGE Toruń S.A.
- Heat generating plants in the Silesian Province owned by PGNiG TERMIKA Energetyka Przemysłowa S.A. and Dalkia Polska Energia S.A.
- The Kujawy cement plant commissioned by Holcim Polska S.A. (former Lafarge)

Within the scope of boiler repairs, the Company carried out a major overhaul of boiler OP-230 No. 10 in Gdańsk under the contract with PGE Energia Ciepła S.A. the Baltic Coast Branch, scheduled boiler repairs at Karolin CHP plant in Poznań for Veolia Energia Poznań S.A., upgrading of boilers for Qemetica Soda Polska S.A. Manufacturing Plants in Janikowo and Inowrocław, and repairs of the pressure part of steam boilers at Będzin CHP plant under the contract with EC BĘDZIN Wytwarzanie sp. z o.o. (renamed into Elektrociepłownia Zagłębie Dąbrowskie sp. z o.o.) and the Gliwice Heat Generating Plant under contract with PEC GLIWICE Spółka z o. o.

For PGE Energia Ciepła S.A., the Baltic Coast Branch in Gdańsk, the Company also carried out the medium-term general overhaul of the TG2 and TG5 turbine sets along with the auxiliary equipment and the modernisation of the reduction and cooling stations.

As part of the major overhaul of thermal waste treatment facilities, the Company carried out major overhaul and maintenance of equipment at the Municipal Waste Thermal Treatment Plant in Konin for MZGOK Sp. z o.o. and at the Waste Thermal Treatment Plant in Bydgoszcz (ZTPOK) for the ProNatura Sp. z o.o. Inter-municipal Waste Treatment Complex.

Works were continued upon delivery of equipment maintenance services and process infrastructure for the Pfeiderer Group plants in Wieruszów and Grajewo.

As part of its district heating assignments, the Company carried out repairs and modernization of district heating networks throughout Poland. For District Heating Plant operated by Sierpc Sp. z o.o. The Company developed design documentation and the replaced of the ducted district heating network as part of the implementation of the project titled: "Enhancement of energy efficiency in District Heating Plant operated by Sierpc Sp. z o.o."; redevelopment of the district heating network for Radomskie Przedsiębiorstwo Energetyki Ciepłej "RADPEC" S.A.; replacement of district heating substations with district heating connections for Housing Co-operative in Piotrków; and major overhauls of district heating networks in Pabianice for DomTom Construction Engineering Group.

In 2024, the Company completed a number of third party projects. On the EC3 site in the City of Łódź, work was carried out on upgrading the condensate removal system from the peak exchanger and upgrading the heavy oil tank under the contract with Veolia Energia Łódź S.A. Overhaul work was carried out for the Gdansk Refinery during a scheduled operational shutdown of 960 plant. For Zarmen Sp. z o.o., the installation of smoke duct pipelines on the newly built Unit No. 4 at the "Friendship" Coke Plant of the Jastrzębie Coal Mining Company in Dąbrowa Górnicza was completed.

For Qemetica Soda Polska S.A. The Company completed a number of projects related to the construction and modernization of short-distance transport equipment.

Also in 2024, the Company completed work on prefabrication and installation of pipelines, together with conformity assessment and CE marking for ERBUD S.A., as part of the construction of a gas-fired combined heat and power plant on the Employer's site - the Miejska Górka Sugar Plant.

For ERBUD S.A. The Company is also carrying out works, starting from 2024, related to the comprehensive execution of works within the scope of delivery and installation of tracks on ground and on crane beams, together with the delivery and installation of rails, as part of the subproject "Construction of a manufacturing room for towers for offshore wind energy (OWE) on the Ostrów Island in Gdańsk".

2.7.4. Development

In January 2024, Erbud Industry Centrum closed the acquisition transaction involving 100% shareholding in CKTiS S.A. a company delivering maintenance and repair services on the PKN Orlen site in Płock. CKTiS S.A. developed its current structure as a result of the transformation and changes that have been taking place since 1991. CKTiS S.A. derives from CPN MARINE SERVICE Sp. z o.o., a company based in Gdańsk, established back in 1991. Over the years, the company's main shareholder was PKN ORLEN S.A. In 2004, the company's name was changed to Centrum Komercjalizacji Technologii Sp. z o.o. (*Technology Commercialisation Centre Ltd.*), abbreviated as CKT Sp. z o.o.. In 2009, the company was reengineered as a result of ownership changes and changed its name from CKT Sp. z o.o. to CKTiS Sp. z o.o. The business profile was changed into the delivery of renovation, modernisation and investment services in the energy, chemical and construction sectors.

At present the company's headcount is approximately 140 workers and it generates stable revenues in the range of PLN 50 million per year. The major customer buying services from the company has remained PKN Orlen oil company in Płock.

The company revisited plans to acquire more entities with the aim of broadening the scope of its operations, both in competence and geographical terms.

2.8. Satchwell Polska Toruń Sp. z o.o.

2.8.1. Scope of activities

Satchwell Polska Toruń Sp. z o.o. with its registered office in Toruń was established in 1991. Since then it has operated in the maintenance service sector and has specialised in electrical, C&I (Control and Measurement Instruments and Automation).

At the end of 2024 the headcount level at the Company was 31 people..

2.8.2. Statutory governing bodies

MANAGEMENT BOARD

In the period from 1 January 2024 to 31 December 2024 the Management Board consisted of:

- Piotr Szołonik – President of the Management Board
- Marcin Stasiak – Vice-President of the Management Board

2.8.3. Projects executed in 2024

The most important tasks performed by the Company include the assembly and maintenance of the heat substation systems for PGE in Toruń, the Company completed works within the Capital Group, for the total amount of almost PLN 7 million.

2.8.4. Expected Development

In connection with joining the Erbud S.A. Capital Group, the increased potential will allow to undertake larger tasks with better economic result.

The Company's management will look for small entities in a similar industry that can be purchased and integrated into the Company's structures.

At the end of December 2024, the Company's order book was worth more than PLN 19 million

2.9. CKTiS

2.9.1. Scope of activities

CKTiS Sp. z o.o. provides comprehensive mechanical and construction services for the energy, chemical, refining and petrochemical sectors involving overhauls, modernisations, investments and on-going maintenance.

Scope of offered services is as follows:

- Steam and water boilers with auxiliary equipment and systems.
- Steam turbines and turbogenerators.
- Process pipelines and pipelines connecting the boiler to the turbogenerator.
- Permanent pressure vessels.
- Non-pressure and low-pressure tanks for flammable, poisonous or corrosive liquid materials.
- Steel structures.
- Process pumps.
- Flue gas treatment plants
- Buildings and structures

2.9.2. Statutory governing bodies

MANAGEMENT BOARD

As of the date of this Report, the composition of the Company's Management Board is as follows:

- President of the Management Board – Paweł Zaorski
- Vice-President of the Management Board – Krzysztof Lejman.

In the period from 1 January 2024 to 29 January 2024, the composition of the Company's Management Board was as follows:

- Vice-President of the Management Board – Krzysztof Lejman.

On 29 January 2024 Paweł Zaorski was appointed to the position of the President of the Management Board.

SUPERVISORY BOARD

On 29 January 2024 the Extraordinary General Meeting of Shareholders made changes to the composition of the Supervisory Board of CKTIS SA.

As of this Report Date the composition of the Company's Supervisory Board is as follows:

- Mariusz Moczydłowski – Supervisory Board Chairman,
- Andrzej Łukasik – Deputy Chairman of the Supervisory Board
- Joanna Piersa – Supervisory Board Secretary
- Belinda Śliwińska – a Supervisory Board member

2.9.3. Projects executed in 2024

The installation and maintenance of PKN Orlen's on-site systems in Płock is one of the company's most important tasks. In 2024 major tasks included BMS upgrades on boilers K1-K7 and major overhaul work on the Butadiene II plant.

2.9.4. Expected Development

In connection with joining the Erbud S.A. Capital Group, the increased potential will allow to undertake larger tasks with better economic result.

At the end of December 2024, the Company's order book was worth more than PLN 39 million

2.10. ERBUD SHARED SERVICES Sp. z o.o.

2.10.1. Scope of activities

In 2023 ERBUD Shared Services Sp. z o.o. acted as a back office service provider for the ERBUD GROUP (accounting, HR and payroll, fleet management, IT services). The Company's registered office is in Warsaw.

On 31 December 2024 the headcount level at the Company was 87 people. + 2 contractors (total 89).

There are two strategic boards in the Company: The Technical Board, to which services are currently provided by 8 people, and the Strategic Board, to which services are provided by 5 people. The company works on an outsourced basis with the consultants.

2.10.2. Statutory governing bodies

In the period from 1 January 2023 until the date of publication of this Report the Management Board of ERBUD Shared Services Sp. z o.o. consisted of two persons, represented by:

- Tomasz Stryjewski – President of the Management Board
- Małgorzata Polińska – Vice-President of the Management Board

2.10.3. Plans for 2025 and beyond

ERBUD Shared Services Sp. z o.o. on the basis of agreements concerning the provision of business consulting services and accounting, HR and payroll, administrative, IT and office space rental services provided in 2024 and will continue this activity in the following years.

In August 2023, the Management Board of ERBUD Shared Services Sp. z o.o. adopted a resolution on 2023-2026 Strategy. The company's mission statement provides for the support to Erbud Group member companies in achieving the highest possible financial performance by process standardisation and resource and cost optimisation, using competences based on the latest knowledge, modern organisational skills and applicable rules and regulations. Thus, the company's key objective for the years to come is to develop and maintain the mechanisms of a learning organisation, which will allow the experience curve as well as organisational and cost synergies to be exploited across the Group in the long term.

The 2023 Strategy, which was adopted by the Group, continues to be implemented according to the plan. Organisational improvements have been made both in structure and in internal processes. Operational efficiency has been significantly improved by delegating authority and standardising competencies within the company. Currently, fundamental changes concern the information flow and competence development system within the learning organisation.

2.11. IVT Weiner + Reimann GmbH

2.11.1. Scope of activities

IVT Weiner + Reimann GmbH with its registered office in Oberhausen operates in the German market, especially in the Ruhr Area. The company is a provider of comprehensive services for the industry. It specializes in engineering and maintenance of industrial facilities (pipelines, pumps, silos, cooling towers), installation, maintenance and repair of power, air conditioning, ventilation and sanitary networks.

IVT Weiner + Reimann GmbH also has a subsidiary, IVT Menzenbach GmbH, which specializes in labour leasing. IVT Weiner + Reimann GmbH holds 100% shareholding in IVT Menzenbach GmbH.

IVT is a professionally managed company that celebrated its 42nd anniversary in 2024. The company's strength is its high renown and well-established business relations in the local market, achieved thanks to the high competence of its experienced and specialized personnel.

2.11.2. Company governing bodies

In 2024 the Management Board consisted of:

- Carsten Weiner - a Management Board member,
- Andreas Schmitz - a Management Board member.

2.11.3. Projects scheduled for completion in 2024

In 2024, various projects for IVT's customers were once again implemented.

At this point, it should be mentioned that IVT is working with its customer Arcelor Mittal to equip and transform a steel mill in Duisburg (the keyword is "green steel"). In 2024, IVT was again recognized as a strategic partner of VivaWest, enabling the conversion of more residential buildings to heat pumps as an energy source.

IVT was also active in the area of air-conditioning infrastructure, equipping the Rudolf-Weber Arena with another environmentally friendly air-conditioning technology. In this way, IVT is part of the industry's contribution to a more environmentally friendly future.

The IVT's major business partners include, but are not limited to: Arcelor Mittal Duisburg, Arcelor Mittal Bremen, Axel Springer - publishing concern, Beteler Steel / Tube - pipe manufacturer, Cargill - food industry, SBO (Oberhausen Service Company, formerly OGM), RAG, Minegas, Mingas Power, STEAG - energy supplier, Rondo Food - pet food manufacturer, Vivawest Wohnen and INEOS Solvents Germany.

IVT is active in steel and pipe structures, such as:

- Industrial engineering and plant construction
- Site management
- Site technical management
- Downtime management
- Industrial curing
- Employee leases (Menzenbach)

2.11.4. Expected development

IVT fully implements ERBUD GROUP's ESG strategy, which is a short-term priority. This will ensure that the CO₂ is included in the balance as part of the CCFs 1 to 3.

IVT also complies with the German Sustainability Code in a consistent manner. Consequently IVT was awarded a carbon footprint certificate and a Corporate Carbon Footprint certificate. In 2023, IVT applied for Ecovadis certification for the first time, which was awarded a silver rating in line with the company's objectives.

All of these are individual components that are key to IVT, but also to ERBUD S.A. IVT's management sees that these are key components in discussions with all business partners and come also useful in the recruitment of young talents. Based on this, IVT's management, together with the HR department, developed a program to recruit new specialists by 2024, which in turn was awarded the "Employer of the Future" title.

In the coming years, IVT will continue to focus on offering quality services to its customers. The company plans to expand its customer base and develop new business areas.

2.12. IKR GmbH

2.12.1. Scope of activities

IKR GmbH, based in Bitterfeld (Saxony-Anhalt), has a 34-year-long history of operations. It joined the ERBUD Group in 2021. It implements design contracts in the field of pipeline construction and connections for the chemical and petrochemical industries, power generation and metallurgy. Service and maintenance are provided on the basis of framework agreements for the above-mentioned industries.

In the organisational structure of the ERBUD Group, IKR is assigned to the Erbud Deutschland Holding GmbH. This Group currently consists of two subsidiaries, IKR GmbH in Bitterfeld-Wolfen and IVT Weiner + Reimann GmbH successively with its subsidiaries, IVT Menzenbach GmbH and IVT Beteiligungs GmbH.

2.12.2. Company governing bodies

In 2024 the Management Board consisted of:

- Andreas Schmitz - President of the Management Board (CEO)
- Bernd König - a Management Board Member (CTO)
- Sebastian Zahn - a Management Board Member (CFO)

2.12.3. Projects scheduled for completion in 2024

In addition to the German market, IKR also handles project orders in the neighbouring European countries. The company's headcount is approximately 280 people working at four own branches in Germany. Its major customers include Wacker Chemie, Lyondell Basell, Nynas, BASF, Solvay, SKW Piesteritz, SMS Group GmbH, Linde Gas, Siemens, Thyssen Krupp, bp, Pfeifer&Langen, Kali&Salz, Salzgitter AG & EEW. In addition, a new strategic customer, Siegfried Pharma AG, was acquired in 2024, with whom the largest project in IKR's history, worth approximately EUR 30 million, will be completed by mid-2025.

IKR specializes in the following business areas:

- Petrochemical sector

- IKR implements new construction, expansion and reconstruction of refinery plants, gas and hydrogen plants and so-called air separators

- Chemistry

We assist our customers on key issues such as sustainability, energy conservation and enhanced environmental awareness.

- Industry /Power sector

- IKR designs and builds process engineering systems in the following areas: power plants, food industry and wastewater treatment plants

- Another goal is building of testing equipment, both for industry and universities.

In 2024 the company completed the following projects:

- bp Lingen - maintenance and repair work at bp refinery

- Etching Next - assembly project (Wacker Chemie)

- Holborn project - pipe bundle 3

- Grillo Werke Duisburg - construction of sewage separators and liquid sulphur dioxide plants

- Framework contracts - repairs, mechanical work (annual throughput of about EUR 15 million)

Expected segment development: maintenance services to industry abroad (IVT and IKR companies)

2024 will be a challenge for both IKR and IVT. The on-going crisis in Ukraine, the consequences of which cannot yet be accurately assessed, will continue to have a direct impact on clients' investment decisions. In 2024 inflation was 2.2% in Germany, which means that it was down slightly. Customers in the steel and chemicals segments continue to be cautious in their decision-making. These sectors are particularly affected by high energy costs and uncertainty about their impact on business. The weakening German automotive sector is leading to further uncertainty across the sector, as it drives employment in Germany. On a positive note, the current order backlog as of 31 December 2024 was at a very high, above-average level and was up by 16.0% year-on-year. The German industrial sector is off to a good start in 2025, with a large number of upcoming tenders and their execution already secured. There is a strong sense of cohesion among the workforce because of fair wage agreements. Therefore, no risk is expected. The churn rate is close to zero, which means that only those workers who leave the company due to retirement need to be replaced. This is ensured and secured by the various programs and successes of recent years. The fact that we have also seen a slight increase in employment here shows that we are on the right track. The necessary external human resources and materials are sourced through long-term contracts, so unplanned cost increases should not be expected here either. All in all, with consolidated sales of around EUR 79 million and EBIT > 5%, it can be said that the targets set for 2024 have been achieved. Funding for all projects has been assured.

2.13. JV MATOC POLAND Sp. z o.o.

2.13.1. Scope of activities

On 23 December 2024, a share sale agreement was concluded under which WOLFF & MÜLLER Government Services GmbH & Co. KG sold its shares in the company's share capital to ERBUD S.A. As of 23 December 2024, ERBUD S.A. is the sole shareholder of the company. The transaction has no impact on the ERBUD Group's result.

JV WMER MATOC POLAND Sp. z o.o. with its seat in Warsaw has been operating since 2018. The shareholders of the company until December 23, 2024 were, in proportions of 50% each, ERBUD S.A. and WOLFF & MÜLLER Government Services GmbH & Co. KG belonging to the WOLFF & MÜLLER Group. On 23 December, a share purchase agreement was concluded under which WOLFF & MÜLLER Government Services GmbH & Co. KG sold its shares in the company's share capital to ERBUD S.A. As of 23 December 2024, ERBUD S.A. is the sole shareholder of the company.

The company operates in the Polish market and specializes in comprehensive construction and engineering projects carried out directly for the United States military stationed in Poland under relevant international treaties. The agreements concluded are subject to U.S. law and are characterized by strict requirements in terms of both formal and legal regulations and the selection of project personnel.

JV WMER MATOC POLAND Sp. z o.o. is an entity based on experience in the implementation of projects for the U.S. military in Western Europe and has experienced and specialized staff.

2.13.2. Company governing bodies

Until 23 December 2024 the Company's Management Board had consisted of:

- Jürgen Georg Hagner;
- Łukasz Świątkowski;
- Georg Willuhn.

Since 24 December 2024 the Company's Management Board has consisted of:

- Łukasz Świątkowski;
- Michał Robak.

2.13.3. Projects executed in 2024

In 2024, the Company implemented, *inter alia*, the following projects (on the "Design and Build" basis):

Implementation of various types of civil works as part of the framework contract for the operation of the NATO military base in Redzikowo. The value of the contracts carried out in 2024 totalled PLN 1.32 million.

Construction of combat vehicle parks in Drawsko Pomorskie. The value of the works amounts to - EUR 6.7 million (of which there was EUR 127,000 in 2024, meanwhile the value of EUR 127 thousand was at contract closing)

2.13.4. Expected Development

The Company plans to continue its activities, which have been significantly reduced at the moment due to the significantly lower number of orders placed directly by the US government in the territory of Poland.

At present projects that were to be carried out directly by US army structures are being carried out on its behalf by the Polish entities.

The experience gained by the company during its previous operations is successfully used in their acquisition and implementation by other ERBUD Group member companies.

The company will focus on acquiring strategic projects from the perspective of the US military presence in Poland, to be commissioned directly by the US government.

2.14. Development directions of ERBUD Group activities

Already at the end of 2022, the Management Board of ERBUD S.A. announced that it was preparing for two to three tough years. The second year is already behind us. Another year of crisis has reaffirmed the ERBUD Group's management's conviction that the strategy adopted, which focuses on geographical and subject matter diversification as well as on HR activities, is the right one. HR activities have already produced tangible results in the building construction segment, which, despite a very tough market - lack of private and public investment - did well last year, adding to EBIT - PLN 15 million vs. PLN 25 million of loss in 2023. The private market remains frozen, largely due to high interest rates and geopolitical uncertainty, despite the announcement of an explosion in public investment for 2025-2028. In such an environment, Erbud intends to focus on specialised construction, projects for the military, projects for the healthcare services. Today we know that military spending will be huge. PLN 30 billion is to be transferred from the National Reconstruction Plan to defence, viz. the Security and Defence Fund. To accompany the construction of the nuclear power plant, the government also plans to adjust the infrastructure support programme. The amount earmarked for this infrastructure in 2025 is almost PLN 5 billion, whereas in 2026 and 2027 it is PLN 103 billion and PLN 65 billion respectively. The primary task of managers in this segment is margin protection rather than sales growth. We know that any boom in the construction industry means an increase in the price of materials, an increase in labour costs and often a lack of availability of materials and sub-contractors. Approaching new offers with caution is therefore very important. Each new planned offer is analysed in terms of the risks of price increases, the solvency of the investor, the duration of the contract, the commercial terms and conditions, in particular the method of invoicing, the payment terms and the planned cash flow.

For the segments represented by the ONDE Group in the ERBUD Group, 2024 was also a difficult period. In road engineering construction segment, the ONDE Group generated a loss of 19 million in 2024. The performance in RES segment was much better, with an operating profit of PLN 62 million against PLN 45 million in 2023. Despite trumpism-based approach to sustainability, including renewable energy sources. The increase in the capacity of renewable energy sources requires the expansion and modernisation of electricity grids to ensure the stability of supply and the possibility of efficient use of energy. In 2025, investment in the development of high and medium voltage networks will be key. This will be particularly important in areas with high renewable energy potential.

"A diverse energy strategy is evident in Europe, with the Czech Republic relying on the stability provided by nuclear and lignite, Germany investing in energy storage, and Spain making great strides in using renewables to meet up to 60 per cent of demand through photovoltaic and wind power. Interestingly enough, Italy has similar climatic conditions. But it has to import energy.

Poland, like other countries in the region, faces the challenge of integrating renewable energy sources into the existing energy system. Renewable energy is weather-dependent, so its generation varies depending on the time of day, year or weather conditions. This requires a flexible power system that can adapt to these changes.

The current power transmission infrastructure was designed mainly for conventional coal- and gas-fired power generating facilities. Efficient use of renewables will require modernisation investment in power grid and new infrastructure components.”⁵

There is no doubt that the renewable energy market will develop in Poland. However, this development will follow a bumpy road full of challenges. The management of the ERBUD Group will continue to operate in this segment through the Onde Group, both in construction for third party customers and in development processes. The first wind farm, Lewańd, was commissioned in March 2025. Onde will benefit from the sale of green electricity.

Renewable energy sources (RES) are becoming increasingly important in Poland, and 2025 will be another period of energy transition. By the end of 2024, the share of renewable energy will account for 45% of total installed capacity (31.5 GW).

In the industrial services segment carried out by ERBUD Group member companies in Poland and Germany, 2024 was a very stable year. On the onset of 2024, CKTiS joined the Group. Its main customer is ORLEN. Management is committed to growing this segment in an evolutionary manner, both through organic growth and subsequent acquisitions. Mr Tomasz Wojak joined the Management Board of ERBUD S.A. on the onset of 2025. He is responsible for the development of this segment in Poland and Germany. We want the weight of the ‘industrial’ segment to grow in both revenues and earnings of the ERBUD Group. This is the segment least exposed to ups and downs in the economy. We see synergies where the services provided by the service companies are often complementary to volume manufacturing.

The fourth segment in which the management of the ERBUD Group sees great opportunities for growth is the modular timber building construction segment. Erbud started manufacturing and selling timber modular buildings in March 2023. The new business is a start-up activity and as such has not yet made a profit. The segment's sales reached PLN 51.5 million in 2023 and PLN 91.1 million in 2024. Over the past two years, in addition to plant engineering and equipment supply, production, sales, quotation and costing processes have been implemented. We made a lot of mistakes as a young organisation. We always learned from them and made improvements immediately. Despite the losses, we believe that the market of modular construction is the future and an alternative to traditional construction. Its advantages are the short execution time, which is an answer to the need for quick use of EU funds, for the implementation of housing and public infrastructure when speed is forced by natural disasters, in the case of facilities from which the owner draws an annuity, the short execution time increases the efficiency of the investment. It is also a response to the labour shortage in the construction sector. Not forgetting the environmental value of the timber modules, which have a negative carbon footprint once manufactured.

In 2025, ERBUD Group management will focus on strengthening this segment so that it contributes to profitability from 2026 and becomes ERBUD Group's third largest segment.

"Spectis estimates that the modular construction market will be worth £7 billion by 2030. This year and next, in particular, will benefit from the large inflow of funds from the National Reconstruction Plan. The disbursement of these funds is subject to time constraints. The pressure of cost and time, as well as the openness to new technologies, can lead individual and institutional investors to turn to modular construction.

The company's forecast is that the market will be worth PLN 7bn by 2030. The openness to new technologies and the pressure for efficiency in construction processes, including cost and time, are among the factors influencing the growing interest of private and institutional investors. The market is also evolving on the supply side - there is a growing manufacturing base and an increasing choice of prefabrication technologies. Although exports do not dominate the sales structure, Spectis points out that Polish modular buildings are very popular in the European market.

- The domestic market continues to drive most of the market and demand for these materials. The importance of the export segment is twenty to thirty per cent. The main customers for these products are Germany, Austria and especially Scandinavia," says Bartłomiej Sosna. - Our forecast is that the share of exports will be fairly stable. In some respects,

⁵ <https://www.gramzielone.pl/bez-kategorii/20299409/rynek-oze-w-polsce-i-na-swiecie-w-2025-roku-czy-wciaz-mamy-szanse-na-zielona-rewolucje>

this export market is less attractive for domestic manufacturers due to exchange rate differences or more dynamic labour cost growth in Poland. On the other hand, there is very strong growth in demand from the domestic segment. We are even seeing a change in the business model of several modular house manufacturers. They were originally more focused on the foreign market and are now more inclined to operate on the Polish market"⁶.

⁶ <https://www.bankier.pl/wiadomosc/W-przeciagu-pieciu-lat-rynek-budownictwa-modulowego-bedzie-warty-7-mld-zl-8870711.html>

3. ERBUD GROUP FINANCIAL PERFORMANCE IN 2024

3.1. Key drivers of financial performance

The ERBUD Group ended 2024 with a net loss from continuing operations of PLN 17,165 thousand, compared to a profit of PLN 23,295 thousand in 2023. In addition, the profit in 2023 was strongly influenced by a one-off event - a win in a lawsuit with Millennium Bank - which had a positive impact on the Group's financial performance (PLN 99 million before tax) and - the signing of a settlement with MPL Modlin - which had a negative impact on the net income - PLN 16.6 million.

In 2024 major drivers of the Group's financial performance in continuing operations included:

- EBIT loss of the MOD Group (manufacturing and sales segment of timber modular buildings) of PLN 52,021 thous.;
- EBIT loss in the road construction segment of PLN 18,810 thousand; and
- EBIT in domestic building construction - PLN 15,042 thousand vs. a loss in 2023 of PLN 24,939 thousand;
- EBIT in the RES segment of PLN 62,404 thousand vs. PLN 45,273 thousand in 2023.

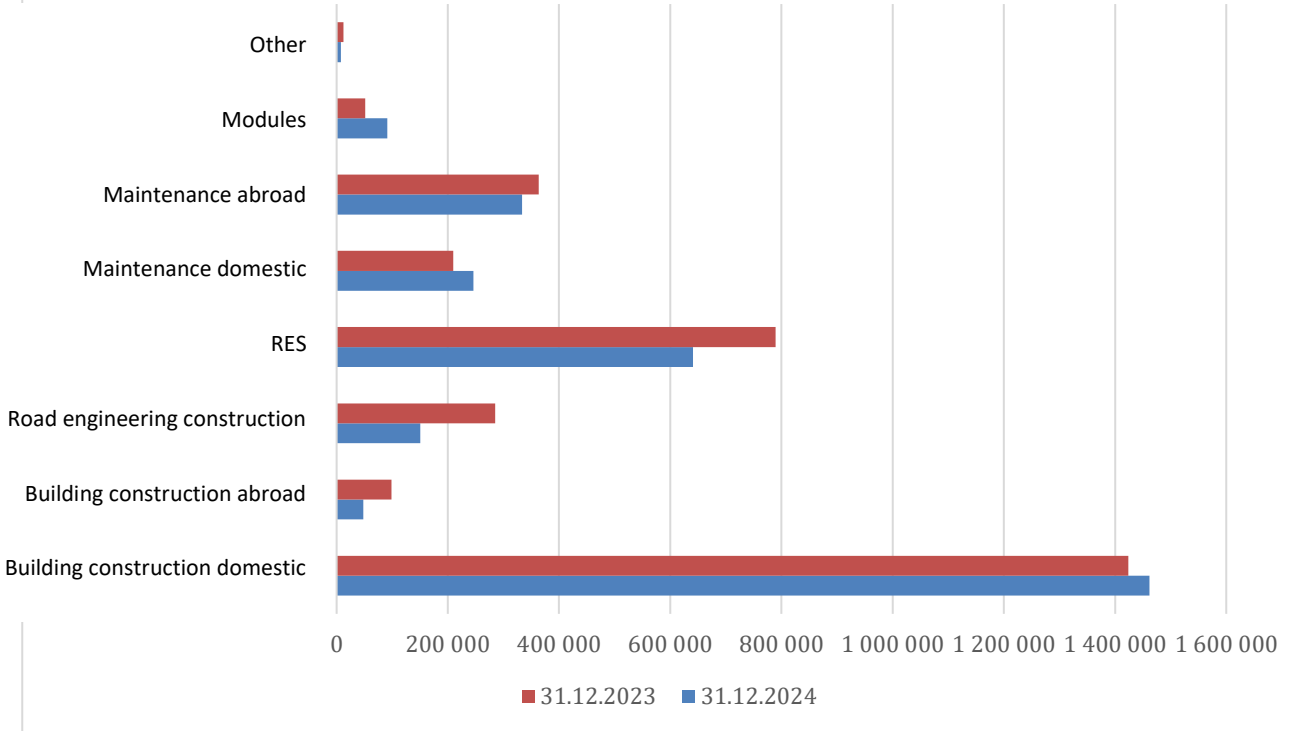
Profit and loss account of the ERBUD Group in analytical terms (in '000 PLN) - performance presented in table below: EBIT; EBITDA, pre-tax result, net result are presented net of the one-off events described above.

Specification	2024	2023	Difference	% change
Revenues from sales of products, merchandise and services	2,979,789	3,234,363	(254,574)	(7.87%)
Net profit/loss on sales	219,763	209,111	10,652	5.09%
Net profit/loss on sales	7.38%	6.47%		
Operating profit (EBIT)	20,653	(1,487)	22,140	1488.90%
% EBIT	0.69%	(0.05%)		
EBITDA	63,759	35,447	28,312	79.87%
% EBITDA	2.14%	1.10%		
Gross profit/loss	56	50,474	(50,418)	(99.89%)
% Gross profit/loss	0.00%	1.56%		
Net profit/loss	(17,165)	(14,302)	(2,863)	20.02%

3.2. Sales revenues

In 2024, the Group generated sales revenues from going concern operations at the level of PLN 2,979,789 thousand, i.e. down by 7.9 % compared to the previous year (PLN 3,234,363 thousand). The largest declines were in international building construction (51.55%), the effect of discontinuing building construction in MOD21 Ltd. road construction (47.19%), and in RES implementing projects for third parties (18.82%). The largest growth came from the production and sale of timber modular buildings - 76.85% and domestic industrial services - 17.26% (mainly due to the acquisition of CKTIS in early 2024).

2024 VS. 2023 ERBUD GROUP REVENUES BY SEGMENT



3.3. Costs

The main cost item of the ERBUD Group (54.69 % of total costs by type) were the costs of third party services, mainly the costs of work subcontracted to subcontractors. This figure is down compared to 2023, when third party expenses accounted for 58.31%. This was due to lower sales. In 2024, they totalled PLN 1,602 million, i.e. down by 15% compared to the previous year. In second place in terms of percentage share of costs are costs of materials and energy consumption - 23.61% vs. 23.87% in 2023. The third position is occupied by employee benefit costs - 18.02% vs. 15.26%. The increase in the Group's wage costs was mainly driven by further development of a new business area - the fabrication and sale of modular timber houses - the acquisition of CKTiS with 200 employees and, as in the previous year, the wage squeeze, especially in the building construction and renewable energy areas. The cost of wages and salaries went up by 7.13% in nominal terms and by 3.08% in case of CKTiS.

Operating costs of ERBUD Group ('000 PLN)

	For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023	Change	% change
Third party services	1,602,381	1,882,921	(280,540%)	(14.90%)
<i>including third party services from subcontractors</i>	1,186,818	1,580,854		
Material and energy consumption	691,837	770,727	(78,890%)	(10.24%)
Employee benefit expenses	527,976	492,836	35,140	7.13%
Amortization and depreciation	43,106	36,934	6,172	16.71%
Taxes and charges	18,044	15,498	2,546	16.43%
Other cost categories	40,742	26,734	14,008	52.40%
Value of goods and materials sold	5,649	3,722	1,927	51.77%
Total costs by type	2,929,735	3,229,372	(299,637%)	(9.28%)
Change in the balance of products, work in progress and accrued expenses under building contracts	51,100	6,657	44,443	667.61%
Cost of sale (negative value)	(22,889%)	(15,490%)	(7,399%)	47.77%
General management and administration costs (negative value)	(197,920%)	(195,287%)	(2,633%)	1.35%
Manufacturing costs of products sold	2,760,026	3,025,252	(265,226%)	(8.77%)

3.4. Other operating and financial income and expenses

In 2024, the Group's other operating income was PLN 16,838 thousand, compared to PLN 9,267 thousand in the previous year.

The major item in Other operating expenses were Other expenses (PLN 1,929 thousand) and penalties, fines and damages paid - PLN 1,598 thousand.

The Group's financial activity gains/losses were negative and totalled PLN (17,329) thousand, compared to PLN (31,652) thousand in 2023.

The amount of financial expenses in 2024 is PLN 29,849 thousand against PLN 48,395 thousand in 2023. The largest financial expense item is interest on loans and borrowings, leases, bonds and other (PLN 22,559 thousand) against PLN 33,085 thousand in 2023. In 2024, financial costs were down by 38.32% compared to the previous year.

3.5. Statement of Financial Position

On 31 December 2024, the total assets of the ERBUD Capital Group amounted to PLN 2,027,937 thousand compared to PLN 1,973,833 thousand at the end of 2023 (up by 2.74%). Fixed assets were up by 26.72 % and reached PLN 604,304 thousand, whereas current assets were down by 4.90% and reached PLN 1,423,633 thousand. The increase in one-off assets is primarily due to the acquisition of CKTiS and the reclassification of the Lewańd PV farm from inventory to tangible fixed assets.

Major items of the Group assets were as follows:

- Long- and short-term trade and other receivables totalled PLN 552,821 thousand, i.e. 27.26% of total assets. Their value was down by 5.56% compared to the end of 2023 (PLN 575,977 thousand).
- Receivables from the measurement of building contracts in the amount of PLN 351,536 thousand (17.33 % of the balance sheet total) against PLN 455,336 thousand (23.97% of the balance sheet total) in 2023. Down by 22.80 % against 31 December 2023.
- Cash and cash equivalents including cash on separated VAT accounts and restricted cash totalled PLN 329,774 thousand. 16.26 % of the total assets vs. PLN 307,305 thousand, or 15.57% of total assets (up by 7.31% compared to the balance at the end of 2023).

As of 31 December 2024, total shareholders' equity totalled PLN 629,010 thousand (31.02% of total liabilities) against PLN 674,946 thousand at the end of 2023.

Shareholders' equity of the Parent Company amounted to PLN 486,554 thousand at end of 2024 (77.35% of total equity) against PLN 537,543 thousand in 2023.

In addition, the following items accounted for a significant share in the Group's balance sheet total:

- Long- and short-term trade liabilities and other liabilities (including advances received and retained bid bonds) in the amount of PLN 571,459 thousand (28.18% of total liabilities). They were down by 2.38 % compared to the previous year (PLN 585,385 thousand). For purposes of this description, bid bonds to long-term subcontractors are included in short-term trade payables.
- Liabilities related to the measurement of building contracts in the amount of PLN 431,941 thousand (21.30 % of the balance sheet total) against PLN 387,717 thousand (19.64% of the balance sheet total) in 2023.

3.6. Cash flows

During 2024 the ERBUD Group posted negative cash flows of PLN (37,150) thousand compared to the negative cash flows of PLN (99,158) thousand in the previous year. In particular they consisted of:

- Close to nil gross profit of PLN 56 thousand against PLN (50,474) thousand in the previous year.
- Positive change in working capital of PLN 165,249 thousand; - receivables were down by 5.66%, depreciation up by 16.71%;
- Negative net income from investment activities (PLN 113,391 thousand) primarily due to the reposting of expenditures incurred on the construction of the Lewańd photovoltaic farm from inventories to tangible fixed assets.
- Negative cash flows from financial activities in the amount of PLN 1,694 thousand.

As of 31 December 2024, the Group's cash balance, including accumulated cash on VAT accounts and cash equivalents totalled PLN 329,774 thousand, against PLN 307,305 thousand as of 31 December 2023.

3.7. Changes in equity

As of 31 December 2024, total equity amounted to PLN 629,010 thousand (31.02% of total liabilities) against PLN 674,946 thousand at the end of 2023. The decrease in equity is mainly due to the negative result in the ERBUD Group for 2024, the dividend paid in 2024 for 2022 (PLN 20,042 thousand).

At the end of 2024 shareholders' equity of the Parent Company amounted to PLN 486,554 thousand as opposed to PLN 537,543 thousand in 2023.

Financial ratios

In 2024, all profitability ratios at individual levels of sales profits were positive. The outlier was EBIT adjusted for one-off events, which was negative.

Key financial ratios of the ERBUD Group for continuing operations

	2024	2022
EBIT margin (in %)	0.69%	0.62%
EBITDA margin (in %)	2.14%	1.76%
Adjusted EBIT margin (in %)	0.69%	(0.05%)
EBITDA margin, standardized (in %)	2.14%	1.09%
Sales profitability (in %)	7.38%	6.47%
Gross profitability (in %)	0.00%	1.56%
Net profitability (in %)	(0.58%)	0.72%

EBIT margin - operating profit / sales revenue

EBITDA margin – EBITDA = Operating profit + Amortization / Sales net revenue

Sales profitability – Profit on sales / Sales revenue

Gross profitability – Earnings before tax/ Sales revenue

Net profitability – Net earnings /sales revenue

The liquidity and total debt ratios calculated as of 31 December 2024, as opposed to ratios based on results adjusted for one-off events (the lawsuit won with Millennium Bank and the settlement with PL Modlin), have clearly improved. The focus of the ERBUD Group's strategy is the further improvement of the profitability of the Group as a whole.

ERBUD Group's key liquidity and debt ratios

	2024	2023
Current ratio	1.23	1.40
Quick ratio	1.08	1.27
Debt ratio (in %)	68.98%	65.81%
Debt-to-equity ratio	2.22	1.92

Current ratio = current assets / current liabilities

Quick ratio = current assets - inventories / current liabilities

Debt ratio = Liabilities and provisions for liabilities / Total assets

Debt-to-Equity ratio = Liabilities and provisions for liabilities / Equity

3.8. Interest debt

As of the end of December 2024, the ERBUD Group's total debt under loans, borrowings, bonds and finance leases amounted to PLN 313,140 thousand, including PLN 135,565 thousand of short-term debt and PLN 40,067 thousand of interest-bearing debt due to changes in the rules set forth in the IFRS 16 standard.

As of the end of December 2023, the ERBUD Group's total debt under loans, borrowings, bonds and finance leases amounted to PLN 239,437 thousand, including PLN 61,280 thousand of short-term debt and PLN 17,701 thousand of interest-bearing debt due to changes in the rules set forth in the IFRS 16 standard.

The member companies of the ERBUD Group have access to multi-purpose credit and guarantee lines totalling PLN 2,310,400 thousand.

On **4 February 2025**, the Management Board of ERBUD S.A. adopted a resolution on the intention to issue unsecured E-series bearer bonds (the "Bonds") with the following terms and conditions:

The Bonds were issued pursuant to the procedure provided for in Article 33.1 of the Bond Act in compliance with Article 1.4(b) or (d) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing the Directive 2003/71/EC in conjunction with Art. 3(1a) of the Act on Public Offerings and Conditions for Introducing Financial Instruments to Organized Trading System and on Public Companies of 29 July 2005 (uniform text OJ.EU.L.2017.168.12 of 30 June 2017, as amended) ("the Prospectus Regulation"), which does not require the publication of an information memorandum, nor prospectus.

- 2) The bond offering will only be targeted at qualified investors within the meaning of Article 2(e) of the Prospectus Regulation;
- 3) The number of bonds on offer will be no more than 75,000 (seventy-five thousand) units;
- 4) The par value and issue price of one bond will be PLN 1,000.00 (one thousand Polish zlotys);
- 5) After deduction of the costs of issue, the proceeds from the issue of the Bonds will be used to refinance debt on account of the Issuer's D-series bonds;
- 6) The Bonds will bear interest at a rate equal to WIBOR 6M (Warsaw Interbank Offered Rate) plus a margin based on the margin determined as a result of the book-building process;
- 7) The Bonds will be issued as unsecured securities;
- 8) The Bonds will be issued not later than at the end of Q1 2025;

9) The Bonds shall be registered in the register kept by Trigon Dom Maklerski S.A. brokerage house, acting as the Issuing Agent, and shall be registered in the securities depository kept by the Central Securities Depository in accordance with the provisions of the Act of 29 July 2005 on trading in financial instruments (consolidated text: Journal of Laws of the Republic of Poland of 2024, item 722, as amended);

10) The Issuer will apply for admission of the Bonds to trading in the Catalyst alternative trading system;

11) The maturity of the Bonds will not exceed 4 years;

12) The bonds give only entitlement to cash benefits;

13) The Investment Firm acting as an intermediary in the offering of the Bonds will be Trigon Dom Maklerski S.A. brokerage house, with its registered office in Kraków.

On 20 February 2025, following a road show and on the basis of a demand book, the Management Board of ERBUD S.A. decided to issue up to 75,000 E-series unsecured bearer bonds with a par value of PLN 1,000 each and a maximum total par value of up to PLN 75,000,000.00 and an issue date of 27 February 2025 (the 'Bonds').

The issue price of the Bonds will be equal to their par value. The bonds will bear interest at a floating rate of WIBOR 6M plus a margin of 3% per annum.

The Bonds will be recorded in the records maintained by Trigon Dom Maklerski S.A. (brokerage house), acting as an issue agent, and will then be registered in the depository maintained by the National Depository for Securities S.A. and will be introduced into trading in the alternative trading system operated by the Warsaw Stock Exchange S.A.

The redemption date of the Bonds is 27 February 2029, subject to an option of early redemption in accordance with the terms and conditions of the issue of the Bonds.

On the same day, i.e. 20 February 2025, the Management Board of ERBUD S.A. decided on the early redemption of D-series bonds (ISIN code: PLERBUD00079).

Pursuant to the terms of the Bonds issue, the early redemption of the Bonds was made on 23 March 2025. On that date, the Issuer paid for each single Bond: (i) an amount equal to the par value per Bond plus (ii) the amount of accrued and unpaid interest.

The Record Date for the early redemption of the Bonds was 17 March 2025.

The early redemption of the Bonds was effected through the Central Securities Depository S.A. ('CSD'), in accordance with the regulations of the CSD.

The following loan agreements were signed between the onset of 2024 and the date of this report:

On 25 June 2024 ERBUD S.A. signed an appendix to the Multi-Purpose Credit Limit Agreement with PKO Bank Polska S.A. Pursuant to the Appendix, PKO BP S.A. extended the term of the credit limit in the amount of PLN 70 million for another 12 months. The Issuer may use an overdraft facility of up to PLN 20 million and a bank guarantee limit of up to PLN 50 million. The facility's maturity date is 28 June 2025. Other conditions do not deviate from arm's length principle conditions.

On 5 July 2024 ERBUD S.A. jointly with Onde S.A. signed with Santander Bank Polska S. A. an appendix to the MultiLine Agreement No. K01393/15 of 20 November 2015, as amended. Under the Appendix signed Erbud S.A. may take advantage of a multi-purpose line (overdraft and line for bank guarantees and letters of credit) for the maximum amount of PLN 185,000,000.00. Erbud S.A. may use a limit for bank guarantees of up to PLN 85,000,000 and/or an overdraft facility of up to PLN 5,000,000. The total utilisation rate of the line may not exceed PLN 85 million in value terms. The line's maturity date is 7 July 2025. Other conditions do not deviate from arm's length principle conditions.

On 9 August 2024 Erbud S.A. and its subsidiary Erbud Industry Centrum sp. z o.o. signed Appendix No. 15 to the Credit Line Agreement No. KKW/NS/15/2015 dated 18 September 2015 with Credit Agricole Bank Polska S.A. By virtue of the

Appendix, Erbud S.A. and its subsidiary Erbud Industry Centrum Sp. z o.o. may enjoy a multi-purpose line (overdraft, limit for guarantees) of up to PLN 60 million. Erbud S.A. may use an overdraft facility of up to PLN 10 million and/or a guarantee limit of up to PLN 60 million. The line maturity date is 30 September 2025. The other terms and conditions follow the arm's length principle.

On 09 August 2024 Erbud S.A. along with its subsidiaries (Onde S.A., Erbud International sp. z o.o.) signed Appendix No. 27 to the Multi-Purpose Credit Line Agreement No. WAR/4120/05/221/RB1 of 7 July 2005 with BNP Paribas Bank Polska S.A. Under this Appendix, the Issuer, along with its subsidiaries _Onde S.A., Erbud International sp. z o.o._ may use a multi-purpose line of up to PLN 140 million, divided into an overdraft limit of PLN 11 million, a limit for guarantees of PLN 140 million and a limit for letters of credit of PLN 70 million - the sub-limit for Erbud S.A. is PLN 140 million with an option of incurring a debt of max. PLN 8 million;

The line maturity date is 7 June 2025. The other terms and conditions follow the arm's length principle.

On 25 September 2024 ERBUD S.A. received from Alior Bank S.A. a signed Appendix No. 19 to Loan Agreement No. U0002139462604 concerning Receivables Limit, dated 27 September 2012 and Appendix No. 10 to Agreement U0002931236940 concerning Product Limit dated 20 August 2015.

Under the Appendices, the Issuer is allowed take advantage of an overdraft facility of up to PLN 10 million and guarantee products of up to PLN 80 million and EUR 2 million. The above-mentioned banking products have been made available to the Issuer until 30 September 2025. The remaining key terms and conditions have not changed.

On 28 October 2024 ERBUD S.A. received Appendix No. 29 to the Loan Agreement of 6 July 2010 with ING Bank Śląski S.A., signed by all parties. Under this Appendix, the Issuer, together with its subsidiaries (Onde S.A., Erbud Industry Centrum sp. z o.o.; Erbud International sp. z o.o.) , may use a multi-purpose line of maximum PLN 175 million, split into an overdraft limit of PLN 64 million and a guarantee limit of PLN 175 million.

- the sub-limit for Erbud S.A. is PLN 175 million with an option of drawing a debt of maximum PLN 64 million;

- the sub-limit for Onde S.A. is PLN 50 million with an option of drawing a debt of maximum PLN 20 million;

- the sub-limit for Erbud Industry Centrum Sp. z o.o. is PLN 10 million with an option of drawing a debt of maximum PLN 4 million;

- the sub-limit for Erbud International Sp. z o.o. is PLN 15 million with an option of drawing a debt of maximum PLN 5 million).

The line's maturity date is 30 January 2026. The other material conditions remained unchanged.

On 20 December 2024 ERBUD S.A. received signed appendices to the financial agreements with mBank S.A. - Appendix No. 27 to Framework Agreement No. 38/003/10/Z/GX and Appendix No. 16 to Umbrella Multi-product Framework Agreement No. 38/035/20/Z/UX with mBank S.A..

Under Appendix No. 27 to the Framework Agreement No. 38/003/10/Z/GX, ERBUD S.A. may take advantage of a guarantee line of PLN 85 million. The line's maturity date is 30 January 2026. The other conditions remained unchanged.

Pursuant to the Appendix No. 16 to the Multi-Product Umbrella Master Agreement No. 38/035/20/Z/UX, ERBUD S.A., acting jointly with its subsidiary ONDE SA, may take advantage of an overdraft limit, working capital loan and guarantee limit totalling PLN 112 million. The line's maturity date is 30 January 2026.

Securities and collaterals for the repayment of the above-mentioned banking products are as follows:

- contractual and capped mortgages on the Group's assets,
- assignments of rights under building contracts,
- clauses with entitlement to deduct receivables from bank accounts
- blank promissory notes,
- transfer of ownership title to cash deposits representing the contractual percentage of secured receivables.
- a declaration of submission oneself to enforcement pursuant to Article 777 § 1, subpar. 5 of the Code of Civil Procedure.

Loan agreements signed by ERBUD Group member companies - as of the 2024 Financial Statements Date.

Bank	Type of liability	Amount ('000 PLN)	Currency	Interest terms	Repayment date	Payment of instalments	Borrower
BNP Paribas Bank Polska S.A.	Overdraft facility	11,000	PLN	WIBOR 3M +1.50%	7 Jun. 2025	one-off	ERBUD S.A. 3 000; ONDE S.A. 5 000; ERBUD INTERNATIONAL 3 000;
mBank S.A.	Overdraft facility	40,000	PLN	WIBOR 1M +1,60%	30 Jan. 2026	one-off	ERBUD S.A. – 15 000; ONDE S.A. – 30,000
mBank S.A.	working capital facility	72,000	PLN	WIBOR 1M + 1,60%	30 Jan. 2026	one-off	Onde S.A.
mBank S.A.	loan to finance and refinance RES projects	20,000	EUR	EURIBOR 1M + 2,6 p.p.	26 Mar. 2027	one-off	Onde S.A.
mBank S.A.	loan to finance and refinance RES projects	66,096	PLN	WIBOR 3M + 2.4%	31 Mar. 2036	On instalment basis	Onde Group
mBank S.A.	loan to finance and refinance RES projects	21,500	PLN	WIBOR 1M + 1,5%	31 March 2026	one-off	Onde Group
PKO Bank Polski S.A.	Overdraft facility	20,000	PLN	WIBOR 3M + 1.60%	28 Jun. 2025	one-off	ERBUD S.A.
Alior Bank S.A. Group	Overdraft facility	10,000	PLN	WIBOR 3M+1.6%	30 Sept. 2025	one-off	ERBUD S.A.
ING Bank Śląski S.A.	Overdraft facility	64,000	PLN	WIBOR 1M +1.65%	30 Jan. 2026	one-off	ERBUD S.A – 64000.; ONDE S.A – 20 000.; ERBUD Industry Centrum – 4 000; Erbud International 5 000;
Santander Bank Polska S.A.	Overdraft facility	5,000	PLN	WIBOR 1M +2.0%	7 Jul. 2025	one-off	ERBUD S.A.
BNP Paribas Bank Polska S.A.	Non-revolving loan for real property acquisition	3,417	EUR	3.69%	27 Apr. 2028	On instalment basis	ERBUD S.A.
Credit Agricole Bank Polska S.A.	working capital facility	10,000	PLN	WIBOR 1M +1.50%	30 Sept. 2025	one-off	ERBUD S.A.
Credit Agricole Bank Polska S.A.	working capital facility	5,000	PLN	WIBOR 1M +1.50%	30 Sept. 2025	one-off	ERBUD Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska S.A.	working capital facility	14,000	PLN	WIBOR 1M +1.50%	30 Sept. 2025	one-off	ERBUD Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska S.A.	an investment loan for the acquisition of shares in Satchwell Sp. z o.o.	1,337	PLN	WIBOR 3M+1.55%	29 May 2026	Quarterly instalments	ERBUD Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska S.A.	Working capital facility	1,000	PLN	WIBOR 1M +1.50%	30 Sept. 2025	one-off	Satchwell Sp. z o.o.
PEKAO SA	Working capital facility	2,000	PLN	WIBOR 1M + 1,65%	12 Jun. 2025	one-off	CKTIS S.A.
Credit Agricole Bank Polska S.A.	Working capital facility	2,000	PLN	WIBOR 1M + 1,50%	30 Sept. 2025	one-off	CKTIS S.A.
mBank S.A.	Overdraft facility	3,000	PLN	WIBOR 1M +1,5%	30 Jan. 2026	one-off	ERBUD International Sp. z o.o.

ING Bank Śląski S.A.	Investment loan	725	PLN	WIBOR 1M + 2,15%	30 Nov. 2025	On instalment basis	ONDE S.A.
Santander Bank Polska S.A.	Overdraft facility	20,000	PLN	WIBOR 1M + 2,0%	7 Jul. 2025	one-off	ONDE S.A.
Credit Agricole Bank Polska S.A.	Onde	10,000	PLN	WIBOR 1M + 1,5%	30 Sept. 2025	one-off	ONDE S.A.
BNP Paribas Bank Polska S.A.	Non-revolving loan for renovation and expansion of real estate	1,264	EUR	3.69%	20 May 2028	On instalment basis	MOD21 Sp. z o.o.
CommerzBank AG	Overdraft facilities	2,000	EUR	6.20%	30 Apr. 2025	one-off	MOD21 GmbH
Deutsche Bank AG	Overdraft facilities	1,000	EUR	6.00%	30 Apr. 2025	one-off	MOD21 GmbH
Commerzbank	Overdraft facilities	1,500	EUR	EURIBOR + 1.5%-2.5%	Valid indefinitely	one-off	IVT Weiner + Reimann GmbH
National Bank AG	Overdraft facilities	2,000	EUR	EURIBOR + 1.5%-2.5%	Valid indefinitely	one-off	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
Santana Bank AG	Overdraft facilities	3,000	EUR	EURIBOR + 1.5%-2.5%	Valid indefinitely	one-off	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
Santana Bank AG	Investment loan	570	EUR	EURIBOR + 1.5%-2.5%	31 Dec. 2025	instalments	IVT Weiner + Reimann GmbH
National Bank AG	Investment loan	116	EUR	1.50%	31 May 2027	instalments	IVT Weiner + Reimann GmbH
Santana Bank AG	Investment loan	1,300	EUR	3.99%	30 Jun. 2027	instalments	IVT Weiner + Reimann GmbH
Santana Bank AG	Car loan	55	EUR	0.00%-3.92%	31 Dec. 2025	instalments	IVT Weiner + Reimann GmbH
KIA Finance	Car loan	93	EUR	0.00%-3.92%	30 Jun. 2026	instalments	IVT Weiner + Reimann GmbH
Skoda Finance	Car loan	67	EUR	0.00%-3.92%	31 Mar. 2025	instalments	IVT Weiner + Reimann GmbH
MMV Bank	Car loan	212	EUR	0.00%-3.92%	30 Sept. 2031	instalments	IVT Weiner + Reimann GmbH
	Total:	378,658	PLN				
	Total:	36,593	EUR				

Bank guarantee limits made available to the Group - as of Financial Statement Date.

Guarantor	Type of liability	Limit amount '000	Currency	Obligor
Alior Bank S.A. Group	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	80,000	PLN	ERBUD S.A.
Alior Bank S.A. Group	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	2,000	EUR	ERBUD S.A.
BNP Paribas Bank Polska S.A.	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	140,000	PLN	ERBUD S.A. (140,000); ONDE S.A. (140,000); ERBUD INTERNATIONAL (13,000);
mBank S.A.	Bid bonds, performance bond, retention bond	PLN	PLN	ERBUD S.A.
mBank S.A.	Bid bonds, performance bond, retention bond	40,000	PLN	ERBUD S.A. (10 000) ONDE S.A. (30.000)
PKO Bank Polski S.A.	Bid bonds, performance bond, retention bond	PLN	PLN	ERBUD S.A.
Santander Bank Polska S.A.	Bid bonds, performance bond, retention bond	185,000	PLN	ERBUD S.A. (85,000) ONDE S.A. (100,000%)
HSBC Bank Polska S.A.	Bid bonds, performance bond, retention bond	74,000	PLN	ERBUD S.A.; ONDE S.A. (50 000 - for green bonds)
Credit Agricole Bank Polska S.A.	Bid bonds, performance bond, retention bond	60,000	PLN	ERBUD S.A. (60 000), ERBUD Industry Centrum Sp. z o.o. (32,000)
ING Bank Śląski S.A.	Bid bonds, performance bond, retention bond	175,000	PLN	ERBUD S.A. (175,000) ONDE S.A. (30,000) & ERBUD Industry Centrum Sp. z o.o. (6 000), Erbud International (10 000)
Santander Bank Polska S.A.	Letter of credit	14,000	EUR	ONDE S.A.
BNP Paribas Bank Polska S.A.	Letter of credit	70,000	PLN	ERBUD S.A.; ONDE S.A.
mBank S.A.	Bid bonds, performance bond, retention bond	3,000	PLN	Erbud International Sp. z o.o.
PKO Bank Polski S.A.	Bid bonds, performance bond, retention bond	2,012	EUR	MOD 21 GmbH
Santander Bank DE AG	Bid bonds, performance bond, retention bond	8,000	EUR	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR

Commerz Bank S.A.	Bid bonds, performance bond, retention bond	1,500	EUR	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
National Bank AG	Bid bonds, performance bond, retention bond	2,000	EUR	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
Total:		997,000	PLN	
Total:		29,512	EUR	

Insurance guarantee limits made available to the Group - as of Report Date.

Guarantor	Type of liability	Limit amount ('000 PLN)	Currency	Obligor
STU Ergo Hestia S.A.	Bid bonds, performance bond, retention bond, advance payment	360,000	PLN	ERBUD S.A.; ONDE S.A.
PZU S.A.	Bid bonds, performance bond, retention bond, advance payment	30,000	PLN	ERBUD S.A.
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	70,000	PLN	ERBUD S.A.
Generali TU S.A.	Bid bonds, performance bond, retention bond, advance payment	36,500	PLN	ERBUD S.A.
CREDENDO	Bid bonds, performance bond, retention bond, advance payment	20,000	PLN	ERBUD S.A.; ONDE S.A.
Uniq TU	Bid bonds, performance bond, retention bond, advance payment	30,000	PLN	ERBUD S.A.
ZURICH	Bid bonds, performance bond, retention bond	3,500	EUR	MOD 21 GmbH
R+V	Bid bonds, performance bond, retention bond	7,000	EUR	MOD 21 GmbH
AXA	Bid bonds, performance bond, retention bond	1,500	EUR	MOD 21 GmbH
Bayerischer Versicherungsverband	Bid bonds, performance bond, retention bond	1,500	EUR	MOD 21 GmbH
Swiss RE	Bid bonds, performance bond, retention bond	2,000	EUR	MOD 21 GmbH
Credendo	Bid bonds, performance bond, retention bond	2,500	EUR	MOD 21 GmbH
VHV Versicherungen	Bid bonds, performance bond, retention bond	500	EUR	MOD 21 GmbH
Wuerttembergische Versicherung	Bid bonds, performance bond, retention bond	750	EUR	MOD 21 GmbH
Chubb	Bid bonds, performance bond, retention bond	15,000	EUR	MOD 21 GmbH

Generali S.A.	Bid bonds, performance bond, retention bond	23,500	PLN	ONDE S.A.
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	75,000	PLN	ONDE S.A.
Warta	Bid bonds, performance bond, retention bond, advance payment	5,000	PLN	ONDE S.A.
Uniqa TU	Bid bonds, performance bond, retention bond, advance payment	40,000	PLN	ONDE S.A.
TU Europa S.A..	Bid bonds, performance bond, retention bond, advance payment	6,000	PLN	ONDE S.A.
TUIR Allianz Polska S.A.	Bid bonds, performance bond, retention bond, advance payment	25,000	PLN	ONDE S.A.
Interrisk	Bid bonds, performance bond, retention bond, advance payment	20,000	PLN	ONDE S.A.
PZU S.A.	Bid bonds, performance bond, retention bond	10,000	PLN	ONDE S.A.
TU Euler Hermes S.A.	Bid bonds, performance bond, retention bond	20,000	PLN	ONDE S.A.
TU Europa S.A..	Bid bonds, performance bond, retention bond	850	PLN	Satchwell Sp. z o.o
WARTA S.A.	Bid bonds, performance bond, retention bond	222	PLN	Erbud Industry Centrum Sp. z o.o.
STU Ergo Hestia S.A.	Bid bonds, performance bond, retention bond	7,000	PLN	Erbud Industry Centrum Sp. z o.o.
STU Ergo Hestia S.A.	Bid bonds, performance bond, retention bond	11,000	PLN	ERBUD International Sp. z o.o.
TU Gothaer.	Bid bonds, performance bond, retention bond	188	PLN	ERBUD International Sp. z o.o.
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	2,615	PLN	ERBUD International Sp. z o.o.
Generali TU S.A.	Bid bonds, performance bond, retention bond	2,854	PLN	ERBUD International Sp. z o.o.
STU Ergo Hestia S.A.	Bid bonds, performance bond, retention bond	2,000	PLN	CKTiS Sp. z o.o.
PZU	Bid bonds, performance bond, retention bond	3,000	PLN	CKTiS Sp. z o.o.
Warta	Bid bonds, performance bond, retention bond	1,200	PLN	CKTiS Sp. z o.o.

R+V	Bid bonds, performance bond, retention bond	3,000	EUR	IVT Weiner + Reimann GmbH
Total:		801,929	PLN	
Total:		37,250	EUR	

Loans extended by the Issuer - as of 31 Dec. 2024.

Lender	Borrower	Loan date	Value in '000 PLN	Value in '000 EUR	Maturity date	Interest rate
ERBUD S.A.	MOD21 Sp. z o.o.	22 Apr. 2021	3,100	737	31 Dec. 2028	3M WIBOR +1.35%
ERBUD S.A.	MOD21 Sp. z o.o.	2021.06 11	17,517	4,165	31 Mar. 2028	3M WIBOR +1.35%
ERBUD S.A.	JV PABC Sp. z o.o.	16 Jun. 2021	50	12	31 Dec. 2026	3M WIBOR +3.5%
ERBUD S.A.	Erbud Holding Deutschland GmbH	27 Jul. 2021	2,944	700	upon demand within 10 days,	3M EURIBOR+2.2%
ERBUD S.A.	MOD21 Sp. z o.o.	27 Jul. 2021	862	205	23 Jul. 2028	3M EURIBOR+1.9%
ERBUD S.A.	JV PABC Sp. z o.o.	22 Sept. 2021	350	83	31 Dec. 2026	3M WIBOR +2.2%
ERBUD S.A.	Sanssouci	26 Feb. 2021	4,314	1,026	31 Dec. 2024	10% per annum
ERBUD S.A.	Sanssouci	24 Mar. 2021	250	59	31 Dec. 2024	10% per annum
ERBUD S.A.	MOD21 Sp. z o.o.	13 Jan. 2022	43,300	10,295	31 Mar. 2028	3M WIBOR +2.5%
ERBUD S.A.	MOD21 Sp. z o.o.	19 Jan. 2022	3,196	760	31 Mar. 2028	3M EURIBOR+1.9%
ERBUD S.A.	MOD21 Sp. z o.o.	15 Mar. 2022	841	200	31 Mar. 2028	3M EURIBOR+1.9%
ERBUD S.A.	MOD21 Sp. z o.o.	6 May 2022	3,365	800	31 Mar. 2028	3M EURIBOR+1.9%
ERBUD S.A.	MOD21 Sp. z o.o.	6 Sept. 2022	3,365	800	31 Dec. 2028	3M EURIBOR+1.35%
ERBUD S.A.	MOD21 Sp. z o.o.	16 Dec. 2022	3,365	800	31 Dec. 2028	3M EURIBOR+1.35%
ERBUD S.A.	MOD21 Sp. z o.o.	27 Apr. 2023	967	230	31 Dec. 2028	3M EURIBOR+1.35%
ERBUD S.A.	MOD21 Sp. z o.o.	07 Jun. 2023	2,524	600	31 Dec. 2028	3M EURIBOR+1.35%
ERBUD S.A.	MOD21 Sp. z o.o.	07 Jun. 2023	1,682	400	31 Dec. 2028	3M EURIBOR+1.35%
ERBUD S.A.	MOD21 Sp. z o.o.	25 Oct. 2023	6,309	1,500	31 Dec. 2028	3M EURIBOR+1.35%

ERBUD S.A.	MOD21 Sp. z o.o.	11 Apr. 2024	13,038	3,100	31 Dec. 2024	3M EURIBOR+1.35%
ERBUD S.A.	Erbud Industry Centrum Sp. z o.o.	20 Dec. 2023	6,000	1,427	31 Dec. 2028	6M WIBOR+3.00%
ERBUD S.A.	MOD21 GmbH	30 Apr. 2024	8,412	2,000	31 Dec. 2028	3M EURIBOR+1.35%
ERBUD S.A.	MOD21 Sp. z o.o.	3 Jul. 2024	10,000	2,378	31 Dec. 2025	3M WIBOR +1.9%
ERBUD S.A.	MOD21 Sp. z o.o.	3 Jul. 2024	4,206	1,000	31 Dec. 2025	3M EURIBOR+1.35%

139,957 34,277

3.9. Contingent receivables and liabilities

Contingent liabilities on account of guarantees and sureties granted are both sureties issued by companies of the ERBUD Group and by banks to contractors of the ERBUD Group to secure their claims against the Group under building contracts. The banks are entitled to claim reimbursement from the ERBUD Group.

Surety extended by ERBUD S.A. – as of 31 Dec. 2024

Guarantor	Surety holder	Value (in '000 PLN)	Subject	For whom	Surety expiry date	Type of surety and financial terms
ERBUD S.A.	MOD 21 GmbH	10,317	Line for financial guarantees of EUR 2,960	PKO BP S.A. (German Branch)	31 Dec. 2034	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety
ERBUD S.A.	MOD 21 GmbH	4,273	Insurance guarantee lines of EUR 1 million	Euler Hermes, Zürich, AXA, Bayerische Versicherungsverband, R+V ; Swiss RE	31 Dec. 2024	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety
ERBUD S.A.	MOD 21 GmbH	8,546	Overdraft facility of EUR 2 million	Commerzbank	31 May 2025	Guarantee extended by mBank S.A. on behalf of ERBUD S.A. The Guarantor charges the Company with fees charged by the Guarantor
ERBUD S.A.	MOD 21 GmbH	4,273	Overdraft facility of EUR 1 million	Deutsche Bank AG	30 Apr. 2025	Guarantee extended by mBank S.A. on behalf of ERBUD S.A. The Guarantor charges the Company with fees charged by the Guarantor
ERBUD S.A.	ONDE S.A.	6,720	Investment loan	ING Bank Śląski S.A.	30 Nov. 2028	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	ONDE S.A.	64,095	Building Contract performance bond	Sun Power Energy Sp. z o.o.	11 March 2026	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	ONDE S.A.	20,000	Building Contract performance bond	ABO Wind Polska Sp. z o.o.	19 May 2027	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	ONDE S.A.	17,300	Surety extended to proper execution of investment contract	Eurowind Energy A/S	28 Jun. 2028	Civil surety, the Guarantor charges a surety fee of 1% of the value

ERBUD S.A.	ONDE S.A.	37,889	Building Contract performance bond	EW Rywald Sp. z o.o. (Wind Farm)	20 Jun. 2028	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	MOD 21 GmbH	38,884	Building Contract performance bond	Monheimer Einkaufszentrum GmbH	Until works acceptance	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	15,000	Surety for an investment loan for the expansion of a production room	BNP Paribas Bank Polska S.A.	20 May 2028	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	23,364	Surety for a manufacturing line lease contract	BNP Paribas Leasing Services Sp. z o.o.	13 Jul. 2028	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	1,653	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	13 Jun. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	1,857	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	13 Jun. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	59	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	11 Mar. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	1,048	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	11 Mar. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	75	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	7 Apr. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	779	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	7 Apr. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	583	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	11 Mar. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 GmbH	106,825	Surety Agreement - line of guarantee	CHUBB European Group SE	unlimited	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	1,500	Surety - trade liability (trade credit)	SIG sp. z o.o.	31 Dec. 2024	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	600	Surety - trade liability (trade credit)	Hydrosolar sp. z o.o.	31 Dec. 2024	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	Erbud International	8,000	Surety for an insurance guarantee line	Hestia	unlimited period of time	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
Total:		373,640				

Surety extended to ERBUD S.A. – as of the publication date of the Financial Statements

Guarantor	Surety holder	Value ('000 PLN)	Subject	For whom	Surety expiry date	Type of surety and financial terms
ONDE S.A. (a subsidiary of ERBUD S.A.)	ERBUD S.A.	70,000	multi-purpose credit-guarantee line (LKW)	PKO BP S.A.	28 Sept. 2032	Civil surety, the Guarantor charges a surety fee of 1% of the value

Liabilities under guarantees granted to third parties ('000 PLN) as of 31 December 2024

Company	Liability payment guarantee	Performance bond	Retention bond	Total contingent liabilities
ERBUD S.A.				
31 Dec. 2024	100,926	212,121	252,671	565,718
31 Dec. 2023	130,826	162,158	238,373	531,357
ONDE S.A.				
31 Dec. 2024	51,618	122,241	161,136	334,995
31 Dec. 2023	54,867	156,266	123,027	334,160
MOD 21 GmbH				
31 Dec. 2024	32,829	33,334	33,591	99,754
31 Dec. 2023	34,170	21,758	34,180	90,108
ERBUD International Sp. z o.o.				
31 Dec. 2024	1,610	7,125	5,548	14,283
31 Dec. 2023	4,181	3,775	7,049	15,006
ERBUD Industry Centrum Sp. z o.o.				
31 Dec. 2024	368	14,377	1,084	15,829
31 Dec. 2023	535	16,135	3,849	20,519
Satchwell Sp. z o.o.				

31 Dec. 2024	0	0	721	721
31 Dec. 2023	0	0	730	730
CKTIS Sp. z o.o.				
31 Dec. 2024	0	1,438	842	2,280
31 Dec. 2023	N/A	N/A	N/A	N/A
IVT Weiner + Reimann GmbH				
31 Dec. 2024	2,304	0	2,537	4,994
31 Dec. 2023	1,915	0	822	2,737
IVT Menzenbach GmbH				
31 Dec. 2024	43	0	0	43
31 Dec. 2023	43	0	0	43
IKR GmbH				
31 Dec. 2024	23,357	35,076	18,249	76,682
31 Dec. 2023	4,718	23,681	3,897	32,296
31 Dec. 2024	Total			1,115,145
31 Dec. 2023	Total			1,026,957

Contingent receivables under guarantees held

Item	As of 30 Dec. 2024 in '000 PLN	As of 31 Dec. 2023 in '000 PLN	Company
Performance bond, retention bond, payment guarantees	96,362	71,581	ERBUD S.A.
Performance bond, retention bond	61,184	54,101	ONDE S.A.
Performance bond, retention bond	2,696	2,508	Erbud International Sp. z o.o.
Performance bond, retention bond	25,988	25,455	MOD 21 GmbH
Performance bond, retention bond	259	259	ERBUD Industry Centrum Sp. z o.o.
Performance bond, retention bond	0	0	Satchwell sp. z o.o.
Performance bond, retention bond	0	N/A	CKTiS Sp. z o.o.
Performance bond, retention bond	43	46	IVT Weiner + Reimann GmbH
Performance bond, retention bond	0	0	IVT Menzenbach GmbH
Performance bond, retention bond	0	0	IKR GmbH
Total:	186,273	153,950	

3.10. The Management Board's position on the 2024 performance forecasts

The Issuer's Management Board did not publish financial forecasts.

3.11. The Management Board's recommendation concerning the distribution of 2024 profit

The Management Board of ERBUD S.A., after a detailed analysis of the Consolidated Financial Statements, the 2025 plans and the investment plans, recommends paying a dividend of PLN 20 million.

4. FINANCIAL PERFORMANCE OF ERBUD S.A.

4.1. Drivers of financial performance in 2024

In 2024 ERBUD S.A. generated a net profit of PLN 17,238 thousand compared to a net profit of PLN 28,347 thousand in 2023 (down by 39.19%) When analysing the level of net profit 2023, it should be noted that the main driver of profit last year was one-off event - the winning of the dispute with Millennium Bank.

In 2024 major drivers of the Group's financial performance included:

- Positive margins on executed building contracts;
- High interest rates;
- Appreciation of the Polish currency (PLN) against the euro (EUR)
- High commitment of senior and lower-level managers to negotiations with contracting authorities/employers and various optimizations on construction sites.
- Outcome of activities under the slogan "0 project losses";
- Strengthening of controlling and internal audit;
- Change of organisational structure that took place in early 2023.

In the following years, the Management Board of ERBUD S.A. estimates that the Company's financial situation will be affected primarily by:

- **Global geopolitical situation**
- Economic situation in Poland and Europe
- Absorption of EU funds,
- Investment demand,
- Monetary policy
- Development of a new production segment in the ERBUD Group related to the fabrication and sale of modular facilities.

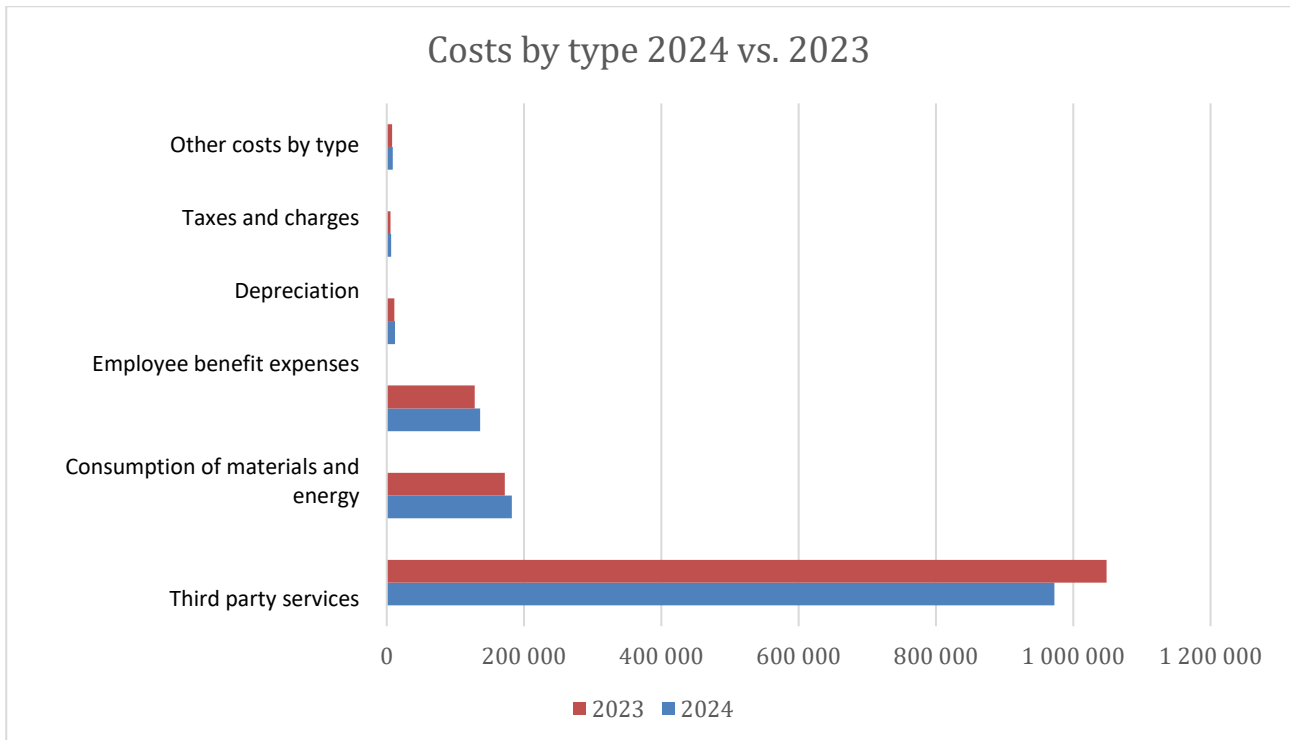
Profit and loss account of the ERBUD Group in analytical terms (in '000 PLN)

	2024	2023	Change in %
Revenues from sales of products, goods and services from continuing operations	1,437,972	1,351,260	6.42%
Operating costs, selling and administrative costs	1,420,424	1,386,198	2.47%
Other operating profit/loss	683	7,287	90.63%
(Loss)/Reversal of the value of financial assets and contract valuation assets	(7,190)	(13,347)	46.13%
Compensation income - Bank Millennium	0	51,384	
Compensation liability paid to MPL Modlin Airport	0	(16,698)	
Operating profit/loss	11,041	(6,312)	(274.92%)
Financial activity gains/losses	14,510	(11,716)	(223.85%)
Financial gains - Bank Millennium	0	60,929	
Gross profit /(loss) from continuing operations	25,551	42,901	40.44%
Income tax	8,313	14,554	42.88%
Net profit /(loss) of the continued business	17,238	28,347	39.19%

Main cost item of ERBUD S.A. (73.79% of total costs by type) were the costs of third party services, mainly the costs of work commissioned to subcontractors. In 2024, they totalled PLN 972,507 thousand in value terms, i.e. they were down by 7.24% compared to the previous year.

Moreover, a significant share in the Group's cost structure was held by:

- Materials and energy expenses - it was at the level of PLN 182,106 thousand against PLN 171,792 thousand in 2023. They accounted for 13.82% of total costs in 2024 and for 12.52% in 2023 respectively. Up by 6% compared to 2023.
- Employee benefits in the amount of PLN 136,145 thousand. They accounted for 10.33% of total costs. In 2023, this relationship was as follows: PLN 128,098 thousand - 9.33% of total costs by type. In 2024, the costs of employee benefits were up by 6.28% compared to the previous year.



Cost	2024	2023	% change
Third party services	972,507	1,048,356	(7.24%)
Material and energy consumption	182,106	171,792	6.00%
Employee benefit expenses	136,145	128,098	6.28%
Amortization and depreciation	11,947	10,895	9.66%
Taxes and charges	6,348	5,651	12.33%
Other cost categories	8,905	7,643	16.51%
TOTAL	1,317,958	1,372,435	(3.97%)

4.2. Statement of Financial Position

On 31 December 2024, the total assets of ERBUD S.A. amounted to PLN 1,035,523 thousand and were up by 1.28% compared to the 2023 year-end (PLN 1,022,412 thousand). The assets growth is primarily driven by an increase in fixed assets (up by 14.63%) as a result of the capital injection into the modular business through loans and a capital increase in MOD 21 GmbH. Current assets were down by 6.84% in 2024 against 2023, reflecting a 7.87% decline in Trade Receivables and a 19.88% decline in Cash.

As of 31 December 2024, the Company's equity totalled PLN 347,400 thousand compared to PLN 350,205 thousand at the end of 2023 (down by 0.8%). The equity decline is mainly due to dividend paid, however, a large portion of the payment was offset by the positive net result.

The year 2024, compared to 2023, saw a 65.83% decline in long-term liabilities down to the amount of PLN 38,807 from the level of PLN 113,578 thousand. This is the result of the reclassification of the debt arising from the D-series bonds from a long-term debt obligation to a short-term debt obligation. In February 2025, ERBUD S.A. rolled over these bonds by issuing E-series, which was used entirely to repay D-series bonds. As a result, current liabilities went up by 16.23% y-o-y, including debt obligations - up by 200.91%.

4.3. Cash Flow Statement

During 2024, ERBUD S.A. recorded negative cash flows totalling PLN 25,824 thousand (positive cash flows of PLN 29,611 thousand in the previous year). In particular they consisted of:

- Negative operating cash flows in the amount of PLN 47,950 thousand, influenced by the change in working capital of PLN 39,888 thousand.
- Negative cash flow from investment activities in the amount of PLN 27,748 thousand (loans granted mainly to MOD 21 Sp. z o.o. and GmbH)
- Negative cash flows from financial activities in the amount of PLN 46 026 thousand (debt repayment, dividend).

As of 31 December 2024 the Company held cash and cash equivalents including on a separate VAT account totalling PLN 155 984 thousand compared to PLN 144 764 thousand as of 31 December 2023. Down by 19.88%.

4.4. Statement of Changes in Equity

On 31 December 2024, equity amounted to PLN 347,400 thousand (down by 0.8% compared to the end of 2023). The changes in equity were mainly driven by the performance generated in 2024 and the dividend paid by ERBUD S.A.

4.5. Basic financial ratios of ERBUD S.A.

Item	2024	2023
Return of Equity (ROE) (in %)	4.96%	8.09%
Return on Assets (ROA) (in %)	1.66%	2.77%
EBIT margin (in %)	0.77%	(0.47%)
EBITDA margin (in %)	1.60%	0.34%
Sales profitability (in %)	7.26%	3.38%
Gross profitability (in %)	1.78%	3.17%
Net profitability (in %)	1.20%	2.10%

Rate of return on equity - net profit / equity balance

Rate of return on assets - net profit / assets balance

EBIT margin - operating profit / sales revenue

EBITDA margin – EBITDA = Operating profit + Amortization / Sales net revenue

Sales profitability – Profit on sales / Sales revenue

Gross profitability – Earnings before tax/ Sales revenue

Net profitability – Net earnings /sales revenue

Basic liquidity and debt ratios for ERBUD S.A.

Item	2024	2023
Current ratio	0.91	1.14
Quick ratio	0.91	1.14
Debt ratio (in %)	66%	66%
Debt-to-equity ratio	198%	192%

Current ratio - current assets / current liabilities

Quick ratio - current assets - inventories / current liabilities

Debt ratio = Liabilities and provisions for liabilities / Total assets

Debt-to-Equity ratio = Liabilities and provisions for liabilities / Equity

The reclassification of bonds from long-term to short-term debt is the main reason for the decrease in the liquidity ratios.

The achieved ratios are satisfactory, however, the Management Board will strive to improve the profitability and debt ratios.

5. RISK MANAGEMENT

Risk management is a very important aspect in the ERBUD Group. Every day we are reminded that we have come to run business in very volatile times. At a time when a single declaration by the US President is changing the global economy. The overnight shift away from previous Green Deal priorities is forcing a change in strategy not only for individual countries but also for companies.

In addition, factors that, in the opinion of the Management Board, are not currently material may become material in the future as a result of events beyond the control of the Management Board.

Also, the strategy of diversification by both segment and geography is a continuous response to risks associated with downturns in certain segments, risks associated with a vector change of demand for certain goods: for instance, conventional construction vs. prefabricated timber construction.

The ERBUD Group Management Board approaches the problem of risk management systemically, taking into account all possible potential risks such as: The strategic determination of the weighting of individual risks is the responsibility of the management of ERBUD S.A. and the top managers of the Group. Operationally, risks are addressed by the Audit and Internal Control function. Risks related to broadly understood ESG and sustainability issues are the responsibility of the ESG and Compliance Division. In addition, since the onset of 2024, the Group has appointed controllers who report directly to the CFO. Their role is to monitor the technical, commercial and financial progress of projects on an on-going basis.

The weighting of individual risks changes with the volatility of the market environment. The risks considered by the Management Board can be catalogued as follows:

Internal risks	External risks
<p>Strategy</p> <ul style="list-style-type: none"> • lack of fast adaptation to ever changing market environment • low flexibility strategy • failure to keep abreast with changing technology • selection of wrong technology • incorrect selection of a business partner/employee • inadequate resource-binding strategy • a strategy detached from the market <p>Organisation</p> <ul style="list-style-type: none"> • poor communication between operational units • misappropriations • breaches of guidelines and internal procedures • inadequate organizational structure for fast responses • bad work organisation • ineffective structure • lack of an early warning system 	<p>Economics</p> <ul style="list-style-type: none"> • drastic fluctuation of raw material prices • currency and interest rate fluctuations • inflation rate growth • payroll cost growth • recession • supply chain disruption • workforce migratory movements • investment pile-up <p>Politics</p> <ul style="list-style-type: none"> • regulatory changes • entry barriers • trade embargoes • unstable global political situation • tariff wars
<p>Personnel</p> <ul style="list-style-type: none"> • occupational diseases • labour strikes • lack of competencies • loss of workers • accidents at work • frauds • average age of employees in the organisation <p>Processes and assets</p> <ul style="list-style-type: none"> • improper communication 	<p>Market</p> <ul style="list-style-type: none"> • customer pressure on price reduction - customer consolidation • failure to comply with contractual terms by key suppliers/subcontractors • labour force deficiency in the marketplace • loss of intellectual property • competition growth <p>Nature</p> <ul style="list-style-type: none"> • flood • hurricane wind • epidemic/pandemic • running out of natural resources; • potable water deficiencies <p>Social</p> <ul style="list-style-type: none"> • crimes • increase of damages awareness

- | | |
|--|---|
| <ul style="list-style-type: none"> • fire / failures • defective product quality and pollution / contamination • too lengthy, complicated processes • cyberattacks • restricted access to third party financing | <ul style="list-style-type: none"> • demonstrations, strikes, roadblocks • disadvantageous demographic trends |
|--|---|

Types of risks specifically monitored in the ERBUD Group

5.1. Financial Risk

While running its operations, the ERBUD Group is exposed to the following types of financial risk: currency risk, interest rate risk, credit risk and liquidity risk. The Management Board verifies and establishes the management principles for each of the risk categories listed below.

5.1.1. Currency risk

As part of their core business, the Group member companies enter into construction contracts, which are denominated in foreign currencies (primarily in Euros). The currency risk management policy adopted by the Management Board consists in adjusting the contract currency to the currency of expenses connected with such contract. An important element of this policy is the strife for safe hedging of potential currency exposures that will not expose companies to losses in the event of turbulence in the foreign exchange market.

For contracts denominated in Euro or in other currencies for which it is not possible to adjust suitably the currency of expenditures, the Company hedges the material currency risk resulting from highly probable transactions threatened with changes in cash flows that may affect the financial result of the entity. Hedging is performed by means of forward currency contracts with key parameters as close as possible to those of the hedged item (transfer date, value)

When entering into hedging transactions, the Company applies hedging accounting principles.

5.1.1.1. Hedging of construction contracts denominated in foreign currencies - hedge accounting

- Type of hedged risk: cash flow risk related to highly probable future cash flows in foreign currencies under the building contracts. This risk is related to the strengthening of the Polish zloty - the expected cash flows from the contract in the currency will be lower in PLN.
- Type of hedging instrument: currency forward contracts for the sale of foreign currency in quantities and at dates corresponding to expected flows from the building contract. For the purpose of testing the effectiveness of the hedge, the interest rate (swap points) and spot exchange rate (*spot rate*) components are not separated, but the fair value changes of the entire *forward* transaction are analysed.
- Prospective hedge effectiveness testing: tests are performed at inception of the hedging instrument and at every balance sheet date. A hedging relationship is regarded to be effective, if the expected changes in the fair value or cash flows of the hedged item will be offset by changes in the fair value or cash flows of the hedging instrument.

As only hedging instruments with matching key parameters (the same currencies, amounts and dates of expected flows) are used to hedge the risk related to construction contracts denominated in foreign currencies, the Management Board considers that such a hedge will be effective. Nevertheless, to better justify the application of hedge accounting, the Group additionally examines prospectively the effectiveness using a quantitative method with the following parameters:

- Type of effectiveness testing method: by comparing the cumulative change in the fair value of the hedging instrument with the cumulative change in the fair value of the hedged item (the so called dollar offset method) using the so called hypothetical derivative.
- Hypothetical derivative: for the purpose of testing the effectiveness of a financial instrument, a hypothetical derivative was separated from the construction contract as a *forward* contract for the purchase of specific amounts of foreign currencies at specific dates, corresponding to the amounts and dates under the building contract. Thus separated hypothetical derivative is subject to the same risks as the construction contract - i.e. its value decreases with the appreciation of the Polish currency (the expected cash flows under the contract in the currency will have lower value in the Polish zlotys).
- The fair value of a hedging instrument and a hypothetical derivative at a certain measurement date is understood as the sum of discounted net cash flows to be received/payable at future dates agreed upon in the term sheet of the instrument. Net cash flows for a given future date are calculated as the difference between the amount in PLN under the forward contract and the amount in a foreign currency under the forward contract multiplied by the forward exchange forward and the amount in a foreign currency resulting from the forward contract multiplied by the forward price valid at the measurement date in the future. Discounting of the net cash flows received in this manner is carried out by means of zero-coupon rates implied by the interest swap curve in PLN, valid as of the measurement date.
- For the purpose of the prospective test, historical market exchange rates and interest rates at 12 monthly dates prior to the planned transaction date or, in the case of a test carried out during the course of a transaction, at 12 monthly dates prior to the balance sheet date shall be used.
- For each of the 12 historical dates described above, the cumulative change in the fair value of the hypothetical derivative is calculated and compared with the cumulative change in the fair value of the hedging instrument. The relationship of the changes calculated in this manner at each date should be between 80-125%.

Retrospective hedging effectiveness test: the effectiveness test shall be carried out at each balance sheet date during the term of the hedging. A hedging relationship is regarded to be effective, if in a certain period actual changes in the fair value or cash flows of the hedged item will be offset by changes in the fair value or cash flows of the hedging instrument. As in the case of prospective tests, the dollar offset method is applied using a hypothetical derivative, with the relationship between cumulative changes in the fair value of the hedging instrument and cumulative changes in the hypothetical derivative being measured. For the purpose of the efficiency tests, thus calculated ratio must be in the range of 80-125% for each accounting period.

As of the balance sheet date, there is one hedging transaction in the ERBUD Group for the purchase of equipment needed to fulfil a contract for the purchase of equipment, the price of which is denominated in US dollars. The transaction will be settled on 23 June 2023. The transaction value is USD 465 thousand.

Assessment of the parent company's Management Board of the impact of the risk on the Group's financial performance:
Low

5.1.2. Interest rate risk

The interest rate risk occurs mainly in connection with the utilization of debt financing i.e. bank credits and loans, issued bonds and financial lease products and bond issue by the Group member companies. These financial instruments are based on variable interest rates and expose the Group to the risk of changes in cash flows. The year 2024 passed without any change in the level of the reference rates.

Most of the debt financing exposures are short-term, which flattens the risk associated with rising interest rates.

Also, the relatively low level of indebtedness results in management's assessment of this risk's impact on the bottom line as medium.

In the territory of Germany the Group member companies also uses instruments with fixed interest rates, where market interest rate fluctuations have no impact on interest expenses incurred or interest income generated. Trade receivables and payables and other receivables and payables are non-interest-bearing and have a maturity of up to one year.

The Group monitors its exposure to interest rate risk and interest rate projections and allows for hedging of material interest rate risk through interest rate swaps.

When entering into hedging transactions, the Company applies hedging accounting principles.

Assessment of the parent company's Management Board of the impact of the risk on the Group's financial performance:
Medium

5.1.3. Credit risk

The Group's financial assets, which are exposed to credit risk, are mainly trade receivables and construction performance bonds. The ERBUD Group has a policy of assessing and verifying credit risk related to all contracts. Before signing a contract, each counterparty is evaluated in terms of its ability to meet its financial obligations. Each proposal is also analysed from cash flow perspective. The bidding process is stopped if there is a severe cash flow shortfall - for example, if a contract needs to be pre-financed for several months. In the event of a negative assessment of the counterparty's payment capability, entering into the contract depends on the establishment of adequate financial or asset collaterals. Moreover, contracts with investors contain clauses providing for the right to suspend the execution of works, if there is a delay in the transfer of payments for services rendered. If possible contractual clauses are also developed to condition payments to subcontractors on the receipt of funds from the investor.

The ERBUD Group does not have concentrated credit risk on trade receivables, since the Group has a high number of customers, both domestic and foreign.

However, all economic turbulence causes this risk to increase. Especially when financial institutions tighten credit terms for contracting authorities/employers and demand drops for lending products. Developers are currently facing this problem. This caused the Management Board to reclassify this risk from medium to high category also in 2024.

Assessment of the parent company's Management Board of the impact of the risk on the Group's financial performance:
High

5.1.4. Liquidity risk

In order to reduce the risk of liquidity loss, the Group member companies maintain an appropriate amount of cash and transferable securities as well as enter into credit line agreements, which serve as additional liquidity security. To finance investment purchases, the Group uses its own funds to the extent necessary, required for its own contribution and long-term finance lease agreements, ensuring that the financing structure for this type of assets is sufficiently sustainable, long-term loans.

The Group companies cooperate both in cash and equity transactions with highly reliable financial institutions, without causing a significant concentration of credit risk. The Group pursues also a policy limiting credit exposures to individual financial institutions and issuers of debt securities, which are acquired as part of periodic investments of surplus cash. Liquidity management is supported by the existing liquidity forecast reporting system by the Group member companies.

As of 31 December 2024 the ERBUD Group had the capacity to meet its short-term liabilities. All Group member companies paid their interest and trade payables on time.

Assessment of the parent company's Management Board of the impact of the risk on the Group's financial performance:
Medium

5.1.5. Price risk

The ERBUD Group is exposed to the price risk associated with the price hikes of the most frequently purchased construction materials, such as steel and concrete as well as subcontracting service prices. The prices in the contracts concluded with investors are usually fixed throughout the entire effective term of the contract. Therefore, price hikes of materials have an adverse effect on the Group's financial performance.

As a result of the increase in material prices, the prices of services provided to the Group by its subcontractors may also increase.

In order to mitigate the price risk, the ERBUD Group monitors the prices of the most frequently purchased materials on an on-going basis, and the contracts signed have appropriately adjusted parameters concerning, *inter alia*, contract effective term and contract value adapted to the market situation.

Additionally, the Group member companies use bids from subcontractors and suppliers to calculate the price of their offers. However, these are not binding offers.

Although the prices of materials and subcontracting services have stabilised in 2024, the announced investment boom, which has been discussed several times in this report, requires extreme caution in the currently calculated contracts. These will be executed between 2026 and 2028.

Assessment of the parent company's Management Board of the impact of the risk on the Group's financial performance:
High

5.2. Operational risk

The activities of the ERBUD Group are accompanied by many operational risks, such as:

- Risk of underestimation of contract execution costs. If the value of all works necessary to perform the contract, specified in the tender offer, is underestimated, the Group may incur a loss or generate a lower profit on a certain contract. As previous years, and especially 2022, have shown, the problem for the construction industry is not the high prices of building materials and raw materials, but abrupt price hikes. Although it is possible to predict that, for instance, new investment projects that have been announced will lead to price hikes of materials and services, the time inertia of the construction process makes such risk management very difficult. This is because by including a provision for price hikes in the price calculation today, the company would not win any tenders. However, to mitigate this risk, contracts with a short time horizon should be signed.
- Risk of failure to recognise extra costs of works by the Employer. The proper performance of the subject matter of the contract sometimes requires the performance of extra works not specified in the contract, and thus incurring costs higher than accepted. Additional work may also result in the contract execution deadline being exceeded. The Group's request for additional fee may be considered groundless by the Employer.
- Risk of suspension of contracts by the investor.
- Protests by residents or ecologists in the case of road investments, delaying construction work.
- Risk of poor quality of delivered materials.
- Risk related to liability under the warranty for physical defects and guarantee of the quality of performed works.
- Risk related to the responsibility for the improper performance of construction works by subcontractors.
- Risk of loss of managerial and engineering staff. Decisions to reassign some of these staff and the no possibility to replace them with suitable staff may have a negative impact on the performance of certain contracts.

In order to minimise operational risks, the Group has an audit and internal control department and internal auditors. They continuously monitor projects and report their audit findings to the Management Board.

Due to the customer risk, the Customer Assessment Committee was also established. The Committee's task is to carry out the Customer's scoring before submitting a bid.

Assessment of the parent company's Management Board of the impact of the group of operational risks on the Group's financial performance: High

5.3. Macroeconomic Risk

5.3.1. Risks related to the armed conflict in Ukraine

In 2025, the impact of the war in Ukraine on economic processes is smaller than in the previous years. Although fairly stable, the situation forces ERBUD Group to operate in a rapidly changing environment. An increase in material and labour costs or an exodus of workers could be among the most significant negative impacts of the war as the process of rebuilding Ukraine begins.

The Polish currency has been strengthening and its value returning to the level predominant prior to the outbreak of hostilities in Ukraine. Notwithstanding the above, fluctuations in the Polish currency do not have a major impact on the ERBUD Group position, since there is little export activity. Contracts that are executed in Poland, if they are denominated in another currency, are most often denominated in the euro. In such situations, par forward hedges are used.

In its on-going calculations, the ERBUD Group takes into account the risks associated with rising material and labour costs as well as currency fluctuations. The Management is taking measures to reduce the risk referred to hereinabove, such as diversifying the business geographically as well as by segment, while negotiating contract terms with principals. The Issuer's Group does not enter into long-term contracts, which involve a much higher risk, e.g. rising building material prices.

The materialisation of such a risk may have an effect on the financial position of the Issuer and, consequently, on its ability to service its debts and fulfil the benefits of the Bonds.

5.4. Legal Risk

Constant changes in certain regulations may adversely affect the ERBUD Group's operations. In particular, this refers to:

- New environmental protection requirements which may make it necessary to obtain further permits and delay the implementation of the investment.
- Changes in the regulation of licences and public procurement (e.g. introduction of additional innovation and social security requirements).
- Tightening of requirements concerning guarantee, warranty and subcontracting contracts in bidding procedures.
- Risks related to the rigour of the Group whose parent company is an entity listed on the Warsaw Stock Exchange (WSE).
- High variability in tax regulations

In order to minimise these risks, the Group is supported by specialised law firms. There is a legal department in the Group which, *inter alia*, coordinates cooperation with third party law firms.

This is particularly important currently, where legislative changes are being made in every field.

Assessment of the parent company's Management Board of the impact of the legal risk on the Group's financial performance: Low

5.5. Tax Risk

As business entities, the Group member companies are also exposed to the risk related to the tax systems in force effective in the countries where they run their business activities. In the last couple of years in Poland there have been a series of changes in all taxes. Additionally, the Group member companies upkeep business relations with one another, which requires pursuing a very restrictive transfer pricing policy. The Group works jointly tax counselling companies on a permanent basis. In addition, the Group hired a tax advisor on the onset of 2024 to support the Group's Management Board in determining tax policy and to address any tax-related issues on an on-going basis. Members of the financial units attend in numerous training courses and sessions. Periodic audits are also carried out with the focus on tax security issues.

Assessment of the parent company's Management Board of the impact of the tax risk on the Group's financial performance: Medium

5.6. Risks associated with sustainable development

The process for defining and managing environmental, social and governance risks is described in detail in the Sustainability section of the report, chapter ESRS 2.

5.7. Cyberattack Risk

The group of risks to which the companies are currently exposed includes also cyberattack risk. According to the Forbes monthly, Poland is on the 20th position in the ranking of the most threatened countries. Although the major industries exposed to cyberattacks are energy and transport, they also include the industries in which the ERBUD Group operates. These usually concerned theft of personal data. Given the above, the Management Board of ERBUD S.A. decided already in 2018 to carry out a "stress-test" and take out an insurance policy with protection against the consequences of cyberattacks. All the Group member companies pursue a uniform IT policy.

Assessment of the parent company's Management Board of the impact of the cyberattack risk on the Group's financial performance: Low

5.8. Insurance

The ERBUD Group uses civil insurance products covering company's business risk, Directors & Officers Civil Liability and construction and erection risks (covering contract work and property under construction).

The Erbud Group cooperates with a renowned insurance broker. The broker supports the Group with its unique knowledge, know-how and experience.

5.8.1. Insurance contracts

As of the 2024 financial statement date, all insurance contracts were extended.

Given the above the most important contracts are as follows:

Insurer	Valid from	Valid to	Subject of insurance	Value of insurance
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2023	23 Jan. 2024	Civil liability business insurance	PLN 100 million for one and all events
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2024	31 Jan. 2025	Civil liability business insurance	PLN 100 million for one and all events
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2023	31 Jan. 2024	Third party liability insurance of the designer	PLN 10 million for one and all events
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2024	31 Jan. 2025	Third party liability insurance of the designer	PLN 10 million for one and all events
Chubb European Group Limited Sp. z o.o. Polish Branch	22 Jun. 2023	21 Jun. 2024	D&O Insurance	PLN 40 million
Chubb European Group Limited Sp. z o.o. Polish Branch	22 Jun. 2024	21 Jun. 2025	D&O Insurance	PLN 40 million
Chubb European Group SE, European company, Polish Branch	1 Jul. 2023	30 Jun. 2024	Corporate Cyberattack Insurance – CYBER ERM	PLN 5 million
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Jul. 2024	30 Jun. 2025	Corporate Cyberattack Insurance – CYBER ERM	PLN 5 million

Additionally, all companies of the ERBUD Group are civil liability insurance holders. On-going construction contracts are insured for all construction and erection risks (CAR/EAR). The Group insures its property and IT equipment.

In terms of insurance selection and optimization, the ERBUD Group works with a specialized insurance broker.

6. DISPUTES

Both in cases where the Issuer is the plaintiff (cases related to receivables) and in cases where the Issuer is the defendant (cases related to payables) the position of the Issuer and its legal advisors prove that the proceedings will be solved in favour of the Issuer.

Proceedings to which ERBUD S.A. is a party as of the Report Date, concerning payables or receivables of the Issuer or its subsidiary (including the case subject, the amount in dispute, the date of the proceeding initiation and the Issuer's perspective)

Information about lawsuits pending before a court, an authority competent for arbitration proceedings or a public administration body, including information about:

Both in cases where the Issuer is the plaintiff (cases related to receivables) and in cases where the Issuer is the defendant (cases related to payables) the position of the Issuer and its legal advisors prove that the proceedings will be solved in favour of the Issuer.

Proceedings to which ERBUD S.A. is a party as of the Report Date, concerning payables or receivables of the Issuer or its subsidiary (including the case subject, the amount in dispute, the date of the proceeding initiation and the Issuer's perspective)

Both in cases where the Issuer is the plaintiff (cases related to receivables) and in cases where the Issuer is the defendant (cases related to payables) the position of the Issuer and its legal advisors prove that the proceedings will be solved in favour of the Issuer.

Proceedings to which ERBUD S.A. is a party as of the Report Date, concerning payables or receivables of the Issuer or its subsidiary (including the case subject, the amount in dispute, the date of the proceeding initiation and the Issuer's perspective)

6.1. Material proceedings to which the Issuer is the plaintiff

Defendant: BEST Deweloper Sp. z o.o.

Court: District Court in Szczecin

Lawsuit filing date 6 February 2023 – for the total amount of PLN 6,050,337.37

Dispute status: The Plaintiff claims amounts due for work performed as part of the construction of multi-family apartment buildings in Chrzanowskiego Street in Szczecin. The amounts claimed in the lawsuit are covered by VAT invoices issued on the basis of inventory reports accepted and signed by the Defendant. They relate to works completed and accepted by the Defendant. The demand for a lawsuit includes the issuance of writ of payment and a request to secure claims. District Court ordered exchange of pleadings, without establishing the date for first hearing. Upon the amicable request of the Parties, the Court, by virtue of order of 15 July 2024, referred the Parties to mediation. During the mediation process, the parties reached a partial settlement under which Best Developer paid PLN 739,152 plus interest of PLN 219,943.30. No date for the first hearing.

Defendant: Independent Public Clinical Hospital No. 2 of the Pomeranian Medical University in Szczecin

Court: District Court in Szczecin, 8th Commercial Division

Date of filing a lawsuit: 7 November 2022

Value of the dispute: PLN 14.435.306,59

ERBUD S.A. demands that the Independent Public Clinical Hospital No. 2 of the Pomeranian Medical University in Szczecin should amend the contract of June 2021 for the execution of the project called "Construction of A2 building with a connector and land development as part of redevelopment and extension of A building of the "PUM" Independent Public Clinical Hospital No. 2 in the City Szczecin for the "PUM" Independent Public Clinical Hospital No. 2 in the City of Szczecin" by increasing the Contractor's remuneration by the amount of PLN 14,435,306.59 (gross) and adjudication of this amount. The Defendant filed a response to the lawsuit.

The first hearing was set for 24 October 2024. The case was adjourned without a date, and the court stayed the proceedings at the joint request of the parties. A meeting with the parties has been scheduled for 14 March 2025 to discuss the terms of the settlement.

Estimated date for dispute settlement before the Court of First Instance: 2027

The value of other litigations where ERBUD S.A. is the Plaintiff totals PLN 24.055.539,99.

6.2. Material proceedings to which the Issuer is the defendant

Defendant: Platinum Resort Sp. z o.o.

Date of filing a lawsuit: 3 December 2018

Value of the dispute: PLN 16.301.236,97

Counterclaim

Defendant: ERBUD S.A.

Value of the dispute: PLN 13.516.629,86

Date of filing a lawsuit: 27 April 2019

ERBUD filed a request with the District Court in Szczecin to secure a cash claim in the amount of PLN 5,455,851.09 in relation to the contractual penalty for withdrawal from the Construction Works Contract of 26 January 2017 for the execution of the project titled "Construction of a four-star hotel complex consisting of: Three hotel buildings with land development in Żeromskiego Street in the City of Świnoujście" by encumbering the properties belonging to Platinum Resort Sp. z o.o. with a joint compulsory mortgage. By virtue of Decision of 19 November 2018, the court granted security through the registration of a tacit mortgage in the land and mortgage registers of the aforementioned property.

The court heard the oral evidence provided by the witnesses. Expert evidence concerning this case will be heard by the court. The court decided to admit expert evidence involving his opinion. The content of expert's opinion is advantageous for the Company.

On 17 April 2024, the Court awarded Erbud S.A. with the following:

- PLN 14,600,577.00 with statutory default interest charged on the amounts of PLN 5,455,851.09 from 1 June 2018 and on the amount of PLN 9,144,725.89 from 25 October 2018 the amount of PLN 19,311.00 for the costs of the security proceedings;
- dismissed the remaining scope of the claim.

- dismissed the counterclaim of the Platinum Resort.

The Court of Appeal of Szczecin, First Civil Division, delivered a judgment on 11 March 2025 to Erbud SA:

PLN 9,144,725.89 (nine million, one hundred and forty-four thousand, seven hundred and twenty-five Polish zlotys, eighty-nine cents) with statutory interest for late payment on the amounts:

- PLN 5,455,851.90 accrued from 21 June 2018,
- PLN 3,688,873.99 accrued from 25 October 2018, and dismisses the claim for the remainder.

Plaintiff – Silesia Property sp. z o.o.

Date of filing a lawsuit: 23 December 2024

Value of the dispute: PLN 52.686.247,51

By statement of claim dated 23 December 2024, Silesia Property Sp. z o.o. claims payment of PLN 52,686,247.51 from Erbud S.A. for reimbursement of the costs of roof replacement (under warranty repair) performed by Erbud S.A. in connection with the performance of the contract dated 25 August 2010 for the design and construction of the Silesia City Centre shopping centre at 107 Chorzowska Street in Katowice.

On 25 February 2025 Erbud S.A. filed a response to the lawsuit requesting that the lawsuit be dismissed in its entirety. In the opinion of Erbud S.A., there are no grounds for the Arbitration Court to grant Silesia Property Sp. z o.o.'s claims in their entirety due to the lack of a valid arbitration clause, the nature of the claims asserted (legal basis), the factual circumstances of the case and, finally, the plea of limitation.

The parties are currently in the process of finalising the composition of the Arbitral Tribunal and the timing of the proceedings.

Estimated date for concluding the dispute before the Arbitral Tribunal: 2027

The Legal Office believes that the Company's position is justified.

Plaintiff - the Wielkopolskie Province

Date of filing a lawsuit: 15 October 2024

Value of the dispute: PLN 7.700.000

The Wielkopolskie Province with the seat of the Marshal's Office of the Wielkopolskie Province in Poznań, by action of 15 October 2024, claims that ERBUD S.A. to pay in its favour the sum of PLN 7,700,000, together with statutory default interest calculated on the amount of PLN 5,790,000 for the period from 5 December 2023 to the date of payment and on the amount of PLN 1,980,000 for the period from 5 December 2023 to the date of payment and PLN 1,980,000 for the period from the day following the delivery of the statement of claim to the date of payment) for a contractual penalty for delay in the removal of ceiling defects discovered during the warranty period under the contract for the construction of an office building for the Marshal of the Wielkopolskie Province in Poznań at 34 Niepodległości Avenue.

On 4 December 2024 Erbud S.A. filed a response to the lawsuit requesting that the lawsuit be dismissed in its entirety. In the opinion of Erbud S.A., the nature of the claims asserted (legal grounds) and the factual circumstances of the case do not provide grounds for accepting the claims of the Wielkopolskie Province in their entirety.

A first hearing date has been set for 27 March 2025 to hear witnesses.

Estimated date for dispute settlement before the Court of First Instance: 2027

The Legal Office believes that the Company's position is justified.

Plaintiff - the Wielkopolskie Province

Date of filing a lawsuit: 11 December 2024

Value of the dispute: PLN 12.670.000

The Wielkopolskie Province with the registered office of the Office of the Marshal of the Wielkopolskie Province in Poznań requests that the Court authorise Erbud S.A. to carry out, at the expense of Erbud S.A., a repair project and replacement of the defective façade in the building which is the registered office of the Office in Poznań, located at 34 Niepodległości Avenue in Poznań, on the K-0 storey, i.e. in the main lobby, as part of maintenance bond..

Erbud S.A. is currently preparing a defence strategy and a response to the lawsuit, which must be submitted by 31 March 2025. In the opinion of Erbud S.A., the nature of the claims asserted (legal grounds) as well as the factual circumstances of the case do not provide grounds for accepting the claims of the Wielkopolskie Province in their entirety.

Proceedings for the taking of evidence are underway - expert opinions are being prepared.

Estimated date for dispute settlement before the Court of First Instance: 2027

The Legal Office believes that the Company's position is justified.

Plaintiff – Puławy S.A. Nitrogen Fertilizer Plant

Value of the dispute: PLN 18.132.376,00

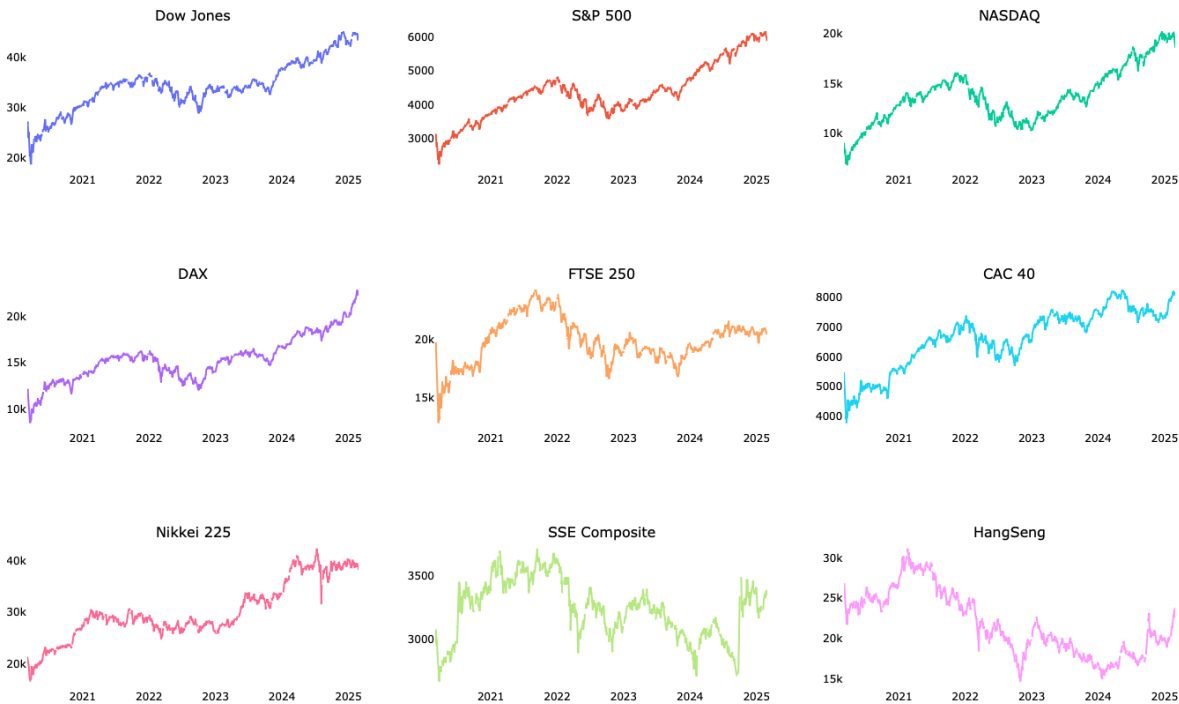
Status of the case: the court refused to issue an order for payment and referred the case for trial. The claim covers the Plaintiff's contractual penalty for failure to complete the stage of the works on time, i.e. the milestone - Signing of the Boiler Handover Certificate, the subject of which was the obligation of the Plaintiffs' as Contractors to complete, on a turnkey basis, all supplies, civil works and services necessary for the design, construction, commissioning and handover for operation and use of the K2 Steam Boiler). The Defendants filed a response to the lawsuit. The Management Board's position on the case: the Board sees opportunities for an amicable settlement.

Estimated date for dispute settlement before the Court of First Instance: 2027

The Legal Office believes that the Company's position is justified.

Total value of other proceedings where ERBUD S.A. is the defendant: PLN 13.428.163,62

7. ERBUD S.A. IN CAPITAL MARKET



The year 2024 proved to be a surprisingly good year for the equity market, despite initial scepticism. Forecasts for the S&P 500 were significantly lower than the actual performance, which was over 28%. Interestingly enough, the profits of the index underlying companies were up by only 9.4% and revenues were up by 5.1%. One of the main drivers of this growth was the increase in profit margins. These reached a record high of 13.7%.

In 2024, the artificial intelligence (AI) revolution that has been the driving force behind the growth of the technology giants is in full swing. The semiconductor sector, key to AI, has gained momentum, with companies such as Nvidia and TSMC seeing huge demand for their products. Investment in AI is beginning to dominate many companies' strategies, as the technology becomes a key driver of market growth. The future of the economy, which could have a huge impact on productivity and GDP in the coming years, appears to be linked to the further development of artificial intelligence. This dominance could be secured for many years to come by US investment in AI.

The French CAC 40 fell by 2.15%. This makes it one of the weakest European indices in 2024. The decline was due to problems in the luxury goods sector and the poor performance of some large companies. However, after several months of decline, there was a break in the negative trend in 2025. Japan's Nikkei 225 index rose 19%. This was one of the best performances in its history. A weak yen, which supported exports, and strong corporate performance contributed to this growth. Meanwhile, the Hang Seng index gained 17.7%. This was the first annual gain since 2019. This growth was supported by Chinese government policies.



The WIG index ended 2024 with a slight one (1) per cent increase. In contrast, the WIG20 index was down 6% year-on-year, making it one of the worst performing equity market indices in Europe. Out of the 411 companies, 129 saw a price increase in 2024, 17 no change in price and 265 a decrease in price.

The best-performing stocks within the WIG20 index include first and foremost the representative of the games sector, CD Projekt, whose growth can be attributed to news of a potential sequel to cult games such as ‘Cyberpunk 2077’ and games from the ‘Witcher’ series. Among the WIG20 leaders, one can also find a representative of the banking sector, PKO BP, where the main reason for the price growth was very good financial performance. Third place was taken by Cyfrowy Polsat, whose rising share price can be attributed to its very good performance. In addition to the WIG20 companies, other strong performers included the biotech company NanoGroup and the footwear company CCC.

However, the WIG20 companies whose share prices have fallen the most are on the other side of the ranking. These include, inter alia, Jastrzębska Spółka Węglowa (coal mining company), Pepco and PGE. Companies such as Woodpecker and PCF Group, for example, fell alongside those in the WIG20 index.

The WIG Construction index was volatile over the past year. There were periods when it fell sharply. The index reached a high of 9,385.85 points in May and a low of 6,476.76 points in December, down 7.86% year-on-year. The last few months of 2024 were extremely tough for the Polish construction sector on the Warsaw Stock Exchange (WSE), with the WIG Construction index becoming one of the weakest.

The poor performance of the Polish construction sector is due to both external factors (the poor performance on foreign equity markets, especially in Europe) and internal factors related to low economic growth and the low positive impact of investment on GDP growth rate. The main internal factor is the slowdown in construction and assembly output, which was falling for nine consecutive months. The outlook for the sector remains uncertain, with some experts suggesting that the sector may stagnate or only begin to improve in the second half of 2025. Among the positive signs are announcements of an increase in demand for road and rail construction. However, the overall picture remains rather pessimistic.

7.1. Dividend

In 2020, the Company's Management Board decided to suspend the dividend policy. The decision was prompted by the COVID-19 pandemic outbreak.

On 3 April 2023, the Management Board decided to revert to the profit distribution principles set forth in the ERBUD S.A.'s dividend policy.

In 2023, the Management Board recommended to the ERBUD S.A. General Meeting of Shareholders that a dividend be paid to the shareholders in the amount of PLN 10,021,062.24 (i.e. PLN 0.84 per share) for the accounting year 2022.

The Management Board is currently recommending the payment of a 2024 dividend in the amount of PLN 20,042,124.48, i.e. PLN 1.68 per share.

7.2. Investor relations

ERBUD S.A. is fully aware of all the requirements of a public company. It actively communicates with capital market players. It not only adheres to the highest standards and laws, including those relating to the disclosure requirements of listed companies, but also places particular emphasis on transparency and equal access to information for all stakeholders.

The Company periodically, as a rule on the day of publication of interim reports, holds public video conferences with representatives of the Company's Management Board to discuss operating and financial performance in the previous period. For those who were unable to attend, recordings will be made available.

The company is committed to the quality of its communication with stakeholders through social media and its website, where the Investor Relations section provides all the information and documentation required by law, including current and periodic reports, financial information and investor presentations.

8. CORPORATE GOVERNANCE

8.1. Rules and Scope of Corporate Governance

The Issuer applies the rules of corporate governance provided in the "Best Practice of WSE Listed Companies 2021", which were adopted by virtue of the Resolution of the Supervisory Board of the Warsaw Stock Exchange S.A. on 29 March 2021.

The content of the "Best Practice of WSE Listed Companies 2021", as well as the content of the currently applicable Best Practice of ERBUD S.A. can be found on the Company's website at the following address: http://www.erbud.pl/dobre_praktyki.php.

In accordance with the guidelines of the 2021 Code of Best Practice for WSE Listed Companies, the Company does not apply the following five (5) principles:

Principle	ERBUD S.A. comment
4. General meeting and relations with the shareholders	
<p>4.1. The company should enable shareholders to participate in the general meeting by means of electronic communication (e-general meeting) if this is justified by the expectations of shareholders notified to the company, provided that it is able to provide the technical infrastructure necessary for holding such a general meeting.</p>	<p>The Company plans to comply with the indicated rule if the party convening the general meeting has decided on an option to participate in the general meeting by means of electronic communication. If shareholders participate in the general meeting using means of electronic communication, the Company plans to provide real-time two-way communication to the Company's shareholders who have registered for the general meeting;</p>
<p>4.3. The Company shall provide a publicly available real-time broadcast of the general meeting.</p>	<p>The Company does not plan to provide a publicly available real-time broadcast of the general meeting. In the Company's opinion, performing information obligations in relation to general meetings, i.e., in particular, publishing current reports and publishing other relevant information on the Company's website, will ensure that shareholders have full access to information concerning its general meetings.</p>

<p>4.4. Representatives of the media should be allowed to be present at General Meetings.</p>	<p>The Rule is not applied. In the Company's opinion, proper performance of information obligations related to general meetings, i.e. in particular publication of current reports and publishing other relevant information on the Company's website ensures that shareholders as well as other stakeholders have full access to information concerning general meetings.</p>
<p>4.8. Draft resolutions of the general meeting concerning issues included in the agenda of the general meeting should be submitted by shareholders no later than 3 days before the general meeting.</p>	<p>The Company does not apply the indicated rule. The Company is not in a position to assure that the Company's shareholders will always comply with the aforementioned rule and submit draft resolutions in compliance with the deadline provided for therein. In particular, the Company is not able to ensure that its shareholders will not exercise their rights under Article 401 § 5 of the Commercial Companies' Code to propose draft resolutions on the issues added to the agenda already during the Company's general meeting.</p>
<p>4.9.1. Where the subject matter of the general meeting is to be the appointment to the Management Board or the appointment of the Supervisory Board for a new term in office: 4.9.1. candidates for members of the board should be proposed within a timeframe allowing the shareholders present at the general meeting to make a decision with due discernment, but no later than 3 days before the general meeting; the candidates, together with a set of materials concerning them, should be immediately published on the company's website;</p>	<p>The Company does not apply the indicated rule. The Company is not in a position to ensure that the Company's shareholders comply with the aforementioned rule and propose candidates for the Supervisory Board members within the time limit provided for therein. In particular, the Company is not in a position to ensure that its shareholders do not exercise their right to propose candidates for Supervisory Board Members already during the Company's general meeting.</p>

8.2. Control and risk management systems in the process of preparing financial statements

Separate financial statements are drawn up by qualified finance and accounting departments of ERBUD Group member companies with participation of ERBUD Shared Services Sp. z o.o. personnel, that provides book keeping services to all ERBUD Group member companies. Financial statements are audited by independent authorised auditors.

The consolidated financial statements of the ERBUD Group are prepared by trained and experienced employees of the ERBUD Group, particularly the services hired by Erbud Shared Services Sp. z o.o. Both separate and consolidated statements are subject to internal audit carried out by the Company's Management Board, Audit and Internal Control Division (check prior to and during audit), Audit Committee of the Supervisory Board (during the audit) and by statutory auditors appointed by the Supervisory Board.

The risk management with regard to valuation of assets and liabilities, including the valuation of projects in progress, and with respect to the provisions set up, is based on on-going monitoring of their value and adjustments in the interim and annual financial statements according to changes in the fair value of these assets.

The state of completion of projects is determined on the basis of the system "Evaluation of the effectiveness of projects performed as General Contractor" which is implemented directly on each project (construction site) and verified by the management of Branch Offices, Internal Audit and the Controlling Division personnel.

8.3. Shares and shareholders of ERBUD S.A.

As of 31 December 2024 and as of the date of publication of the Financial Statements, the registered share capital amounted to PLN 1,192,983.60 and was divided into 11,929,836 shares with a par value of PLN 0.10 per share.

In 2020 there were no changes in the share capital of the Company in 2024.

As of the date of publication of the financial statements i.e. 26 March 2025 compared to the date of publication of the 2023 Financial Statements (27 March 2024), the following changes occurred in the Issuer's shareholding structure:

- On 28 March 2024. ERBUD S.A. received from Mr Dariusz Grzeszczak, President of the Management Board of ERBUD S.A. and from a person closely related to the person performing managerial duties: Mr Dariusz Grzeszczak - President of the Management Board of ERBUD S.A. - DGI Family Foundation, a notification about transactions performed involving the Company's shares.

In the OTC market Dariusz Grzeszczak transferred 600,000 shares in ERBUD S.A. to DGI Family Foundation as a donation. After the Transaction Mr Dariusz Grzeszczak:

1) held directly 1,231,907 (in words: one million two hundred and thirty-one thousand nine hundred and seven) shares in the Company, accounting for 10.33% of the Company's shareholders' equity, giving him the right to exercise 1,231,907 votes at the Company's General Meeting of Shareholders, which accounts for 10.33% of the total number of votes in the Company;

2) holds indirectly, through DGI Family Foundation, which holds 100% of the investment certificates in DGI FIZAN, which holds directly 721,553 (in words: seven hundred and twenty-one thousand five hundred and fifty-three) shares in the Company, accounting approximately for 6.05% of the Company's share capital, with the attached rights to exercise 721,553 votes at the Company's General Meeting of Shareholders, which account approximately for 6.05% of the total number of votes in the Company;

3) holds indirectly, through DGI Family Foundation, 600,000 (in words: six hundred thousand) shares in the Company accounting approximately for 5.03% of the Company's share capital, with the attached rights to exercise 600,000 votes at the Company's General Meeting of Shareholders, which account approximately for 5.03% of the total number of votes in the Company; - which shares in the Company total 2,553,460 shares (in words: two million five hundred and fifty three thousand four hundred and sixty) of the Company, accounting

approximately for 21.41% of the Company's share capital, giving rights to exercise 2,553,460 votes at the Company's General Meeting of Shareholders that account approximately for 21.41% of the total number of votes in ERBUD S.A.

After the Transaction the total number of votes in the Company, held directly and indirectly by Mr Dariusz Grzeszczak, remained unchanged.

- On 2 April 2024 the Company received two notifications, pursuant to Art. 69 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies, from:
 - a) DGI Family Foundation and Mr Dariusz Grzeszczak,
and
 - b) DGI Closed-End Investment Fund of Non-Public Assets (DGI FIZAN) with its registered office in Warsaw, about the change in the total number of votes at the Company's General Meeting of Shareholders.

Under the transaction, DGI Closed-End Investment Fund of Non-Public Assets (DGI FIZAN) with its registered office in Warsaw (address: ul. Złota 59, 00-120 Warsaw), entered in the register of investment funds kept by the District Court in Warsaw, 7th Civil Registry Division under number RFI 947, REGON 14701207, Tax ID (NIP) No. 1070027720 ('DGI FIZAN'), sold to DGI Family Foundation 721,553 ordinary A-series bearer shares in the Company, with a par value of PLN 0.10 each and a total nominal value of PLN 72,155.30 ('Transaction').

Both DGI Family Foundation (DGI FR) and DGI Closed-End Investment Fund of Non-Public Assets (DGI FIZAN) with its registered office in Warsaw are entities closely related to the managing person - Mr Dariusz Grzeszczak, the President of the Management Board of ERBUD S.A.

After the Transaction Mr Dariusz Grzeszczak:

- 1) 1) held directly 1,231,907 (in words: one million two hundred and thirty-one thousand nine hundred and seven) shares in the Company, accounting for 10.33% of the Company's shareholders' equity, giving him the right to exercise 1,231,907 votes at the Company's General Meeting of Shareholders, which accounts for 10.33% of the total number of votes in the Company;
 - 2) 2) indirectly, through DGI Family Foundation, 1,321,553 (in words: one million three hundred and twenty-one thousand five hundred and fifty-three) shares in the Company, accounting approximately for 11.08% of the Company's share capital, giving rights to exercise 1,321,553 votes at the Company's General Meeting of Shareholders, which account approximately for 11.08% of the total number of votes in the Company; - which shares in the Company total 2 553 460 (in words: two million, five hundred and fifty-three thousand, four hundred and sixty) shares in the Company, accounting approximately for 21.40% of the Company's share capital, giving rights to exercise 2 553 460 votes at the Company's General Meeting of Shareholders, which account for 21.40% of the total number of votes in the Company.
- On 17 May 2024, a notification was received pursuant to Article 69 of the Act of 29 July 2005 on public offerings and conditions for the introduction of financial instruments into the organised trading system and on public companies from:
 - a) DGI Family Foundation and Mr Dariusz Grzeszczak,

The notification was concerned with entering into a Donation Agreement, dated 17 March 2024, under which Mr Dariusz Grzeszczak donated 710,907 A-series, ordinary bearer shares of the Company, with a par value of PLN 0.10 each and a total par value of PLN 71.090,70, to the DGI Family Foundation (hereinafter referred to as the "Transaction").

Before the Transaction Mr Dariusz Grzeszczak:

1) held directly 1,231,907 (in words: one million two hundred and thirty-one thousand nine hundred and seven) shares in the Company, accounting for 10.33% of the Company's shareholders' equity, giving him the right to exercise 1,231,907 votes at the Company's General Meeting of Shareholders, which accounts for 10.33% of the total number of votes in the Company;

2) held indirectly, through DGI Family Foundation, 1,321,553 (in words: one million three hundred and twenty-one thousand five hundred and fifty-three) shares in the Company, accounting approximately for 11.08% of the Company's share capital, giving rights to exercise 1,321,553 votes at the Company's General Meeting of Shareholders, which account approximately for 11.08% of the total number of votes in the Company; - which shares in the Company total 2 553 460 (in words: two million, five hundred and fifty-three thousand, four hundred and sixty) shares in the Company, accounting approximately for 21.40% of the Company's share capital, giving rights to exercise 2 553 460 votes at the Company's General Meeting of Shareholders, which account for 21.40% of the total number of votes in the Company.

After the Transaction Mr Dariusz Grzeszczak:

held directly 521,000 (in words: five hundred and twenty-one thousand) shares in the Company, accounting for 4.37% of the Company's shareholders' equity, giving him the right to exercise 521,000 votes at the Company's General Meeting of Shareholders, which accounts for 4.37% of the total number of votes in the Company;

2) held indirectly, through DGI Family Foundation, 2,032,460 (in words: one million three hundred and twenty-one thousand five hundred and fifty-three) shares in the Company, accounting approximately for 17.04% of the Company's share capital, giving rights to exercise 2,032,460 votes at the Company's General Meeting of Shareholders, which account approximately for 17.04% of the total number of votes in the Company; - which shares in the Company total 2 553 460 (in words: two million, five hundred and fifty-three thousand, four hundred and sixty) shares in the Company, accounting approximately for 21.40% of the Company's share capital, giving rights to exercise 2 553 460 votes at the Company's General Meeting of Shareholders, which account for 21.40% of the total number of votes in the Company.

- A notification pursuant to Article 69, paragraph 1, point 1 and Article 69, paragraph 2, point 1, letter a of the Law of 29 July 2005 on public offerings and the conditions for the admission of financial instruments to organised trading and on public companies was received on 5 September 2002: "The Company":

a) DGI Family Foundation and Mr Dariusz Grzeszczak,

The notification was concerned with direct increase by DGI Family Foundation of its share in the total number of votes at the General Meeting of Shareholders of Erbud S.A. with its registered office in Warsaw, address: ul. Franciszka Klimczaka 1, 02-797 Warsaw, with National Court Register (KRS) No.: 0000268667, with Tax ID (NIP) No.: 8790172253, REGON Statistical No.: 005728373 ("Company"), above the threshold of 20%. Meanwhile the total number of votes in the Company, held directly and indirectly by Mr Dariusz Grzeszczak, remained unchanged.

Before the Transaction Mr Dariusz Grzeszczak:

1) held directly 521,000 (in words: five hundred and twenty-one thousand) shares in the Company, accounting for 4.37% of the Company's shareholders' equity, giving him the right to exercise 521,000 votes at the Company's General Meeting of Shareholders, which accounts for 4.37% of the total number of votes in the Company;

2) held indirectly, through DGI Family Foundation, 2,032,460 (in words: one million three hundred and twenty-one thousand five hundred and fifty-three) shares in the Company, accounting approximately for 17.04% of the Company's share capital, giving rights to exercise 2,032,460 votes at the Company's General Meeting of

Shareholders, which account approximately for 17.04% of the total number of votes in the Company; - which shares in the Company total 2 553 460 (in words: two million, five hundred and fifty-three thousand, four hundred and sixty) shares in the Company, accounting approximately for 21.40% of the Company's share capital, giving rights to exercise 2 553 460 votes at the Company's General Meeting of Shareholders, which account for 21.40% of the total number of votes in the Company.

After the Transaction Mr Dariusz Grzeszczak:

1) directly held 7,454 (in words: seven thousand four hundred and fifty-four) shares in the Company, representing approximately 0.06% of the Company's share capital, entitling him to exercise 7,454 votes at the Company's General Meeting of Shareholders, which accounts approximately for 0.06% of the total number of votes in the Company;

2) held indirectly, through DGI Family Foundation 2,546,006 (in words: two million five hundred and forty-six thousand and six) shares in the Company, representing approximately 21.34% of the Company's share capital, entitling him to exercise 2,546,006 votes at the Company's General Meeting, which represents approx. 21.34% of the total number of votes in the Company; - which shares in the Company total 2,553,460 (in words: two million five hundred and fifty-three thousand four hundred and sixty) shares in the Company, representing approximately 21.40% of the Company's share capital, entitling to exercise 2,553,460 votes at the Company's General Meeting, which represents approximately 21.40% of the total number of votes in the Company.

The Company's share capital structure is as follows:

- 11,929,836 (eleven million nine hundred and twenty-nine thousand eight hundred and thirty-six) A-series ordinary, bearer shares, with a par value of PLN 0.10 (ten cents) each, designated with ISIN code PLERBUD00012.

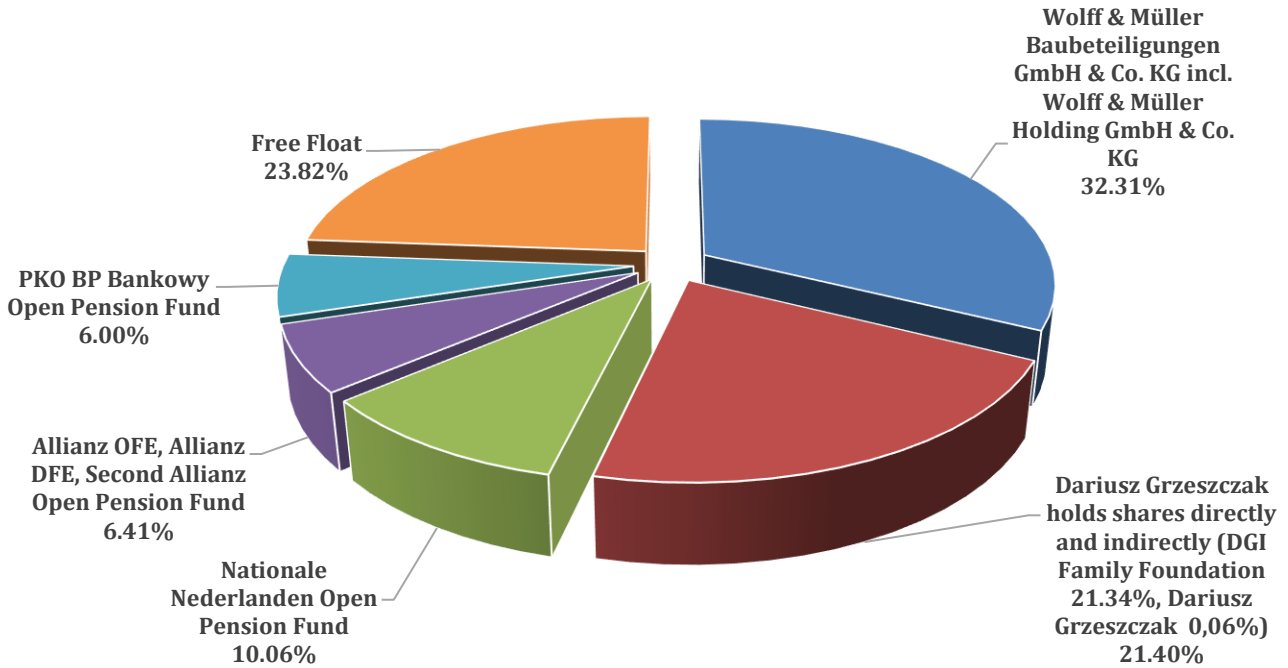
Series	No. of shares	Price in nominal terms (in PLN)	Value (in PLN)
A	11.929.836	PLN 0,10	1,192,983.60
Total:	11,929,836	PLN 0,10	1,192,983.60

ERBUD S.A. shares are ordinary bearer shares and are not preference shares. There are no special control rights attached to the Company's shares. The Articles of Association of ERBUD S.A. also does not impose any restrictions on the transfer of ownership of shares issued by the Company, on exercising voting rights, and does not include provisions under which the equity rights attached to securities are separated from the owning of securities. The Company is not aware of any restrictions on the exercise of voting rights by holders of a specified proportion or number of votes, or any time limitations on the exercise of voting rights.

As of 31 December 2024 and the date of publication of the 2024 Financial Statements, the list of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total votes at the General Meeting of Shareholders of ERBUD S.A. was as follows:

Name of shareholder	As of 26 Mar. 2025		As of 31 Dec. 2024		As of 6 Nov. 2024	
	Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM	Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM	Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM
Wolff & Müller Baubeteiligungen GmbH & Co. KG including Wolff & Müller Holding GmbH & Co. KG	3,854,837	32.31%	3,854,837	32.31%	PLN 3.854.837	32.31%
Dariusz Grzeszczak holds directly and indirectly (DGI Family Foundation 2 546 006 shares, 21.34%, Dariusz Grzeszczak 7 454 shares, 0.06%)	2,553,460	21.40%	PLN 2.553.460	21.40%	2,553,460	21.40%
Nationale Nederlanden OFE	1,200,000	10.06%	1,200,000	10.06%	1,200,000	10.06%
Allianz OFE, Allianz DFE, Second Allianz OFE	PLN 764.935	6.41%	PLN 764.935	6.41%	PLN 764.935	6.41%
PKO BP OFE	715,279	6.00%	715,279	6.00%	715,279	6.00%
Other shareholders	2,841,325	23.82%	2,841,325	23.82%	2,841,325	23.82%
Total:	11,929,836	100.00%	11.929.836	100.00%	11,929,836	100.00%

Shareholding structure of ERBUD S.A. as of 31 December 2024 and as of the publication date of this Report.



As of the Report Date, the Company did not have information about contracts, which could result in future changes in the percentage structure of shares held by the existing shareholders.

Share of managing and supervising persons in the Issuer's share capital	Capital ties 2024	As of 26 Mar. 2025		As of 31 December 2024	
		Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM	Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM
Dariusz Grzeszczak * holds directly and indirectly. (DGI Family Foundation - 2,546,006 shares, 21,34%; Dariusz Grzeszczak 7,454 shares, 0.06%)	President of the Management Board	2,553,460	21.40%	2,553,460	21.40%
Albert Dürr	A Supervisory Board Member	PLN 26.172	0.22%	PLN 26.172	0.22%
Roland Bosch	The Chairman of the Supervisory Board	PLN 10.000	0.08%	PLN 10.000	0.08%
Agnieszka Głowacka***	Vice-President of the Management Board	3,938	0.03%	3,938	0.03%
Jacek Leczkowski****	Vice-President of the Management Board	5,112	0.04%	5,112	0.04%

**** Mr Dariusz Grzeszczak holds additionally 0,5% shareholding in ONDE S.A. (the Issuer's subsidiary company).

*** Mr Albert Dürr holds 85% shareholding in Wolff & Müller Holding GmbH & Co. KG, which holds: (i) 2,20% shareholding in Erbud S.A. directly (2.20% of the total number of votes) and (ii) indirectly, through a 100% subsidiary of Wolff & Müller Baubeteiligungen GmbH & Co. KG 30.12% of Erbud S.A. shares. (30.12% of the total number of votes). Additionally Mr Albert Dürr holds 85% shareholding of Dürr Holding GmbH, which holds 0.11% shareholding in Erbud S.A. (0.11% of the total number of votes). In total Mr Albert Dürr holds directly and indirectly 32.54% shareholding in Erbud S.A. (32.54% of the total number of votes).*

****Ms Agnieszka Głowacka holds additionally 0.25% shareholding in ONDE S.A. (the Issuer's subsidiary company).*

***** Mr Jacek Leczkowski holds additionally 6,48% shareholding in ONDE S.A. (the Issuer's subsidiary company).*

8.4. Articles of Association and General Meeting of Shareholders

8.4.1. Amending the Articles of Shareholders

In 2024 the content of the Company's Articles of Association was amended.

On 16 May 2024, the Ordinary General Meeting of Shareholders of ERBUD S.A. made the following changes by virtue of Resolution No. 18/2024:

in § 3, para 1 of the Company's Statutes, items 59) and 60) were added, with the following wording:

"59) *Security activities, excluding operation of security systems.*

60) *Security activities dealing with the management of security systems."*

2. § 11, para 1, of the Company's Statutes shall have the new wording, which reads as follows:

"1 The Supervisory Board consists of 5 to 8 members, including the Chairman and Deputy Chairman of the Supervisory Board."

3. § 12 of the Company's Statutes shall have the new wording, which reads as follows:

"§12.

1. *The Supervisory Board resolutions shall be adopted by an absolute majority of votes cast in the presence of at least half of the Supervisory Board members, unless the provisions of the Commercial Companies' Code or these Statutes provide otherwise. In the event of tied vote the Chairman's vote shall prevail.*
1. *The Supervisory Board meetings shall be convened by the Supervisory Board Chairman upon his own initiative and upon the request of the Management Board or a member of the Supervisory Board within two weeks of the request being made or, under circumstances requiring a rapid decision making, within three days of the request being made. To the request for calling a Supervisory Board meeting, the proposed agenda must be attached.*
3. *The Supervisory Board meetings may be held by means of direct remote communication.*
4. *The Supervisory Board meetings should be convened on as needed basis, however, at least once per quarter in the financial year.*
5. *The Supervisory Board members may participate in the adoption of the Supervisory Board resolutions by casting their vote in writing through another Supervisory Board member. The casting of a vote in writing may not relate to matters placed on the agenda of Supervisory Board meeting.*
6. *The Supervisory Board may adopt resolutions in writing or by means of direct remote communication. A resolution is valid if all Supervisory Board members have been notified of the*

draft resolution wording and at least half of the Supervisory Board members have taken part in the adoption of the resolution.

7. *The Supervisory Board may also adopt resolutions in writing or by means of direct remote communication on matters for which the Statutes or the By-Laws of the Supervisory Board provide for a secret ballot. A resolution is valid if all Supervisory Board members have been notified of the draft resolution wording and at least half of the Supervisory Board members have taken part in the adoption of the resolution.*
8. *The Supervisory Board Members are entitled to remuneration*

On 7 June 2024 the above amendments to the Articles of Association of ERBUD S.A. were registered by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register.

8.4.2. General Meeting of Shareholders

The General Meeting of Shareholders acts under the Company's Articles of Association, the Organisational By-Laws of the General Meeting of Shareholders and the Commercial Companies' Code.

General Meetings may be convened as ordinary (annual) or extraordinary ones. Ordinary General Meetings are convened by the Company's Management Board not later than 6 months after the end of each financial year. An Ordinary General Meeting is convened by the Management Board. The Supervisory Board may convene an Ordinary General Meeting if the Company's Management Board fails to convene it within the specified timeframe. An Extraordinary General Meeting is convened by the Management Board on its own initiative or upon a written request of the Supervisory Board or at the request of a shareholder or shareholders representing at least one twentieth of the share capital.

Only persons who are shareholders of the Company sixteen days before the date of the General Meeting (Record Date) are entitled to participate in the General Meeting. Shareholders may participate in the General Meeting and exercise their voting rights in person or by proxies. The power of attorney should be made in writing or in electronic form. Granting a power of attorney in electronic form does not require a secure electronic signature.

The General Meeting is convened by an announcement published on the Company's website and in a manner specified for the providing of current information in accordance with the Regulations on public offering and conditions governing the introduction of financial instruments to organized trading and on public companies.

The above mentioned announcement is made at least 26 days before the date of the General Meeting. Current Operational By-Laws of the General Meeting of Shareholders of ERBUD S.A. are posted on the Company's website www.erbud.pl. In addition, the Company's website contains information on the dividend policy and shareholding structure, as well as the archive of the general meetings of shareholders.

The Company draws up a list of persons entitled to participate in the General Meeting on the basis of information prepared and made available to the Company by the entity keeping the securities deposit (KDPW S.A.).

The Rules of the General Meeting regulates the course of the session, the election of the Chairman and the Returning Committee, the participation in the General Meeting of members of the Management Board and the Supervisory Board of the Company and the process of adopting resolutions.

Each shareholder is entitled to propose amendments and supplements to the draft resolutions included in the Agenda of the Meeting. Voting is done by means of a computerized system of casting and counting votes ensuring that number of votes cast corresponds to the number of shares held. A resolution on refraining from considering a matter placed on the agenda may only be taken if there are substantiated motives. Adopting such a resolution requires 75% of the votes of the General Meeting.

Minutes in the form of a notarial deed, are prepared from the course of the General Meeting, and then published on the Company's website.

According to the Articles of Association of the Company, the powers of the General Meeting include:

- 1) reviewing and approving the Management Board's Report on the Company Activities and the financial statements for the previous financial year,
- 2) the adoption of a resolution on profit distribution or loss coverage,
- 3) granting discharge to members of the Company's governing bodies in respect of the performance of their duties, adoption of the Supervisory Board Bylaws and determination of the rules of remunerating Supervisory Board members,
- 4) an increase or decrease of the Company's share capital
- 5) Rules for amending the Company's Articles of Association
- 6) the Company's merger with another commercial company,
- 7) dissolution and liquidation of the Company,
- 8) issuance of convertible bonds, bonds with pre-emptive right or subscription warrants,
- 9) the disposal or lease of the enterprise, or of an organized part thereof, and the establishment of a limited property rights.
- 10) examination of the issues raised by the Supervisory Board, the Management Board or by Company shareholders,
- 11) deciding on any other business that in accordance with provisions of the Commercial Companies' Code or the wording of the Articles of Association fall into the competence of the General Meeting.

Draft resolutions of the General Meeting of Shareholders submitted by the Management Board are previously submitted to the Supervisory Board for its opinion. Resolutions of the General Meeting are adopted by a simple majority of votes unless the provisions of the Commercial Companies Code or the Articles of Association provide otherwise.

In 2024, one (1) General Meetings of Shareholders of ERBUD S.A. were held :

- Ordinary General Meeting of Shareholders (16 May 2024)

8.5. Activities of the Supervisory Board

8.5.1. Composition

In the period from 1 January 2024 to 16 May 2024 the Supervisory Board of ERBUD SA consisted of:

- Roland Bosch - the Supervisory Board Chairman,
- Gabriel Główka - Deputy Chairman of the Supervisory Board
- Albert Dürr - a Supervisory Board Member
- Michał Otto - a Supervisory Board Member
- Janusz Reiter - a Supervisory Board Member
- Beata Jarosz - a Supervisory Board Member
- Michał Wosik - a Supervisory Board Member

On 8 April 2024 the Company received a letter of resignation from Mr Gabriel Główka, Deputy Chairman of the Company's Supervisory Board, in which he resigned from the position in the Company's Supervisory Board effective as of the moment of adopting a resolution by the Ordinary General Meeting of Shareholders of ERBUD S.A. on the acknowledgment of the fulfilment of duties by Mr Gabriel Główka in 2023 i.e. on 16 May 2024.

On 16 May 2024 the Company's Ordinary General Meeting of Shareholders appointed the following individuals to the positions in the Supervisory Board, for a joint three-year term of office commencing on 11 May 2021:

- Ms Sylwia Hałas-Dej,
- Mr Seweryn Kubicki.

In accordance with the wording of the resolution on the appointment of Mr Seweryn Kubicki to the Company's Supervisory Board of the current term of office, the appointment of Mr Seweryn Kubicki to the Company's Supervisory Board becomes effective as of the date of registration of the amendment to § 11, para 1 of the Company's Statutes in the National Court Register, which took place on 7 June 2024.

On 16 May 2024 the Company's Ordinary General Meeting of Shareholders appointed the following individuals to the positions in the Supervisory Board, for a new joint three-year term of office commencing at the date of the Company's General Meeting approving the Company's Financial Statements for the accounting year ended 31 December 2024:

- Mr Roland Bosch, who will also be appointed to the position of the Supervisory Board Chairman,
- Mr Michał Otto who will also be appointed to the position of the Supervisory Board Chairman,
- Ms Beata Jarosz,
- Mr Albert Dürr,
- Mr Janusz Reiter,
- Ms Sylwia Hałas-Dej,
- Mr Michał Wosik,
- Mr Seweryn Kubicki.

In addition, on 16 May 2024, the Annual General Meeting of Shareholders of ERBUD S.A., in connection with the resignation from the Supervisory Board of Mr Gabriel Główka - Deputy Chairman of the Supervisory Board, appointed Mr Michał Otto to act as Deputy Chairman of the Supervisory Board of ERBUD S.A.

In the period from 16 May 2024 to 6 June 2024, the Supervisory Board of ERBUD S.A. consisted of:

- Roland Bosch – the Supervisory Board Chairman
- Michał Otto – Deputy Chairman of Supervisory Board
- Albert Dürr – a Supervisory Board Member
- Janusz Reiter – a Supervisory Board Member
- Beata Jarosz – a Supervisory Board Member
- Michał Wosik – a Supervisory Board Member
- Sylwia Hałas – Dej – a Supervisory Board Member

In the period from 7 June 2024 to the date of publication of this report, the Supervisory Board of ERBUD S.A. consisted of:

- Roland Bosch – the Supervisory Board Chairman
- Michał Otto – Deputy Chairman of Supervisory Board
- Albert Dürr – a Supervisory Board Member
- Janusz Reiter – a Supervisory Board Member
- Beata Jarosz – a Supervisory Board Member
- Michał Wosik – a Supervisory Board Member
- Sylwia Hałas – Dej – a Supervisory Board Member
- Seweryn Kubicki – a Supervisory Board Member

As of 31 December 2024 and as of this Report Date, the dependent Members of the Supervisory Board of ERBUD SA are :

Mr Roland Bosch and Pan Albert Dürr (representing a shareholder of Wolff & Müller Baubeteiligungen GmbH & Co. KG and Wolff & Müller Holding GmbH & Co. KG) and Mr Gabriel Główka (has been sitting on the Supervisory Board of ERBUD SA since 31 May 2012).

The following Members of the Supervisory Board of ERBUD S.A. fulfil the independence criteria specified in the Act on Statutory Auditors: Ms Beata Jarosz, Ms Sylwia Hałas-Dej, Mr Janusz Reiter, Mr Michał Wosik, Mr Seweryn Kubicki

In addition, the following Members of the Supervisory Board of ERBUD S.A. have no actual and significant ties with a shareholder holding at least 5% of the total number of votes in ERBUD S.A.:

Ms Beata Jarosz, Ms Sylwia Hałas-Dej, Mr Michał Otto, Mr Janusz Reiter, Mr Michał Wosik, Mr Seweryn Kubicki

Two committees report to the Supervisory Board of ERBUD S.A.:

The Audit Committee, which for the period from 1 January 2024 to 16 May 2024 was composed of:

- Michał Otto – The Chairman of the Audit Committee (an independent Supervisory Board member, in the Audit Committee has been sitting since 28 April 2016),
- Gabriel Główka – An Audit Committee member (a dependent Supervisory Board member, in the Audit Committee has been sitting since 15 November 2006)
- Janusz Reiter – An Audit Committee member (an independent Supervisory Board member, in the Audit Committee has been sitting since 18 May 2018)
- Roland Bosch - a Member of the Audit Committee (dependent Member of the Supervisory Board, as a representative of the shareholder - Wolff & Müller Group, on the Audit Committee since 1 April 2022)
- Michał Wosik – A Member of the Audit Committee (an independent Supervisory Board member, in the Audit Committee has been sitting since 1 April 2022),

In connection with the resignation of Mr Gabriel Główka from his position on the Supervisory Board, who was also a member of the Audit Committee, on 8 April 2024, with effect from the date of receipt of the discharge of his duties in 2023 (at the Ordinary General Meeting of Shareholders held on 16 May 2024) and in connection with the dismissal by the Supervisory Board on 16 May 2024 of Mr Michał Otto from the position of Chairman of the Audit Committee due to the loss of independence by Mr Michał Otto (serving as a Member of the Company's Supervisory Board for more than 12 years) - Mr Otto remains in the Audit Committee of the current term of office as an Audit Committee Member and in connection with the appointment by the Supervisory Board of ERBUD S.A. on 16 May 2024. Ms Beata Jarosz as a member of the Audit Committee with the appointment to the position of the Chairperson of the Audit Committee,

In the period from 15 May 2024 to the date of publication of this report, the Supervisory Board of ERBUD S.A. consisted of:

- Beata Jarosz – The Chairperson of the Audit Committee (an independent Supervisory Board member, on the Audit Committee has been sitting since 16 May 2024),
- Roland Bosch - a Member of the Audit Committee (dependent Member of the Supervisory Board, as a representative of the shareholder - Wolff & Müller Group, on the Audit Committee since 1 April 2022)
- Michał Otto – A member of Audit Committee (an independent Supervisory Board member, on the Audit Committee has been sitting since 28 April 2016),
- Janusz Reiter – An Audit Committee member (an independent Supervisory Board member, in the Audit Committee has been sitting since 18 May 2018)
- Michał Wosik – A Member of the Audit Committee (an independent Supervisory Board member, in the Audit Committee has been sitting since 1 April 2022),

On 16 May 2024 the Company's Supervisory Board appointed the following individuals to the positions in the Audit Committee, for a new joint three-year term of office commencing at the date of the Company's General Meeting of Shareholders approving the Company's Financial Statements for the accounting year ended 31 December 2024:

- Beata Jarosz – holding the position of the Chairperson of the Audit Committee
- Roland Bosch - in the position of an Audit Committee Member
- Michał Otto - in the position of an Audit Committee Member
- Janusz Reiter - in the position of an Audit Committee Member
- Michał Wosik - in the position of an Audit Committee Member

As of 31 December 2024 and the date of publication of this report, the following members of the Audit Committee of the Supervisory Board of ERBUD S.A. meet the independence criteria pursuant to Article 129(3) of the Act on Statutory Auditors: Beata Jarosz, Janusz Reiter and Michał Wosik.

In addition, Mr Beata Jarosz and Mr Michał Wosik fulfil the requirements of the Act on Statutory Auditors concerning knowledge and skills in the field of accounting or auditing of financial statements.

Ms Beata Jarosz is a graduate of the Warsaw School of Economics (WSE) and a holder of Mini MBA degree in Management Studies at the University of Łódź.

A capital market expert with over 25 years of professional experience, former Vice-President of the Warsaw Stock Exchange. (2006-2014). Co-founder of the equity market covered by the alternative trading system NewConnect and the organised debt securities trading market Catalyst.

Previously, she worked at the Securities Commission (1991-2006). As Director of Market Oversight Department, she was responsible for monitoring of stock market trading.

She passed the state exam for candidates for supervisory board members in state-owned companies. She also served as Chairman of the Supervisory Board of the Central Securities Depository S. A. and the Central Securities Depository CCP S.A.

From 2002 to 2010, she was a lecturer in capital market issues at, *inter alia*, the Faculty of Economic Sciences of the University of Warsaw.

The conditions of the Act on Statutory Auditors regarding the possession of knowledge and skills in the industry in which the Issuer operates are fulfilled by: Mr Roland Bosch and Mr Albert Dürr as shareholder representatives of WOLFF & MÜLLER, a German construction company founded in 1936 and headquartered in Stuttgart, which is one of the leading private construction companies in Germany, operating in three main areas: building services, building materials and raw materials and construction-related services.

Consequently the Issuer meets the requirements set forth in Art. 129, paragraphs 1, 3 and 5 of the Act on Statutory Auditors.

In 2024, the Audit Committee held 4 meetings convened by the Chairman of the Audit Committee, (meetings were held at: 20 Mar. 2024, 16 May 2024, 4 September 2024, 30 November 2024) that could be attended by the remaining Supervisory Board members as well as heads of: Legal Division as well as Audit and Internal Control Department of ERBUD SA.

The meetings were held in accordance with the 2024 Audit Committee's Work Plan, which defined the dates of the meetings and the major items on the agenda, including meetings with the auditor.

The Committee's responsibilities were also performed through submission recommendations, conclusions, opinions and reports to the Supervisory Board, as well as on-going exchange of opinions. If necessary, the Audit Committee updated the agenda with Any Other Business (AOB).

On 12 March 2024, by virtue of Resolution No. 1/2024, the Audit Committee of ERBUD S.A. issued a recommendation to the Supervisory Board on the appointment of an auditor (PricewaterhouseCoopers Polska Sp. z o.o. Audyt sp.k.) to review the interim financial statements and audit the annual financial statements of the Company and the Company's Capital Group in 2024-2025.

By virtue of Resolution No. 12/2024 of 20 March 2024, the Supervisory Board of ERBUD S.A. agreed to renew the agreement with PricewaterhouseCoopers Polska Sp. z o.o. Audyt sp.k. on reviewing interim financial statements and auditing annual financial statements of the Company and the Company's Capital Group in 2024-2025, following the recommendation of the Audit Committee of ERBUD S.A.

On 16 May 2024, the Audit Committee of ERBUD S.A. adopted Resolution No. 7/2024 on the assessment of the auditor's independence and approval for the auditor to provide permitted non-audit services to the Company, i.e. review services of the Company's financial statements for H1 2024.

The Remuneration Committee, from 1 January 2024 to 31 December 2024 and as of the this Report Date, was operated with the following composition:

- Roland Bosch - the Remuneration Committee Chairman
- Michał Otto - a Remuneration Committee Member,
- Janusz Reiter - a Remuneration Committee Member

8.5.2. Competencies

The powers of the Supervisory Board include:

- 1) to approve the strategic long-term plans of the Company,
- 2) to approve annual schedules of works and expenditures of the Company and its Capital Group,
- 3) to approve the investment plans of the Company and its Capital Group,
- 4) to give consent to: acquisition, disposal and encumbering of real estate, perpetual usufruct, or share in real estate or perpetual usufruct,
- 5) to give to consent to setting up and dissolution of manufacturing plants and branch offices.

- 6) granting consent to the Company to issue guarantees, property sureties, issue bills of exchange and incur other off-balance sheet liabilities with a unit value exceeding EUR 2,000,000.00 (in words: two million euros) save for: (i) guarantees issued at the request of the Company by financial institutions in the ordinary course of business, (ii) guarantees, sureties of property, issuance of bills of exchange and assumption of other off-balance sheet commitments with a unit value exceeding EUR 2,000,000.00 (in words: two million euros) for the benefit of member entities of the capital group (save for item 11) below),
- 7) to give consent to equity investments exceeding the equivalent of EUR 100.000,00 (in words: one hundred thousand) except for capital investments, Treasury bills and Treasury bonds issued in Poland or in the countries where the Company runs its business activities,
- 8) to approve the acquisition, disposal, encumber shares or interest in other entities,
- 9) to determine the voting procedure for the Company representatives sitting on the bodies of subsidiaries and affiliated entities with reference to the following matters: appointment and dismissal of the members of the bodies of subsidiaries and affiliated entities, dissolution or liquidation of such subsidiaries and entities, change of the company profile, split or merger of subsidiaries or affiliated entities,
- 10) to grant consent to take all measures not related to the Company profile and extraordinary measures with the value exceeding the equivalent of EUR 200.000,00 (in words: one hundred thousand),
- 11) granting consent to enter into material transactions with related parties, pursuant to the provisions of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trade, and Public Companies of 29 July 2005,
- 12) to grant consent to the investments exceeding the equivalent of the value of EUR 200.000,00 (in words: one hundred thousand euro), unless such investments are included in the investment plan, approved by the Supervisory Board,
- 13) give consent to submit proposals and to enter into civil works contracts with the net value exceeding the equivalent of the amount of EUR 30.000.000,00 (in words: thirty million Euros), in case of joint proposals, the reliable measure is the net sum of the proposal rather than Company share in the proposal,
- 14) to give consent to dispose of the right or to take an obligation by the Company, within a single or higher number of legal transactions with the same entity, with the value exceeding the equivalent of EUR 5,000,000.00 (in words: five million Euros) during the financial year.
- 15) to grant permission to employ an employee with an annual remuneration exceeding the equivalent of 150,000.00 (in words: one hundred fifty thousand) Euro,
- 16) to grant consent to the appointment of the members of Company's Management Board to the management or supervisory boards of non-member companies from of the Company's capital group and in cases specified in Art. 380 § 1 of the Commercial Companies' Code,
- 17) Other matters reserved for the powers of the Supervisory Board by law, provisions of this Statutes, forwarded upon the request of the Management Board or delegated by virtue of a resolution of the General Meeting.

The Audit Committee powers include:

- 1) to monitor the financial reporting process.
- 2) to monitor the effectiveness of internal control systems and risk management systems as well as internal audit, including financial reporting.
- 3) to monitor the performance of auditing activities including in particular the conduct of an audit by the audit firm.
- 4) to control and monitor the independence of the statutory auditor and the audit firm, in particular when other auditing services are provided to the Company by the auditor;
- 5) to inform the Company's Supervisory Board about audit findings and to explain how the audit contributed to the reliability of financial reporting at the Company, and what was the role of the Audit Committee in the audit process;
- 6) to assess the independence of the auditor and to give consent to the provision of permitted non-audit services to the Company;

- 7) to develop a policy of audit firm appointment to carry out the audit of Financial Statement;
- 8) to develop a policy by the audit firm to carry out the audit, by entities related to this audit firm and by a member of the auditing company's network of permitted non-audit services;
- 9) to determine the procedure for the audit firm appointment by the Company.
- 10) to make a recommendation to the Supervisory Board on the appointment of statutory auditors or audit firms in accordance with the policies developed by the audit committee following the selection procedure carried out in accordance with the provisions of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision;
- 11) to make recommendations aimed at securing the reliability of the financial reporting process at the Company.

Following the procedures applicable to ERBUD S.A. the Supervisory Board submitted a statement on the appointment and operation of the Audit Committee of ERBUD S.A., declaring that the legislation concerning the appointment, composition and operation of the Audit Committee, are complied with, including the fulfilment by its members of the independence criteria and requirements regarding having adequate knowledge and skills in the industry in which the Company operates and in the field of accounting or auditing of financial statements. The Supervisory Board also declares that the Audit Committee of ERBUD S.A. performed its responsibilities provided for in the applicable regulations.

The Audit Committee powers include::

- to plan remuneration policy for the Management Board members,
- to adjust the remuneration of Management Board members to long-term interests of the Company.

8.6. Entity authorized to audit the financial statements

The Company has a procedure in place for the appointment of the audit firm, a policy for the appointment of the audit firm to carry out the audit and a policy for delivery by the audit firm carrying out the audit, by entities related to the audit firm and by a member of the audit firm's network of permitted non-audit services. The main principles of the policy developed for the appointment of an audit firm to carry out statutory audit and the policy for the delivery of non-audit services by the audit firm carrying out the audit are in compliance with the rules related to: (i) maintaining the statutory auditor's independence, (ii) avoiding conflicts of interest, (iii) proper preparation of the documentation in the bidding process, (iv) a non-discriminatory audit firm appointment process during the bidding process, (v) a fair assessment of the experience of the audit firm and the audit team and the key statutory auditor, (vi) determining the appropriate remuneration of the audit firm for the services provided, (vii) ensuring appropriate rotation of audit firms. In 2021, ERBUD S.A. appointed an audit firm to carry out the audit on the basis of the adopted procedures related thereto. The appointment of the audit firm for the statutory audit for the accounting year 2021, which related to the renewal of the contract, was based on a resolution passed by the Audit Committee on 14 December 2020, which made a recommendation to the Supervisory Board regarding the appointment of the audit firm. The Audit Committee's Recommendation fulfilled the effective requirements i.e.: (i) indicated the audit firm that was a candidate for the appointment to act as auditor performing statutory audit, (ii) included a statement that the recommendation is free from third-party influence, and (iii) stated that ERBUD S.A. did not conclude agreements containing clauses referred to in Article 66.5a of the Accounting Act of 29 September 1994 (Journal of Laws of 2021, item 217). Subsequently on 7 January 2021, the Supervisory Board adopted a resolution on the renewal of the agreement with the audit firm Pricewaterhousecoopers Polska spółka z ograniczoną odpowiedzialnością Audyt Sp. k. for statutory audit services for the 2021 - 2023 period, i.e. for auditing the annual separate financial statements of ERBUD S.A. and the annual consolidated financial statements of the ERBUD Group, as well as reviewing the interim separate financial statements of ERBUD S.A. and the interim consolidated financial statements of the ERBUD Group.

On 12 March 2024, the Audit Committee **made a recommendation to the Supervisory Board on the appointment to the position of an auditor to review the interim financial statements and audit the annual financial statements of the Company and the Company Capital Group in 2024-2025.** As recommended, the Audit Committee proposed to entrust the review of the interim financial statements and the audit of the annual financial statements of the Company and the Company's Group for the years 2024-2025 to the audit firm PricewaterhouseCoopers Polska sp. z o.o. Audyty sp. k. with its registered office in Warsaw.

On 20 March 2024, following the recommendation of the Audit Committee, the Supervisory Board adopted a resolution to extend the contract with the audit firm PricewaterhouseCoopers Polska sp. z o.o. Audyty sp. k. with its registered office in Warsaw in 2024-2025.

In addition, the Audit Committee, acting pursuant to Article 130, par. 1, subpar. 4 of the Act on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws of 2020, item 1415), adopted a resolution on the assessment of the auditor's independence and consent to the delivery by the auditor of permitted non-audit services in the Company, i.e., the services of the Company's financial statement review for H1 2019.

- Review services of the financial statements of ERBUD S.A. for H1 2024 and the consolidated financial statements of the ERBUD Group for H1 2024;
- sustainability reporting attestation services for 2024;
- evaluation services for the 2024 Report on the Remuneration of Company Governing Bodies;
- Services to prepare an audit report on the compliance of the 2024 financial statements in XBRL format with ESMA standards.

Remuneration of the entity authorised to audit financial statements ('000 PLN)	2024	2023	2022
The audit of the annual financial statements and consolidated financial statements	460	403	343
Review of interim financial statements/consolidated financial statements	190	190	190
Other services (annual audit of financial statements of subsidiaries), review of semi-annual financial statements of ONDE SA, review of semi-annual consolidated financial statements of ONDE SA	780	669	614
Other services - attestation service on XBRL and report on remuneration of members of the Management Board and Supervisory Board (Erbud S.A. and ONDE S.A.)	150	138	133
Other services - attestation of other non-financial indicators (Erbud S.A. and ONDE S.A.)	460	169	160

TOTAL PLN	2 040	1 567	1 440
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Following the procedures applicable to ERBUD S.A. The Supervisory Board of ERBUD S.A. will, upon receipt of the consolidated financial statements and the non-consolidated financial statements for 2024 signed by the management board of the Parent Company, along with the Auditor's Opinion on both statements, will make a statement on the appointment of the audit firm carrying out the audit of the annual financial statements in accordance with the regulations, including those concerning the audit firm appointment and appointment procedure along with the specification of:

- the audit firm and the members of the audit team have fulfilled the conditions to prepare an unbiased and independent audit report on the annual financial statements in accordance with applicable regulations, professional standards and rules of professional ethics,
- the applicable rules relating to the rotation of the audit firm and of the key statutory auditor and the mandatory grace periods are complied with,
- the Issuer has a policy in place on the appointment of an audit firm and a policy on the delivery of additional non-audit services to the issuer by the audit firm, an entity affiliated to the audit firm or a member of its network, including services conditionally exempted from the prohibition on the audit firm providing;

Before the publication of the Financial Statement the Supervisory Board assessed the compliance of the Operations Report of ERBUD S.A. and the Annual Financial Statement with the books, documents and the actual state of affairs. The assessment of the Supervisory Board along with its rationale is a separate part of the Financial Statements.

ERBUD S.A. keeps its trading books dutifully and economic events are correctly reflected in the accounting records. The Operations Report and the financial statements prepared on their basis properly reflect the formal and factual status of ERBUD S.A. and ERBUD Capital Group.

8.7. Management Board Activities

8.7.1. Composition

The Management Board Members are appointed and dismissed by the Company's Supervisory Board. The Management Board Members have not been granted special rights, in particular the right to decide on the issue or redemption of shares.

In the period from 1 January 2024 to 31 December 2024 the Management Board of ERBUD S.A. was represented by:

- Dariusz Grzeszczak - the President of the Management Board
- Agnieszka Głowacka – Vice-President of the Management Board
- Jacek Leczkowski - Vice-President of the Management Board

On 16 May 2024 the Supervisory Board of ERBUD S.A. appointed the Company's Management Board with the following composition:

- Dariusz Grzeszczak - President of the Management Board
- Agnieszka Głowacka - Vice-President of the Management Board
- Jacek Leczkowski - Vice-President of the Management Board

for another joint three-year term of office commencing on the date of the General Meeting of Shareholders of ERBUD S.A. approving the Company's financial statements for the financial year ended 31 December 2024.

On 26 November 2024, the Supervisory Board of ERBUD S.A. appointed Mr Tomasz Wojak to the Company's Management Board as of 2 January 2025 for a new joint three-year term. In connection with the appointment of Mr Tomasz Wojak as a member of the Management Board of the Company, the commencement date of the new three-year common term of office of the members of the Management Board of the Company (as announced by the Company in Current Report no. 52/2024 dated 26 November 2024) has been changed so that the new joint term of office of the members of the Company's Management Board shall commence on 2 January 2025 and not on the day of the General Meeting of Shareholders of the Company approving the financial statements of the Company for the financial year ending on 31 December 2024, as reported by the Company in Current Report No. 22/2024 dated 16 May 2024.

As at the date of publication of this report, the Management Board of ERBUD S.A. is represented by:

- Dariusz Grzeszczak - President of the Management Board
- Agnieszka Głowacka – Vice-President of the Management Board
- Jacek Leczkowski - Vice-President of the Management Board
- Tomasz Wojak - a Management Board Member

8.7.2. Powers as of 26 March 2025

A Management Board Member	Responsibility
<p>Dariusz Grzeszczak – President of the Management Board</p>	<p><u>With regard to ERBUD Group</u></p> <ul style="list-style-type: none"> • Development of ERBUD Group strategy. • Supervision over the activities of the Division of Advisors to the Management Board on Strategy and Development. • Development and supervision over the activities of HR Division. • Supervision over the operations of the Marketing, Communication and PR Division • Supervision over the activities of the Management Board and Corporate Governance. • Supervision over the operations of the Equity Investment Department • Supervision over the activities of Process Management and Digitalisation Division

<p>Agnieszka Głowacka – Vice-President of the Management Board</p>	<p><u>With regard to ERBUD S.A.:</u></p> <p>a) Receiving of anonymous reports on the infringements of the law, procedures and ethical standards at ERBUD S.A.</p> <p><u>With regard to ERBUD Group</u></p> <ul style="list-style-type: none"> • Supervision over the activities of the Audit and Internal Control Division • Supervision over the activities of the Controlling Division. • Supervision over the operations of the Treasury Division. • Supervision over the operations of the ESG Division • Oversight of the MAR MAD information policy • Oversight over financial and non-financial reporting. • Oversight over the implementation of the financial policy of the ERBUD Group • Oversight over the activities of ERBUD Shared Services Sp. z o. o.
<p>Jacek Leczkowski – Vice-President of the Management Board</p>	<p><u>With regard to ERBUD S.A.:</u></p> <p>a) Oversight over the activities of the Production Division in Poland (building construction)</p> <p>b) Supervision over the operations of the Contracting Conditions Division</p> <p>c) Supervision over the Purchasing and Central Procurement Division</p> <p>d) Supervision over the operations of the Business Development Division</p> <p><u>With regard to ERBUD Group</u></p> <ul style="list-style-type: none"> • Supervision over the operations of HSE Division. • Supervision over the operations of the Legal Division. • Supervision over ONDE S.A. • Supervision over MOD21 Sp. z o.o. and MOD21 GmbH companies • Supervision over ERBUD International Sp. z o.o. • Supervision over JV WMER Matoc Sp. z o. o. • Supervision over JV PABC Sp. z o. o.

**Tomasz Wojak –
a Management
Board Member
(has been sitting
on the
Company's
Management
Board since 2
Jan. 2025)**

With regard to ERBUD Group

- Supervision over ERBUD Group member companies in the industrial maintenance services area in Poland: ERBUD Industry Centrum sp. z o. o. , Satchwell Polska Toruń Sp. z o. o., CKTiS Sp. z o. o.
- Supervision over ERBUD Group member companies in the industrial maintenance services area in Germany: ERBUD Holding Deutschland GmbH, IVT Weiner + Reimann GmbH and IKR GmbH.

8.7.3. Management Board

Total amount of remuneration paid by ERBUD S.A. and its subsidiaries to the Management Board Members of ERBUD S.A. in 2024

Name and surname	Remuneration paid by the Issuer in 2024	Remuneration paid by the Issuer's subsidiaries in 2024	Total
Dariusz Grzeszczak	PLN 2.025.385	PLN 361.549	2,386,934
Agnieszka Głowacka	PLN 825.832	PLN 282.000	1,107,832
Jacek Leczkowski	3,111,714	PLN 354.000	3,465,714
TOTAL	5,962,931	PLN 997.549	6,960,480

Name and surname	Remuneration paid by the Issuer in 2023	Remuneration paid by the Issuer's subsidiaries in 2023	Total
Dariusz Grzeszczak	5,049,577	PLN 380.383	5,429,760
Agnieszka Głowacka	1,492,632	PLN 272.000	1,764,632
Jacek Leczkowski	1,344,392	PLN 344.000	1,688,392
TOTAL	7,886,401	PLN 996.383	8,882,784

With reference to Mr Dariusz Grzeszczak, the President of Management Board

If the Company terminates the Agreement with a notice period, where the reason justifying the termination is the removal of the Member from the Management Board of the Company, and the termination occurs before the end of the term of the Management Board of the Company, the Company shall be obliged to pay the compensation of Management Board Member in the amount equal to the product of the sum of the total monthly remuneration paid by the Issuer and its affiliated companies and the number of months remaining until the end of the term. The maximum number of months is 24.

During the effective term of this Contract as well as within one year after its termination, the Member of the Management Board shall be subject to a competition ban clause. The Company undertakes to pay to the Management Board member each month after his Contract termination, for the period corresponding to the duration of the Competition Ban Period, the amount of compensation equal to the equivalent of one-month joint compensation.

In the event that a Management Board member has violated his obligation to refrain from competitive activities during the effective term of the Competition Ban Clause or to keep the Company's secrets confidential, then such Management Board member shall pay to the Company a contractual penalty equivalent to double monthly salary.

With reference to Mr Jacek Leczkowski, a Management Board member

Each Party may terminate this Contract subject to giving a 12-month notice, with the effect at the end of calendar month. A Management Board member shall not be entitled to additional compensation in connection with his or her removal from the position of the Management Board member before the end of the term of office.

The obligation to refrain from competitive activities shall remain in effect for 12 months from the Contract termination date. During the period when the Management Board member refrains from competitive activity after termination of the Agreement, the Company undertakes to pay to the Member of the Management Board, each month after termination of the Contract, for the period corresponding to the effective term of competition ban- the amount of monthly compensation being the equivalent of 50% of monthly salary.

In the event that a Management Board member has violated his obligation to refrain from competitive activities during the effective term of the Competition Ban Clause or to keep the Company's secrets confidential, then such Management Board member shall pay the Company a contractual penalty equivalent to monthly salary.

With reference to Ms Agnieszka Głowacka, Vice-President of the Management Board

Each Party may terminate this Contract subject to giving a 12-month notice, with the effect at the end of calendar month. A Management Board member shall not be entitled to additional compensation in connection with his or her removal from the position of the Management Board member before the end of the term of office.

The obligation to refrain from competitive activities shall remain in effect for 12 months from the Contract termination date. During the period when the Management Board member refrains from competitive activity after termination of the Agreement, the Company undertakes to pay to the Member of the Management Board, each month after termination of the Contract, for the period corresponding to the effective term of competition ban- the amount of monthly compensation being the equivalent of 50% of monthly salary.

In the event that a Management Board member has violated his obligation to refrain from competitive activities during the effective term of the Competition Ban Clause or to keep the Company's secrets confidential, then such Management Board member shall pay the Company a contractual penalty equivalent to monthly salary.

With reference to Mr Tomasz Wojak, a Management Board Member

Each Party may terminate this Contract subject to giving a 12-month notice, with the effect at the end of calendar month. A Management Board member shall not be entitled to additional compensation in connection with his or her removal from the position of the Management Board member before the end of the term of office.

The obligation to refrain from competitive activities shall remain in effect for 12 months from the Contract termination date. During the period when the Management Board member refrains from competitive activity after termination of the Agreement, the Company undertakes to pay to the Member of the Management Board, each month after termination of the Contract, for the period corresponding to the effective term of competition ban- the amount of monthly compensation being the equivalent of 50% of monthly salary.

In the event that a Management Board member has violated his obligation to refrain from competitive activities during the effective term of the Competition Ban Clause or to keep the Company's secrets confidential, then such Management Board member shall pay the Company a contractual penalty equivalent to monthly salary.

8.7.4. Supervisory Board

In 2024, the remuneration of the Supervisory Board paid by the Issuer was as follows:

Remuneration of the Supervisory Board members ('000 PLN)	2024	2023
Roland Bosch**	207,1	166,5
Albert Dürr**	134,0	108,6
Gabriel Główka	54,2	120,0
Michał Otto*	259,5	203,0
Janusz Reiter	132,0	107,0
Michał Wosik	132,0	107,0
Beata Jarosz	132,0	107,0
Sylwia Hałas – Dej **	83,3	0,0
Seweryn Kubicki	74,8	0,0
TOTAL	1.208,9	919,1

*- including remuneration from ONDE for serving in the position of a Supervisory Board Member

** - including PPK

Diversity Policy

The Company appreciates and respects diversity at the workplace based on age, gender, education, work experience, disability, health status, race, nationality, ethnicity, religion, creed, irreligion, political beliefs, union membership, psychosexual orientation, gender identity, family status, lifestyle and any other characteristic.

Diversity is considered to be an important aspect of personal capital management in the Company, providing opportunities for development based on various criteria and competencies and fostering the creation of a working environment in which each employee can fully exploit their potential, which translates into the success of the entire organisation.

In accordance with the principles of equal treatment and non-discrimination, the Company wishes to create a work environment where every employee feels respected, valued and fairly evaluated. The Company believes that diversity at the workplace is an added value, a company's potential and that when properly used, it will contribute to the development of its personal capital and the achievement of its business objectives. The Company has a diversity policy in place to promote and protect this aspect of personal capital management.

It is important to develop and improve the model of the diversity policy with regard to the Company's governing bodies, and in particular its executives. Although the Company has no direct influence on the choice of its office holders, its policy is conducive to building the widest possible pool of talents representing versatile and diverse qualities. In the Company's opinion, its governing bodies include people representing a rich and wide range of competences and qualifications, bringing together various attitudes and points of view. At this point in time, the Company has not achieved a gender balance in the composition of the organs, however, the composition of the organs is varied in terms of the other features mentioned above, i.e. educational background, age and professional experience.

The Company pursues a diversity policy, mainly through the ERBUD Group's absolute prohibition of unequal treatment in the workplace due to, among other things, gender, age, disability, scope and basis of employment and any other

characteristics that may give rise to discriminatory behaviour. The Company has procedures in place to combat discriminatory behaviour, which ensure that those working for the ERBUD Group are treated equally as regards the establishment and termination of employment, conditions of employment, promotion and access to training to improve professional qualifications.

ERBUD Group Sustainability Report



ESRS 2 – General disclosures

BP-1 - General basis for preparation of sustainability statements

[(ESRS 2) 3] This statement on the ERBUD Group has been drawn up pursuant to Article 63x of the Accounting Act of 29 September 1994 (Journal of Laws 1994 No. 121, item 591) in compliance with the sustainability reporting standards set forth in Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (European Sustainability Reporting Standards, ESRS). Under the Act, the parent company of a large group is required to present (in a separate section of the capital group management report) the information necessary to understand the capital group's impact on sustainability issues.

[(ESRS 2) 5 a)] The document has been drawn up on a consolidated basis and [(ESRS 2) 5(b)(i.)] the scope of data consolidation is the same as for the Consolidated Financial Statements for the accounting year ended 31 December 2024 and comprises the following companies:

- ERBUD S.A.
- ONDE S.A. Group
- MOD21 GmbH Group
- MOD21 Sp. z o.o.
- Erbud International Sp. z o.o.
- Erbud Industry Centrum Sp. z o.o.
- Grupa Erbud Holding GmbH
- JV WMER Matoc Poland Sp. z o.o.
- JV PABC Sp. z o.o.
- Erbud Shared Services Sp. z o.o.

[(ESRS 2) 5 c)] The ERBUD Group Sustainability Statement 2024 covers the entire value chain of the ERBUD Group. [(ESRS 2) 5(d)] In drawing up this document, the Group has not taken an opportunity to skip information related to intellectual property, know-how or performance in the innovation area.

BP-2 - Disclosures in relation to specific circumstances

[(ESRS 2) 9] [(ESRS 2) 9 a)] While drawing up the Sustainability Statement, the ERBUD Group did not deviate from the definitions of short, medium and long-term time horizons set out in ESRS 1 by considering 1 year as the short-term time horizon, 5 years as the medium-term time horizon, and periods beyond 5 years as the long-term time horizon. [(ESRS 2) 10] The value chain data published in the statement have not been estimated using indirect sources such as sector averages or other substitute performance.

[(ESRS 2) 11 a)] The document does not include quantitative metrics and amounts that are subject to a high level of measurement uncertainty.

[(ESRS 2) 13] The Statement 2024 is the first statement of the ERBUD Group drawn up on the grounds of the ESRS standards. Therefore, no changes in the preparation or presentation of the sustainability statement or errors are reported for previous periods. [(ESRS 2) AR 15] The Group does not take into account any sustainability reporting provisions other than those set out in the ESRS and [(ESRS 2) AR 2] does not rely on European standards approved under the European Standardisation System (ISO/IEC or CEN/CENELEC standards).

GOV-1 – The role of the administrative, management and supervisory bodies

[(G1) 5a] The ERBUD Group is managed by the governing bodies of the Parent Company, ERBUD S.A. The Group's Management Board is appointed for a three-year term of office and, pursuant to the Articles of Association, may comprise between three and five members. The Management Board is collectively responsible for the operation of the Parent Company and the Group, and its members personally exercise control over the various areas of the organisation's operations. The grounds for the activities of the Management Board are the Company's Articles of Association and the Operational Bye-laws adopted by the Management Board.

The Group's Supervisory Board is appointed by the General Meeting of Shareholders for a joint three-year term of office. The Supervisory Board's powers comprise the appointment and dismissal of the Management Board members and the approval of the organisation's strategic and investment plans. The activities of the Supervisory Board are supported by:

- The Audit Committee, whose responsibilities comprise, *inter alia*, overseeing the ERBUD Group's financial reporting and auditing activities, monitoring internal control systems and monitoring the effectiveness of risk management systems.
- The Remuneration Committee, which deals, *inter alia*, with the remuneration of ERBUD Management Board members

[(G1) 5 b)] Description of the expertise of the members of Management and Supervisory Boards with regard to business conduct:

First and last name	Title	Professional experience
Dariusz Grzeszczak	Founder and President of ERBUD S.A. Management Board	A member of the ERBUD S.A. Management Board since 1993. In 1993-1995 he was the Vice-President of the Association of Polish Service Companies (VdPD) in Germany.

		A member of the Polish Business Roundtable (PRB) since 2011. Since 2012, associate member of the Management Board of the Polish-German Chamber of Industry and Commerce (AHK).
Agnieszka Głowacka	Vice-President of ERBUD S.A. Management Board	Since 1995 she has headed the Finance and Controlling Department of a manufacturing company in Toruń, and at the same time she has been teaching Managerial Accounting at the School of Banking. Since 1998 she has been working for ERBUD Group. She is responsible for the development of the financial policy and cooperation with financial institutions. She coordinates and supervises the ERBUD Group finances.
Jacek Leczkowski	Vice-President of ERBUD S.A. Management Board	Former President and owner of ONDE S.A., which became part of the ERBUD Group in 2008. He specialises in the development of RES and is also responsible for building construction in Poland.
Dr Roland Bosch	The Chairman of Supervisory Board	He holds a double degree in Physics and Business Administration. Has more than 20 years of experience in finance, strategy and production.
Michał Otto	The Deputy Chairman of Supervisory Board	An expert in corporate governance and sustainability risks. He has many years of professional experience in the management of companies and institutions such as ABN AMRO Securities (Poland) S.A., Bydgoski Bank Komunalny S.A., 'DML' Brokerage House, GresCo Sp. z o.o.. He is the President of the Management Board of Finco Group sp. z o.o. and Warszawski Fundusz Hipoteczny Sp. z o.o. (mortgage fund) and sits on the Supervisory Boards of the following companies: Finco Group sp. z o.o., Warszawski Fundusz Hipoteczny Sp. z o.o. and Warszawski Fundusz Hipoteczny Sp. z o.o.: Esaliens TFI S.A. (where he is also a member of the Audit Committee) and ONDE S.A. (where he is also Chairman of the Audit Committee).
Dr Albert Dürr	A Supervisory Board Member	He has been with the WOLFF & MÜLLER Group since 2005 and has served as the President of the Management Board of the WOLFF & MÜLLER Group companies since 2006.
Beata Jarosz	A Supervisory Board Member	A capital market expert with more than 25 years of professional experience, former Vice President of the Warsaw Stock Exchange

		S.A. (2006-2014). Co-founder of the equity market under the alternative trading system NewConnect and the organised market for debt securities Catalyst. Founder and CEO of Future Collars, an innovative platform for learning programming and digital literacy.
Janusz Reiter	A Supervisory Board Member	Former Ambassador of the Republic of Poland to the Federal Republic of Germany (1990-95) and to the USA (2005-2007), founder of the Centre for International Relations, an independent think tank on foreign and security policy, Special Envoy for Climate Change from 2008-2011.
Michał Wosik	A Supervisory Board Member	During the first years of his career, he worked for Bank Pekao S.A. and BGK. From the financial sector, he moved to the Polcom Group where he was a member of the management board and CFO. He currently holds a management position in a private family foundation and acts as a business angel in the Polish start-up market.
Dr Sylwia Hałas-Dej	A Supervisory Board Member	He has been designing management development programmes for over 20 years. He is a member of the Supervisory Board of the International School of Management, President of the Leon Koźmiński Academy Development Foundation and a member of the team of the Association of MBAs, an international organisation that awards Master of Business Administration certificates to universities around the world.
Seweryn Kubicki	A Supervisory Board Member	Management of the finance and controlling departments of Polish owner companies, multinational companies and portfolio companies of private equity funds.

Composition, experience and competence of the management and supervisory bodies

The Management Board, the Supervisory Board of the Parent Company - ERBUD S.A., manages the ERBUD Group.

Composition of the administrative, management and supervisory bodies

	Management Board	Supervisory Board
[(ESRS 2) 21 d)] Age bracket 30-50	0	4 (50%)
Age bracket >51	3 (100%)	4 (50%)
[(ESRS2) 21d] Women	1 (33%)	2 (25%)
Men	2 (66%)	6 (75%)
[(ESRS 2) 21b] Representatives of workers and other persons performing work	0	0
[(ESRS 2) 21 a] Executive members	3 (100%)	Not applicable
Non-executive members	0 (0%)	Not applicable
[(ESRS 2) 21 e)]) Independent members	Not applicable	5
Dependent members	Not applicable	3

ERBUD Group Management Board

[(ESRS 2) 21] [(ESRS 2) 21 c)] ERBUD Group Management Board:

- Dariusz Grzeszczak - President of the Management Board of ERBUD S.A., a graduate of the Gdańsk University of Technology at the faculty of Mechanical Engineering. In 1990, together with his father, Erik Jan Grzeszczak, Dariusz Grzeszczak founded ERBUD. He has been a member of the ERBUD Management Board since 1993. In 1993-1995 he served as vice-president of VdPD - the Association of Polish Service Companies in Germany. Since 2011 he has been a member of the Polish Business Roundtable (PRB). From 2012 to 2018, an associate member of the Management Board of the Polish-German Chamber of Industry and Commerce (AHK).
- Agnieszka Głowacka - Vice-President of the Management Board of ERBUD S.A., graduated from the Faculty of Economics and Management at the Nicolas Copernicus University in Toruń, majoring in finance. Since 1995 she headed the Finance and Controlling Department of a manufacturing company in Toruń, and at the same time she was teaching Management Accounting at the Higher School of Banking. Agnieszka Głowacka has been working for ERBUD Group since 1998. Her responsibilities include coordinating and supervising the ERBUD Group's finances. Agnieszka Głowacka is also a member of the Supervisory Board of ONDE S.A. and the Management Board of ERBUD's Eryk Grzeszczak "Common Challenges" Foundation. Since December 2024, she has been in charge of the ESG Division and is responsible for sustainable development in the Group.
- Jacek Leczkowski - Vice-President of the Management Board of ERBUD S.A., a graduate of the Faculty of Civil Engineering, Architecture and Environmental Engineering at the Poznan University of Technology. Former

President and owner of ONDE S.A. (formerly PBDI S.A.), which became part of the ERBUD Group after the merger of Rembet Plus s.c. and PRD S.A. in 2010. At present, Jacek Leczkowski is a shareholder of ONDE S.A. (6.48%) and the Chairman of the Supervisory Board of ONDE S.A. Jacek Leczkowski is responsible for the development of ONDE, in ERBUD S.A. he is also responsible for the area of building construction and the area of modular construction in Poland.

On 26 November 2024, the decision was taken to appoint the fourth member of the Management Board - Mr Tomasz Wojak, who took up his position effective from 1 January 2025.

[(ESRS 2) 22] The Management Board responsibilities include:

- the operational management of the Group's activities,
- representing the Group externally,
- creating and implementing development strategy,
- overseeing finance,
- risk management,
- looking after the interests of shareholders,
- making deciding about investments and acquisitions.

Supervisory Board

[(ESRS 2) 21] 31 December 2024, the Supervisory Board of the ERBUD Group operated in the following composition:

- Dr. Roland Bosch - Chairman of the Supervisory Board. A dependent member, sitting on the Management Board of ERBUD S.A.'s shareholder, which is Wolff & Müller Holding GmbH & Co. KG. A representative of stakeholder.
- Dr. Albert Dürr - A Supervisory Board Member, a dependent member sitting on the management boards of the companies of the Wolff & Müller Group - a shareholder of ERBUD S.A.. A beneficial owner and stakeholder representative.
- Michał Otto - A Supervisory Board Member (dependent)
- Beata Jarosz - A Supervisory Board Member (independent)
- Janusz Reiter - A Supervisory Board Member (independent)
- Michał Wosik - A Supervisory Board Member (independent). A representative of a stakeholder, which is Nationale-Nederlanden Open Pension Fund.
- Dr Sylwia Hałas-Dej – A Supervisory Board (independent)
- Seweryn Kubicki – A Supervisory Board Member (independent). A representative of PKO BP Open Pension Fund

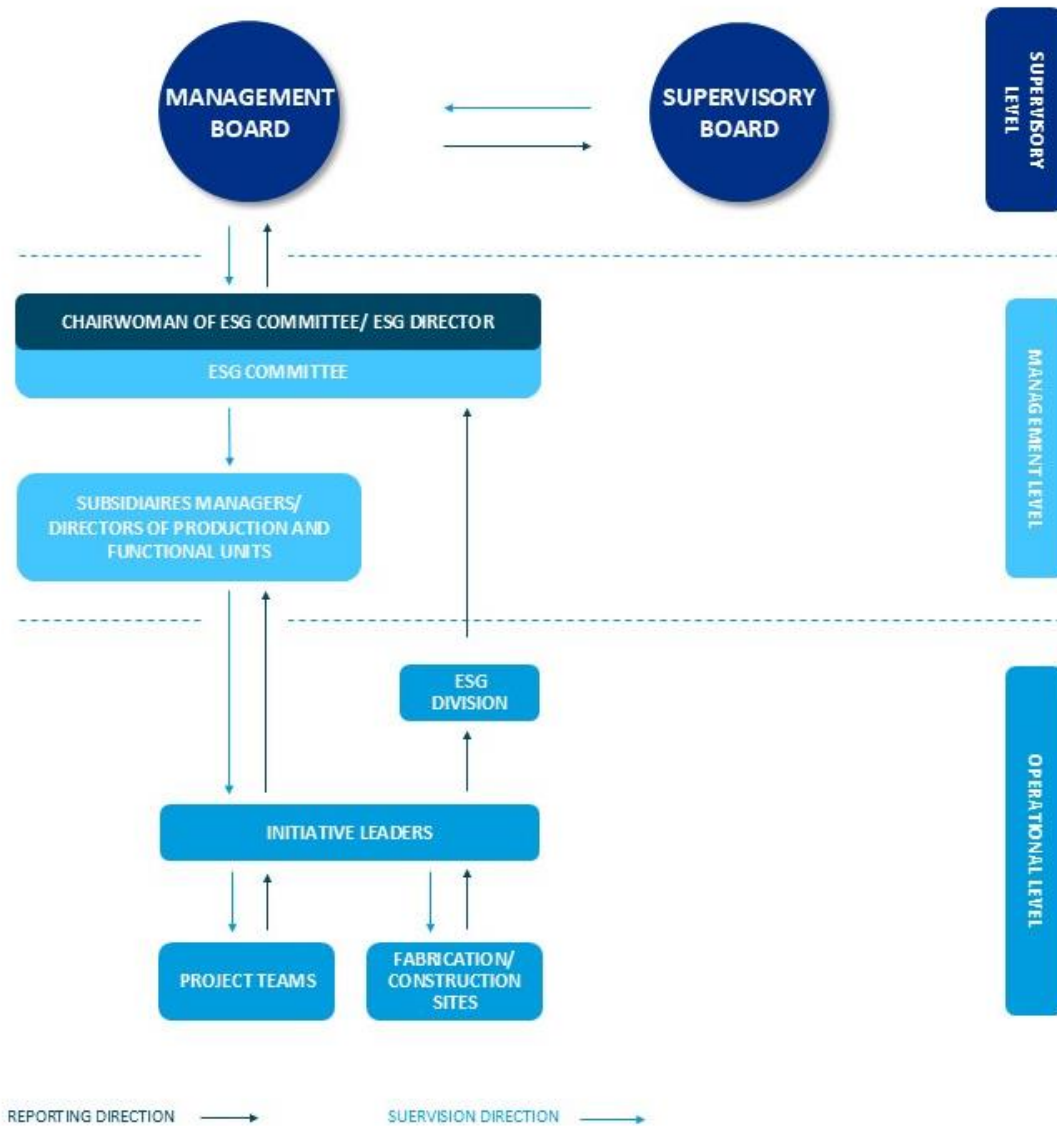
[(ESRS 2) 22] The key competences of the Supervisory Board include:

- Appointment and dismissal of the Management Board members,
- Approval of the Company strategic plans,

- Approval of the employment of an employee with an annual salary in excess of €150,000,
- Approval of investment plans,
- Consent for ERBUD to issue guarantees, property warranties, issue bills of exchange and incur other off-balance sheet liabilities with a unit value in excess of €2 million.

Oversight of impacts, risks and opportunities

[(ESRS 2) 22 c) ii.] [(ESRS 2) 22 d)] ESG management structure at ERBUD Group:



[(ESRS 2) 22 c)] [(ESRS 2) 22 d)] Sustainability management in the ERBUD Group includes, among others, activities related to the results of the dual materiality analysis, including exploiting opportunities, managing risks and minimising negative and maximising positive impacts of the organisation.

[(ESRS 2) 22 d)] In 2024, the Management Board participated in a strategy workshop and directly oversaw the setting of ESG targets. The ESG strategy was adopted at the end of November 2024, so the process for monitoring the attainment of targets will be described in the 2025 Sustainability Statement.

[(ESRS 2) 22 a)] [(ESRS 2) 22 b)] [(ESRS 2) 22 c) i.] Within the Management Board, President Dariusz Grzeszczak was responsible for Sustainability until December 2024, Vice-President Agnieszka Głowacka from December 2024, and Vice-President Jacek Leczkowski for Environmental Issues. All members of the Management Board also oversee activities in each ESG area through the business areas that report to them. From 2024, the Management Board will also approve the results of the Double Materiality Analysis (DMA) performed or reviewed.

ESG issues are brought to the attention of the Management Board members responsible for the area at least twice a year during the regular management meetings, as well as during direct discussions or meetings with the Management Board as required.

[(ESRS 2) 22 c)] The Management Board's main sustainability-related tasks include:

- setting direction and identifying priorities in the ESG area, in line with ESG strategic objectives,
- overseeing the implementation of strategic ESG targets and their integration with the overall corporate strategy,
- evaluating the effectiveness and compliance with the strategy of the activities carried out, based on information and reports provided by the ESG Committee⁷,
- approving changes and solutions proposed by the ESG Committee and approving cyclical reports on ESG governance,
- acquiring buy-in of key stakeholders,
- approving and authorising the publication of sustainability statements.

In 2024, the Management Board members' engagement with sustainability issues included the materiality study and the key issues arising from it, including climate change, circular economy, equality and diversity, human and employee rights and the assessment of contractors, subcontractors and business partners. The Management Board has also been involved in the process of aligning the Group with the reporting requirements of the CSRD. [(ESRS 2) 23] [(ESRS 2) 23 a)] [(ESRS 2) 23 b)] All members of the Management Board actively participate in sustainability training organised by EY. EY experts support the ERBUD Group in the implementation of sustainable development goals and provide knowledge on the latest ESG regulations.

A special training session for the ERBUD Supervisory Board on key sustainability issues, led by an external expert, was also held in 2024.

The role of the Supervisory Board is to oversee ERBUD Group's strategic sustainability plans, comprehensively oversee the implementation of the ESG strategy, assess ESG risks and opportunities, ensure compliance and monitor the

⁷ The role and functions of the ESG Committee are described in the Disclosure ESRS 2, Section 23.

activities of the Management Board in the area of sustainability. The members of the Supervisory Board did not oversee the process of setting sustainability targets.

[(ESRS 2) 22 c iii)] The ESG Committee plays a key role in the operational management of sustainability issues within the Group. It is responsible for the development and implementation of the sustainability strategy and works with the Process Management and Digitalisation, Treasury, Controlling, Strategy and Development functions. The Committee is chaired by the Head of ESG and is made up of managers from key areas of the organisation, including heads of departments involved in the implementation of the sustainability strategy. The ESG Committee is an advisory body to the Board and a source of expertise within the Group. Members of the Committee attend training courses on sustainable development, including courses organised by the Ministry of Treasury and Regional Policy, SEG, the Institute of Accounting and Taxes, the Polish ESG Association, EY and Puls Biznesu Conferences.

The Committee's main tasks include::

- Supervision over ESG strategy.

The ESG Committee is responsible for developing, implementing and monitoring the Company's sustainability strategy. This includes setting priorities in the areas of environmental protection, social responsibility and corporate governance. The Committee works with the Management Board to set ESG targets and indicators that are aligned with stakeholder interests and legal requirements.

- Compliance with CSRD requirements.

The ESG Committee oversees the collection of data and the preparation of reports that meet the requirements of the Directive. The Committee ensures that reports are fully transparent and consistent with regulatory requirements.

- ESG risk management.

The ESG Committee identifies and manages risks associated with sustainability issues. This includes assessing environmental risks, social risks and corporate governance risks.

- Monitoring and reporting of ESG performance.

One of the ESG Committee's main tasks is to regularly monitor the company's progress towards its sustainability goals. The committee assesses key performance indicators (KPIs) and reports to the management board and stakeholders on ESG performance.

- Communication with stakeholders

The ESG Committee acts as a key intermediary for communication between the company and its stakeholders on sustainability issues. This includes transparency with shareholders, business partners, employees and local communities.

GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

[(ESRS 2) 26 a)] Issues related to significant impacts, risks and opportunities, as well as the performance and effectiveness of ERBUD Group policies and activities, are reported to the members of the Management Board responsible for the respective area at least twice a year during regular management meetings and, if necessary, during direct discussions or meetings with the Management Board. Where appropriate, the Management Board informs the Supervisory Board about sustainability issues. The coordinating unit for informing the Management Board on ESG issues is the ESG Committee, and the person responsible on behalf of the Management Board until the end of November 2024 was President Dariusz Grzeszczak, and since the beginning of December 2024 this role has been performed by Vice-President Agnieszka Głowacka. In addition, all Management Board members monitor activity in the various ESG areas through the business activities that report to them. In 2024, the Management Board also participated in the ERBUD Group's Double Materiality Analysis process, which identified the organisation's impacts, risks and opportunities in adherence to the ESRS standard. It was also involved in the ESG Strategy process, including the setting of strategic objectives. The ERBUD Group undertakes activities related to the implementation of the due diligence process. The results of the Double Materiality Analysis (DMA) process have provided a better understanding of the areas exposed to risks arising from, and directly affecting, the ERBUD Group's activities. Some of the identified risks are already managed by existing policies in the Group. In 2024, work was also underway to set targets for the identified material areas of impact and risks. The Management Board is aware of and supports the implementation of the various due diligence components.

[(ESRS 2) 26 b)] The results of the Double Materiality Analysis (DMA) were used by the Group to develop the Sustainability Strategy. The document sets forth the objectives, actions and indicators by which the progress of implementation will be monitored. The Sustainable Development Strategy is an integral part of the ERBUD Group's business strategy and the Management Board is responsible for its implementation.

[(ESRS 2) 26 c)] In H1 2024, the Double Materiality Analysis (DMA) was completed in the Organisation, which resulted, inter alia, in the identification of significant impacts, risks and opportunities.

Some of these overlap with, inter alia, the risks and opportunities of which the Organisation was aware in 2023.

The identified impacts, risks and opportunities were addressed by the ERBUD Group Management Board in the area of social (including health and safety) and corporate governance, resulting in the following selected actions:

- implementation of updated policies on approach to human and labour rights and diversity including, inter alia, the workers in the value chain (in relation to the risk of human and labour rights violations),
- implementation of new policies on approach to recruitment and protection of personal data in the process and all forms of training (in relation to the opportunity associated with employee training, the impact associated with supporting employee development, the impact associated with storing employees' personal data),

- implementation of new remuneration rules, including updating the bonus rules to include, inter alia, non-financial factors related to digitisation, environmental protection, etc. (as regards the impact on gender and equal pay);
- implementation of a regulation on the protection of and access to digital information by employees and co-workers (as regards the impact related to the storage of employees' personal data),,
- adoption of the report following the 2023 Personnel Opinion Survey and acceptance of improvement and communication measures (with reference to the impact related to social dialogue),
- annual analysis of the state of occupational health and safety (including: accident analysis, analysis of accident statistics) (with reference to the impact related to working in an industry with multiple potential workplace hazards and the risks involved),
- support for the Group's cyclical occupational health and safety promotional events (the "Safe Construction Site" competition or Safety Week) (in relation to the impact associated with working in an industry with many potential workplace hazards and associated risks),
- involvement in the process of development of the ESG Strategy (in relation to the significant IROs identified),
- implement updates to codes, policies and procedures (in relation to identified material IROs),
- updating the whole area of GDPR (in relation to the impact related to the storage of employees' personal data).

[(ESRS 2) AR 6] The ERBUD Group has assigned detailed roles and responsibilities for specific activities supporting the implementation of the ESG strategy goals in each of its pillars. Persons or units responsible for the implementation of strategic actions, supervisors and consultants, as well as persons or units to whom progress in the implementation of measures should be reported, have been identified.

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

[(ESRS 2) 29] In 2024, the ERBUD Group did not have incentive systems and remuneration policies linked to sustainability issues for members of the administrative, management and supervisory bodies. However, in 2023, the Group started to work on the implementation of such a system, covering the boards of directors of the companies and senior managers.

The remuneration of the members of the Management Board is governed by the Remuneration Policy for the Members of the Management Board of ERBUD S.A. and the Supervisory Board. In accordance with its provisions, the remuneration consists of a fixed part and a variable part, i.e. a bonus granted on the basis of the assessment of the efficiency of work. The amount of the bonus for the members of the Management Board is determined by the Supervisory Board. The determination of the basic remuneration takes into account, among other things, the function performed, the scope of responsibility, the professional qualifications and experience and the competitiveness of the remuneration in the market. The allocation of variable remuneration to the members of the Management Board is based on an assessment of the effectiveness of their work. The selection of business indicators for individual Management Board members takes into account the scope of individual roles and responsibilities.

The Group believes that the level of remuneration of the Management Board and key executives is appropriate to attract, retain and motivate individuals with the skills required to properly lead and oversee the organisation.

GOV-4 – Statement on due diligence

Due diligence components

Core elements of the due diligence process	Points in the Sustainability Statement
<p>a) Integrating due diligence into corporate governance, strategy and business model</p>	<p>GOV-5 Risk management and internal controls over sustainability reporting</p> <p>SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model</p> <p>E1-2 Policies related to climate change mitigation and adaptation</p> <p>E3-1 Policies related to water and marine resources</p> <p>E4-2 Policies related to biodiversity and ecosystems</p> <p>E5-1 Policies related to resource use and circular economy</p> <p>S1-1 Policies related to own workforce</p> <p>S2-1 Policies related to value chain workers</p> <p>S3-1 Policies related to affected communities</p> <p>G1-1 Corporate culture and business conduct policies</p>
<p>b) Engagement with affected stakeholders at all key stages of the due diligence process</p>	<p>SBM-2 Interests and views of stakeholders</p> <p>S1-2 Processes for engaging with own workers and workers’ representatives about impacts</p> <p>S2-2 Processes for engaging with value chain workers about impacts</p> <p>S3-2 Processes for engaging with affected communities about impacts</p>

<p>c) Identification and assessment of negative impacts</p>	<p>IRO 1 – Description of the processes to identify and assess material impacts, risks and opportunities</p> <p>S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns</p> <p>S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns</p> <p>S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns</p> <p>S3-4 Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions</p>
<p>d) Taking measures to mitigate negative impacts</p>	<p>E1-3 Actions and resources in relation to climate change policies</p> <p>E3-2 Actions and resources related to water and marine resources</p> <p>E4-3 Actions and resources related to biodiversity and ecosystems</p> <p>E5-2 Actions and resources related to resource use and circular economy</p> <p>S1-4 Taking actions related to material impacts on own workforce and application of approaches used to manage material risks and taking material advantages of own workforce and effectiveness of such actions</p> <p>S2-4 Taking actions related to material impacts on value chain workforce and application of approaches used to manage material risks and taking material advantages of value chain workforce and</p>

	<p>effectiveness of such actions and effectiveness of such actions</p> <p>S3-4 Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions</p> <p>G1-3 Prevention and detection of corruption or bribery</p>
<p>e) Monitoring the effectiveness of these efforts and passing relevant information to this extent</p>	<p>Metrics and targets (E1)</p> <p>Metrics and targets (E3)</p> <p>Metrics and targets (E4)</p> <p>Metrics and targets (E5)</p> <p>Metrics and targets (S1)</p> <p>Metrics and targets (S2)</p> <p>Metrics and targets (S3)</p> <p>Metrics and targets (G1)</p>

GOV-5 - Risk management and internal controls over sustainability reporting

[(ESRS 2) 36 a)] The risk management and control system related to the ERBUD Group's sustainability reporting is defined in the ERBUD S.A. Sustainability Reporting Procedure. The scope of the system includes all functional units involved in the sustainability reporting process. The preparation of the Sustainability Report is coordinated by the ESG Committee within the structure of ERBUD S.A. for the entire capital group, which is regulated by the ESG Committee Regulations.

The procedure assigns responsibility for the reporting process to key units in the ERBUD Group.

Unit	Responsibilities and process components for reporting
Management and Supervisory Bodies	<ul style="list-style-type: none"> ● overseeing the sustainability reporting process; ● approval of sustainability reporting; ● selection and appointment of the auditor.
ESG Director	<ul style="list-style-type: none"> ● coordination of the sustainability reporting process; ● coordinating the process of identifying sustainability impacts, risks and opportunities; ● monitoring the implementation of sustainability activities and progress of the ESG strategy.
Director of Accounting Division	<ul style="list-style-type: none"> ● ensuring the quality and consistency of financial data in sustainability reporting; ● overseeing the collection and verification of financial data.
Top management resources	<ul style="list-style-type: none"> ● monitoring operational risks and opportunities associated with construction activities from a sustainability perspective; ● ensuring operational compliance with sustainability policies.
Director of HR Division	<ul style="list-style-type: none"> ● responsibility for human resources data; ● monitoring and reporting on risks related to labour rights and working conditions; ● collecting data from specific areas according to agreed standards.
Director of OH&S Division	<ul style="list-style-type: none"> ● ensuring compliance with legal and internal occupations health and safety requirements; ● monitoring and reporting on occupational health and safety risks; ● collecting data from specific areas according to agreed standards.
Manager of Environmental Department	<ul style="list-style-type: none"> ● ensuring compliance with legal and internal Environmental Protection requirements; ● monitoring and reporting on environmental risks; ● collecting data from specific areas according to established standards.
Director of Legal Division	<ul style="list-style-type: none"> ● ensuring compliance with legal and other requirements; ● monitoring and reporting on legal and ethical compliance risks;

	<ul style="list-style-type: none"> collecting data from specific areas according to agreed standards.
Director of Management Board Office and Corporate Governance	<ul style="list-style-type: none"> ensuring compliance with legal and other corporate governance requirements.
Internal auditor	<ul style="list-style-type: none"> conducting internal audits in the sustainability reporting process; analysing sustainability risks and opportunities; training on improving the sustainability reporting process.

[(ESRS 2) 36 b)] The procedure also defines the ERBUD Group's approach to assessing risks in sustainability reporting.

This assessment is carried out during meetings of the Sustainability Team. Risks are assessed in terms of:

- probability - individual risks are given a score from 1 to 5, where 1 means 'very unlikely' and 5 means 'almost certain',
- impact - individual risks are given a score from 1 to 5, where 1 means 'very low impact' and 5 means 'catastrophic impact'.

The assigned risk ratings allow the Group to create a risk matrix and final categorisation of risks as low, acceptable or high.

[(ESRS 2) 36(c)] List of identified sustainability reporting risks and actions to mitigate them:

Risks	Mitigating actions
<ul style="list-style-type: none"> Lack of completeness and integrity of data Low data quality Lack of data integrity and comparability Incorrect data estimation Errors in the adopted methodology Complexity of supply chain data Untimeliness of information provision and release Evolving regulations 	<ul style="list-style-type: none"> Data control Data automation Internal audit and external verification Training and involvement of staff in data collection and processing Use of internal control systems (regular review of data and approval by appropriate management levels) Periodic data verification e.g. on a quarterly or bi-annual basis Data analysis from the perspective of significant deviations (sudden increase or sudden decrease) 4-eye check of data (data entry person and verifier) Pre-testing by auditor on three quarters' worth of data to confirm methodology Continuous improvement of data collection processes

The control of ESG-related data is carried out within the Group. The initial control is performed by the functional unit heads or their designees. They are responsible for initiating internal and external audits to verify data compliance.

[(ESRS 2) 36(d)] The Group integrates the results of the risk assessment and internal controls related to the sustainability reporting process into the relevant internal functions and processes through regular monitoring and identification of corrective and preventive actions to mitigate risks or enhance opportunities by the designated persons responsible for the area. [(ESRS 2) 36(e)] In accordance with the procedure, each significant step in the sustainability reporting process is regularly reported to the management, supervisory and administrative bodies.

SBM-1 - Strategy, business model and value chain

[(ESRS 2) 40] [(ESRS 2) 40 e)] [(ESRS 2) 40 g)] The ERBUD Group's sustainability targets are incorporated into the ESG strategy, which is integrated with the business strategy. The strategy is based on five pillars. Priorities with time-bound targets have been assigned to each of them. The targets are linked to specific actions. The ESG strategy is implemented in a consistent manner across all business segments (within which the ERBUD Group's key services and products are realised), customer categories and significant markets and locations of the Group's operations. The actions implemented on the basis of the strategy relate to all business areas of the organisation.

PILLAR	PRIORITY	TARGET BY 2029
# We build exercising climate and environmental care	Climate	Development and adoption of ERBUD Group's transition plan for climate change mitigation
		Preparation of a climate change adaptation action plan
		Reduction of carbon footprint by 30% within Scope 1 (per revenue)
		Reduction of carbon footprint by 40% within Scope 2 (per revenue)
		Reduction of carbon footprint by x% within Scope 3 (per revenue)
		Energy efficiency improvement of x%* on own investments (investments affected by ERBUD Group) and own facilities ⁸
		*Baseline will be defined for 2025, on the basis of which the target will be defined.
	Water	Own investments (investments affected by the Group) and own facilities equipped with own electricity connections supplied with 100% electricity from RES
		Assessment of opportunities and selection of rainwater utilisation methods
	Pollution and waste	Use of rainwater within a quantitatively defined range (if the option of using rainwater has been identified)
Elimination of 100% of incidents leading to spills of substances of high concern and potentially hazardous substances		

⁸ Own facilities - MOD21 plant, bitumen plants in Toruń and Koszalin, facilities in Toruń, Łódź, Biała and Guben.

		Min. 70% of own waste (excluding soil, land surface and hazardous waste) generated on site ready for reuse, recycling and other recovery processes	
	Biodiversity	100% of own investments (influenced by ERBUD Group) do not do serious damage to biodiversity according to taxonomic criteria	
	Cross-sectional target	Implementation of ERBUD Group policies addressing significant impacts related to climate, water, pollution and waste, as well as biodiversity	
# We build exercising care for our partners, suppliers and subcontractors	Relations with suppliers and subcontractors	Maintenance of 0 lawsuits in relation to delays in uncontested payments	
		Implementation of the Suppliers' Code of Conduct in all ERBUD Group member companies	
		100% of key suppliers, subcontractors and partners analysed against the social criteria defined by the ERBUD Group (excluding criteria defined by the ERBUD CG on working conditions for value chain workers) and environmental criteria	
	Working conditions	0 serious and fatal accidents on construction sites (subcontractors)	
		70% of the key suppliers, sub-contractors and partners have been verified against the criteria set by the ERBUD CG regarding the working conditions of the value chain workers.	
#We exercise care for our workforce	Safety	0 serious and fatal accidents on construction sites (own workforce)	
		Min. 80% of workers handling personal data trained in data protection	
	Wellbeing and development	At least 90% of all ERBUD Group workers have no more than 10 outstanding leave days	
		At least 90% of all ERBUD Group workers have no more than 10 outstanding leave days	
		Increase in training hours per worker by x% against 2024	
		*Base value will be determined for 2024, based on this a target will be defined.	
			70% of women and 70% of men subject to career reviews (excluding line personnel)
	Diversity and inclusion	Reduce the wage gap by 10% against 2023	
		Min. 95% of middle and senior management trained in discrimination prevention	
Dialogue with workers	Personnel survey response rate of 51%		
	Min. 4 meetings per year (min. 1 meeting per quarter) between the employer's representative and employee representatives or employees		

		regarding consultations on improving the working environment (including issues of working conditions, engagement, HR regulations)
#We build exercising care for the community	Relations with local communities	100% of own investments (investments influenced by ERBUD Group) included in the procedure for relations with communities
#We act ethically, in compliance with our values	Corporate culture	Extension of the incentive system (incentive system) to include sustainability issues
		Worker commitment rate up by 10% against 2023
		Min. 80% of workers trained on the Code of Ethics
	Ethics and counteracting corruption	Upholding 100% of irregularity notifications processed in accordance with established procedure
		Upholding 0 convictions and fines for breaches of anti-corruption and anti-bribery legislation

[(ESRS 2) 40 a) i.] [(ESRS 2) 40 e)] [(ESRS 2) 40 f)] The Group operates a diversified business model, providing renewable energy contracting, building services, timber modular construction and technical services to the domestic and international markets.

The diversified offering is the result of the Group's on-going growth programme. Its activities, which are strongly linked to the sustainable development targets (the Group's efforts in the areas of reducing greenhouse gas emissions, minimising environmental impact and supporting the circular economy), provide the Group with business security, value growth and sustainable performance improvement. The Group consistently implements its strategy by providing services within 4 business areas::

1. RES - development for RES facilities; EPC for wind and solar farms; EPC for road construction,
2. Building and industrial construction projects - EPC for buildings; EPC for hospitals and special facilities; EPC for manufacturing, energy and logistics facilities; construction scope for large-scale industrial and energy projects,
3. Modular facilities - fabrication of timber modules; EPC of prefabricated timber facilities,
4. Industrial maintenance services - 24/7 technical service of installations; upgrades, scheduled repairs, assemblies; steel structures; prefabrication of pipelines for the chemical and energy industries.

In addition, the ERBUD Group is also active in the industrial construction and road engineering sectors. There are no changes in the products and services offered in 2024.

[(ESRS 2) 40 a) ii.] [(ESRS 2) 40 f)] The ERBUD Group operates in four countries - Poland, Germany, Lithuania and Belgium, with the majority of its activities taking place in Poland. ERBUD's main customer groups, which include both private and public investors, represent the following industries:

- Conventional energy sector
- Renewable energy sector

- The construction sector in the area of development activities
- Chemical and petrochemical sector
- Woodworking sector
- Healthcare sector
- Trade and distribution sector

From a sustainability perspective, key customers include investors interested in green solutions and the public sector, which invests according to climate policy and sustainable development.

[(ESRS 2) 40 f)]

Segment	Key markets	Key customer customers	ESG target assessment
Building construction	Poland, Germany, Belgium	Investors, public institutions	Within this segment, the Group takes into account the energy efficiency of the buildings under construction, seeking improvements that will enable the investments made to meet the technical qualification criteria. It also carries out investments with green certificates (BREAM, LEED).
Construction of wind and FV farms	Poland, Lithuania	Investors	The Group develops wind farms and photovoltaic projects, supporting the development of clean energy and contributing to the energy transition. As an investor in renewable energy projects, the company is actively involved in the decarbonisation of the energy sector.
Modular timber construction	Poland, Germany	Investors, public institutions	The manufacture of modular timber structures contributes to sustainability through the use of renewable materials and the reduction of construction waste. As a natural raw material, wood is a low carbon material, which supports our environmental objectives. The production facility has fully implemented the principles of circular economy.
Maintenance services for industry and energy sector	Poland, Germany, Belgium	Investors	<p>The Group offers a comprehensive range of services to upgrade heat networks and enhance energy efficiency. These activities include the replacement of obsolete infrastructure components, the optimisation of transmission systems and the implementation of modern technologies such as intelligent energy and heat management systems. The aim of these activities is to:</p> <ul style="list-style-type: none"> • Increase energy efficiency, • Reduce energy losses in district heating systems, • Minimise greenhouse gas emissions by upgrading heat sources to cleaner ones <p>The upgrading of district heating networks also supports the energy transition and aims to make district heating systems more sustainable and less carbon intensive.</p>

[(ESRS 2) 40 a) iii.] In 2024 the headcount in ERBUD Group was 2760 workers.

Geographical area	Headcount
Poland	2086
Germany	539
Belgium	133
Lithuania	2

[(ESRS 2) AR 14] [(ESRS 2) 40 b)] [(ESRS 2) 41] Breakdown of total revenues, according to the company's financial statements, by significant ESRS sectors for the ERBUD Group:

Sector	REVENUES
Construction – Construction and construction engineering.	PLN 2,980 million
	COSTS
	PLN 2,760 million

[(ESRS 2) 40 c)] [(ESRS 2) 40 d)] The Group has no significant activities outside the ESRS Construction - Construction and civil engineering sector.

[(ESRS 2) AR 14] [(ESRS 2) 40 f)] [(ESRS 2) 42]

BUSINESS MODEL OF ERBUD CAPITAL GROUP

CUSTOMER SECTORS	TYPE OF CUSTOMER	4 SEGMENTS OF ERBUD CG	BUSINESS UNITS OF ERBUD CG	PRODUCTS
<ul style="list-style-type: none"> Conventional power generation sector Renewable energy sector Development activities sector Chemical and petrochemical sector Timber sector Healthcare sector Trade and distribution sector Military sector 	Developers, industrial investors, public investors, private investors, private-public investors, military investors, subcontractors	CONSTRUCTION Building, industrial and road construction	ERBUD S.A. ONDE S.A. (roads) IDE Projekt Sp. z o.o. Erbud International Sp. z o.o.	<ul style="list-style-type: none"> Scope of construction for large-scale industrial and energy projects (shell, modernization, renovation, refurbishment, demolition, on-site maintenance services) EPC for buildings EPC for hospitals and special facilities EPC for production, energy, and logistics facilities EPC for road construction
	RES system developers	RES	Onde S.A. Onde GmbH IDE Projekt Sp. z o.o.	<ul style="list-style-type: none"> Development for RES facilities EPC for wind and PV farms
	Developers, public investors, local authorities and private investors (German market)	CONSTRUCTION Modular timber	MOD21 Sp. z o.o. MOD21 GmbH	<ul style="list-style-type: none"> Production of wooden modules EPC of timber prefabricated facilities
	Industrial companies, public investors, subcontracting	MAINTENANCE and EPC industry	IVT Weiner + Reimann GmbH IKR GmbH ERBUD S.A. Erbud Industry Centrum Sp. z o.o. CKTIS Sp. z o.o. Satchwell Polska Toruń Sp. z o.o.	<ul style="list-style-type: none"> 24/7 plant maintenance service Modernization, planned refurbishments, assemblies Steel structures Prefabrication of pipelines for the chemical and energy industries EPC project subcontracting Turnkey projects

[(ESRS 2) AR 14] In its operations, the ERBUD Group uses material resources (construction equipment, machinery, production facilities), human resources (qualified construction workers, engineers, project managers) and immaterial resources, i.e. many years of experience in implementing complex projects.

The ERBUD Group builds stable relations with its business partners (customers and suppliers), especially through long-term partnerships in the implementation of multi-year projects.

The suppliers of construction materials (concrete, steel, wood, prefabricated elements) and subcontracting services are of key importance for the Group.

The growing importance of sustainable construction, with an emphasis on low-carbon construction and the on-going energy transition in Poland, brings both potential impacts (such as contributing to land degradation) and opportunities (such as the ability to meet investors' requirements for technological adaptation to climate change) and risks (sudden weather events) to the ERBUD Group's operations. Due to the specific nature of its operations, ERBUD Group does not have a distribution network.

[(ESRS 2) 42 a)] The Group's operations require financial commitments and pre-financing of construction in progress. In order to mitigate the liquidity risk, the Group companies maintain an adequate amount of cash and marketable securities and enters into credit line agreements, which serve as an additional liquidity hedge. The Group's Parent Company, ERBUD S.A., also uses debt financing in the form of issued bonds.

In addition, ERBUD S.A. and some of the Group's companies that perform construction works are obliged to provide performance bonds, retention bonds, and in some cases refund bonds for advance payments or payment bonds. Therefore, in addition to debt financing, ERBUD S.A. and some of its subsidiaries use lines for financial guarantees, both bank guarantees and guarantees issued by insurance companies..

The Group's member companies deal with highly creditworthy financial institutions for cash and equity transactions without significant concentration of credit risk. The Group also has a policy of limiting its credit exposure to individual financial institutions and issuers of debt securities purchased as part of the investment of periodic cash surpluses. Liquidity management is supported by the current system of reporting liquidity forecasts by Group companies.

[(ESRS 2) 42 b)] The Group's operations provide a range of benefits to customers, investors and other stakeholders..

Benefits for the customers:

- The Group develops timber modular fabrication technology as a low-carbon alternative to conventional construction,
- The Group improves the energy efficiency of its buildings by carrying out thermal energy efficiency improvement,
- The Group upgrades district heating networks and heat substations,
- The Group carries out investment projects harmonised with current legal requirements for energy efficiency and environmental standards, minimising the costs associated with future modifications,
- The Group facilitates access to renewable energy sources through the construction of wind and photovoltaic farms.

Benefits for investors:

- The Group enables investment in a company that meets high standards of social and environmental responsibility.
- The Group enables investment in long-term projects that generate recurring income in the future..

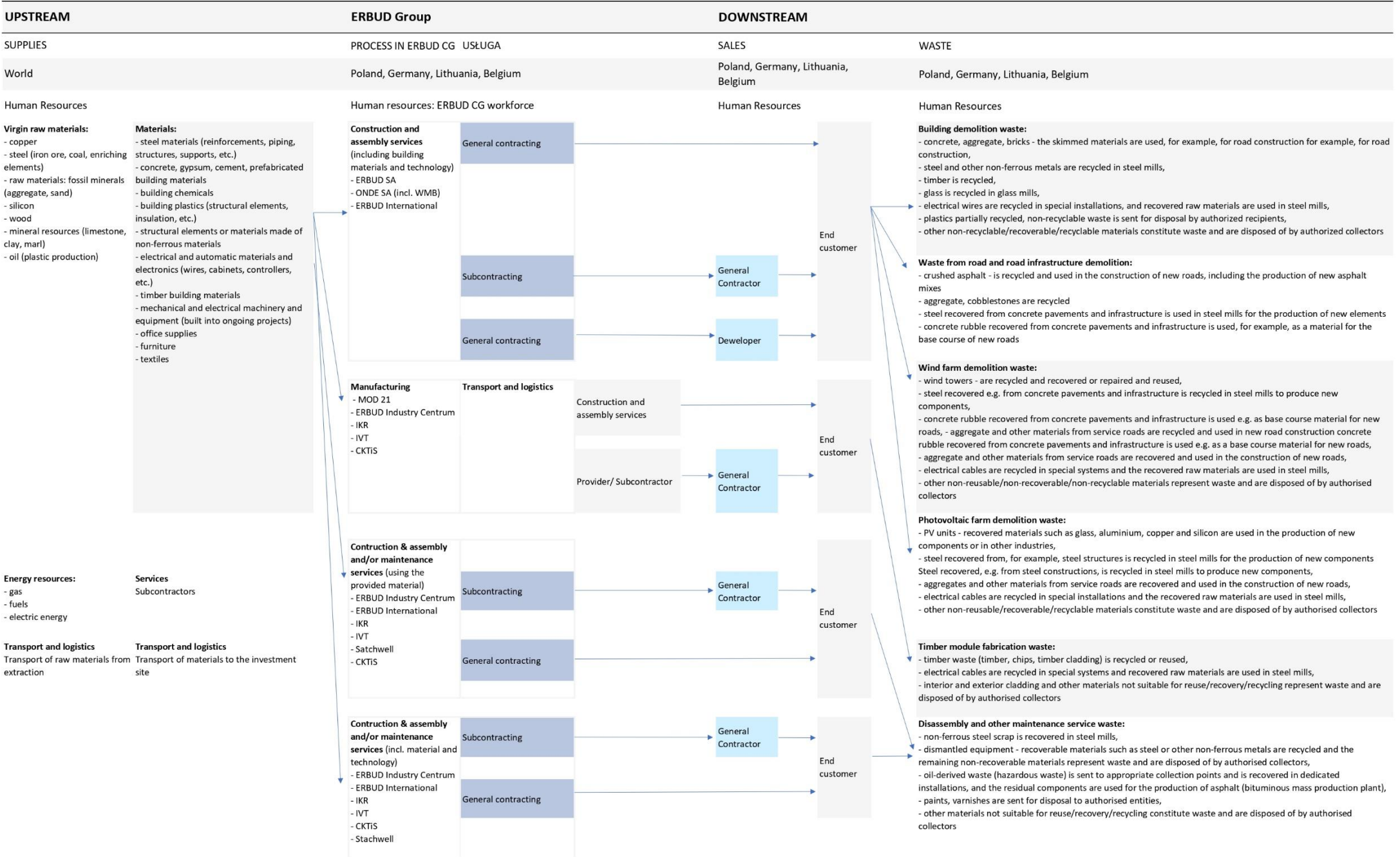
Benefits for other stakeholders:

- The Group works with local communities on issues such as safety (Volunteer Fire Brigades) and the repair of local roads. It also organises educational activities for children and young people and promotes diversity in the construction sector.

By implementing, inter alia, the above measures, the Group recorded a pre-tax profit of PLN 55,118.74 in 2024.

The Management Board of ERBUD S.A., after a detailed analysis of the Consolidated Financial Statements, plans for 2025 and investment plans, recommends the payment of a dividend of PLN 20 million.

[(ESRS 2) AR 14] [(ESRS 2) 42 c)] ERBUD Group value chain



SBM-2 - Interests and views of stakeholders

[(ESRS 2) 45 a)] [(ESRS 2) 45 a) i.] The process of identifying and selecting key stakeholders was carried out in a systematic manner, using qualitative criteria. The approach adopted was aimed at fully understanding both the impact of the ERBUD Group's activities on stakeholders and the impact of stakeholders on the Group's activities, thus ensuring that the analysis was two-sided.

The stakeholder selection process was conducted through a dedicated workshop with representatives from key areas, including the Management Board, senior management and sustainability experts. This workshop allowed for an in-depth analysis and discussion of all potential stakeholder groups, each of which was assessed in terms of its role, expectations, needs and potential influence in its relationship with the Group.

A key component of the stakeholder identification process was the application of qualitative assessment criteria, taking into account:

- scale of stakeholder influence on the Group's activities - which stakeholder groups have the greatest influence on the Group's strategic, operational and reputational decisions were identified.
- scale of the Group's impact on stakeholders - which stakeholder groups are most likely to be affected by the Group's activities.
- nature of relationships - the nature of engagement and interaction with stakeholders was assessed, including the frequency, duration and level of engagement with the Group.
- relevance to sustainability strategy - consideration was given to which stakeholder groups are key in terms of the Group's ESG objectives.

The two-sided analysis approach used in the stakeholder identification process considered::

- the impact of stakeholders on the Group's activities - how stakeholders can contribute to the business and sustainability objectives, and how their views and actions can shape the company's strategy was assessed.
- the impact of the Group's activities on stakeholders - the potential impact of the company's projects and activities on different stakeholder groups was analysed, including social and environmental impacts.

As a result of this analysis, there has been a clearer understanding of the relationships and priorities for communication and collaboration with each stakeholder group.

The workshop also considered the level of influence and involvement of each stakeholder. Groups with the greatest influence on the company's strategic decisions (e.g. investors and customers) and those most influenced by the company (e.g. employees) were identified as key.

Stakeholder groups of lesser but significant importance in the context of ESG activities were also identified, such as community associations and organisations, NGOs, whose expectations were taken into account in the sustainability strategy.

The key stakeholder groups of the ERBUD Group include:

- Management Board, management staff and Supervisory Board
- workforce (workers as well as students and trainees)
- customers (investors, contracting authorities/employer, private and public customers),
- suppliers (of materials, raw materials and goods), service providers and subcontractors,
- the business community (listed investors, shareholders, investors, analysts, Foundation supporters, competitors; industry organisations; bondholders),
- media (opinion leaders),
- society (associations and community organisations, NGOs),
- institutional environment (investment funds, banks, capital market institutions - including the WSE).

[(ESRS 2) 45 a) ii.] The Group engages with all key stakeholder groups, [(ESRS 2) 45(a)(iii)] adapting the communication channels and frequency to the specifics of the audience groups. Stakeholder communications include face-to-face meetings, online meetings, written communications, Group company websites, industry meetings, electronic and printed information materials, and social networks.

Key stakeholder group	Main methods of dialogue, communication and involvement	Frequency
Workforce (workers as well as students and trainees)	<ul style="list-style-type: none"> ● We ensure constant open, two-way communication between management, including the board of directors, and employees - we operate an “open door policy”, with on-going telephone and email contact. ● We organise internal and external training and are open to employee-driven training suggestions. ● We take care of communication training - primarily for managers to ensure good practice in on-going dialogue with employees. ● We organise team-building meetings - company-wide or team-based. ● We survey satisfaction with the recruitment and onboarding process on an on-going basis and analyse the results quantitatively and qualitatively. ● We carry out development interviews. ● We attend job fairs in person and online. ● We post up-to-date vacancies on the website and on recruitment portals 	On current basis
Customers (investors, contracting authorities/emplo	<ul style="list-style-type: none"> ● We meet in person and online. ● We maintain on-going written and verbal communication. ● We update the website and are active on social media. 	On current basis

yers, private and public customers		
Suppliers (of materials, raw materials, goods), service providers and subcontractors	<ul style="list-style-type: none"> • We meet in person and online. • We maintain on-going written and verbal communication. • We update the website and are active on social media.. • We ensure participation in occupational health, safety and environmental information training sessions and in additional initiatives. • We provide subcontractors with additional information concerning appropriate attitudes and construction site safety • We update the website and are active on social media 	On current basis
Business community	<ul style="list-style-type: none"> • We convene General Meetings of Shareholders. We organise Group performance-related meetings • We meet individually and in groups - in person and online. • We prepare reliable and comprehensive current and interim reports. • We ensure on-going written and oral communication of RI. • We keep the website up to date and are active on social media. 	On current basis
Media (opinion leaders)	<ul style="list-style-type: none"> • We prepare information on financial performance. • We ensure on-going written and verbal communication on the phone or via e-mail, including interviews with representatives of our organisation. • We keep you up to date with the key information about our company life, e.g. about implementations of new projects or contracts. • We update our website and are active on social media. • We organise conferences with representatives of associations. We participate in the setting of common health and safety standards. • We exchange knowledge and experience on health and safety with other signatories of the Construction Safety Alliance. • We communicate and receive alerts on accidents and near misses. • We share knowledge and experience with other association members and participate in industry initiatives. 	On current basis
Society	<ul style="list-style-type: none"> • We organise meetings with municipal authorities and residents. • We organise inquiry desks at construction sites. • We collect and manage complaints and requests, if any, from the residents. • We carry out educational activities, including initiatives targeted at children and young people. • We update the website and are active on social media. 	On current basis
Institutional environment	<ul style="list-style-type: none"> • We convene General Meetings of Shareholders • We organise Group performance-related meetings. • We meet individually and in groups - in person and online. • We draw up reliable and comprehensive current and interim reports. • We take care for on-going RI written and oral communication. • We keep the website up to date and are active on social media 	On current basis

[(ESRS 2) 45 a) iv.] The goal of ERBUD Group's cooperation with its stakeholders is to build long-term, transparent and trustworthy relationships in order to better align the business strategy with the needs of the environment and at the same time support the responsible development of the organisation. The Group aims to:

- Understand the perspective of its stakeholders and the impact of the company's activities,
- Take their views into account in decision making,
- Minimise the risk of disrupting supply chains,
- Increase positive social and environmental impact,
- Ensure that activities comply with societal expectations and regulations..

[(ESRS 2) 45 a) v.] The results of stakeholder engagement are an important element in the process of updating the Group's business strategy and operational activities. With regard to its own human resources, the Group uses, among other things, the results of employee satisfaction surveys to modify policies on working conditions, training programmes and safety standards. The opinions and suggestions of local communities are taken into account in the investment planning process, particularly in the areas of environmental protection and natural resource management. Audits and supply chain analyses influence supplier selection criteria, with a focus on promoting sustainable business practices.

[(ESRS 2) 45 b)] [(ESRS 2) 45 c)] [(ESRS 2) 45c i.] The Group has reviewed its stakeholder communication channels, analysing in detail all available reporting channels, such as the complaint reporting line, the dialogue platform available to external stakeholders and all reports received through other channels, such as social media, publicly available email addresses, direct communication (e.g. with the site manager) and dialogue with employee representatives.

Stakeholder dialogue is a key element of the Group's governance and sustainability strategy development process. Through the dual materiality process, the Group has taken into account the views and interests of key stakeholders, which have significantly influenced the strategic direction and actions of the organisation.

The entire new 2024 strategy has been developed on the basis of the results of the dual relevance study and is in line with the identified interests of internal and external stakeholders.

Key Stakeholder Group	Key issues raised by the stakeholders
Workforce (workers as well as students and trainees)	Working time; social dialogue; freedom of association, existence of works councils and workers' rights to information, consultation and participation; collective bargaining, including percentage of workers covered by collective labour agreements; work-life balance; training and skills development.

Customers (investors, contracting authorities/employers, private and public customers)	Climate change; occupational health and safety; child labour; corruption and bribery; corporate culture; supplier relationships, including payment practices
Suppliers (of materials, raw materials, goods), service providers and subcontractors	Resource impacts, including resource use; waste; occupational health and safety; working time; gender equality and equal pay for work of equal value; training and skills development; forced labour; management of supplier relations, including payment practices
Business community	Occupational health and safety; child labour; corruption and bribery, including payment practices
Media (opinion leaders)	Climate change; occupational health and safety; child labour, corruption and bribery, community relations
Society	Land degradation; child labour; corruption and bribery; community relations
Institutional environment	Land degradation; soil sealing

In future periods, the Group will continuously analyse and monitor stakeholder relationships and their impact on the strategy and business model.

[(ESRS 2) 45 c) ii.] [(ESRS 2) 45 c) iii.] Actions arising from the strategy, as described in this report in, inter alia, subsections: E1-3, E3-2, E4-3, E5-2, S1-4, S2-4, S3-4, are planned until 2029 and, in the opinion of the ERBUD Group, their implementation poses no risk of deterioration of relations with stakeholders while creating an opportunity to strengthen their positive nature.

[(ESRS 2) 45 d)] The administrative, management and supervisory bodies of the ERBUD Group are effectively informed about the opinions and interests of stakeholders, as the communication of information on the opinions and submissions of stakeholders is organised in a systematic and transparent manner. This knowledge is communicated at least once a year through a process of analysis of significant impacts, risks and opportunities in which the authorities are directly involved. The Group's Management Board is informed on an on-going basis of relevant opinions from key stakeholders that are communicated to the organisation.

In addition, stakeholder feedback, including reports, comments or key issues raised during the dialogue, is regularly communicated to the authorities as part of on-going management reporting.

For reports of a critical nature, such as suspected violations or ethical issues, the process provides for immediate reporting to line managers within the management information systems.

SBM-2 Interests and views of stakeholders (own workforce)

[(S1) 12] ERBUD Group considers its workforce - their experience, competence and commitment - as a key value and condition for the development of the organisation. Employee issues are addressed in one of the pillars of the Group's development strategy - the People Pillar, and the principles of open communication with the Group's employees regarding working conditions are one of the cornerstones of the ERBUD Group Code of Ethics. The Group's Management Board engages in regular dialogue with employees, and the opinions received are taken into account when determining the organisation's development directions and the implementation documents governing the approach to relevant issues. A key activity in this regard is the ERBUD Group Employee Opinion Survey, which is conducted every three years. The results of the survey form the basis for planning activities in the area of employees. The Group's employee-related objectives are set out in the ESG strategy, which was developed on the basis of a CSRD-compliant dual materiality analysis carried out in 2024. The positive and negative impacts identified in the dual materiality study are reflected in ERBUD's strategy. The objectives and actions included in the strategy aim to maximise the positive impacts on its own employees and minimise the negative impacts.

Employee interests are represented by employee representatives elected by universal suffrage. Information from employees is usually communicated to the Management Board members through their line managers, unless the issue requires a face-to-face meeting with the Management Board members.

SBM-2 Interests and views of stakeholders (value chain workers)

[(S2) 9] The interests, views and rights of those performing work in the ERBUD Group's value chain were identified by the organisation in 2024 through a Double Materiality Analysis (DMA) process. The relevant topics defined during it have been addressed by the Group in the ESG Strategy. For years, the Group has declared that it is open to dialogue with colleagues and that its opinions are taken into account. The Group conducts regular dialogue with the workers in the value chain (e.g. subcontractors on on-going investments), and the opinions obtained are taken into account when setting the organisation's direction and implementing documents governing the approach to material topics. In order to manage this material area, the Group develops solutions and tools related to the verification of suppliers in terms of working conditions, respect for human and labour rights, safety. The actions taken by the Group in this area are tailored and driven by the opinions, needs and interests of this group of stakeholders.

Among other things, the organisation has implemented a dedicated online dialogue platform to communicate with the workers in the value chain.

SBM-2 Interests and views of stakeholders (affected communities)

[(S3) 7] The views, interests and rights of local communities influence the ERBUD Group's strategy and business model, particularly in relation to the implementation of construction projects. Taking these factors into account allows the Group not only to minimise potential risks related to protests or social conflicts, but also to build positive relationships with the community, which results in acceptance of the projects under construction, strengthens the company's reputation and enables more efficient implementation of investments. The Group recognises that the implementation

of construction projects has a real and negative impact on the living conditions of affected communities, primarily through increased dust and noise.

As such, the Group identified risks including potential protests and complaints from local residents, which may lead to delays, design changes or even the suspension of investments.

The views, interests and rights of local stakeholders, including residents, community organisations, local authorities, therefore have a significant impact on shaping the ERBUD Group's strategy and business model.

In response to these challenges, the Group implements measures to minimise negative impacts such as limiting the operation of heavy equipment to certain hours, regularly spraying the construction site and bulk materials to reduce dust, and selecting construction technologies and methods that reduce noise and dust emissions.

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The views, interests and rights of local stakeholders, including residents, community organisations, local authorities, therefore have a significant impact on shaping the ERBUD Group's strategy and business model.

In response to these challenges, the Group implements measures to minimise negative impacts such as limiting the operation of heavy equipment to certain hours, regularly spraying the construction site and bulk materials to reduce dust, and selecting construction technologies and methods that reduce noise and dust emissions.

The Group is currently taking a number of measures to minimise negative impacts. One of the most important elements used by the Group to manage its relations with local communities is a special communication channel that allows community members to voice their concerns, needs and comments. The mechanism implemented increases the transparency of the Group's operations, facilitates the resolution of potential conflicts and allows communities to participate in the investment implementation processes as they relate to them - more information on the reporting channel for affected communities can be found in this statement in Indicator S3-3 - Processes to remediate negative impacts and channels for affected communities to raise concerns.

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

[(ESRS 2) 48 a)] The key impacts, risks and opportunities associated with the activities of the ERBUD Group were identified through the dual materiality analysis. In accordance with the ESRS standard, the parts of this analysis were an impact materiality analysis and a financial materiality analysis. (ESRS 2) 48(c)(ii)] The Group's identified impacts arise from its strategy and business model - the Group's construction activities are associated with environmental and anthropogenic impacts.

By the nature of its activities, the construction sector has a significant impact on the environment, involving projects that are essential for social and economic development. Nevertheless, the scale and nature of these activities mean that some negative impacts are inevitable.

Construction processes generate significant greenhouse gas emissions at various stages of the project life cycle:

- the production of building materials, such as cement, steel and concrete, is energy intensive and involves high CO₂ emissions,
- construction activities, including the use of heavy equipment and transport of materials, also contribute to emissions.

The production of building materials and the implementation of construction projects consume large water volumes. The demand for water is particularly high for:

- cement and concrete production, where water is a key feedstock of the processes,
- construction processes such as soil preparation, machinery cooling or dust management systems on construction sites.

The construction sectors is one of the producers of waste, both in the construction and demolition phases.

- waste includes debris, residual materials, structural elements and packaging,
- waste production is inevitable despite minimisation measures such as process optimisation or material recycling.

The Group is not in a position to eliminate these impacts completely, as doing so would be tantamount to discontinuing operations. A key challenge is therefore to minimise negative impacts by implementing more sustainable processes, materials and activities, such as recycling initiatives and investments in low-carbon technologies.

Despite the inevitable negative impacts associated with the nature of the construction business, the Group also generates significant positive impacts. It supports the energy transition and sustainable development through projects such as the construction of renewable energy infrastructure and the development of timber modular construction, which has a lower carbon footprint. The Group is also involved in the implementation of green-certified buildings and the modernisation of district heating networks, which contribute to improving energy efficiency and reducing emissions over a long time horizon.

[(ESRS 2) AR 17]) The Group has reviewed the material impacts, risks and opportunities and has decided that there is no need to disaggregate the information by country, location or asset, details of which can be found in subsection IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities.

[(ESRS 2) 48 b)] The results of the Double Materiality Analysis (DMA) have been taken into account by ERBUD Group in the ESG Strategy under development in 2024, which is an integral part of the organisation's business strategy.

The current and projected impact of risks and opportunities on materiality is driven by both dynamic changes in the regulatory and market environment and growing stakeholder expectations regarding sustainability.

Environmental impacts, such as greenhouse gas emissions, water consumption or waste generation, are inherent to construction activities. The pressure to reduce these negative impacts has influenced the shaping of the strategy in terms of the need to seek and implement more sustainable construction technologies, to switch to low-carbon or renewable building materials, to expand the offering to include modular construction, which has a lower carbon footprint.

Social impact, and in particular the impact on local communities resulting from the implementation of the Group's projects, requires consideration of the interests of local stakeholders and their concerns, which has influenced the objectives of optimising consultation processes and taking better account of the needs of this stakeholder group.

The Group also defines the risks that have affected the strategy:

- the more stringent regulations on emissions, waste management or energy efficiency required strategies to be adapted to the new requirements,
- rising energy prices were an incentive to optimise purchasing practices in order to reduce the risk of cost increases,
- sudden weather events can affect project deadlines and work safety. The Group has incorporated these factors into project schedules

and opportunities that affected the strategy:

- the energy transition: the growing demand for renewable energy projects (e.g. wind farms, solar parks) and the modernisation of district heating and electricity networks represent an opportunity to develop new business lines linked to the Group's offer for the development of sustainable energy infrastructure;
- the growing significance of green construction has led the Group to invest in certified projects (e.g. BREEAM, LEED), enabling it to better cater for the needs of its customers.

The Group plans the following changes based on the identified impacts, risks and opportunities:

- Sustainable construction processes: shifting attention to projects with a lower environmental impact, such as modular construction or eco-certified buildings.
- RES investments: further development of specialisation in the construction of infrastructure for renewable energy sources.
- Waste optimisation: enhancement of the share of recycled materials in projects.
- Supply chain strategy: introducing sustainable sourcing and selecting suppliers that comply with environmental and social criteria.

The Group intends to respond to the aforementioned impacts with appropriate policies, which are included in the updated strategy and strategic actions, a detailed description of which can be found, inter alia, in the following subsections: E2-2, E3-2, E4-3, E5-2, S1-4, S2-4, S3-4.

The Group does not identify impacts, risks and opportunities for the business model over the short and medium time horizon, whereas for the long time horizon it will monitor and possibly adjust the business model.

In the value chain context, the Group is successively expanding its supplier verification solutions and, depending on the outcome, will take appropriate actions.

Results of financial materiality analysis

Area	Subtopic	Place of occurrence [ESRS 2 48 a]	Risk/ Opportunity	Description of risk / opportunity
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Risk	The risk of atmospheric phenomena caused by climate change, which may lead to construction interruptions and supply chain disruptions, resulting in extra costs.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Physical climate risks	Risk of reduced workforce working hours, value chain disruption, due to rising average temperatures.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Physical climate risks	Risk of process cycle disruption due to changing temperatures.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Physical climate risks	Risk of material damage to building components or photovoltaic modules due to precipitation.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Physical climate risks	Risk of deterioration of soil conditions for the foundations of structures due to changes in soil moisture levels, which may result in additional costs for the technologies used.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Physical climate risks	The risk of a reduction in the amount of process water available due to a decrease in surface water and groundwater levels, resulting in a reduction in rainfall, which could disrupt the value chain.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Physical climate risks	The risk of heat waves and fires, which could disrupt the value chain due to excessive demand on the energy system from air conditioning and the risk of reduced working hours for employees.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Physical climate risks	The risk of violent hurricanes, thunderstorms and tornadoes, which can disrupt the value chain by temporarily flooding or damaging transport routes and construction sites, or by downing power lines and shutting down process utilities.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Physical climate risks	The risk of flooding, which could disrupt the value chain by temporarily flooding or damaging transport routes and construction sites, or by breaking electrical power lines and shutting down technological utilities.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Transition risks	(Political and legal risks) Risks associated with possible litigation in the event of excessive adverse climate impact.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Opportunity	The possibility of investment during the winter period as a result of a warming climate.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Risk	Increased capital expenditure (CAPEX) for decarbonisation to meet reduction targets.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Risk	Increased insurance costs due to the increased likelihood of sudden weather events.

Environmental	Adaptation to climate change	Own operations, downstream, upstream	Transition risks	Risk of losing customers, employees or business partners if the Group's activities are deemed to be harmful to the climate.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Opportunity	Increasing the proportion of the Group's revenue generated by the environmentally sustainable timber modular building sector.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Transition risks	Risk of not taking advantage of available technologies that would have a less negative impact on the climate and loss of competitive advantage.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Opportunity	Increasing the share of the RES segment in the company's sales - the Group has the know-how in this area, thanks to the increased demand for RES there is an opportunity to increase orders in this area, additionally facilitated by the increase in the amount and availability of wind and sun in connection with climate change, which gives the possibility to increase energy production from these sources.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Opportunity	The Group has expertise in technological adaptation to climate change (meeting investors' requirements), investments in environmentally friendly energy sources, construction of RES plants and thermo-modernisation investments to improve energy efficiency.
Environmental	Mitigation of climate change	Own operations, downstream, upstream	Transition risks	Risk of increased emission reduction requirements and/or the introduction of emission charges.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Transition risks	Increased energy efficiency requirements due to climate change and lack of access to water or overloading of the energy system.
Environmental	Adaptation to climate change	Own operations, downstream, upstream	Transition risks	Changes in land management policies due to location in areas at risk of climate change.
Environmental	Mitigation of climate change	Own operations, downstream, upstream	Opportunity	GHG emissions levels - increased revenues from increased competitiveness (decarbonisation requirements of investors). The unit has the capacity and is building a competitive advantage by undertaking zero carbon projects.
Environmental	Mitigation of climate change	Own operations	Risk	High CO ₂ emissions can lead to higher costs from funding sources.
Environmental	Mitigation of climate change	Own operations	Opportunity	Reduction in CO ₂ emissions, which will affect competitive advantage in the market if other companies do not adapt.
Environmental	Energy	Own operations	Risk	Risk of incurring high fossil fuel costs due to not having enough RES to fully meet the unit's needs.
Environmental	Energy	Own operations	Opportunity	Investment in RES installations (for own use or for sale), which can have a positive impact on reducing electricity purchase costs.
Environmental	Water	Own operations	Risk	Further reduction and degradation of natural resources such as water could be a potential risk from a business perspective for ERBUD, as it is a significant resource used in the company's operations. In addition, governments may impose restrictions on water use as a result of climate change, which could have a significant impact on the ERBUD Group's revenues and cash flows.

Environmental	Direct impacts on the loss of biodiversity	Own operations, upstream	Risk	Risk of destruction of habitats of certain animals or plants as part of on-going projects in the buffer zones of protected areas and other areas. Risk of cost of habitat restoration and subsequent possible rehabilitation.
Environmental	Direct impacts on the loss of biodiversity	Own operations, upstream	Risk	Risk that new land for investment (e.g. photovoltaic and wind farms) will be harder to find due to new environmental regulations resulting from the EU Biodiversity Strategy 2030. This could lead to a significant increase in land prices. The reduction in the number of plots of land may contribute to inhibiting the creation of new developments.
Environmental	Resource impacts, including resource use	Own operations, downstream, upstream	Risk	Disruptions to supply chains due to climatic factors, natural resource availability and socio-political factors, which may lead to increased costs.
Environmental	Resource impacts, including resource use	Own operations, downstream, upstream	Risk	Increased cost of purchasing less carbon intensive and renewable materials. Reduced choice of such materials and suppliers.
Environmental	Waste	Own operations, downstream, upstream	Risk	A trend towards increased regulation in this area. In addition, emphasis on low carbon materials such as low carbon concrete and fleet conversions.
Environmental	Waste	Own operations, downstream, upstream	Risk	Risk of hazardous waste management and increased collection and disposal costs.
Environmental	Waste	Own operations, downstream, upstream	Opportunity	Reusing waste from the construction, renovation or demolition of buildings can result in lower investment costs.
Environmental	Waste	Own operations, downstream, upstream	Opportunity	MOD21 modules assume reuse of modules or their components, which can result in cost and environmental efficiency.
Environmental	Waste	Own operations, downstream, upstream	Risk	Lack of waste reuse due to regulations that hinder the implementation of circular solutions during the investment process and the specificity of materials, which increases production costs.
Environmental	Waste	Own operations, downstream, upstream	Opportunity	Growing customer interest in timber modular construction, reusability of modules, higher recycling rates, less waste and increased revenue from this segment. Reduced carbon footprint of timber (MOD21).
Environmental	Waste	Own operations, downstream, upstream	Opportunity	Resource efficiency in the manufacturing process of MOD21 timber modules, which can translate into cost and environmental efficiency.
Social	Working conditions	Own operations	Risk	Frequent employee turnover due to the nature of the work (frequent travel, relocation, etc.) and the demographic decline and expectations of younger generations. High induction costs for new employees, difficulties in team building.
Social	Working conditions	Own operations	Risk	Risks associated with high staff turnover due to unmet employee expectations, lack of work-life balance, working time and job security, which translates into employee acquisition costs.

Social	Working conditions	Upstream	Risk	Value chain workers as subcontractors.
Social	Equal treatment and opportunities for all	Own operations	Opportunity	Frequent staff turnover due to the nature of the work, potential construction stoppages due to lack of people to work with.
Social	Equal treatment and opportunities for all	Own operations	Opportunity	Managing diversity in terms of gender, age and background, in line with the company's strategy, which creates a friendly working environment and translates into work efficiency and lower turnover, which impacts on recruitment costs.
Social	Equal treatment and opportunities for all	Own operations, upstream	Opportunity	Managing diversity in terms of both gender and age, and background, in line with the Company's strategy, which creates a welcoming working environment and translates into work efficiency.
Social	Working conditions	Own operations	Risk	Staffing gaps can be caused by a number of factors, including the outflow of workers to rebuild Ukraine, a shortage of skilled workers in technical fields due to the weakness of the education system, competitive salaries in the IT industry to which skilled workers are attracted, and a decline in the attractiveness of doing basic work due to rising living standards.
Social	Working conditions	Own operations, upstream	Risk	Staffing gaps may be due to a number of factors, including the outflow of workers to rebuild Ukraine, a shortage of skilled workers in technical fields due to the weakness of the education system, competitive salaries in the IT industry to which skilled workers are attracted, and a decline in the attractiveness of doing basic work due to rising living standards, which translates into recruitment costs.
Social	Working conditions	Own operations	Opportunity	Increased interest in the industry due to the growing trend among the younger generation to return to traditional professions (requiring tertiary education) and the turbulence in the IT industry is an opportunity to attract qualified employees, which translates into work efficiency.
Social	Working conditions	Own operations, upstream	Opportunity	Increased interest in the industry due to the growing trend for the younger generation to return to traditional professions (requiring a university education) and turbulence in the IT industry is an opportunity to attract skilled workers.
Social	Working conditions	Own operations	Opportunity	Re-skilling (related to fossil fuel workers) and the growing area related to renewable energy is an opportunity to attract skilled workers.
Social	Working conditions	Own operations	Risk	In the construction sector, there is a risk of severe accidents at work, which can lead to compensation costs, reputational damage, work stoppages and the loss of a skilled worker.
Social	Working conditions	Upstream	Risk	In the construction sector, there is a risk of serious accidents at work (involving subcontractors), which can result in compensation costs, reputational damage and work stoppages.
Corporate Governance	Corruption and bribery	Own operations, downstream, upstream	Risk	The occurrence of corruption can lead to increased costs and have a negative impact on the company's image.
Corporate Governance	Corporate culture	Own operations, downstream, upstream	Opportunity	A high level of corporate culture and ethical behaviour enhances a company's image and reputation in the marketplace and can contribute to increased revenues.
Corporate Governance	Corporate culture	Own operations	Opportunity	Reputational benefits of Management Board diversity.

Corporate Governance	Corruption and bribery	Own operations, downstream, upstream	Risk	Cases of irregularities and fraud, which can result from inadequate training and lack of knowledge in the prevention and detection of corruption, which can lead to reputational damage.
Social	Working conditions	Upstream	Opportunity	Opportunities related to the impact on workers in the value chain as subcontractors in the form of market diversification and a growing awareness in the market environment of the need to ensure decent wages and conditions for those who are not our employees, which brings reputational benefits and creates competitive advantage.
Corporate Governance	Management of relationships with suppliers, including payment practices	Own operations, upstream	Opportunity	Opportunities associated with achieving a sustainable supply of goods in the future by ensuring that small local producers earn sufficient wages, which can lead to cost efficiencies.
Corporate Governance	Corporate culture	Own operations, downstream, upstream	Risk	Risks related to the termination of business relationships due to non-compliance with environmental and human rights management requirements.
Corporate Governance	Management of relationships with suppliers, including payment practices	Own operations, downstream, upstream	Risk	Working with business partners that do not meet ESG standards can have a number of negative consequences for ERBUD. Issues such as lack of transparency, inefficient emissions or waste management can disrupt operations, leading to delays in deliveries, production stoppages and the need to find alternative sources of supply. At the same time, the organisation may be perceived as complicit in the partner's actions, risking a loss of trust from customers, investors and the public, negative media coverage and resulting image damage. In addition, such collaborations may impede the achievement of strategic sustainability goals, impacting competitiveness, market value and the ability to attract investors.

Results of the impact materiality analysis

Area	Subtopic	[(ESRS 2) 48 a] Place of occurrence	[ESRS 2 48 c iv] Type of engagement the impact arises from	[(ESRS 2) 48 a] Description	Positive/Negative	Actual/Potential	[(ESRS 2) 48 c i.] Irreversible nature	[(ESRS 2) 48 c iii.] Time horizon	[ESRS 2 48 c i] Scale	[ESRS 2 48 c i] Scope
Environmental	Adaptation to climate change	Own operations (including in particular ONDE and MOD21 companies), downstream	Own activities	ERBUD Group's green offer responds to the expectations of investors and the changing market trends resulting from the energy transition in Poland. It is based on the company's expertise in the construction of renewable energy facilities and the development of modular construction with a negative carbon footprint, as well as passive construction (BREEAM and LEED), knowledge of technologies and the management of construction sites for adaptation to climate change.	Positive	Actual	-	Above 5 years	3 - Medium	3 - Medium
Environmental	Mitigation of climate change	Own operations, downstream, upstream	Own activities	The construction sector is one of the most carbon-intensive industries, producing high levels of greenhouse gases along the value chain. This is mainly due to the use of products from industries that have a significant impact on the climate (the production of: concrete, asphalt, fuel, cement and steel).	Negative	Actual	3 - Hard to correct or mid-term	Above 5 years	3 - Medium	3 - Medium
Environmental	Energy	Own operations, downstream, upstream	Own activities	Construction is one of the most energy-intensive sectors of the economy when looking at the entire value chain.	Negative	Actual	5 - Irreversible	Above 5 years	4 – High	5 - Global
Environmental	Energy	Own operations,	Own activities	Lack of opportunities to increase RES energy share in the energy mix (legal and technological constraints)	Negative	Actual	5 - Correctable with sufficient labour input (time and cost)	1-5 years	4 – High	3 - Medium
Environmental	Water consumption	Own operations, upstream	Own activities	Water consumption in the construction sector is very high.	Negative	Actual	3 – Hard to correct or mid-term	Above 5 years	3 – Medium	4 - Medium

Environmental	Water intakes	Upstream, own operations, downstream	Own activities	Large amounts of water are consumed to produce raw materials.	Negative	Actual	3 – Hard to correct or mid-term	Above 5 years	3 – Medium	5 - Global
Environmental	Direct exploitation (as a direct contributor to biodiversity loss)	Own operations	Own activities	Construction activities, including that associated with wind farms or building large halls, has a negative impact on biodiversity and ecosystems.	Negative	Actual	4 - Very hard to correct or long-term	Above 5 years	4 - Medium	2 – Focused
Environmental	Pollution (as a direct contributor to biodiversity loss)	Upstream	Own activities	Pollution that is generated, for example from the manufacturing of building materials or the construction process, has a negative impact on biodiversity.	Negative	Actual	5 - Correctable with sufficient labour input (time and cost)	Above 5 years	3 – Medium	4 - Medium
Environmental	Land degradation	Own operations, upstream	Own activities	Nature of work contributing to land degradation.	Negative	Actual	4 - Very hard to correct or long-term	Above 5 years	2 – Low	4 - Medium
Environmental	Soil sealing	Own operations, upstream	Own activities	Covering the soil with impermeable materials that have a negative effect on its properties..	Negative	Actual	4 - Very hard to correct or long-term	1-5 years	3- Medium	2 – Focused
Environmental	Resource impacts, including resource use	Own operations, downstream, upstream	Own activities	This is not in line with the idea of a circular economy, as resources entering the organisation are not reused, but become waste.	Negative	Actual	4 - Very hard to correct or long-term	1-5 years	3 – Medium	4 - universal
Environmental	Resource impacts, including resource use	Own operations, downstream, upstream	Own activities	The construction of buildings and large infrastructure projects consumes large quantities of materials and natural resources along the value chain.	Negative	Actual	3 - Hard to correct or mid-term	Above 5 years	3- Medium	4 - universal

Environmental	Waste	Own operations, downstream, upstream	Own activities	Producing waste that is partly non-recyclable. This is not in line with the idea of a circular economy.	Negative	Actual	3 - Hard to correct or mid-term	Above 5 years	2 – Low	3 - Medium
Environmental	Waste	Own operations, downstream, upstream	Own activities	The construction sector produces large amounts of waste throughout the value chain.	Negative	Actual	5 - Correctable with sufficient labour input (time and cost)	Above 5 years	3- Medium	4 - universal
Social	Working time	Own operations	Own activities	Rigid deadlines that can result in the risk of overtime.	Negative	Actual	1 - Relatively easy to correct or short-term	Below 1 year	4- High	4 - universal
Social	Social dialogue	Own operations	Own activities	The Group engages in dialogue with the workers through consultation, promoting an 'open door' policy.	Positive	Actual	-	Below 1 year	4 - High	4 - universal
Social	Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	Own operations	Own activities	Consultation and promotion of an open-door policy.	Positive	Actual	-	Below 1 year	4 - High	4 - universal
Social	Collective bargaining including the rate of workforce covered by collective agreements	Own operations	Own activities	Allowing setting up trade unions in each company. Workers of German companies covered by collective agreements that regulate pay conditions for employees in a particular sector or region of Germany.	Positive	Actual	-	Below 1 year	4 - High	4 - universal
Social	Work-life balance	Own operations	Own activities	Disruption to work-life balance due to the nature of the job, which requires frequent business travel.	Negative	Actual	1 - Relatively easy to correct or short-term	Below 1 year	4 - High	4 - universal
Social	Work-life balance	Own operations	Own activities	The Group provides all contracted workers with family leave and flexible working hours.	Positive	Actual	-	Below 1 year	3 – Medium	4 - Medium

Social	Occupational health and safety	Own operations	Own activities	There are a number of potential workplace hazards associated with working in the construction sector.	Negative	Actual	4 - Very hard to correct or long-term	Below 1 year	4 - High	4 - universal
Social	Equal treatment and opportunities for all	Own operations	Own activities	The construction sector continues to have a predominantly male workforce. There is a risk that gender equality will not be promoted and that the gender pay gap will not be eliminated.	Negative	Actual	1 - Relatively easy to correct or short-term	Below 1 year	4 - High	4 - Medium
Social	Training and skills development	Own operations	Own activities	Supporting employee development by providing a high level of training, particularly in health and safety.	Positive	Actual	-	Below 1 year	4 - High	4 - universal
Social	Privacy	Own operations	Own activities	The organisation keeps personal data on employees.	Negative	Potential	5 - Correctable with sufficient labour input (time and cost)	Below 1 year	4 - High	2 - focused
Social	Working time	upstream	Own activities	Rigid work schedules that may result in a risk of overtime for employees of subcontractors and suppliers.	Negative	Actual	1 - Relatively easy to correct or short-term	Below 1 year	4 - High	4 - universal
Social	Occupational health and safety	Upstream	Own activities	High occupational health and safety risks due to the nature of the business.	Negative	Actual	4 - Very hard to correct or long-term	Below 1 year	4 - High	4 - universal
Social	Equal treatment and opportunities for all	Upstream	Own activities	Male-dominated industry. Risk of not promoting gender equality, not aiming for zero pay gap between men and women.	Negative	Actual	5 - Correctable with sufficient labour input (time and cost)	Below 1 year	3 - Medium	4 - Medium
Social	Training and skills development	Upstream	Own activities	Provision of health and safety training to subcontractors.	Positive	Potential	-	1-5 years	3 - Medium	4 - Medium
Social	Children labour	Upstream	Own activities / Business relationships	Sourcing materials from regions at risk of child labour.	Negative	Potential	5 - Correctable with sufficient labour input (time and cost)	1-5 years	4 - High	4 - Medium
Social	Forced labour	Upstream	Own activities / Business relationships	Sourcing materials from regions where there is a risk of forced labour.	Negative	Potential	5 - Correctable with sufficient labour input (time and cost)	1-5 years	3 - Medium	4 - Medium

Social	Adequate housing	Own operations, upstream	Own activities	Excessive noise and dust emissions during construction, which can be a nuisance to people living near the site.	Negative	Actual	5 - Correctable with sufficient labour input (time and cost)	1-5 years	3 – Medium	4 - Medium
Corporate Governance	Corporate culture	Own operations,	Own activities	Drawing up of documents describing policies, procedures and codes that form the basis of corporate governance. Emphasising ethical pillars, compliance with which builds the corporate culture.	Positive	Actual	-	Above 5 years	4 – High	4 - universal
Corporate Governance	Whistleblower Protection	Own operations,	Own activities	A whistleblower protection policy has been implemented in the ERBUD Group.	Positive	Actual	-	Above 5 years	4 – High	4 - universal
Corporate Governance	Management of relationships with suppliers, including payment practices	Own operations,	Own activities / Business relationships	The Group pays its suppliers on time, as stipulated in the contracts.	Positive	Actual	-	Below 1 year	4 – High	4 - universal
Corporate Governance	Corruption and bribery – Incidents	Own operations,	Own activities / Business relationships	A whistleblowing regulation has been established, which defines the procedures for the examination of reports.	Positive	Actual	-	Above 5 years	4 – High	4 - universal
Corporate Governance	Corruption and bribery – prevention and detection, including training	Own operations,	Own activities / Business relationships	Fraud issues are addressed through an anti-corruption policy and a whistleblowing policy that defines procedures for reviewing reports.	Positive	Actual	-	Above 5 years	4 – High	4 - Medium

All impacts relate to the geographical areas of Poland, Germany and Lithuania. The impacts apply in the same way to all the Group's sites, and the Group has not defined site-specific impacts. Due to the specific nature of the business, the ERBUD Group does not have a distribution network.

[(ESRS 2) 48 d)] At 2024, none of the identified risks and opportunities, if realised, would have a material impact on the Group's performance, cash flows or financial position, and no risk of a material adjustment to the financial statements in the next reporting period was identified. [(ESRS 2) 48(e)] The organisation's investment plans include the implementation of measures to support decarbonisation and work on the transformation plan will continue into 2025. [(ESRS 2) 48(e)(ii)] Its implementation, as well as other strategic activities of the ERBUD Group, will be funded from its own resources.

[(ESRS 2) 48(f)] In 2024, the Group conducted a resilience analysis of its business model and strategy to address material impacts and risks and to take advantage of material opportunities for three time horizons: short-term (up to one year), medium-term (3-5 years) and long-term (more than 5 years).

As part of the organization's resilience analysis, the Group carried out an assessment of the impact of sustainability-related factors on its strategy and business model. The process included identifying key risks and opportunities, such as an analysis of ESG megatrends, including climate change, regulation, market pressures and stakeholder expectations, a review of relevant physical risks and transitions, and an assessment of opportunities arising from the transformation of the economy towards sustainability.

Short-term resilience analysis

The Group does not expect the identified impacts, risks and opportunities to significantly change the business in the short term. The current strategy is based on risks and opportunities that are already known and do not require an immediate response, but form the basis for further development. In the short term, the Group is developing the Renewable Energy Segment (RES), continuing the production of modular timber construction and implementing projects to increase the energy efficiency of buildings. These activities respond to the growing need for sustainable development and the adoption of greener solutions.

The Group's current offering in this segment responds to the growing demand for green energy and the needs of the energy transition. The Group sees potential for growth in this segment, supported by climate change policies, growing public awareness of climate change and investor needs. Investing in renewable energy is also a hedge against the volatility of fossil fuel prices.

The shift towards low-carbon and more sustainable construction is seen by the Group as a response to growing pressure to reduce the carbon footprint of buildings. This segment is responding to growing market expectations.

Energy efficiency projects in buildings are investments that are becoming increasingly desirable as part of the drive to reduce energy consumption, especially in an era of rising energy prices and tightening environmental standards. The Group's current strategy responds to current challenges.

Mid-term resilience analysis

The Group is preparing for risks, including climate-related risks, such as intense heat waves, which could have a significant impact on the business, particularly in terms of production, supply chain and energy demand. In this context, the Group is also considering measures to increase operational resilience to climate change, such as optimising water and energy consumption to reduce operating costs in the face of heat waves.

With regard to the construction sector, the Group expects that severe climate change may also contribute to the development of new technological solutions, stimulating further innovation and the realisation of investments that can withstand high temperatures or intense precipitation.

The Group is adapting to the risks associated with the transition to a low-carbon economy, including through the implementation of renewable energy solutions and the production of low-carbon wood modules. The business model is flexible and responsive to regulatory and market changes. The Group accepts that, in the long term, this may include investment in new technologies, especially in the context of increasing decarbonisation pressures, particularly in relation to the building materials used.

Long-term resilience

The Group is responding to the growing demand for sustainable solutions such as renewable energy, low-carbon construction and energy efficiency. These areas will be an important source of long-term growth and competitiveness for the Group, particularly in view of global trends in energy transition and environmental protection.

Long-term success may depend on the ability to incorporate technological innovation into processes. The Group sees growth potential in adapting to trends such as digitalisation, smart buildings and new renewable energy solutions.

The ERBUD Group demonstrates readiness to adapt and flexibility in its business model in response to identified impacts, risks and opportunities, particularly in relation to the development of low carbon technologies, renewable energy, modular construction and energy efficiency. Although the analysis did not follow a formalised process, the strategy sets out the Group's readiness for future change, both in relation to the identified risks. Further actions in the medium and long term will provide the basis for further alignment of the Group's strategy and development in the context of the transition to a low-carbon economy.

[(ESRS 2) 48(g)] As this is the first time that the Double Materiality Analysis (DMA) has been carried out, any changes to the material impacts, risks and opportunities will be described in the next Sustainability Statement. [(ESRS 2) 48 h)] The ERBUD Group has not identified any material impacts, risks and opportunities in its analysis that are not covered by the disclosure requirements of the ESRS and would require additional self-disclosure specific to its own operations.

IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities

(ESRS 2) 51] ERBUD Group's impacts, risks and opportunities were identified and assessed through the dual materiality analysis process. The analysis was performed in accordance with the ESRS standards and additional EFRAG publications.

[(ESRS 2) 53(a)] [(ESRS 2) 53(b)] The process of identifying impacts, risks and opportunities followed a structured and methodical approach. The following is a step-by-step description of how the Group carried out this analysis:

The Group began the process by using the list of topics contained in ESRS 2 AR 16. Each topic was analysed individually to ensure that no relevant area was overlooked.

It then gathered all available information and data that could be used as a basis for assessing impacts, risks and opportunities. As part of this phase, the Group carried out:

- an analysis of the regulatory requirements,
- an analysis of its strategy and business model and a detailed assessment of its key strategic objectives and how it runs the business,
- a review of the 2023 ESG report to identify potential gaps in previous analyses and to better embed the identification of risks in the existing context of the new regulations,
- relevant aspects of EMAS and environmental management,
- an analysis of publications and market benchmarks comparing the Group's activities with industry publications and market best practice, which identified new potential risks and opportunities arising from external trends.

In the next step, the Group worked with the consultant to develop a detailed assessment methodology that described how the analysis of impacts, risks and opportunities would be carried out. As part of this step, an evaluation scale was developed that allowed the assignment of weights and values to each issue to determine its relevance, and it was determined how in-depth each issue would be analysed and what criteria would be taken into account during the evaluation.

The Group also mapped its value chain and identified key stakeholders to better understand which processes and activities have the greatest environmental and social impacts, and which stakeholder groups are most affected by or involved in the company's activities..

Having established the methodology and mapped the value chain, the Group analysed the topics on the AR 16 list. Each topic was discussed in detail to assess its potential impacts, risks and opportunities, as well as its relevance to the company's business or value chain. In the final stage, the Group reviewed all the issues to ensure that no material issues were omitted from the analysis. No themes specific to the Group were identified. Once the initial analyses were completed, the Group discussed and validated both the methodology used and the value chain and stakeholders mapped. This allowed the group to move on to the detailed assessment, which consisted of an assessment based on the scale adopted and the involvement of stakeholders in the assessment.

The Group has implemented monitoring systems based on sustainability indicators such as greenhouse gas emissions, accident rates or the number of human rights abuses.

Data from the Group's own operations and from business partners is regularly analysed to update priorities and corrective actions. Business area owners are responsible for on-going risk management. Due diligence processes are in place to review and monitor impacts, assist with stakeholder consultation, continuously monitor reporting lines of non-compliance and implement improvements based on identified issues. This enables not only the identification and assessment of potential issues, but also the implementation of effective solutions and corrective actions.

In addition, the Group reviewed its due diligence processes, which included a review of the organisation's existing policies and management systems.

[(ESRS 2) 53 b i)] As part of the assessment process, the Group has analysed its operations, business relationships and geographical areas and has not identified any that have an increased risk of adverse impacts compared to others, The company's operations are within a single sector as defined by the European Sustainability Reporting Standards - SEC 1 Sector Classification - Exposure Draft, and material impacts, risks and opportunities are managed through consistent procedures and policies across the Group.

The analysis showed that there are no significant differences in risks and opportunities between countries and locations operating under similar legal, environmental and market conditions. In the construction sector, key factors such as regulations, weather conditions, material costs and labour availability are uniform regardless of location.

A breakdown of information by country or location would not add value and could obscure key strategic information. Therefore, in accordance with ESRS 1, the Group has adopted a consolidated approach which better reflects the relevant aspects of its business and has determined that a breakdown is not necessary.

[(ESRS 2) 53(b)(ii)] The Group has carried out an analysis of the impact of its operations on people and the environment, including the direct impact of internal operations (e.g. emissions, resource consumption) and the indirect impact arising from relationships with contractors and subcontractors, as described in more detail in subsection SBM-3 - Significant impacts, risks and opportunities and their interaction with strategy and business model.

[(ESRS 2) 53(b) iii)] As part of the assessment process, the Group consulted with key stakeholders, including employees, customers and subcontractors, as described in subsection SBM-2 - Stakeholder interests and views.

On-going collaboration with external experts enabled the use of best practices in sustainability and the assessment of compliance with applicable regulations, supporting the knowledge of the LCA model, climate, environment. In addition to the external consultant, the Group benefits on an on-going basis from the expertise of university professors and construction experts who are Group employees.

[(ESRS 2) 53(b)(iv)] [(ESRS 2) 53(c)(iii)] The criteria used in the dual materiality assessment are described below in this subsection. The Group has decided not to prioritise and treat in the same way negative impacts, risks and opportunities.

The impacts, risks and opportunities will be monitored and a possible decision on the need for prioritisation will be made when the results of the dual materiality analysis are reviewed in the next reporting period.

(ESRS 2) 53 b] The workshop organised as part of the dual materiality analysis was attended by decision makers from the ERBUD Group, including members of the Management Board and representatives of the Group's main business areas, including the management bodies of the subsidiaries. Participants discussed the principles of reporting on sustainability issues in accordance with the ESRS standards, including the assessment of materiality from both an impact perspective and a financial materiality perspective.

[(ESRS 2) 53 a] Key milestones of the Double Materiality Analysis (DMA) workshop, including methods and assumptions used	
Impact materiality	[(ESRS 2) 53 c] Financial materiality
[(ESRS 2) 53 b) ii] [(ESRS 2) 53 b) iv] Analysis of the impact criteria, determination how to calculate and distribute impacts across the value chain by: <ul style="list-style-type: none"> • positive/negative impact • actual/potential impact 	Identification of risks and opportunities taking into account the entire value chain and the dependence on natural, human and social resources.
Discuss the parameters for identifying impact volumes by: <ul style="list-style-type: none"> • scale • scope • nature (reversible/irreversible for negative impacts) • probability (for potential impacts) 	[(ESRS 2) 53 c) ii] [(ESRS 2) 53 c) iii] Assessment of financial risks including: <ul style="list-style-type: none"> • potential size • probability of occurrence • time horizon
Discussion of all topics listed in the ESRS thematic standards and other potentially relevant topics with their scopes and definitions. Assigning ratings that identified potentially relevant topics from an impact materiality perspective according to the adopted rating criteria.	

[(ESRS 2) 53 a] A 5-point scoring range for each parameter was used to assess materiality from an impact perspective:

- scale of impact, where 1 means minimal and 5 means absolute,
- scope of impact, where 1 means limited and 5 means global
- irreversible nature, where 1 means relatively easy to reverse and 5 means irreversible,
- probability, where 1 means unlikely (almost never) and 5 guaranteed.

The time horizon of the risk/opportunity in question was also taken into account in the analysis.:

- short-term – below 1 year,
- mid-term - 1 to 5 years,
- long-term - more than 5 years.

In total, each topic to be assessed could score 20 points (for a negative potential impact assessment), 15 points (for a negative actual or positive potential impact assessment) or 10 points (for a positive actual impact assessment).

Setting the materiality threshold at more than 50% of the maximum on the scale is a reasonable compromise between being too strict and too lenient. It ensures that issues with a significant impact are considered, but excludes those that are intangible. Setting the materiality threshold in the middle of the scale (above 50%) also indicates that the issues analysed must have a significant impact and should therefore be considered material.

A gross approach has been used for the impact assessment. This means that the assessment looks at the impacts associated with the organisation's activities before the application of management measures..

A 5-point scale was used to assess materiality from a financial perspective for each parameter:

- Potential size, where 1 means superficial and 5 means catastrophic,
- Probability of occurrence, where 1 means unlikely and 5 guaranteed.

A total of 10 points could be awarded for each issue assessed. A threshold of 5 points, i.e. the arithmetic mean of the total possible points, was set as the relevance threshold. The arithmetic mean represents the balance point in the distribution of scores and is the natural place to separate the relevant from the irrelevant issues.

By setting the threshold at the mean (5 points), issues above this value are assumed to have a significant financial impact and those below this value are assumed to have a marginal or no impact, a neutral threshold. The Group has set its own scale and cut-off threshold. Once the ratings have been assigned, a review of the rating process has been carried out to ensure that no relevant issues have been overlooked.

[(ESRS 2) 53(c)(i)] In 2024, during a dedicated workshop, participants analysed the existence of linkages between the identified impacts and dependencies and the risks and opportunities that may arise from these impacts and dependencies, and identified the following relationships:

Area	ESRS	ESRS subtopic	Subsubtopic	Positive/ Negative	Identified risks / opportunities
Environmental	E1- Climate change	Adaptation to climate change	-	Positive	Opportunities related to positive impact were identified.
Environmental	E1- Climate change	Mitigation of climate change	-	Negative	Risks related to negative impact were identified
Environmental	E1- Climate change	Energy	-	Negative	Risks related to negative impact were identified
Environmental	E3- Water and marine resources	Water	Water consumption	Negative	Risks related to negative impact were identified
Environmental	E3- Water and marine resources	Water	Water intakes	Negative	Risks related to negative impact were identified
Environmental	E4- Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Direct exploitation	Negative	Risks related to negative impact were identified

Environmental	E4- Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Pollution	Negative	Risks related to negative impact were identified
Environmental	E4- Biodiversity and ecosystems	Impacts on the range and condition of ecosystems	Land degradation	Negative	Risks related to negative impact were identified
Environmental	E4- Biodiversity and ecosystems	Impacts on the range and condition of ecosystems	Soil sealing	Negative	Risks related to negative impact were identified
Environmental	E5- Circular economy	Resource inflows, including resource use	-	Negative	Risks related to negative impact were identified
Environmental	E5- Circular economy	Waste	-	Negative	Risks related to negative impact were identified
Social	S1 - Own workforce	Working conditions	Working time	Negative	Risks related to negative impact were identified
Social	S1 - Own workforce	Working conditions	Social dialogue	Positive	Opportunities related to positive impact were identified.
Social	S1 - Own workforce	Working conditions	Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	Positive	Opportunities related to positive impact were identified.
Social	S1 - Own workforce	Working conditions	Collective bargaining including the rate of workforce covered by collective agreements	Positive	Opportunities related to positive impact were identified.
Social	S1 - Own workforce	Working conditions	Work-life balance	Negative	Risks related to negative impact were identified
Social	S1 - Own workforce	Working conditions	Occupational health and safety	Negative	Risks related to negative impact were identified
Social	S1 - Own workforce	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Negative	Risks related to negative impact were identified
Social	S1 - Own workforce	Equal treatment and opportunities for all	Training and skills development	Positive	Opportunities related to positive impact were identified.
Social	S1 - Own workforce	Other work-related rights	Privacy	Negative	Risks related to negative impact were identified
Social	S2 - Chain value workers	Working conditions	Working time	Negative	Risks related to negative impact were identified
Social	S2 - Chain value workers	Working conditions	Occupational health and safety	Negative	Risks related to negative impact were identified

Social	S2 - Chain value workers	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Negative	Risks related to negative impact were identified
Social	S2 - Chain value workers	Equal treatment and opportunities for all	Training and skills development	Positive	Opportunities related to positive impact were identified.
Social	S2 - Chain value workers	Other work-related rights	Children labour	Negative	Risks related to negative impact were identified
Social	S2 - Chain value workers	Other work-related rights	Forced labour	Negative	Risks related to negative impact were identified
Social	S3- Affected communities	Economic, social and cultural rights of the community	Adequate housing	Negative	Risks related to negative impact were identified
Social	S3- Affected communities	Economic, social and cultural rights of the community	Impacts on lands	Negative	Risks related to negative impact were identified
Social	S3- Affected communities	Economic, social and cultural rights of the community	Impacts on safety	Negative	Risks related to negative impact were identified
Corporate Governance	G1- Business conduct	Corporate culture	-	Positive	Opportunities related to positive impact were identified.
Corporate Governance	G1- Business conduct	Management of supplier relationships including payment practices	-	Positive	Opportunities related to positive impact were identified.

[(ESRS 2) 53 b) iii] One of the phases of impact materiality was to send questionnaires to selected stakeholder groups. The questionnaires were prepared in several language versions and included all topics that, according to the workshop results, should be evaluated by stakeholders. In addition, the ERBUD Group included an open-ended question in the questionnaires where stakeholders could comment on an issue relevant to them.

The questionnaires contained 21 questions, which allowed stakeholders to assess each relevant topic in terms of positive or negative impact of ERBUD Group on the topic and to rate it according to the impact materiality scale. The content of the questionnaires was continuously reviewed and approved by the members of the ESG Committee. A total of 226 stakeholders responded to the questionnaire, with the largest groups being employees (99 responses), management (65 responses) and suppliers of materials and services (21 responses). The stakeholder assessment was taken into account in the final decision on the materiality of the issues.

[(ESRS 2) 53 d] Each step of the Double Materiality Analysis (DMA) process was agreed and approved by senior management, including the parent company's Management Board representative in the Group and the ESG Committee. As a result of the workshops, the dialogue with stakeholders, the assessment of the Management Board and the regulators, a list of material issues for the disclosure of the ERBUD Group Sustainability Statement has been identified.

[(ESRS 2) 53 e] [(ESRS 2) 53 f] The management of risks, opportunities and impacts is fragmented in the Group. The management of environmental risks is described within the framework of the implemented EMAS environmental management system. Corporate governance risks are managed by the Compliance function through existing procedures, and employee-related risks are managed through the Group's existing HR policies and regulations. In addition, the ESG Committee identifies and manages risks related to sustainability issues. This includes the assessment of environmental, social and governance risks.

In 2024, the Group started to implement risk management processes for construction projects. ESG risks and opportunities are managed in three phases: the bidding phase, the design and execution phase, and the warranty and service phase.

Risks and opportunities are assessed for appropriateness, likelihood of occurrence and the potential impact of an event. Risks and opportunities in new construction are also analysed, and preventive measures and responsibilities are defined.

[(ESRS 2) 53 g] The ERBUD Group used input parameters such as the organisation's existing procedures and policies, data from previous reporting periods, industry information including benchmarking, and a review of the organisation's existing processes to identify impacts, risks and opportunities. It also drew on the expertise of experts in the construction and raw material extraction industries. In mapping the value chain, the Group focused on ensuring that the chain covered all business areas and included key raw materials, materials and their suppliers.

In line with this upstream approach, the Group has included in its core business the primary raw materials needed to produce the key materials it uses in its operations (such as steel or cement), raw materials without which its main operations would not be possible, and raw materials whose extraction may involve risks of human rights violations (such as silicon). The primary and energy raw materials analysed, as well as their transport, cover all the main and most critical raw materials used in all the Group's businesses.

In analysing the materials used and their suppliers, the Group has categorised them into the main groups used in its operations, limiting itself to the key materials without which its main operations would not be possible. The Group has not included products and materials that are not directly related to its main service/product and whose use is marginal in terms of quantity consumed, cost or impact on the construction process (e.g. decorative materials, furniture auxiliaries or installation materials).

Downstream, the key link for the Group is the investor, as the Group operates in a B2B model, it is the investor who is the end customer benefiting from the services/products provided by the Group and it is the investor who is responsible for the further management and life cycle of the products, over which the Group already has limited influence.

[(ESRS 2) 53 h] The Double Materiality Analysis (DMA) process was performed for the first time in 2024 and is scheduled for revision in 2025.

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

[(ESRS E1-1) 20 a-c)] The ERBUD Group conducted a process to identify and assess climate-related impacts, risks and opportunities based on ESRS standard guidelines and climate scenario analysis. In this context, a Climate Impact Workshop was held in 2022 to identify climate risks and their potential transformation into opportunities, as well as ways to manage these aspects in the context of the ERBUD Group's operations. The workshop was attended by employees and the Management Board of the ERBUD Group. The materiality assessment takes into account the perspective of key stakeholders, including employees, the Management Board, suppliers, subcontractors, investors and financial institutions. The process used an analysis of available industry documents and reports, as well as the results of research and internal analysis, which enabled a comprehensive identification of the areas of greatest significance to the ERBUD Group's operations and its market environment.

The assessment of climate-related physical risks included an analysis of the impact of different climate scenarios on the ERBUD Group's operations. Both long-term and acute physical risks were considered, analysing the exposure to negative climatic factors and their degree of significance over different time horizons. Key aspects of this analysis included an assessment of ERBUD's vulnerability to climate change and its impact on operational and economic activities in the region. Particular attention was paid to identifying risk factors that could pose significant threats to the company's operations under particular climate scenarios.

At the same time, the risks and opportunities associated with climate change were analysed. This process included an assessment of the impact of climate policy and regulatory changes on the Group's operations, particularly in the context of compliance with the scenario of limiting global warming to 1.5°C. The scenario analysis considered both the potential risks and opportunities arising from the adaptation of ERBUD's operations to the market and environmental situation. It assessed the extent to which ERBUD's assets and operations are exposed to transition risks, and what strategic actions can be taken to take advantage of opportunities related to the green transition.

The ERBUD Group has used scenario analysis as a key tool to assess climate risks and opportunities, using an approach that covers the short, medium and long term. This analysis has looked in detail at both high emissions scenarios, which indicate an increase in physical risks, and scenarios that assume a reduction in global warming, which are key to assessing transition risks and the resulting opportunities.

As a first step, a list of issues that could arise in ERBUD's operations and value chain was developed. Based on this list, climate change issues that could potentially be relevant to the Group and its value chain were identified.

The identified IROs were evaluated in two steps. First, a 7-point scale was applied to the stakeholder ratings in the survey. For further analysis, those issues were included in each scenario that received a score of 3 or higher in the ERBUD Group's materiality assessments in the long-term minimum aspect of this exercise, which defines materiality as medium (level 3) and/or higher (greater than 3) in relation to the materiality assessments identified as part of the ERBUD Group's due diligence process.

Based on the results of the first step, a further assessment was carried out using a five-point scale in line with the ERBUD Group's risk management methodology. This assessed the likelihood of climate risks (ranging from 'negligible' to 'very high') and their consequences (also on a scale from 'negligible' to 'very high'). On this basis, the overall level of risk was determined to be low, medium, high or very high. Changes in the cumulative assessment over the time horizons derived from ERBUD's climate policy were then analysed to determine whether the risks would increase (+1), remain the same (0) or decrease (-1). In the final stage, specific climate risks were identified and, where possible, preliminary precautionary measures were proposed. No additional judgement or expert assessment was made beyond the above criteria.

The ERBUD and ONDE groups will continue to refine and standardise the methodology for identifying and assessing factors related to climate change impacts.

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

[(E2) 11] [(E2_ AR 9)] [(E2) AR 13] The Double Materiality Analysis (DMA) showed that the pollution-related IROs are not material to the ERBUD Group. In order to identify potential or actual pollution impacts, risks and opportunities, the Group has reviewed its sites and operations. All sites are located in Poland, Germany and Lithuania. Subsequently, the Group has determined that all the temporary projects it undertakes are also located in the vicinity of these sites. In addition, the closest value chain is in similar areas. As a result, the Group did not identify any significant differences in terms of pollution for the sites mentioned and considered them to be homogeneous. Therefore, the DMA analysis was performed for all sites together and it was not necessary to perform a specific analysis for selected sites. The company's activities are carried out within a single business unit and significant impacts, risks and opportunities are managed through consistent procedures and policies across the Group. The value chain has been analysed to understand the impact of suppliers and customers on pollution generation. ERBUD implements tools to regularly audit suppliers for ESG and regulatory compliance, plans supplier audits to verify their environmental performance, LCA monitoring of products and services. The Group has also analysed the downstream value chain and assessed the negative impacts related to the extraction phase and the production of materials used in operations. At present, the Group has found that its ability to control negative impacts in the downstream chain is limited due to a lack of appropriate tools.

The Group consults affected communities on an on-going basis by placing information boards in their locations where contact information is provided. The contact number/box can receive notifications from local communities. During the DMA workshop, notifications received were summarised. As a result, no additional significant areas were identified. Forms of contact were discussed at the workshop. The Group plans to keep a record of these in future periods. The methods, assumptions and tools used in the review included the lists of substances (Annex II of Regulation (EC) No 166/2006 of the European Parliament and of the Council (64) ("European Pollutant Release and Transfer Register Regulation", "E-PRTR Regulation"). In addition, the Group analysed its products for the presence of hazardous substances and examined the value chain in the context of the building materials manufacturing process. The high-level analysis examined the value chain for the presence of hazardous substances throughout the manufacturing process. It

also analysed the typical risks associated with hazardous substances in the extraction and production of building materials. The above analyses involved those responsible for materials management, who were able to carry out the analysis based on their expertise and the content of hazardous substances in the products.

An analysis has also been made of the emission thresholds that must be reported in accordance with legal and industry regulations. Selected Group companies are registered under the Eco-Management and Audit Scheme (EMAS), confirming their commitment to continuous improvement in environmental performance.

IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities related to water and marine resources

[(E3) 8 a)] [(E3) AR 1] [AR 15 a] Water and marine resources was one of the issues identified in the Double Materiality Analysis (DMA). This issue is an important area throughout the ERBUD Group's value chain. In order to identify potential or actual impacts, risks and opportunities related to water and marine resources, the unit reviewed its locations. All sites are located in Poland, Germany and Lithuania. The undertaking then determined that any temporary projects it undertakes are mainly located in the vicinity of these sites, as is the immediate value chain⁹. The activities carried out directly by the Group, regardless of location, are not associated with significant water consumption, including surface and groundwater. In addition, using publicly available tools such as the Aqueduct portal, the unit identified areas of water risk and some water-stress risk throughout the area under study and considered water as a material issue.

The DMA analysis was carried out jointly for all sites and no specific analysis was required for selected sites as the level of water risk is the same at all sites and there are no significant differences in the use of water resources within the operations at these sites. Separate from the DMA process, which covers the entire Group and its value chain, companies¹⁰ with an environmental management system in place also analyse impacts, risks and opportunities on water and marine resources. The results of these analyses provided additional information for the identification and assessment of IROs..

Since 2022, the topic of water has also been a regular part of the Group's ESG reports, and data on water are also presented in the annual EMAS environmental declarations of the Group's largest companies - ERBUD S.A. and ONDE S.A.

[AR 15 b] In 2024, the ERBUD Group did not use any commodities related to marine resources, which are important for the good environmental status of marine waters as well as for the protection of marine resources.

[AR 15 c] From the perspective of the ERBUD Group's value chain, significant amounts of water are consumed in the energy sector (energy generation), mining (extraction of raw materials), metallurgy (steel production) or manufacturing

⁹ In 2024, ERBUD Group also carried out construction projects on the wharves.

¹⁰ Companies with an environmental management system in place: ERBUD S.A., ONDE S.A., MOD21 Sp. z o.o., ERBUD Industry Centrum Sp. z o.o., CKTIS Sp. z o.o., IKR GmbH and IVT Weiner + Reimann GmbH.

industry (manufacturing of building materials). Within the Group's processes, water is mainly used for concrete maintenance and ad hoc dust suppression.

[(E3) 8 b)] The undertaking consults with affected communities on an on-going basis through information boards in their locations, which provide contact information, and through the ERBUD Group's dedicated dialogue platform <https://dialog.erbud.pl/>. The contact number/box can receive submissions from local communities. The DMA takes into account the lack of formal submissions and as a result no additional significant areas have been identified. The undertaking plans to keep a record of submissions in future periods.

IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities related biodiversity and ecosystems

[(E4) 17 a)] The ERBUD Group has identified and assessed actual and potential upstream and downstream impacts on biodiversity and ecosystems in the value chain through a dual materiality analysis, as well as through its own analysis and years of experience in implementing projects that affect biodiversity. The criteria used in the analysis are described in ESRS 2 chapter, indicator IRO-1 Description of the process to identify and assess significant impacts, risks and opportunities.

In addition, the Group has applied the criteria used for the identification of environmental aspects in the environmental management system in place, which include, inter alia, changing internal and external factors, potential benefits or harm to the environment, including biodiversity, the state of the environment (issues such as the sensitivity of the local, regional or global environment), the magnitude, number, frequency and reversibility of the aspect or impact, the existence of requirements under relevant environmental legislation, the opinions of stakeholders, including the organisation's employees. [(E4) 17(b)] This assessment has not considered ecosystem services that are or are likely to be disturbed. Each planned investment project is analysed from the perspective of its dependence on biodiversity and ecosystems and the associated services in the value chain. Taking into account the specific nature of the construction sector, the Group's investments are based on adopted environmental policies, which commit the Group to implementing measures to reduce negative impacts on biodiversity. [(E4) 17 c)] [(E4) 17 d)] As part of the financial materiality analysis, risks related to biodiversity and ecosystems have been identified, but the risks and opportunities have not been broken down into transition risks, physical risks and systemic risks.

[(E4) 17 e)] [(E4) 17 e) ii.] [(E4) 17 e) iii.] The ERBUD Group implements investment projects mainly on the grounds of documentation provided by investors, and consultations with the local community take place in the phase of approval of the design documentation. In the construction phase carried out by the Group, the construction supervision analyses and takes into account reasonable comments submitted by stakeholders, including the local community, on the implementation of works, including those related to biodiversity and ecosystems. Comments can be made directly on the construction site. At the same time, representatives of the affected communities have not been involved in the Double Materiality Analysis (DMA) process related to the Group's impacts on biodiversity and ecosystems.

(E4) 17(e)(i)] The Group has not carried out an analysis of whether and how the location, manufacturing of raw materials or sourcing may have a negative impact on biodiversity and ecosystems. Due to the complexity of its operations, the Group primarily analyses its own operations in this regard.

(E4) 19(a)] The ERBUD Group does not have any of its own stationary units - headquarters, branches and the MOD21 plant - in or near biodiversity sensitive areas.

Some of the Group's construction projects in 2024 were located in or near biodiversity sensitive areas (e.g. Natura 2000 sites, landscape park buffers and ecological corridors). None of these developments had a significant negative impact on these areas and no need to implement measures to mitigate biodiversity loss was identified.

(E4) 19(b)] In 2024, the activities of the ERBUD Group have not resulted in the need to implement measures to mitigate biodiversity loss. However, the Group is implementing possible 'compensatory measures' in accordance with environmental decisions obtained by the investor. Other possible measures may result from the post-implementation analysis of the project.

IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities related the use of resources and circular economy

[(E5) 11 a)] The ERBUD Group has identified and assessed significant impacts, risks and opportunities related to resource use and the circular economy as part of the dual materiality analysis process. [(E5) AR 7(b)] [(E5) AR 7(f)] The organisation reviewed resources and activities within its own operations and upstream and downstream in the value chain. All sites are located in Poland, Germany and Lithuania. Subsequently, the organisation has determined that any temporary projects it undertakes are also located in the vicinity of these sites. The Group's review of its resources and operations did not identify any significant differences in terms of resources used and circularity in relation to its own operations and value chain. Therefore, the identification and assessment of significant impacts, risks and opportunities was carried out for all operations, without the need for a specific analysis for selected sites. For the analysis, the Group used, inter alia, information reported in the Waste Database (BDO)¹¹ and quantitative and qualitative statements on the resources reported.

[(E5) AR 7 a)] The Group recognises that resource use, recycling and waste management are important issues in relation to all on-going investments and the operation of stationary units such as the bitumen plants and the MOD21 manufacturing facility. As part of its construction activities, the Group generates mainly non-hazardous waste, which is classified under waste group 17. It also generates hazardous waste, i.e. packaging of hazardous substances, contaminated soil and earth and tar-contaminated asphalt waste in small quantities depending on the type of project under implementation.

[(E5) 11 b)] The undertaking consults with affected communities on an on-going basis by placing information boards in their locations, providing contact details. The contact number/box can be used to receive notifications from local

¹¹ Database on Products, Packaging and Waste Management, <https://bdo.mos.gov.pl/>.

communities. The DMA has taken into account the lack of formal notifications and as a result no additional significant areas have been identified. The undertaking plans to keep a record of notifications in future periods.

[(E5) AR 7 (c)] [(E5) AR 7 (d)] [(E5) AR 7 (e)] The ERBUD Group has identified the significant impacts and risks of maintaining the business as usual scenario and the opportunities, impacts and risks associated with the transition to a circular economy.

No change scenario		Implementation of circular economy principles	
[(E5) AR 7 (c)] Impacts	Risks	[(E5) AR 7 (d)] Opportunities	[(E5) AR 7 (e)] Impacts and risks
<ul style="list-style-type: none"> Resources delivered to the organisation are not reused and become waste. Producing waste that is partly non-recyclable. 	<ul style="list-style-type: none"> Risk of hazardous waste management and growing collection and disposal costs. Lack of waste reuse due to regulations that hinder the process of implementing circular solutions during the investment process and the specificity of materials. 	<ul style="list-style-type: none"> Reduced consumption of natural resources Reduced production of waste and materials consumption Financial savings in waste and materials management Re-use of waste from construction, renovation or demolition of buildings can reduce investment costs.. The timber modules manufactured by MOD21 assume the reuse of modules or their components. Increased customer interest in timber modular construction, reusability of modules, higher recycling rates, less waste and increased revenue from this segment. Less carbon-intensive timber (MOD21). Reduction of greenhouse gas emissions and pollutants Resource efficiency during the fabrication process of MOD21 timber modules 	<ul style="list-style-type: none"> Increased costs associated with the introduction of circular economy (change in infrastructure, workforce habits, adaptation of suppliers to new requirements) Regulatory barriers, including complex circular economy-related regulations Production of waste that is to some extent not recyclable, which is not in line with the concept of a circular economy Increased costs of waste collectors due to regulatory changes Risk of hazardous waste management and increased collection and disposal costs Lack of waste reuse due to regulations that hinder the implementation of circular solutions during the investment process and the specificity of materials.

[(E5) AR 7 (b)] In 2024, the most material (in terms of cost) resources used by the ERBUD Group were as follows:

- Electrical materials
- Concrete
- Reinforcement materials
- Stone mixtures
- Precast concrete products

- Vehicle fuel
- Insulation
- Construction elements, including timber.

IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities related to business conduct

[(G1) 6] In order to identify potential or actual impacts, risks and opportunities related to business conduct issues, the Group has reviewed its locations, operations, transaction structure and value chain. All sites are located in Poland, Germany and Lithuania. The Group then determined that all the temporary projects it undertakes are also located in the vicinity of these locations. Therefore, the Group has not identified any significant differences in the business conduct for these sites and considers them to be homogeneous. Accordingly, the DMA analysis was carried out jointly for all sites and it was not necessary to carry out a specific analysis for selected sites. The Group operates in a single sector and the significant impacts, risks and opportunities are managed with consistent procedures and policies across the Group. The Group has a single activity, in a single sector, in a homogeneous market. The Group has analysed its sites, activities and sector and business structure and considers it essential that impacts, risks and opportunities are centrally managed through consistent documents at the Group level, regardless of site or activity.

The management of these processes is consistent across the Group and is driven by legislation, which is in turn driven by national legislation. All sites are subject to the same business conduct requirements and the documents governing these areas are consistent across the Group.

The Group has considered all aspects and has not identified any deviations specific to a particular site or undertaking. The transaction structure is consistent, with all Group companies operating in a B2B model.

IRO-2 – Disclosure Requirements in ESRS covered by the undertaking’s sustainability statement

[(ESRS2) 59] The information requiring disclosure in relation to impacts, risks and opportunities has been determined by identifying material sustainability topics (material from an impact perspective or a financial perspective or both, in line with the assumptions of dual materiality, the details of the thresholds determined are described in IRO-1 in line with the recommendations of ESRS 1 in Section 3.2).

The relationship between the material information to be disclosed and the impacts, risks and opportunities that the ERBUD Group considers to be material is presented in the table below:

ESRS Standard	Subtopic	Smaller thematic units	Reporting indicators	
E1 - Climate change	Adaptation to climate change	X	ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes E1-1 – Transition plan for climate change mitigation ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities related to the climate E1-2 – Policies related to climate change mitigation and adaptation E1-3 – Actions and resources in relation to climate change policies E1-4 – Targets related to climate change mitigation and adaptation	E1-1 – Transition plan for climate change mitigation E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions E1-7 – GHG removals and GHG mitigation projects financed through carbon credits E1-8 – Internal carbon pricing E1-5 – Energy consumption and mix
	Mitigation of climate change	X		
	Energy	X		
E3 - Water and marine resources	Water	Water consumption	ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities E3-1 – Policies related to water and marine resources E3-2 – Actions and resources related to water and marine resources E3-3 – Targets related to water and marine resources E3-4 – Water consumption	
E4 - Biodiversity and ecosystems	Impacts on the range and condition of ecosystems	Land degradation	E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model ESRS 2 IRO-1 – Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities E4-2 – Policies related to biodiversity and ecosystems E4-3 – Actions and resources related to biodiversity and ecosystems E4-4 – Targets related to biodiversity and ecosystems E4-5 – Impact metrics related to biodiversity and ecosystems change	
		Soil sealing		
	Direct impacts on the loss of biodiversity	Land use change, freshwater and marine use change		
		Pollution		
E5 – Resource use and circular economy	Resources inflows, including resource use	Use of renewable and non-renewable raw materials	ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities E5-1 – Policies related to resource use and circular economy E5-2 – Actions and resources related to resource use and circular economy E5-3 – Targets related to resource use and circular economy	E5-4 - Resources inflows E5-5 - Resource outflows
	Waste	Waste		

S1- Own workforce	Working conditions	Working time	ESRS 2 SBM-2 – Interests and views of stakeholders ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model S1-1 – Policies related to own workforce S1-2 – Processes for engaging with own workers and workers’ representatives about impacts S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns S1-4 – Taking actions related to material impacts on own workforce and application of approaches used to manage material risks and taking material advantages of own workforce and effectiveness of such actions S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities S1-6 – Characteristics of the undertaking’s employees	S1-8 – Collective bargaining coverage and social dialogue
		Social dialogue		
		Freedom of association, the existence of works councils and the information, consultation and participation rights of workers		
		Collective bargaining including the rate of workforce covered by collective agreements		
		Work-life balance		
		Occupational health and safety		
	Equal treatment and opportunities for all	Training and skills development		S1-14 – Health and safety metrics
		Diversity		
	Other work-related rights	Privacy		S1-9 – Diversity metrics
	S2 – Chain value workers	Working conditions		Working time
Occupational health and safety				
Equal treatment and opportunities for all		Training and skills development		
		Diversity		
Other work-related rights		Children labour		
Other work-related rights	Forced labour			
S3 - Affected communities	Relationships with local communities (undertaking-specific topic)		SBM-2 Interests and views of stakeholders SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model S3-1 Policies related to affected communities	

			<p>S3-2 Processes for engaging with affected communities about impacts</p> <p>S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns</p> <p>S3-4 Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions</p> <p>S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities</p>
G1 – Business conduct	Corporate culture	X	<p>ESRS2 GOV-1 The role of the administrative, management and supervisory bodies.</p> <p>ESRS2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities</p> <p>G1-1 Corporate culture and business conduct policies</p>
	Protection of whistleblowers	X	
	Management of supplier relationships including payment practices	X	
	Corruption and bribery	Incidents	
Prevention and detection, including training			
			<p>G1-2 Management of relationships with suppliers</p> <p>G1-6 Payment practices</p> <p>G1-4 Incidents of corruption or bribery</p> <p>G1-3 Prevention and detection of corruption or bribery</p>

[(ESRS 2) 56]

List of data bullet points contained in cross-section and thematic standards under other EU legislation	Legal act
ESRS 2 GOV-1 Board's gender diversity, paragraph 21 (d)	SFDR, BRR
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	BRR
ESRS 2 GOV-4 Statement on due diligence paragraph 30	SFDR
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40 (d) (i)	SFDR, CRR, BRR
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40 (d) (ii)	SFDR, BRR
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40 (d) (iii)	SFDR, BRR
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40 (d) (iv)	BRR
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14	Regulation (EU) 2021-1119 Article 2 (1)
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks, paragraph 16 (g)	CRR, BRR
ESRS E1-4 GHG emission reduction targets, paragraph 34	SFDR, CRR, BRR
ESRS E1-5 Energy consumption from fossil sources disaggregated (only high climate impact sectors), paragraph 38	SFDR
ESRS E1-5 Energy consumption and mix paragraph 37	SFDR
ESRS E1- Energy intensity associated with activities in high climate impact sector, paragraphs 40–43	SFDR
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	SFDR, CRR, BRR
ESRS E1-6 Gross GHG emissions intensity, paragraph 53–55	SFDR, CRR, BRR
ESRS E1-7 GHG removals and carbon credits paragraph 56	Regulation (EU) 2021-1119 Article 2 (1)
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66	BRR
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 (a)	CRR
ESRS E1-9 Location of significant assets at material physical risk, paragraph 66 (c)	CRR
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67 (c)	CRR
ESRS E1-9 Degree of exposure of the portfolio to climate related opportunities, paragraph 69	BRR
ESRS E2-4 Amount of each pollutant listed in Annex II of the EPRTTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	SFDR
ESRS E3-1 Water and marine resources paragraph 9	SFDR
ESRS E3-1 Dedicated policy, paragraph 13	SFDR
ESRS E3-1 Sustainable oceans and seas, paragraph 14	SFDR

ESRS E3-4 Total water recycled and reused, paragraph 28 (c)	SFDR
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations, paragraph 29	SFDR
ESRS 2 SBM-3-E4 paragraph 16 (a) paragraph (i)	SFDR
ESRS 2 SBM-3-E4 paragraph 16 (b)	SFDR
ESRS 2 SBM-3-E4 paragraph 16 (c)	SFDR
ESRS E4-2 Sustainable land /agriculture practices or policies, paragraph 24 (b)	SFDR
ESRS E4-2 Sustainable oceans / seas practices or policies, paragraph 24 (c)	SFDR
ESRS E4-2 Policies to address deforestation, paragraph 24 (d)	SFDR
ESRS E5-5 Non-recycled waste, paragraph 37 (d)	SFDR
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	SFDR
ESRS 2 SBM-3-S1 Risk of incidents of forced labour, paragraph 14 (f)	SFDR
ESRS 2 SBM-3-S1 Risk of incidents of child labour, paragraph 14 (g)	SFDR
ESRS S1-1 Human rights policy commitments, paragraph 20	SFDR
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 21	BRR
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	SFDR
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	SFDR
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32 (c)	SFDR
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	SFDR, BRR
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, paragraph 88 (e)	SFDR
ESRS S1-16 Unadjusted gender pay gap and weighted average gender pay gap, paragraph 97 (a)	SFDR, BRR
ESRS S1-16 Excessive CEO pay ratio, paragraph 97 (b)	SFDR
ESRS S1-17 Incidents of discrimination, paragraph 103 (a)	SFDR
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD, paragraph 104 (a)	SFDR, BRR
ESRS 2 SBM-3-S2 Significant risk of child labour or forced labour in the value chain, paragraph 11 (b)	SFDR
ESRS S2-1 Human rights policy commitments, paragraph 17	SFDR
ESRS S2-1 Policies related to value chain workers paragraph 18	SFDR
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	SFDR, BRR
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 19	BRR
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	SFDR

ESRS S3-1 Human policy commitments, paragraph 16	SFDR
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines, paragraph 17	SFDR, BRR
ESRS S3-4 Human rights issues and incidents, paragraph 36	SFDR
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	SFDR
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 17	SFDR, BRR
ESRS S4-4 Human rights issues and incidents, paragraph 35	SFDR
ESRS G1-1 United Nations Convention against Corruption, paragraph 10 (b)	SFDR
ESRS G1-1 Protection of whistleblowers, paragraph 10 (d)	SFDR
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, paragraph 24 (a)	SFDR, BRR
ESRS G1-4 Standards of anticorruption and anti- bribery, paragraph 24 (b)	SFDR

SFDR - Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on disclosure of information related to sustainable development in the financial services sector (Regulation on disclosure of information related to sustainable development in the financial services sector) (OJ L 317, 9.12.2019, p. 1).

CRR - Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012 (Capital Requirements Regulation, 'CRR') (OJ L 176, 27.6.2013, p. 1).

BRR - Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices to be used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing a framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (European Climate Law) (OJ L 243, 9.7.2021, p. 1).

Taxonomy

In accordance with Article 8 of Regulation (EU) 2020/852 (Taxonomy), the following provides information on the extent and degree to which the ERBUD Group's activities qualify as environmentally sustainable (in line with the taxonomy).

The legal grounds for the indicator calculation and the data presentation are as follows::

- Regulation (EU) 2020/852,
- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021. (Delegated Act specifying technical eligibility criteria), updated by Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023,
- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 (Delegated Act to Article 8 of the Taxonomy),
- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 (concerning nuclear and natural gas activities),
- Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council and amending Commission Delegated Regulation (EU) 2021/2178.

The key performance indicators have been prepared in accordance with the requirements of Delegated Regulation (EU) 2021/2178, based on best available knowledge and with due diligence.

The assessment of the company's compliance with the system within each key performance indicator has been made on the basis of the technical criteria set out in Delegated Acts (EU) 2021/2139, 2022/1214 and 2023/2485. In addition, Regulation (EU) 2023/2486 has been taken into account in the process of assessing eligibility for the taxonomy.

Minimum guarantees

The ERBUD Group complies with the Minimum Safeguards as set out in Article 18 of Regulation (EU) 2020/852.

The assessment of compliance with the Minimum Safeguards was carried out on the basis of the recommendations contained in the Final Report on the Minimum Safeguards, prepared by the Sustainable Finance Platform (October 2022). This document indicates that non-compliance with the Minimum Safeguards occurs when at least one of two conditions within the four action areas is met:

- Human rights
- Corruption
- Taxation
- Fair competition

Human rights

The ERBUD Group has implemented a human rights due diligence process in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights:

- no incidents or indications of poor implementation of the human rights due diligence process have been identified,

- no human rights violations, including labour rights, have been identified,
- there have been no refusals to cooperate with stakeholders or reports to the OECD National Focal Point that the Group's actions are inconsistent with the OECD Guidelines,
- the Business and Human Rights Resource Centre (BHRRRC) has not raised any allegations against the ERBUD Group that it has not acted upon within 3 months.

Corruption

The ERBUD Group has implemented an anti-corruption process, which is set forth in the Code of Ethics and detailed in the Anti-Corruption Policy.

- The concept of corruption has been broadly defined to include: influence peddling, bribery, kickbacks and bid rigging.
- The anti-corruption procedures are known to all Group employees, including management.
- The Group provides training and information on the risks of corruption.
- The anti-corruption policy has been communicated to business partners.
- No convictions against the ERBUD Group and its top management (including subsidiaries) for corruption offences.

Taxes

The ERBUD Group considers tax compliance to be a key element of corporate governance and has implemented appropriate tax risk management policies and procedures. Neither the Group nor any of its companies have been found guilty of tax offences.

Fair competition

The ERBUD Group adheres to the principles of fair competition and is committed to raising the awareness of its employees about compliance with the law. Neither the ERBUD Group nor its top management (including subsidiaries) have been found guilty of violating competition law.

Policies governing key business areas

Key policies have been implemented. They have been published and communicated to stakeholders in the ERBUD Group:

- Human and Employment Rights Policy
- Code of Ethics
- Anti-Corruption Policy
- Information Security Policy
- Rules and Regulations as well as Whistleblowing Procedure

Risk monitoring and prevention

The ERBUD Group identifies actual and potential negative impacts of its activities in the areas of human rights, corruption, taxation and fair competition. At the same time, mechanisms are in place to prevent and respond to reports of negative impacts. Information on compliance in these areas is published regularly, including in the ERBUD Group's ESG report.

Neither the Group nor its top management has been convicted by a final judgement in the following areas:

- application of unfair market practices in business activities, unfair competition (including but not limited to abuse of dominant position or cartels),
- infringement of the collective interests of consumers or use of unfair contract terms in relations with consumers,
- failure to respect human rights, including in the supply chain, - corruption or bribery.

KPI Turnover

Accounting principles

The sales figures included in the denominator of the performance indicator are taken from the ERBUD Group Consolidated Financial Statements as at 31 December 2014. The Group has applied the same accounting policies for the Taxonomy reporting as for the ERBUD Group Consolidated Financial Statements. There were no changes in accounting policies in 2024.

These statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. This income is shown in the consolidated statement of income and other comprehensive income under the heading "Revenue from the sales of goods and services" (in Note 4.1 to the EBRUD Group Consolidated Financial Statements).

Information on the assessment of compliance with Regulation (EU) 2020/852

The different revenue categories of the ERBUD Group were analysed for taxonomy eligibility. This process included an analysis of the activities eligible for taxonomy eligibility as defined in EU Regulation 2021/2139 and EU Regulation 2022/1214. Based on the analysis, ten activities eligible for taxonomy eligibility were identified:

Code	Name of activity
CE 3.4	Maintenance of roads and motorways
CCM 4.1	Photovoltaic electricity generation
CCM 4.3	Wind power generation
CCM 4.15	District heating/cooling
CCM 6.13	Infrastructure for personal mobility, bicycle logistics
CCM 6.15	Infrastructure supporting road and public transport
CCM 7.1.	Construction of new buildings
CCM 7.2.	Renovation of existing buildings
CCM 7.3.	Installation, maintenance and repair of energy efficiency equipment
CCM 7.6	Installation, maintenance and repair of renewable energy technology systems

Each of the activities identified was analysed against the technical criteria set out in Regulation (EU) 2021/2139, Regulation (EU) 2023/2485 and Regulation (EU) 2023/2486. The analysis was carried out by the project team, and the requirements of each technical criterion were consulted and confirmed by knowledgeable persons within the organisation, allowing for a reliable assessment of the fulfilment of the criteria. Prior to the analysis, a questionnaire containing the technical eligibility criteria set out in the relevant Delegated Acts was completed for each project.

Each construction site has been assessed against the technical criteria of making a significant contribution to the assigned environmental objective (climate change mitigation; transition to a circular economy) and not causing serious damage to the other environmental objectives identified in the taxonomy. With regard to the transition to a circular economy, the Group has implemented appropriate waste management measures at construction sites to ensure that the requirements are met.

Due to the specific nature of the ERBUD Group's activities, the analysis was carried out in relation to individual projects carried out by the Group. As a result of the analysis, it was determined that:

- In four Activities (4.1; 4.3; 7.3; 7.6) all income was classified as taxonomy aligned.
- For three Activities (6.13; 7.1; 7.2), part of the income met the taxonomy alignment criteria and was classified as taxonomy aligned. The remainder of the income from these activities was classified as eligible but not taxonomy aligned.
- For the remaining activities (3.4; 4.15; 6.15), the entire revenue was classified as eligible but not taxonomy aligned.

The taxonomy aligned activities comprise:

- Solar and wind power generation
- Construction of new buildings, including residential and industrial buildings, public buildings, shopping centres, office buildings, healthcare facilities, etc.
- Development of infrastructure related to personal mobility (e.g. cycle paths).
- Renovation of existing buildings to accommodate new functions.
- Installation, maintenance and repair of energy efficiency equipment and renewable energy systems.

Eligible activities include projects involving:

- Developing infrastructure to support low carbon road and public transport.
- Supporting the distribution of heating/cooling systems.
- Road and motorway maintenance.

To avoid double counting, individual revenue amounts were assigned to one activity. Once assigned to an activity, they were not included in further analyses.

Contribution to multiple goals

Not applicable. No revenues linked to activities contributing to more than one environmental goal were identified.

Disaggregation of key performance indicators

The Erbud Group does not disaggregate the key performance indicator concerning turnover because its business model is based on a high degree of operational flexibility and low centralisation, which makes it difficult to collect detailed data at the level of individual Group units.

Contextual information

The total revenues shown in the numerator of the performance indicator is derived from contracts with customers. Neither the numerator of the key performance indicator nor the qualifying activities include amounts related to activities performed for the Group's own consumption.

Financial year 2024	2024			Material contribution criteria						Criteria concerning DNSH principle									
Business activities Business activity (1)	Code(s) (2)	Turnover (3)	A part of turnover, Year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum guarantees (17)	Share of taxonomy aligned activities (A.1) or eligible for taxonomy (A.2) Turnover, 2023 (18)	Support activities category (19)	Transition-related activities category (20)
		PLN	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N	T/N	T/N	T/N	&	E	T
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Type of environmentally sustainable activities (taxonomy aligned)																			
Photovoltaic power generation	CCM 4.1	201 203 160	6.8%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	10.5%		
Wind power generation	CCM 4.3	412 396 181	13.8%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	6.9%		
Infrastructure supporting personal mobility, bicycle logistics	CCM 6.13	64 534 497	2.2%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	-		
Construction of new buildings	CCM 7.1	135 279 186	4.5%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	9.5%		
Renovation of existing buildings	CCM 7.2	8 931 176	0.3%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	-		
Installation, maintenance and repair of energy-efficiency equipment	CCM 7.3	51 818 218	1.7%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	-		
Installing, maintaining and repairing renewable energy systems	CCM 7.6	2 685 593	0.1%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	0.0%		
Turnover related to environmentally sustainable activities (taxonomy aligned) (A.1)		876 848 011	29.4%	29,4%	-	-	-	-	-	-	-	-	-	-	-	-	27%		
Including support activities		-																	
Including transition-related activities		-																	

A.2 Activities that qualify for taxonomy but are environmentally unsustainable (activities not taxonomy aligned)											
		PLN	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL		
Maintenance of roads and motorways	CE 3.4	59 041 494	2.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	0.9%	
Distribution in district heating/cooling systems	CCM 4.15	9 515 823	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	
Infrastructure supporting personal mobility, bicycle logistics	CCM 6.13	4 252 345	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.4%	
Infrastructure supporting low-emission road transport and public transport	CCM 6.15	1 949 023	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	2.4%	
Construction of new buildings	CCM 7.1	947 568 953	31.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	20.1%	
Renovation of existing buildings	CCM 7.2	10 628 082	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	1.4%	
Turnover related to activities eligible for taxonomy, but not sustainable environmentally (not taxonomy aligned activities) (A.2)		1 032 955 720	34.7%	32.7%	-	-	-	2.0%	-	33.2%	
A. Turnover related to activities eligible for taxonomy (A.1+A.2)		1 909 803 731	64.1%	62.1%	-	-	-	2.0%	-	60.2%	
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY											
Turnover from activities not eligible for taxonomy		1 069 985 717	35.9%								
TOTAL		2 979 789 447	100%								

	A portion of turnover / Total turnover	
	Taxonomy aligned by targets	Eligible for taxonomy by targets
CCM	29.4%	32.7%
CCA	-	-
WTR	-	-
CE	-	2.0%
PPC	-	-
BIO	-	-

KPI Capex

Accounting principles

The capital expenditure figures included in the denominator of the key performance indicator are taken from the Group's Consolidated Financial Statements as at 31 December 2024 drawn up in accordance with International Financial Reporting Standards, as endorsed by the European Union and shown in Note 6.1 Tangible Fixed Assets under the heading Purchase. The Capex KPI denominator comprises costs accounted for on the basis of:

- IAS 16 Tangible Fixed Assets, paragraph 73 (e) (i) and (iii);
- IAS 38 Intangible Assets, paragraph 118 (e) (i);
- IAS 40 Investment Property, paragraph 76 (a) and (b) (in the case of the fair value model);
- IAS 40 Investment Property, paragraph 79 (d) (i) and (ii) (in the case of the cost model based on purchase price or production costs);
- IAS 41 Agriculture, paragraph 50 (b) and (e);
- IFRS 16 Leases, paragraph 53 (h).

Information on the assessment of compliance with Regulation (EU) 2020/852

The various categories of ERBUD Group investments have been analysed in accordance with the provisions of EU Regulation 2021/2178, Annex I, point 1.1.2.2, to determine whether they meet one of the following conditions:

- a. are concerned with assets or processes related to a taxonomy aligned business activities;
- b. are part of a plan to expand a systematically compliant business activity or to enable a systematically eligible business activity to comply with the systematics ('capital expenditure plan') under the conditions set out in the second paragraph of this paragraph 1.1.2.2;
- c. relate to the purchase of products of a taxonomy aligned business activity and individual measures that enable the targeted activity to become low carbon or enable it to reduce greenhouse gas emissions, in particular the activities listed in paragraphs 7.3 to 7.6 of Annex I to the Climate Delegated Act, as well as other business activities listed in the delegated acts adopted pursuant to Article 10(3) and (6) of the Climate Delegated Act. 6 of Annex I of the Climate Delegated Act and other economic activities listed in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) or Article 15(2) of Regulation (EU) 2020/852, provided that those measures are implemented and triggered within 18 months.

Based on the analysis carried out, capital expenditures were identified that are linked to a single taxonomy aligned activity and thus meets criterion a) hereinabove.:

Code	Name of activity
CCM 7.6	Installing, maintaining and repairing renewable energy systems

The analyses also identified capital expenditure associated with two activities that were classified as eligible but taxonomy aligned (eligible but not taxonomy aligned):

Code	Name of activity
CCM 6.5	Transport by motorbikes, passenger cars and light commercial vehicles
CCM 7.1	Construction of new buildings

The ERBUD Group does not have a capital expenditure plan, as referred to in Section 1.1.2. of Annex I to EU Regulation 2021/2178, therefore no capital expenditure meeting the criteria set forth in letter b) hereinabove has been identified.

In order to avoid double counting, in the case of capital expenditures related to more than one activity, the expenditures have been allocated proportionally to the revenue from that activity.

The Erbud Group recorded significant changes in the Capex KPI, as opposed to the previous year, due to a new investment project involving electricity generation using photovoltaic technology, which is being carried out by the Onde Group.

Contribution to multiple targets

Not applicable. Capital expenditure linked to activities contributing to more than one environmental target was not identified.

Disaggregation of key performance indicators (KPIs)

The Erbud Group does not disaggregate the key indicator capital expenditure because its business model is based on high operational flexibility and low centralisation. This makes it difficult to collect detailed data at the level of individual Group units.

Contextual information

The capital expenditures shown in the numerator of the key performance indicator is linked to the ERBUD Group's business activities.

Financial Year 2024	2024			Material Contribution Criteria						DNSH Principle Criteria									
Business activity (1)	Code(s) (2)	Capital expenditures, Capex (3)	A part of turnover, Year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum guarantees (17)	Share of taxonomy aligned activity (A.1) or eligible for taxonomy (A.2) Capex,)2023 (18)	Support activities category (19)	Transition-related activities category (20)
		PLN	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N	T/N	T/N	T/N	&	E	T
A. ACTIVITY ELIGIBLE FOR TAXONOMY																			
A.1 Types of activity environmentally sustainable (taxonomy aligned)																			
Installing, maintaining and repairing renewable energy systems	CCM 7.6	22 000	0.01%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	-		
Capex on environmentally sustainable activity (taxonomy aligned) (A.1)		22 000	0.01%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	0.7%		
Including support activities		-																	
Including transition-related activities		-																	
A.2 Activities that qualify for taxonomy but are environmentally unsustainable (activities not taxonomy aligned)																			
		PLN	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL										
Photovoltaic power generation	CCM 4.1	61 044 000,00	37.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	411 377	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Construction of new buildings	CCM 7.1	227 531	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Capex on activity eligible for taxonomy, but not environmentally sustainable (not taxonomy aligned activity) (A.2)		61 682 908	38.3%	38.3%	-	-	-	-	-								1.5%		
A. Capex on activity eligible for taxonomy (A.1+A.2)		61 704 908	38.3%	38.3%	-	-	-	-	-								2.2%		
B. ACTIVITY NOT ELIGIBLE FOR TAXONOMY																			
Capex on activity not eligible for taxonomy		99 458 001	61.7%																
TOTAL		161 162 909	100%																

A portion of CAPEX / Total CAPEX

	Taxonomy aligned by targets	Eligible for taxonomy by targets
CCM	0.01%	38.3%
CCA	%	%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

KPI Opex

Accounting Principles

The operating expenditure figures included in the denominator of the key performance indicator are a component of the ERBUD Group's Consolidated Financial Statements as at 31 December 2024.

These statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. Operating expenses are shown in the Consolidated Statement of Profit and Loss and Other Comprehensive Income under the headings:

- Cost of goods and services sold,
- Costs of sales,
- G&A costs.

Pursuant to Annex 1 of Regulation (EU) 2021/2178, for the calculation of the Opex KPI, the following expenses were taken into account:

- research and development efforts,
- building renovation activities,
- short-term leases,
- maintenance and repairs,
- any other direct expenses related to the on-going maintenance of tangible assets - either by the company or by third parties (outsourcing) - necessary to ensure their continuous and efficient operation, provided they could be fully allocated to the Opex denominator.

Information on the assessment of compliance with Regulation (EU) 2020/852

The various categories of operating expenses of the ERBUD Group, as shown in the denominator of the key performance indicator, were analysed in order to determine whether they met the criteria set forth in Regulation (EU) 2021/2178.

The analysis aimed at determination whether the expenses met one or more of the following conditions:

- a. relate to assets or processes related to the taxonomy aligned business activity, including training and other human resources adaptation needs and direct non-capitalised costs that represent research and development efforts
- b. are part of a plan to expand a taxonomy aligned business activity or to enable a business activity eligible for taxonomy to adapt to taxonomy ('capital expenditure plan') under the conditions set forth in the second intend of this paragraph 1.1.2.2;
- c. are concerned with the purchase of products from a taxonomy aligned business activity and individual measures that enable the targeted activity to become low carbon or reduce its greenhouse gas emissions, in particular the activities listed in paragraphs 7.3 to 7. 6 of Annex I of the Climate Delegated Act and other business activities listed in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2),

Article 13(2), Article 14(2) or Article 15(2) of Regulation (EU) 2020/852, provided that those measures are implemented and triggered within 18 months.

Based on the analysis carried out, operating expenses linked to seven taxonomy aligned activities was identified as meeting criterion referred to under letter a) hereinabove:

Code	Name of activity
CCM 4.1	Photovoltaic power generation
CCM 4.3	Wind power generation
CCM 6.13	Infrastructure supporting personal mobility, bicycle logistics
CCM 7.1	Construction of new buildings
CCM 7.2	Renovation of existing buildings
CCM 7.3	Installation, maintenance and repair of energy-efficiency equipment
CCM 7.6	Installing, maintaining and repairing renewable energy systems

Only operating expenses linked to projects carried out within an activity meeting the technical eligibility criteria and DNSH criteria were considered to be aligned.

Based on the analysis carried out, operating expenses linked to six taxonomy eligible (eligible but not taxonomy aligned) activities were also identified:

Code	Name of activity
CE 3.4	Maintenance of roads and motorways
CCM 4.15	Distribution in district heating/cooling systems
CCM 6.13	Infrastructure supporting personal mobility, bicycle logistics
CCM 6.15	Infrastructure supporting low-emission road transport and public transport
CCM 7.1	Construction of new buildings
CCM 7.2	Renovation of existing buildings

To avoid double counting, individual expense items were assigned to a single project. Where an expense could not be clearly attributed to a project, it was considered ineligible.

The ERBUD Group does not have a capital expenditure plan, as referred to in Section 1.1.2.2. of Annex I to EU Regulation 2021/2178. The analyses did not identify expenses related to the purchase of products and individual measures enabling the target activity to become low-carbon or enabling it to reduce greenhouse gas emissions purchased from activities eligible for taxonomy.

Other expenses attributed to the denominator of the key performance indicator, non-related to the taxonomy aligned activity or activity eligible for taxonomy, were considered to be non-taxonomy eligible costs.

Contribution to multiple targets

Not applicable. Operating activities related to the activities contributing to more than one environmental targets were not identified.

Disaggregation of key performance indicators

ERBUD Group does not disaggregate the key indicator on operating expenses, as its business model is based on high operational flexibility and low centralisation, which makes it difficult to collect detailed data at the level of individual Group units.

Contextual information

ERBUD Group does not disaggregate the key indicator on operating expenses, as its business model is based on high operational flexibility and low centralisation, which makes it difficult to collect detailed data at the level of individual Group units.

Financial Year 2024	2024			Material Contribution Criteria						DNSH Principle Criteria									
Business activity (1)	Code(s) (2)	Operating expenses (3)	Percentage of operating expenses year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum guarantees (17)	Share of taxonomy aligned activity (A.1) or eligible for taxonomy (A.2) Opex, 2023 (18)	Support activities category (19)	Transition-related activities category (20)
		PLN	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N	T/N	T/N	T/N	&	E	T
A. ACTIVITY ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (taxonomy aligned)																			
Photovoltaic power generation	CCM 4.1	6 725 594	12.2%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	12.4%		
Wind power generation	CCM 4.3	5 888 537	10.6%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	6.7%		
Infrastructure supporting personal mobility, bicycle logistics	CCM 6.13	1 697 111	3.1%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	-		
Construction of new buildings	CCM 7.1	1 076 169	1.9%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	7.6%		
Renovation of existing buildings	CCM 7.2	105 475	0.2%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	-		
Installation, maintenance and repair of energy-efficiency equipment	CCM 7.3	622 782	1.1%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	-		
Installing, maintaining and repairing renewable energy systems	CCM 7.6	29 085	0.1%	T	N/EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	-		
Opex related to environmentally sustainable activity (taxonomy aligned) (A.1)		16 144 754	29.2%	29,2%	-	-	-	-	-	-	-	-	-	-	-	-	26.7%		
Including support activities		-																	
Including transition-related activities		-																	

A.2 Activities that qualify for taxonomy but are environmentally unsustainable (activities not taxonomy aligned)											
		PLN	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL		
Maintenance of roads and motorways	CE 3.4	2 728 650	4.9%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	2.8%	
Distribution in district heating/cooling systems	CCM 4.15	340 645	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	
Infrastructure supporting personal mobility, bicycle logistics	CCM 6.13	447 421	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	2.8%	
Infrastructure supporting low-emission road transport and public transport	CCM 6.15	99 740	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	20.3%	
Construction of new buildings	CCM 7.1	14 608 244	26.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	17.6%	
Renovation of existing buildings	CCM 7.2	235 730	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.8%	
Opex related to the activity eligible for taxonomy, but not environmentally sustainable (activity not aligned with taxonomy) (A.2)		18 460 429	33.4%	28.4%	-	-	-	4.9%	-	47.8%	
A. Opex related to activity eligible for taxonomy (A.1+A.2)		34 605 182	62.6%	57.6%	-	-	-	4.9%	-	74.5%	
B. ACTIVITY NOT ELIGIBLE FOR TAXONOMY											
Opex related to activity not eligible for taxonomy		20 711 025	37.4%								
TOTAL		55 316 207	100%								

A portion of Opex / Total Opex

Taxonomy aligned by targets

Eligible for taxonomy by targets

	Taxonomy aligned by targets	Eligible for taxonomy by targets
CCM	29,2%	28.4%
CCA	%	%
WTR	%	%
CE	%	4.9%
PPC	%	%
BIO	%	%

Nuclear energy and natural gas activities

The ERBUD Group does not carry out, finance or have exposure to the activities referred to in Sections 4.26 - 4.31 of Annexes I and II to Commission Delegated Regulation (EU) 2021/2139, as shown in the tables attached below.

Line	Nuclear energy activities	KPI Turnover	KPI Capex	KPI Opex
1	The undertaking conducts, finances or is involved in the research, development, demonstration and deployment of innovative power generation facilities that generate energy through nuclear processes with minimal fuel cycle waste.	NO	NO	NO
2	The undertaking constructs, finances or is involved in the construction and safe operation of new nuclear facilities for the generation of electricity or process heat, including for district heating or industrial processes such as hydrogen production, as well as their safety upgrading using the best available technology.	NO	NO	NO
3	The undertaking operates, finances or is exposed to the safe operation of existing nuclear facilities generating electricity or process heat, including for district heating or industrial processes purposes such as hydrogen generation from nuclear energy, as well as their safety upgrades.	NO	NO	NO
Line	Natural gas activities			
1	The undertaking builds, operates, finances or is exposed to facilities for the generation of electricity from gaseous fossil fuels.	NO	NO	NO
2	The undertaking builds, modernises and operates, finances or is exposed to the financing of combined heat, power and cooling plants that use gaseous fossil fuels.	NO	NO	NO
3	The undertaking constructs, modernises and operates plants for the generation of heat and cold using gaseous fossil fuels, finances these activities or is involved in them..	NO	NO	NO

ESRS E1 – Climate change

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

[(E1) 18] Key climate change risks that have a significant impact on the ERBUD Group's operations and business model were identified through the Double Materiality Analysis (DMA).

Adaptation to climate change – physical risks and transition risks

Own operations, in particular those of ONDE and MOD21, and downstream activities are focused on energy transformation, modular construction and infrastructure adapted to a changing climate. The increasing frequency of extreme weather events such as heat waves, floods or hurricanes is a key physical risk that can lead to project disruptions, increased operating costs and supply chain disruptions. At the same time, increasing regulatory requirements and investor expectations to adapt to climate change create transition risks that require strategic adjustments to the Group's business model.

Mitigation of climate change – physical risks and transition risks

The construction sector is characterised by high greenhouse gas emissions and the need to adapt operations to decarbonisation policies. Transition risks include rising carbon costs, meeting increasingly stringent environmental standards and increasing expenditure on low-carbon materials. Key areas of impact are cement, concrete, asphalt and steel production, which form an important part of the value chain. At the same time, changing weather conditions and the limited availability of natural resources can lead to physical risks that affect the sustainability and cost-effectiveness of projects.

Energy – transition risk

Construction is one of the most energy-intensive sectors of the economy, which implies the need to optimise energy consumption. Transition risks include the limited availability of renewable energy sources in the energy mix, which may negatively affect the competitiveness and operating costs of the ERBUD Group. Regulatory and technological barriers may slow down the transformation of the sector, increasing the pressure to implement innovative energy efficiency solutions.

The ERBUD Group plans to develop a transition plan by 2026, which will define specific targets and actions to reduce the climate impact of its operations and prepare a climate change adaptation plan.

Management of environmental, social and corporate governance aspects

In addition to key climate risks, the ERBUD Group's strategy covers other important areas that affect its operations and its long-term resilience to changing market and regulatory conditions.

In the environmental context, the Group focuses on the efficient management of natural resources, the protection of biodiversity and the implementation of the principles of a circular economy. The limited availability of process water, increasing demands for material efficiency and changing ground conditions affect the way investments are made and

the level of operating costs. The development of sustainable construction technologies and the reuse of materials represent significant opportunities to optimise processes and reduce the environmental footprint.

Social challenges include ensuring stable working conditions, improving safety and developing employee skills. The characteristics of the construction sector, including frequent staff turnover in the value chain and the risk of accidents, can generate additional operating costs and affect organisational efficiency. The ERBUD Group focuses on improving professional skills, especially in the renewable energy sector, as an important part of its long-term human capital development strategy.

In terms of corporate governance, the ERBUD Group will consistently implement the principles of transparency, business ethics and responsible ESG risk management. Ensuring high standards in relations with suppliers and business partners, strengthening anti-corruption mechanisms and integrating ESG criteria into decision-making processes are key elements of the long-term growth strategy.

ERBUD Group's strategy is to develop and implement comprehensive climate change, environmental, social and corporate governance initiatives. The aim of these initiatives is not only to meet regulatory requirements and stakeholder expectations, but also to build the long-term resilience of the organisation and strengthen its position as a sustainability leader. By effectively managing climate risks, optimising processes and implementing innovative solutions, the ERBUD Group aims to achieve long-term sustainability and competitiveness in a rapidly changing market environment.

The main climate-related risks identified by the Group are as follows:

Climate-related physical risks	Climate-related transition risks
Risk of reduced employee working hours, disrupting the value chain, due to rising average temperatures.	The risk of contingent legal action in the event of excessive negative impact on the climate.
Risk of disruption to process cycles due to changing temperatures.	Risk of losing customers, employees or business partners if the Group's activities are perceived to have a negative impact on the climate.
Risk of material damage to building components or photovoltaic modules due to precipitation.	Risk of not using available technologies that would have less negative impact on the climate and loss of competitive advantage Risk of increased emission reduction requirements and/or introduction of emission fees.
Risk of deterioration of soil conditions for foundation of the building due to changes in soil moisture levels, which could lead to additional costs for the technologies used.	The risk of possible legal action in the event of excessive negative impact on the climate.
Risk of a reduction in of available process water volume due to a decrease in surface water and groundwater levels, resulting in a reduction in rainfall, which could disrupt the value chain.	Increased energy efficiency requirements due to climate change and lack of access to water or overloading of the energy system.
The risk of heat waves and fires, which could disrupt the value chain due to the excessive load on the	Changing land management policies due to their location in climate vulnerable areas.

energy system from air conditioning and the risk of reduced working hours for employees.	
The risk of violent hurricanes, thunderstorms and tornadoes, which can disrupt the value chain by temporarily flooding or destroying transport routes and construction sites, or by breaking electrical lines and disrupting process utilities.	
The risk of flooding, which can disrupt the value chain by temporarily flooding or damaging transport routes and construction sites, or by breaking electrical lines and disrupting process utilities.	

[(E1) 19(a)] [(E1) 19(b)] [(E1) 19(c)] [(E1) AR 6] In October 2024, the ERBUD Group assessed the resilience of its strategy and business model in relation to the identified material impacts, risks and opportunities (IROs), including risks related to climate change, environment and social aspects, within the adopted time horizons.

The analysis covered all of ERBUD Group's own operations and its value chain, both upstream and downstream. The Group identified significant physical risks and transition risks, and did not exclude any of them.

The ERBUD Group's resilience analysis was based on the following:

- [(E1) AR 7(a)] scenario analysis, which was a key tool for assessing climate risks and opportunities. The scenarios included a high greenhouse gas emissions scenario (BAU - Business as Usual) and a scenario to limit global warming to 1.5°C above pre-industrial levels, which is the baseline for the climate strategy;
- macroeconomic assumptions and their impact on the energy mix, energy consumption and technology development;
- assessment of the likelihood and impact of risks based on a 7-point and a 5-point risk scale.

[(E1) AR 7(b)] The time horizons of the resilience analysis were aligned with climate and business scenarios that take into account the identification of relevant physical and transition risks and the setting of GHG reduction targets as required by E1-4.

The scenario analysis was performed during a workshop with staff and the Management Board. Both short-term and long-term impacts of climate change and their effects on the ERBUD Group's business model and strategy were assessed.

[(E1) AR 7(c)] A quantitative assessment of the financial impact of significant physical and transition risks was not carried out, but key business drivers such as:

- an increase in the cost of raw materials and energy driven by EU climate change policy,
- potential costs of adapting assets and technologies to meet environmental regulations,
- long-term savings from optimising energy consumption and implementing low-carbon technologies.

In the short to medium term, the ERBUD Group sees risks associated with:

- extreme weather patterns (e.g. heat waves, intense rainfall, flooding) that may affect continuity of supply and production.

- new environmental regulations that may generate higher compliance costs.

The Group has not identified any risks that could affect the business model resilience. In response to increasing regulatory and environmental requirements, the Group is implementing adaptation strategies such as:

- optimisation of energy and water consumption,
- investment in low-carbon construction and sustainable building materials,
- implementation of climate-resilient technologies,
- analysis of the opportunities of using secondary raw materials in construction business.

In the longer term, the ERBUD Group is focusing on decarbonising, digitising and energy efficiency, and anticipating:

- development of a strategy for the long-term reduction of CO₂ emissions,
- improvement of climate risk management mechanisms,
- introduction of advanced scenario analytical tools,
- adaptation of the product and service portfolio to the requirements of sustainable construction activities.

(E1) AR 8] Despite the resilience analysis carried out, certain areas of uncertainty may affect the ERBUD Group's strategy and investment decisions. These relate primarily to the evolution of climate change regulation, which may affect the pace of the transition to a low-carbon economy, and the long-term impact of extreme weather events on operations.

The ERBUD Group has the ability to flexibly adapt and manage its strategy in response to the changing market and regulatory environment. In the short term, it focuses on optimising operational processes and financing costs, while in the longer term it takes into account the need to modernise assets, develop low-carbon technologies and improve personnel skills.

ERBUD Group is prepared to further adapt its business model and service portfolio to ensure long-term resilience and competitiveness by taking a proactive approach and monitoring key trends.

In the coming year, the Group intends to undertake an in-depth quantitative analysis of risks and potential opportunities to support the business model resilience study. These activities will take into account academic research and industry best practice to identify areas for improvement and adapt the strategy to future changes in market, regulatory and environmental conditions. This approach will ensure that the ERBUD Group is more adaptable and sustainably competitive in the long term.

ERBUD Group is strengthening operational resilience by focusing on:

- development of renewable energy sources (RES),
- modular construction,
- designs that improve the energy efficiency of buildings.

These actions support the implementation of a low-carbon development strategy. They also reduce operational and environmental risks.

E1-1 – Transition plan for climate change mitigation

[(E1) 16(b)] The ERBUD Group does not have a mitigation transition plan in place, and is committed to developing one by the end of 2026. Already at this stage, based on its ESG strategy and carbon footprint analysis, it is carrying out an analysis of the potential for transition and decarbonisation in all GHG scopes and relevant areas.

As part of this process, preliminary emission reduction guidelines are identified and prepared, which will be developed and verified as part of the transition plan. Their preliminary nature is due to the fact that they are at the stage of assessment and clarification of priorities, and their final identification will require further quantification of impacts and verification according to the results of the materiality analysis and the assumptions of the transition plan. At this stage, the focus is on the targeting of actions, including the identification of possible reduction pathways and conditions for the implementation of more comprehensive solutions, such as investment in low carbon technologies. The final form and scope of the actions will be determined after the evaluation is completed and taking into account the conclusions of the monitoring of the effectiveness of the initiatives taken.

ERBUD Group identifies initial decarbonisation levers to reduce greenhouse gas emissions across the board within all scopes:

Reduction of direct and indirect energy emissions (Scope 1 and 2):

- Increase the share of renewable energy sources in the energy balance - we analyse the possibilities of developing our own renewable energy installations and purchasing energy from certified sources,
- Improve energy management - we assess potential measures for monitoring energy consumption, improving energy efficiency within investments and in our own installations (we prepare an energy efficiency plan),
- Modernise the fleet of construction vehicles and machinery - we consider the progressive introduction of low-emission and electric solutions and alternative power sources.

Reduction of other indirect emissions (Scope 3 in significant terms):

- Sustainable procurement and supplier selection - we seek opportunities to increase the share of materials and raw materials with a lower carbon footprint and recycled materials in the total volume of raw materials used, in line with the principles of responsible procurement set out in the Code of Conduct for ERBUD S.A. suppliers. At the same time, we aim to give preference to suppliers who offer products and services with a lower climate footprint, taking into account environmental criteria in purchasing processes, within the limits of available market options,
- - Supply chain improvement including analysis of how to improve supply chain efficiency and support low carbon solutions in materials logistics,
- - Construction waste reduction and management including analysis of possible solutions to minimise waste and increase levels of recovery and reuse.

These orientations will be implemented progressively in specific activities, with the final extent of implementation being determined by the results of the review carried out as part of the transition plan.

E1-2 – Policies related to climate change mitigation and adaptation

[ERBUD Group's Climate Policy 2023-2050 is a framework document that sets out the Group's approach to climate change mitigation and adaptation. It sets out overall objectives such as reducing greenhouse gas emissions, increasing energy efficiency, using renewable energy sources and managing climate risks across the value chain. (ESRS 2) 65(a)] The policy addresses the significant impacts, risks and opportunities arising from climate change, environmental regulation and stakeholder requirements, and sets forth a process for monitoring the attainment of targets. The policy is monitored by the CEO of ERBUD S.A. and the performance is reported as part of the ESG strategy and ESG reporting.

(ESRS 2) 65(a)] ERBUD Group takes into account the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD), the European Green Deal Strategy and Regulation (EU) 2020/852 (EU Taxonomy).

(ESRS 2) 65(b)] The policy covers all activities of the ERBUD Group, including its own operations and the entire upstream and downstream value chain. It does not introduce exclusions in terms of activities, geographical areas or stakeholder groups affected by the Group.

(E1) 25(a)] The policy sets out actions to mitigate climate change by progressively reducing greenhouse gas emissions in its own operations and in the value chain, increasing the share of renewable energy, improving building technologies and modernising the vehicle fleet. Energy efficiency solutions will be implemented, such as improving construction processes to reduce energy consumption and using materials with high thermal insulation properties that reduce energy demand over the life cycle of buildings.

[(ESRS 2) 65(b)] [(E1) 25(b)] The policy also includes climate change adaptation activities, taking into account the management of physical risks, such as heat waves, heavy rainfall and storms, which can disrupt investments and supply chain operations. As part of its adaptation efforts, ERBUD is implementing technologies to increase the resilience of buildings, retention systems to improve water management, and analysing investment locations for climate risks. It is also adapting its work organisation to rising temperatures and monitoring and optimising resource consumption.

[(ESRS 2) 65 d)] [(E1) 25 c)] In line with the Climate Policy's provisions on energy efficiency, the Group aims to reduce energy consumption in construction processes, to develop modular construction and implement projects that meet green building certification standards (green building activities take into account LEED/BREEAM standards).

[(E1) 25 d)] At the same time, it provides for the gradual integration of renewable energy sources in installations and investments and the development of its own projects to support the energy transition.

[(E1) 25 e)] The policy foresees the evaluation of suppliers in terms of carbon performance and technologies used, favouring low-carbon solutions and working with entities that meet environmental standards. As part of this approach, regular audits of key suppliers are planned to verify their compliance with emissions reduction requirements and implementation of sustainable practices. In addition, the Suppliers' Code of Conduct is in place, which sets out the principles of collaboration and commitments to reduce emissions, monitor carbon footprints and use more efficient technology solutions.

With regard to water management, the Group is investigating the feasibility of solutions to reduce water consumption and increase water retention. Fleet modernisation and logistics optimisation are aimed at reducing the carbon footprint of transport and construction activities.

The climate policy also includes educational activities, providing employees with access to educational materials and supporting initiatives to meet climate targets.

Through a comprehensive approach, the ERBUD Group integrates emissions reduction, energy efficiency and climate change adaptation activities, aligning its operations with increasing regulatory and market demands.

[(ESRS 2) 65 e)] The ERBUD Group regularly analyses stakeholder expectations and adapts the climate strategy to changing market conditions.

[(ESRS 2) 65 c)] The implementation of the Climate Policy is the responsibility of the Chairman of the Management Board of ERBUD S.A., in cooperation with the Boards of Directors of the other ERBUD Group companies.

[(ESRS 2) 65 f)] The Climate Policy is publicly available on the ERBUD Group website: <https://esg.erbud.pl/polityki/>. Stakeholders can read it in the ESG reports, and suppliers and business partners are provided with guidance in line with the policy in the Suppliers' Code of Conduct.

E1-3 – Actions and resources in relation to climate change policies

[(E1) 29(a)] In 2024, ERBUD Group will implement a number of activities to support decarbonisation and reduction of greenhouse gas emissions in line with the adopted Climate Policy 2023-2030.

[(E1) 29(c)] Due to the preliminary nature of the planned activities, which will be subject to further review as part of the transition plan, the Group does not disclose information at this stage on the significant amounts of capital and operating expenditures required to implement the activities undertaken or planned.

In the area of reducing direct and indirect energy emissions (scope 1 and 2), measures were taken to increase the share of renewable energy sources, including the purchase of energy from certified sources (guarantees of origin). The introduction of solutions such as photovoltaic panels on construction containers continued. An electricity storage system was purchased to avoid the use of generators in the event of a power cut. The energy supplier was changed to a company with a more favourable energy mix, helping to reduce emissions related to energy consumption.

At the same time, energy management tools have been implemented, including electronic metering systems and systematic monitoring of energy efficiency in accordance with ISO 50001. With regard to fleet modernisation, the possibility of phasing in low-carbon technologies, including alternative energy sources, is being explored.

In the area of reduction of other indirect emissions (scope 3), activities were carried out to minimise the climate impact of the supply chain. The ERBUD Group analysed opportunities to increase the share of materials with a lower carbon footprint and recycled raw materials in the purchasing structure, in line with the Suppliers' Code of Conduct. Analyses are also underway to improve delivery efficiency and promote low-carbon solutions in the transport of building materials. A virtual warehouse system is also being implemented to better manage material consumption. Projects in

which ERBUD is a subcontractor are being analysed with a view to oversizing construction, which may ultimately lead to a reduction in material intensity. Activities have also included the implementation of circular economy principles, with a focus on minimising construction waste and increasing the use of recycled materials.

Planned activities include further investment in decarbonisation technologies, the development of renewable energy sources for on-going projects and the intensification of the carbon footprint assessment of suppliers, including the expansion of environmental audits. The ERBUD Group also intends to expand the use of energy management tools, increase the monitoring of energy consumption and implement further circular economy initiatives. In the longer term, the gradual introduction of alternative power sources in the fleet of construction vehicles and machinery is also being considered, in line with available technological and market opportunities. All activities will be implemented in line with the ERBUD Group's Climate Policy, which sets out strategic directions for reducing emissions and adapting to climate change.

[(E1) 29(b)] Due to the fact that the adopted base year is 2024, this will be the starting point for benchmarking and for the development of the transition plan.

[(ESRS 2) 68 a)] In 2024, the ERBUD Group implemented a series of activities aimed at decarbonisation and reduction of greenhouse gas emissions, in line with the ERBUD Group's Climate Policy 2023-2050 and the principles of sustainable development. The initiatives implemented focused on the reduction of direct and indirect energy emissions (Scopes 1 and 2), the reduction of remaining indirect emissions (Scope 3), and the implementation of digital tools and energy efficiency monitoring standards.

In order to reduce direct and indirect energy emissions (Scope 1 and 2), a key objective was to increase the share of renewable energy in the energy balance and to improve energy efficiency. To this end, guarantees of electricity origin were purchased. In addition, as a continuation of the pilot solutions, photovoltaic panels have been installed on site containers to partially cover the energy needs of construction sites. An electricity storage system was purchased to avoid the use of generators in the event of a power failure. Electronic energy metering systems have also been introduced to enable continuous monitoring of energy efficiency and implementation of optimisation measures. An energy efficiency improvement plan is being developed. The energy supplier has also been changed to a company with a more favourable energy mix, reducing emissions associated with electricity consumption.

To reduce other indirect emissions (Scope 3), key activities included preparations for the introduction of sustainable purchasing and supplier selection processes. As part of the Climate Policy Commitments and the Suppliers' Code of Conduct introduced at the end of 2024, the aim was to increase the proportion of lower carbon footprint materials and recycled raw materials in the total volume of raw materials used. A virtual inventory system has also been introduced to accurately monitor the volume of materials purchased and reduce oversupply.

In the coming years, the ERBUD Group plans to continue its decarbonisation efforts, in particular by:

- further investment in decarbonisation technologies, including the development of renewable energy sources for on-going projects,

- systematic analysis of the effectiveness of measures to reduce the carbon footprint, using digitalisation and monitoring tools,
- intensification of the assessment of the carbon footprint of suppliers, including environmental audits of key partners and the application of a code of conduct for suppliers to ensure high sustainability standards,
- expansion of the use of energy management tools, including the further implementation of electronic energy consumption monitoring systems and the development of internal strategies to enhance energy efficiency,
- integration of the principles of the circular economy in further construction projects, with a focus on maximising the use of recycled materials integrating the principles of the circular economy into further construction projects, with a focus on maximising the use of recycled materials,
- gradually introducing alternative fuel vehicles and construction equipment into the fleet in line with available technological and market opportunities.

The implementation of these measures is expected to reduce greenhouse gas emissions and enhance energy efficiency in the medium and long term. Their actual impact will be assessed and verified as part of the transition plan to be adopted by the end of 2026.

[(ESRS 2) 68(b)] The ERBUD Group's key activities, which cover the entire value chain, focus on reducing emissions from the supply of materials and raw materials (e.g. we are investigating the possibility of selecting low-carbon concrete, steel and other key components) and optimising transport to reduce the carbon footprint.

ERBUD Group's ESG strategy includes prioritising the selection of low-carbon building materials, improving logistics efficiency and implementing the principles of circular economy by increasing the use of recycled materials and minimising waste.

In addition, we analyse the impact of the different phases of the construction process on the overall carbon footprint.

[(ESRS 2) 68(c)] In previous periods, targets have been set for different time horizons. In line with sustainability reporting requirements, both targets and timeframes will be reviewed and updated in future years in line with the transition plan. A phased reduction of emissions from operations and the supply chain is planned by the end of 2029. A reduction plan will be defined as part of the transition plan by the end of 2026.

[(ESRS 2) 68(d)] The ERBUD Group has not identified any significant negative impacts requiring corrective action, but includes preventive initiatives to reduce the potential impacts of construction processes on the environment and local communities.

[(ESRS 2) 68(e)] [(E1) 29(c) i. ii. iii] Owing to the fact that the adopted base year is 2024, this will be the starting point for benchmarking and for developing the transition plan.

E1-4 – Targets related to climate change mitigation and adaptation

[(E1) 33] ERBUD Group has set ESG reduction targets to effectively manage significant climate-related impacts, risks and opportunities. The adopted ESG strategy provides for a growing use of renewable energy, improving energy efficiency and implementing climate change adaptation measures.

[AR 30] The ERBUD Group has analysed different climate scenarios, including a scenario to limit warming to 1.5°C and a high emissions scenario (BAU). The results of this analysis will be taken into account in future updates of the ESG strategy.

The currently adopted targets include emission reductions in operations, [(E1) 34 a)] [(E1) 34 b)] [(E1) 34 c)] [(ESRS 2) 80 a)] [(E1) AR 23] [(E1) AR 24] In line with the Climate Policy, the ERBUD Group is committed to reducing GHG emissions within Scopes 1 and 2:

- by 2030 (by the end of 2029): 30% reduction in direct emissions (Scope 1) (in relation to revenue) against 2020,
- by 2030 (by the end of 2029): 40% reduction in indirect energy emissions (Scope 2) (in relation to revenue) compared to 2020 (according to a market-based approach).

These targets will be reviewed as part of the transition plan (including changing the base year reference to 2024). (E1) AR 23] Absolute emission values for the target year and interim target years will be determined as part of the transition plan. The current emission levels for bands 1 and 2 in 2024 will be the baseline.

[(ESRS 2) 81(b)] Progress towards the emission reduction targets will be monitored as part of the ESG strategy and Scope 1 and 2 emissions data will be reviewed annually. In the event of a change in calculation methodology or reporting boundaries, the ERBUD Group will ensure transparency by publishing updates and analysing the impact of changes on data comparability.

A reduction target for Scope 3 will be set as a part of the development of the transition plan. [(ESRS 2) 79(d)] The ERBUD Group has started to monitor indirect supply chain emissions by analysing the carbon footprint and impact of material and service purchases.

[(E1) AR 25 (a)] [(E1) AR 25 (b)] [(E1) AR 25 (c)] [(E1) AR 25 (d)] As the base year adopted in this report is 2024, this will be the starting point for benchmarking and the development of a transition plan.

The base year for emission reductions within Scopes 1, 2 and 3 is hereby adopted as 2024.

It should be clarified that the previously used base year was 2020, however, due to the planned development and adoption of the transition plan, the time horizon has been adjusted with the most recent data.

[(E1) 34(d)] [(E1) 34(e)] Emission reduction targets have been developed in accordance with the best available methodologies. [(E1) AR 26] [(E1) AR 27] [(E1) AR 28] [(E1) AR 29] The emission reduction baseline for the ERBUD Group under the 1.5°C scenario will be determined as part of the transition plan.

[(E1) 34(f)] The ERBUD Group's key decarbonisation levers include:

- enhancing energy efficiency
- reducing energy consumption by 10 per cent by analysing energy consumption ratios in relation to the value of revenue generated,
- increasing the share of renewable energy sources,
- improving the renewable energy mix by 10 per cent in relation to total energy costs,

- optimising the supply chain,
- by selecting low-carbon raw materials and suppliers that meet environmental standards,
- introducing measures to reduce the risk of physical climate change - integrating climate aspects into product design and building strategies.

These measures have a key impact on meeting emission reduction targets and will be reviewed in the transition plan.

E1-5 – Energy consumption and mix

#	ERBUD Energy consumption and mix	2024
1	Consumption of fuel made from coal and coal products (MWh)	4,363
2	Consumption of fuel made from crude oil and petroleum products (MWh)	30,710
3	Consumption of fuel made from natural gas (MWh)	9,052
4	Consumption of fuel made from other fossil sources (MWh)	0
5	Consumption of purchased or supplied electricity, heat, steam and chill from fossil fuel sources (MWh)	7,557
6	Total fossil energy consumption (MWh) (calculated as the sum of lines 1-5)	51,682
	Share of fossil sources in total energy consumption (%)	94
7	Nuclear energy consumption (MWh)	38
	Share of nuclear energy consumption in total energy consumption (%)	0.1
8	Consumption of fuel in the category of renewables including biomass (also includes industrial and municipal bio-waste, biogas, renewable hydrogen, etc.) (MWh)	0
9	Consumption of purchased or sourced electricity, heat, steam and chill from renewable energy sources (MWh) (MWh)	3,004

10	Consumption of renewable energy generated on one's own without fuel consumption (MWh)	85
11	Total consumption of renewable and low carbon energy (MWh) (calculated as the sum of lines 8-10)	3,088
	Share of renewable sources in total energy consumption (%)	6
	Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	54,808

[(E1) 37(a)] In 2024, total energy consumption was 54,808 MWh. Energy consumption from fossil fuels was 51 682 MWh, accounting for 94% of total energy consumption. The share of renewable energy in total energy consumption was 6%.

[(E1) 37(b)] Total energy consumption from nuclear sources was determined on the basis of the national energy mix in Poland and Germany (according to the location where energy was consumed). In 2024, Erbud Group's energy consumption from nuclear sources was 38 MWh.

[(E1) 37(c)(i)] In 2024, the Erbud Group did not use renewable energy from direct combustion of fuels such as biomass (including industrial and municipal bio-waste), biofuels, biogas or renewable hydrogen.

[(E1) 37 c ii.] In 2024, the Erbud Group generated and consumed 85 MWh of solar energy from its own photovoltaic systems. In addition, in the same year, the Erbud Group consumed 1,915 MWh of solar energy and from electricity purchased and confirmed by green certificates (in guarantees of origin and 1,089 MWh of renewable energy purchased under the green tariff).

[(E1) 37 c iii.] In 2024, the Erbud Group produced and used 85 MWh of solar energy from its own photovoltaic installations, which represented all renewable energy produced independently without fuel.

The Erbud Group did not generate wind, hydro or other forms of non-fuel renewable energy for its own use.

[(E1) 38 a)] In 2024, the Erbud Group consumed 4,363 MWh of energy from coal and coal products.

[(E1) 38 b)] In 2024, the Erbud Group consumed 30,710 MWh of energy derived from oil and its products.

[(E1) 38 c)] In 2024, the Erbud Group consumed 9,052 MWh of energy from natural gas.

[(E1) 38 d)] In 2024, the Erbud Group did not consume any energy from other fossil fuels not listed in the categories of coal, oil and natural gas.

[(E1) 38 e)] In 2024, the Erbud Group consumed 7,557 MWh of purchased or sourced electricity, heat, steam and cooling from fossil sources.

[(E1) 40]

Energy intensity per net revenues	2024
Total energy consumption of activities in sectors with significant climate impact on net revenues generated by activities in the sectors with significant climate impact (MWh/'000 PLN)	0.02
Net revenues generated by activities in the sectors with significant climate impact used for calculation of energy intensity	PLN 2,980 M
Net revenues (other)	Not applicable
Total net revenues (financial statements)	PLN 2,980 M

In 2024, the total energy consumption of the ERBUD Group's activities in sectors with a significant impact on the climate was 54,808 MWh, with net revenues from these activities of PLN 2,980 million, which corresponds to an energy intensity of 0.02 MWh/thousand PLN.

In 2024, the ERBUD Group did not generate any net revenues from activities not related to sectors with a significant impact on the climate.

The total net revenue of the ERBUD Group reported in the 2024 financial statements amounts to PLN 2,980 million and is entirely derived from activities in sectors with a significant impact on the climate.

[(E1) 42] ERBUD Group, as a company operating in the construction sector (NACE F - Construction), identifies its activities as a sector with a significant impact on the climate.

[(E1) 43] The denominator for the calculation of the energy intensity is the amount of the ERBUD Group's net turnover from activities in the construction sector (NACE F - Construction) according to the line "Turnover from sales of goods and services" in the annual accounts.

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

Total greenhouse gas emissions by Scope 1 and 2 emissions and significant Scope 3 emissions are presented in the table below.

	Retrospective	Milestones and target years			
	Base year 2024 [tCO ₂ e]	2025	2030	2050	Annual target in % /base year
Scope 1 GHG emissions					
Scope 1 greenhouse gas emissions, gross (t of carbon dioxide equivalent)	10 932	Target was not set	30% against 2020 (per revenues) (possible change in the consecutive year due to the planned development of a transition plan)	Target was not set	Data not available
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	The ERBUD Group does not account for greenhouse gas emissions from installations covered by regulated emissions trading schemes (ETS), including the EU ETS, or non-EU schemes, as it does not own or operate installations subject to these regulations.				
Scope 2 GHG emissions					
Scope 2 greenhouse gas emissions, gross by location-based method (t of carbon dioxide equivalent)	5 016	Target was not set	Target was not set	Target was not set	Data not available
Scope 2 greenhouse gas emissions, gross by market-based method (t of carbon dioxide equivalent)	3 519	Target was not set	40% against 2020 (per revenues) (possible change in the consecutive year due to the planned development of a transition plan)	Target was not set	Data not available
Scope 3 Significant GHG emissions					
1. Purchased goods and services	304 135	Target was not set	Target was not set	Target was not set	Target was not set

2. Investment goods	3 740	Target was not set	Target was not set	Target was not set	Not applicable
3. Fuel and energy- related activities (not included within Scope 1 or 2)	11 227	Target was not set	Target was not set	Target was not set	Not applicable
4. Upstream transportation and distribution	1 790	Target was not set	Target was not set	Target was not set	Not applicable
5. Waste generated in operations	580	Target was not set	Target was not set	Target was not set	Not applicable
6. Business travels	153	Target was not set	Target was not set	Target was not set	Not applicable
7. Employee commuting	2 868	Target was not set	Target was not set	Target was not set	Not applicable
8. Upstream leased assets	None	Not applicable	Not applicable	Not applicable	Not applicable
9. Downstream transportation	75	Target was not set	Target was not set	Target was not set	Not applicable
10. End-of-life treatment of sold products	No possibility of capturing emissions	Not applicable	Not applicable	Not applicable	Not applicable
11. Use of products sold	No possibility of capturing emissions	Not applicable	Not applicable	Not applicable	Not applicable

12. End-of-life treatment of sold products	166 000	Target was not set	Target was not set	Target was not set	Not applicable
13. Downstream leased assets	None	Not applicable	Not applicable	Not applicable	Not applicable
14. Franchises	None	Not applicable	Not applicable	Not applicable	Not applicable
15. Investments	None	Not applicable	Not applicable	Not applicable	Not applicable
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	490 568	Target was not set	Target was not set	Target was not set	Not applicable
Total greenhouse gas emissions					
Total GHG emissions (location-based) (tCO ₂ eq.)	506 517	Target was not set	Target was not set	Target was not set	Not applicable
Total GHG emissions (market-based) (tCO ₂ eq.)	505 020	Target was not set	Target was not set	Target was not set	Not applicable

Emission targets for Scopes 1 and 2 and for the significant emissions category of Scope 3 will be set by 2026.

The carbon footprint calculations and analysis are based on the guidelines of the GHG Protocol Corporate Standard (2004 version).

The organisational boundaries for the carbon footprint calculations were defined based on operational control for all sites included in the analysis.

This report excludes Scope 1, 2 and 3 greenhouse gas emissions from associates, joint ventures, unconsolidated subsidiaries (investment entities) and joint arrangements where the Group does not have operational control.

The results of the organisation's carbon footprint calculations are expressed in tonnes of carbon dioxide equivalent (CO₂e).

2024 has been chosen as the base year for the carbon footprint calculations due to the refinement of the methodology used in previous years and the desire to ensure consistency and comparability of data in subsequent reporting periods. Therefore, comparative data from previous years is not presented in this report.

Scope 1 Gross greenhouse gas emissions

[(E1) 44(a)] Calculations of Scope 1 greenhouse gas emissions (emissions from fuel combustion in stationary and mobile sources, as well as from welding processes and the use of refrigerants) were based on quantitative data on fuels and gases consumed and emission factors from the DEFRA database, with temporal correlation with data on ERBUD activities.

The calculation of Scope 1 greenhouse gas emissions includes the seven gases included in the Kyoto Protocol: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆), nitrogen trifluoride (NF₃).

Total Scope 1 greenhouse gas emissions in 2024 were 10,932 tCO₂e, of which mobile sources accounted for the largest share. The detailed breakdown of emissions by source is as follows:

- Stationary sources (fuel combustion): 5 154 t CO₂e
- Mobile sources (fuel combustion): 5,727 t CO₂e
- Fugitive emissions: 29 t CO₂e
- Process emissions (e.g. welding, use of AdBlue): 23 t CO₂e

Total Scope 1 emissions consisted of the following volumes of individual greenhouse gases:

- 10 803 tonnes of CO₂,
- 0.7 tonnes of CH₄ (equivalent to 21 tCO₂e),
- 0.3 tonnes of N₂O (equivalent to 78 tCO₂e),
- 29 tonnes of CO₂e of HCF gases.

Due to the use of biofuel blended fuels (for petrol and diesel), biogenic emissions, which are reported as out-of-range emissions, were also included in the calculation. The total biogenic emissions associated with fuel consumption amounted to 456 tCO₂e in 2024.

For fuel combustion, we use an aqueous urea solution called AdBlue, which contributes to carbon dioxide (CO₂) emissions as a result of the catalytic breakdown of urea in the SCR (Selective Catalytic Reduction) system. Although AdBlue reduces emissions of oxides of nitrogen (NO_x), the process simultaneously causes the release of CO₂ as a product of the chemical reaction, which was included in the calculations.

GHG emissions from welding processes have been estimated based on the quantities of shielding and fuel gases used and the application of appropriate emission factors, taking into account their chemical composition and the reactions that occur during welding.

The ERBUD Group does not include GHG emissions from installations covered by regulated emissions trading schemes (ETS), including the EU ETS, or non-EU schemes, as it does not own or operate installations subject to these regulations.

Scope 2 greenhouse gas emissions, gross

[(E1) 44(b)] According to the GHG Protocol guidelines for Scope 2, Scope 2 greenhouse gas emissions resulting from the consumption of purchased electricity and heat are calculated using two methods:

- A location-based method - using national average emission factors to determine the impact of a country's overall energy mix.
- A market-based method - taking into account the emission factors of suppliers of purchased energy and market-based instruments confirming that a certain volume of electricity has been generated from renewable sources. This allows the impact of energy source selection decisions to be accurately reflected.

Both methods are applied in parallel and reported in accordance with the requirements of the GHG Protocol, ensuring transparency and reliability of GHG emissions calculations.

Both methods are applied in parallel and reported in accordance with the requirements of the GHG Protocol, ensuring transparency and reliability of GHG emissions calculations.

Emissions using the site-based method for 2024 were estimated using emission factors from the KOBiZE (for Poland) and BDEW (for Germany) databases. Missing data were supplemented with averaged estimates.

When calculating emissions using the market-based method, redeemed guarantees of origin and green tariffs were included as tools to confirm the use of renewable energy. In other cases, supplier-specific emission factors were used where possible. In cases where supplier-specific emissions data were not available, a 'residual mix' based on data from the Association of Issuing Bodies (AIB) was used.

The indicators used only include carbon dioxide (CO₂) and only this gas has been included in the Scope 2 emissions calculations.

The percentage of Scope 2 emissions covered by contractual instruments such as certificates of origin and green tariffs is 43%, reflecting the level of use of renewable energy in the organisation's energy balance.

The total Scope 2 emissions calculated using the location-based method in 2024 are 5,016 tCO₂e, of which 3,774 tCO₂e are emissions related to purchased electricity and 1,242 tCO₂e are emissions related to purchased thermal energy.

Total Scope 2 emissions calculated using the market-based method in 2024 are 3,519 tCO₂e, of which 2,277 t CO₂e are emissions related to purchased electricity and 1,242 t CO₂e are emissions related to purchased thermal energy.

Scope 3 Gross GHG emissions

[(E1) 44 c)] [(E1) AR39 b)] Calculation methodology

The ERBUD Group's total gross indirect greenhouse gas (Scope 3) emissions were 490,568 tCO₂e in 2024.

ERBUD Group calculates Scope 3 greenhouse gas (GHG) emissions in accordance with the requirements of the Greenhouse Gas Protocol (GHG Protocol), in particular:

- Corporate Value Chain (Scope 3) Accounting and Reporting Standard – addendum to GHG Protocol Corporate Accounting and Reporting Standard (2011)
- Technical Guidance for Calculating Scope 3 Emissions (version 1.0, 2013)

Nine categories are covered by the Scope 3 emissions calculations, including:

1. Purchased goods and services
2. Investment goods
3. Fuel and energy-related activities (not included in 1 or 2)
4. Upstream transportation and distribution
5. Waste generated during the operation
6. Business travels
7. Employee commuting
9. Downstream transport
12. End-of-life treatment of sold products

An assessment of the materiality of greenhouse gas emissions has been carried out for each subsidiary. As part of this assessment, emissions were estimated and the materiality of each Scope 3 emission category was confirmed. The material upstream and downstream categories are presented below.

The base year for the calculation is 2024, which is also the first year in which Scope 3 emissions calculations were performed. The ERBUD Group sees a need to continuously improve the data collection process and the estimation of GHG emissions in the value chain. This includes the calculation methodology - the aim should be to use data directly from product and service suppliers. The share of Scope 3 emissions calculated from primary data is 0% - calculations are based on emission factors from databases and estimated models.

The calculation of greenhouse gas emissions is based on 100-year global warming potential (GWP) values from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6).

The calculation of Scope 3 greenhouse gas emissions is based on the seven gases included in the Kyoto Protocol: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). However, due to the use of aggregated emission factors, it was not possible to determine the contribution of these gases to the carbon dioxide equivalent.

Upstream emissions

The calculation of the emissivity of purchased goods and services (category 1 of scope 3) includes materials purchased for operations, subcontracted services related to construction work and other services classified as operating costs.

An average data method (GHG Protocol) was used to estimate the emissivity of purchased materials. Embedded materials were assumed to be equivalent to purchased materials. 507 key materials have been identified. The cradle-to-gate emission factors (A1-A3, GWP Fossil, Life Cycle Assessment (LCA)) of the building materials were downloaded from the ÖKOBAUDAT database (edition 2024-I published 02.10.2024), maintained by the German Federal Ministry of Housing, Urban Development and Construction, according to EN 15804+A2, developed on the basis of the GaBi database.

In the absence of appropriate emissivity benchmarks or the information required for the calculations, GHG emissions were extrapolated to 100% based on value data.

Emissions from ancillary services were calculated using data on subcontractor activities such as material and fuel consumption, transport and waste generated in the provision of services. These data were taken from ERBUD's internal data collection system. In the case of missing data, a process of mapping and extrapolation was carried out, possibly excluding them (if it was not possible to classify them correctly). Emission factors for materials used by subcontractors were taken from the ÖKOBAUDAT database, and emission factors for fuels, transport and waste were taken from the DEFRA 2024 database.

Emissions resulting from operational expenditure (OPEX), which are not included in the above categories, were calculated on the basis of a summary of the cost accounting accounts maintained by ERBUD for the reporting year and expenditure-based emission factors from the EEIO database recommended by the European Environment Agency (EEA) - Exiobase 3.8.2. Currency conversions were made using the average exchange rate for 2024 provided by the National Bank of Poland (NBP). The spend-based method (GHG Protocol) was used in this case, as well as for estimating the emissivity of purchased capital goods.

In addition to the gross emissions estimation methodology described hereinabove, biogenic emissions for purchased materials were calculated separately. The use of wood materials in the production of MOD21 had a significant emission reduction effect in category 1. Due to the carbon sequestration properties of wood (biogenic effect), the net emission balance in category 1 was -58,617 t CO₂e. This means that the use of wood not only reduced emissions, but also contributed to the temporary storage of carbon in the structure of building materials, which is a positive environmental effect.

Emissions resulting from the purchase of capital goods (category 2 of scope 3) were calculated on the basis of capital expenditure (CAPEX), which is not included in the other categories. Calculations were made on the basis of the consolidated statement of fixed asset accounts and spend-based emission factors from the EEIO database - Exiobase 3.8.2.

Of the CAPEX expenditure, it was estimated that the carbon footprint was only generated by purchases of tangible fixed assets. Due to a lack of relevant information, expenditure representing 3.37% of the total value of fixed asset accounts was excluded from the calculation.

Emissions related to Scope 3 category 3 from fuel and energy-related activities (not included in Scopes 1 or 2) have been estimated using data on electricity, heat and cooling consumption, as well as fuels burned in stationary and mobile sources, using an average data method (GHG Protocol). Well-to-tank (WTT) emission factors from the DEFRA 2024 database were used in the calculations for fuels such as petrol, diesel, heating oil and natural gas, while WTT emission factors and transmission and distribution loss factors were used for electricity, heat and cooling.

Emissions from upstream transport and distribution (Scope 3 category 4) include transport of materials. Calculations were made based on the amount of materials purchased, distances between construction sites and suppliers, using emission factors from the DEFRA 2024 database.

Due to the nature of the organisation's activities (transport costs are usually included in the cost of purchased materials) and the lack of information on transport, the calculations include activities for which information was available or considered relevant and estimation procedures could be carried out.

In the materials category, key materials such as concrete and reinforcing steel were selected. These are the two largest material-related cost accounts and the two largest groups of purchased materials in terms of mass. For ONDE S.A., due to its activities in the renewable energy market, photovoltaic cables and panels as well as bitumen and finished modules were also included.

In the absence of transport information, the average calculated distance between construction sites and suppliers was used: 5.64 km for concrete and 145.4 km for reinforcing steel (based on information on embedded materials at individual construction sites and information on suppliers) and average values for the payload of a transport: 24 t (10 m³) for concrete and 30 t for reinforcing steel..

Emissions related to the management of waste from own operations (category 5 of scope 3) were calculated using the average data method (GHG Protocol), based on data from the BDO product and packaging and waste management database and surveys, and waste treatment information and emission factors from the DEFRA 2024 database. Emissions associated with the transport of waste were also considered. Data on the number of transports and distances travelled were obtained from calculations based on the location of construction sites and storage facilities (except for CKTiS S.A., MOD21 GmbH, IVT Weiner GmbH and IKR GmbH, for which data were calculated based on waste volume, average weight and average distance travelled).

Waste for which no appropriate emission factor was available was excluded from the calculation, representing 0.49% of the total waste mass.

Emissions related to business travel (Scope 3 category 6) were estimated using the spend-based method (GHG Protocol). Emission factors from EEIO - Exiobase 3.8.2 were used. Currency conversions were made using the average exchange rate for 2024 provided by the National Bank of Poland (NBP).

Emissions related to employee commuting (Scope 3 category 7) were estimated using the distance-based method (GHG Protocol) in two steps:

- on the basis of an employee survey carried out to collect primary data,
- on the basis of an extrapolation of the results to 100% of ERBUD employees.

Validated primary data was collected from 1006 employees (35% of the workforce in 2024). This consisted of information on average distance travelled to work, mode of transport, fuel type and number of days worked per week.

Mode-specific emission factors from the DEFRA 2024 database were used for the calculations. In the absence of this information, the calculations assumed 46 working weeks per year and 5 days per week commuting.

Downstream emissions

For Scope 3 category 9 (Downstream Transportation), the emissions relate to the transportation of produced bitumen within ONDE S.A.'s operations.

Emissions related to transport have been calculated using the distance-based method (GHG Protocol), based on the company's own data on the amount of bitumen sold by each plant and the payload per transport.

In the absence of information on the distance of individual shipments, a conservative assumption was made that they travel the maximum distance possible for technological reasons between the bitumen plant and the construction site, i.e. 100 km.

Emissions related to the end-of-life management of sold products (Category 12 of Scope 3) have been estimated using a waste-type-specific methodology (GHG Protocol). For this purpose, data was collected on the amount of materials incorporated. Emission factors C1-C4 corresponding to the end-of-life phase of building materials from the German ÖKOBAUDAT database were used.

Where relevant factors were not available, emissions were extrapolated. The available data represented 97% for ERBUD S.A. and ERBUD International sp. z o.o. and 88% and 41% for ONDE S.A. and MOD21 Sp. z o.o. respectively.

[(ESRS E1-6) 44(d)] Total greenhouse gas emissions (using the location-based method) are 506,517 tonnes of carbon dioxide equivalent in 2024.

Total greenhouse gas emissions (market-based method) are 505,020 tonnes of carbon dioxide equivalent in 2024.

(E1) 53] Greenhouse gas intensity

GHG intensity per net revenues	2024
Total greenhouse gas emissions (by location-based method) per net revenues (tCO ₂ eq./year)	0.17
Total greenhouse gas emissions (by market-based method) per net revenues (tCO ₂ eq./year)	0.17

ESRS E3 Water and marine resources

E3-1 - Policies related to water and marine resources

[(E3) 9] [(E3) 11] [(ESRS 2) 62] In 2024, the ERBUD Group did not have a policy for managing significant impacts, risks and opportunities related to water and marine resources. It is planned to develop and adopt such a policy after a detailed analysis of the existing documents related to water and marine resources in each company and the identification of priorities and further actions, in line with the provisions of the ESG Strategy. In preparation for this process, the Group has carried out an analysis of its own facilities and investments in 2024 with a view to setting targets and planning actions to prevent significant negative impacts related to water.

[(E3) 13] In 2024, the ERBUD Group will have at least one site located in areas with a significant water deficit. The Group is in the process of adopting a relevant policy, which is planned for 2025.

[(E3) 14] The ERBUD Group did not have a policy related to oceans and marine sustainability in 2024.

E3-2 - Actions and resources related to water and marine resources

[(E3) 15] [(E3) 17 (ESRS 2) 68 a)] [(E3) 17 (ESRS 2) 68 b)] [(E3) 17 (ESRS 2) 68 c)] [(E3) 19] ERBUD Group's major actions in 2024 to reduce negative impact on water resources include:

- [(E3) 18 b) monitor water consumption in own facilities and investments (on on-going basis),
- [(E3) 18 b) digitise and improve water consumption data collection (on on-going basis),
- [(E3) 18 b) reduce water abstraction and water consumption, including through the installation of water-efficient sanitary facilities (on on-going basis).

In addition, the ESG strategy for water and marine resources will, inter alia, include:

- Analysis of policies, guidelines, procedures, instructions and other internal regulations in the ERBUD Group member companies in order to meet the requirements of the ESRS environmental reporting standards (implementation planned by the end of 2025)
- [(E3) 18 c] Identification of the potential for rainwater use in own facilities and investments (investments influenced by the ERBUD Group) (implementation of the activity planned by the end of 2025).

[(E3) 18 (a)] Due to the specific nature of the activities of the construction sector, and therefore of the ERBUD Group, it is not possible to avoid the use of water as part of the technological processes carried out.

[(E3) 17 (ESRS 2) 69(a)] [(E3) 17 (ESRS 2) 69(b)] [(E3) 17 (ESRS 2) 69(c)] In 2024, the ERBUD Group's current and future financial resources for water-related activities have not been identified. [(E3) 17 (ESRS 2) 68 (d)] The Group also did not take action to provide redress to those harmed by actual material impacts on water resources, as there were no such cases.

E3-3 - Targets related to water and marine resources

[(ESRS 2) 80 a)] [(ESRS 2) 80 b)] [(ESRS 2) 80 c)] [(ESRS 2) 80 d)] [(ESRS 2) 80 e)] [(ESRS 2) 80 f)] [(ESRS 2) 80 g)] [(ESRS 2) 80 h)] [(ESRS 2) 80 i)] [(ESRS 2) 80 j)] [(E3) 23 a)] [(E3) 23 (c)] In 2024, The ERBUD Group has set a voluntary target related to water and marine resources for the creation of a policy to organise the use of water and marine resources in the Group. This target should be achieved in 2025.

In addition, the ERBUD Group has set an intermediate target related to water and marine resources in its ESG strategy to identify the potential for rainwater use. This target is to be achieved by the end of 2027.

E3-4 - Water consumption

[(E3) 26] [(E3) 28 a)] [(E3) AR 31] The total water consumption of the ERBUD Group, which belongs to the construction sector, was 9,043.86 m³ in 2024¹². [(E3) 28(c)] [(E3) 28(d)] The Group had no water storage, recycling or reuse activities in 2024.

[(E3) 28(b)] The total water consumption in 2024 in water risk areas¹³, including areas of significant water scarcity, was 9,043.86 m³.

[(E3) 29] The water intensity in 2024 is 3.04¹⁴.

The figures are derived from meter readings (at the ERBUD Group's own facilities and investments - those under the ERBUD Group's control) and reflect the ERBUD Group's actual water consumption in 2024.

¹² [(E3) 28 e)] The ERBUD Group obtains water consumption data from all of its sites, including on-going construction sites that the Group has impact on.

¹³ In 2024, the Group did not have the data to separate the quantitative data for locations in non-exposed and exposed water areas.

¹⁴ Indicator calculated as m³ per PLN 1 million net revenue.

E4 – Biodiversity

SBM 3 - Material impacts, risks and opportunities and their interaction with strategy and business model

(E4) 16(a) i.] [(E4) 16(b)] In the areas of its construction activities, the ERBUD Group may have a negative impact on biodiversity, and the Group's impacts identified in the dual materiality analysis in this area relate to land degradation and soil sealing.

The Group's activities that may have a negative impact on biodiversity are in particular:

- the fragmentation of large natural areas into smaller, isolated development fragments that impede the movement of animals and plants,
- habitat conversion,
- relocation of plants and animals to new areas as a result of development,
- disruption of the natural life cycles of plants and animals,
- mining and extraction of natural resources (supply chain)..

[(E4) 16 a)] [(E4) 16 a) ii.] [(E4) 16 a) iii.] No sites that would have a significant negative impact on biodiversity sensitive areas have been identified by the ERBUD Group.

E4-1 - Transition plan and consideration of biodiversity and ecosystems in strategy and business model

[(E4) 11] [(E4) 13 (a)] [(E4) 13 (b)] [(E4) 13 (c)] [(E4) 13 (d)] [(E4) 13 (e)] [(E4) 13 (f)] The ERBUD Group has not undertaken a process to assess the resilience of its strategy and business model in relation to biodiversity and has not developed a transformation plan or specific policies that address biodiversity issues. A resilience analysis is planned for 2025.

At the same time, the ERBUD Group is aware of the interdependence of its business model and strategy with the issue of biodiversity and ecosystems, as well as the associated risks, and is therefore taking action in this regard: implementing and maintaining ISO 14001 and EMAS environmental management systems (ERBUD S.A. and ONDE S.A. companies).

E4-2 - Policies related to biodiversity and ecosystems

[(E4) 20] [(E4) 22] [(E4) 24] [(E4) 24(a)] In 2024, the ERBUD Group did not have organisation-wide uniform policies in place for the management of significant impacts, risks and opportunities related to biodiversity and ecosystems. In their operational activities, Group companies use the Guide to Environmental Management Enable Environmental Protection in the ERBUD Group, which includes a list of requirements and good practices adopted for implementation in each Group project. The scope of the document includes, among other things, the protection of amphibians and birds and the protection of tree stands on the construction site.

(E4) 24(b)] In addition, the environmental management systems implemented in Group companies require an analysis of the environmental risks and opportunities for each investment. The Group does not have a formal land policy, but its investments follow practices that protect soils from erosion and leave the most fertile topsoil for future use. It also restores degraded land where necessary.

[(E4) 24(c)] The ERBUD Group has not implemented the regulations on sustainable oceans and seas and [(E4) 24(d)] the policy against deforestation.

[(ESRS 2) 62] The Group has not adopted an environmental policies in 2024, as it is active in this area due to its extensive business structure:

- an analysis of the policies, guidelines, procedures, instructions and other regulations in place at all companies in order to meet the requirements of the ESRS environmental reporting standards;
- an analysis of the company's own facilities and investments in terms of planning objectives and measures to avoid significant negative impacts on biodiversity;
- an analysis of upstream and downstream value chains..

E4-3 - Actions and resources related to biodiversity and ecosystems

[(E4) 27] [(ESRS 2) 68(b)] The biodiversity-related activities and resources presented in the ERBUD Group Sustainability Statement apply to all Group companies, regardless of their geographical location. In implementing its actions, the organisation focuses first on its own operations and internal stakeholders. The next step is to look at upstream and downstream activities in the value chain.

(E4) 25] Actions and resources undertaken by all ERBUD Group companies in the area of biodiversity, [(ESRS 2) 68(a)] which are expected to minimise the Group's negative impacts on biodiversity, include, but are not limited to:

Activity [(E4) 27 (ESRS 2) 68 a)]	Dedicated resources
detailed studies prior to the start of the investment to identify and assess potential environmental risks (to be carried out mainly by the investors),	financial resources, qualified environmental specialists, including ornithologists and dendrologists,
limitation of the area allocated to the construction site and its support facilities to the necessary minimum,	a detailed project implementation plan with timetables for delivery of materials during installation,
preferring already developed and transformed areas for the location of construction sites, storage yards and equipment depots,	construction sites, storage yards, equipment depots,
protecting trees in the construction impact zone from mechanical damage	funding for safety work
minimise the felling of trees and carry out compensatory planting. (E4) 28(b)] [(E4) 28(b)(i)] Planting, especially voluntary planting, is a compensatory measure for biodiversity loss and [(E4) 28(c)] local forest districts or authorities have been consulted	decisions on tree felling, funds for compensatory planting,

organisation of storage yards and transport routes out of reach of trees	land for storage areas and transport roads, funds for construction of yards and roads in areas beyond the reach of trees.
temporarily sealing the surface of yards for machinery bases and means of transport in order to prevent oil substances from leaking into the ground in the event of an emergency spill	financial resources for sealing the yards
organising the transport of materials and raw materials along designated internal roads, which limits soil compaction	site development plan with marked internal roads, funding for road preparation
adapting construction work schedules to the natural and life cycles of plants and animals	Inventory of plant and animal species occurring and likely to occur on the site, knowledge of natural cycles and breeding seasons, funding
putting construction work on halt, if animals appear in the investment zone	procedures for monitoring and dealing with the presence of animals in the investment area
limiting noise caused by the operation of construction machinery and equipment, especially at night	a modern equipment depot, schedules for work outside night time
reusing the top fertile layer of soil on the construction site	places for temporary storage of soil, funds to prevent the soil removed from blowing away
restoring temporarily used land to its original condition	funding for site restoration

[(ESRS 2) 68c] All biodiversity activities undertaken by the Group are on-going and are carried out on each of the Group's own investments until completion, as appropriate.

[(E4) 28(b)(i)] [(E4) 28(b)(ii)] The Group carries out mitigation activities involving the planting of new trees and shrubs (in accordance with the provisions of the felling decision) to compensate for losses resulting from the necessary felling of trees during development. The Group did not keep records of all mitigation activities in 2024. For example, the cost of one of the largest compensatory plantings carried out in exchange for the felling of 370 trees incurred by the Group in 2024, related to the planting of 260 trees and 778 shrubs, amounted to PLN 532,190.

(E4) 28 b iii) The criteria to be applied shall be specified by the decision-making authority and shall be determined in each case on the basis of the application and the specifics of the investment. As part of the example of replacement planting, in accordance with the felling decision, native perennial nursery stock with a stem circumference of at least 10 cm at 100 cm height was used. The site selected for planting was free of underground infrastructure and met the requirements of the species to be planted, allowing them to develop properly. The planting was carried out in accordance with the art of gardening.

Some of the projects carried out by the Group have an degradation impact on the land, including in particular such tasks as the construction of foundations, roads and car park facilities. These tasks are always carried out in accordance with the design documentation and all legal requirements.

[(E4) 27 (ESRS 2) 68 a)] In addition, the ERBUD Group carried out an analysis of the policies, guidelines, procedures, instructions and other internal regulations in force in all companies in order to meet the requirements of the ESRS environmental reporting standards. In addition, the Group's own facilities and investments are analysed in terms of planning objectives and measures to prevent significant negative impacts on biodiversity. Once the analysis is complete, an action plan will be developed.

[(E4) 27 (ESRS 2) 68 c)] Completion of this work - in line with the organisation's ESG strategy - is planned for 2025. The following tasks in Group's plans for the coming years are still pending:

- the development of new biodiversity requirements for the Group's own investments, including the minimisation of negative impacts,
- the implementation of biodiversity requirements for the Group's own investment projects,
- the monitoring of the implementation and progress of biodiversity requirements by the Group's own investment projects,
- the development and adoption or updating of environmental policies relating to issues with significant biodiversity impacts,
- the monitoring of the implementation of the policies and the actions taken to achieve the adopted objectives and targets of the policies.

[(E4) 27 (ESRS 2) 69 a)] [(E4) 27 (ESRS 2) 69 b)] [(E4) 27 (ESRS 2) 69 c)] Current and future funding for the Biodiversity and Ecosystems Action Plan has not been identified.

E4-4 - Targets related to biodiversity and ecosystems

(E4) 29] The ERBUD Group's [(E4) 31 (ESRS 2) 80(e)] 2029 biodiversity and ecosystem [(E4) 32(b)] targets fit within the Kunming/Montreal Global Biodiversity Framework and relevant aspects of the EU Biodiversity Strategy. The organisation has based the targets [(E4) 31 (ESRS 2) 80 f)] [(ESRS 2) 80 g)] on the requirements of the ESRS standard and the EU taxonomy and associated technical eligibility criteria¹⁵, and ecological thresholds and [(E4) 32 e)] measures to compensate for biodiversity loss have not been used in setting the targets [(E4) 32 a)]. The Group's targets are defined in the ESG strategy, which was updated in 2024, and the Group's internal stakeholders have been involved in the process of setting these targets in dedicated workshops [(ESRS 2) 80 h)]. [(ESRS 2) 81(b)(ii)] The level of ambition of the organisation is to carry out construction activities without causing serious damage to ecosystems and biodiversity, although the Group's activities are mainly carried out on projects commissioned by customers and it only deals with construction services.

¹⁵ The measure of these targets will be the DNSH criteria (for Biodiversity Target 6) for a given taxonomic activity, as verified through an annual disclosure process.

ERBUD Group's biodiversity and ecosystems targets are as follows:

- To implement the Group's policies addressing the issue of significant impacts related to biodiversity ([E4] 31 (ESRS 2) 80(d)) baseline - no policy, [(E4) 31 (ESRS 2) 80(b)] target - develop a Group consistent regulation)
- To execute all in-house investment projects, i.e. those affected by the Group, in a manner that does not create serious biodiversity damage (baseline to be set in 2025, target level 100%)

(E4) 31 (ESRS 2) 80(c) [(E4) 32(d)] and [(E4) 32(c)] refer to the biodiversity impacts, risks and opportunities identified in the dual materiality study. The implementation of the objectives will allow the Group to reduce negative impacts and risks, and to take advantage of opportunities that will increase the protection of biodiversity and ecosystems. An example of such an outcome could be minimising the risk of destroying the habitats of certain organisms, animals or plants as part of on-going investments. The organisation will initially focus on its own operations; the next step will be to set targets that include the upstream and downstream chain. [(E4) 32(f)] The targets set by the ERBUD Group can be placed at the 'avoidance' level in the hierarchy of mitigation measures.

[(ESRS 2) 80 j)] During the reporting period, the Group followed the adopted and described schedule of the ESG strategy in terms of target achievement. The activities undertaken focused on:

- verification of the impact of the Group's own investment projects on biodiversity,
- analysing the companies' policies, guidelines, procedures, instructions and other internal regulations with a view to meeting the requirements of the ESRS environmental reporting standards,
- analysing the Group's own facilities and investments in terms of planning objectives and measures to prevent significant negative impacts related to climate, water, pollution and waste, and biodiversity.

The Group plans to report on the results of these target related activities in 2025.

[(E4) 31 (ESRS 2) 80(a)] In the absence of a biodiversity and ecosystems policy, it is not possible to see the link between the target and the policy assumptions in this statement.

E4-5 - Impact metrics related to biodiversity and ecosystems change

[(E4) 33] [ESRS 2(77a)] [ESRS 2(77b)] [ESRS 2(77c)] Measures related to the Group's significant impacts on biodiversity and ecosystems associated with its own investments (i.e. those influenced by the ERBUD Group), which are own measures, are:

- The total area of land in use (defining the fenced, designated area where work takes place in relation to developments) expressed in m² in relation to sales revenue in the case of land degradation and direct use impacts.
- The total area of land used for buildings/structures/roads¹⁶ (including wind farm foundations) (defining the area of land covered with an impermeable material, e.g. concrete, corresponding to the area of the foundations of buildings/structures and roads within on-going investments), expressed in m² in relation to sales revenue, in the case of impacts on soil sealing.

¹⁶ In the sense of a road project that involves the construction of a new road or the rehabilitation of an existing road.

The reported metrics are verified during the annual EMAS audits.

2024 data	Total area [m ²]	Sales revenues [PLN M]	Metrics [m ² / PLN M]
Total land area in use	2,336,300.53	2,980	783.99
Total land area occupied by buildings/structures/roads	471,838.06	2,980	158.33

ESRS E5 – Circular economy

E5-1 - Policies related to resource use and circular economy

[(E5) 13] [(E5) 15(a)] [(E5) 15(b)] [(E5) 13] [(E5) AR 9(a)] [(E5) AR 9(b)] In 2024, the ERBUD Group did not have a consistent policy for all companies to manage material impacts, risks, dependencies and opportunities related to resource impacts, including resource use and waste. [At the same time, the Group began the process of developing a policy in this area. In 2024, an analysis was made of the extent to which the policies in place at Group companies address the management of material risks, opportunities and impacts related to resource use and the circular economy.

E5-2 - Actions and resources related to resource use and circular economy

The Group has carried out an analysis of its own facilities and investments in order to set targets and plan actions to avoid significant negative impacts related to resource use and recycling.

Data on materials and waste are also included in the annual EMAS environmental declarations of the Group's largest companies, ERBUD S.A. and ONDE S.A., and in the ESG reports.

[(E5) 17] [(E5) 20 a)] [(E5) 20 b)] Actions taken by Group companies to prevent actual and potential impacts and to manage risks and opportunities are as follows:

Action	Utilised resources
Implementing eco-design principles, i.e. designing for recycling, repair and reuse.	<ul style="list-style-type: none"> qualified professionals, including architects, engineers, environmental specialists knowledge of building materials and technologies a base of low-carbon materials
Investing in timber modular construction that is designed for easy disassembly and reuse.	<ul style="list-style-type: none"> funding for new manufacturing lines, new technologies education of potential investors
Promoting recyclable materials.	<ul style="list-style-type: none"> knowledge base on building materials and recycling technologies and legislation, recycled materials,
Using recycled materials wherever possible.	<ul style="list-style-type: none"> a database of suppliers that offer recycled materials
Reducing wastage of materials through more efficient storage.	<ul style="list-style-type: none"> storage facilities adapted to the type of materials and their adequate protection against weather and mechanical damage

<p>Implementing, where possible, a just-in-time procurement system, where materials are delivered directly to the construction site when they are needed.</p>	<ul style="list-style-type: none"> ● order schedules ● tools for monitoring schedules and deliveries ● supplier database
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[(E5) 19 (ESRS 2) 68 a)] [(E5) 19 (ESRS 2) 68 b)] In 2024, the activities of the ERBUD Group focused on waste and resource use:

- continuous raising awareness of waste management,
- promoting and implement the principles of the waste hierarchy,
- reducing the amount of waste generated through the optimisation of internal and external processes,
- implementing appropriate waste segregation,
- diverting waste to recycling and minimise the amount of waste sent to landfill,
- regularly analysing waste management data to identify areas for improvement,,
- handing over waste for management to specialised companies that hold the relevant decisions authorising the collection or processing of the type of waste in question,
- keeping records of waste in the BDO register (applies to Polish companies),
- processing waste under permits held by ONDE for waste processing at the Toruń and Koszalin bitumen plants,
- improving of IT systems supporting the process of recording, monitoring and reporting data,
- improving IT systems supporting the process of recording, monitoring and reporting data,
- prioritising waste collectors that process waste as part of their own operations.

[(E5) 19 (ESRS 2) 68 c)] The Group's waste management plans are defined in the ESG strategy adopted in 2024. In accordance with its provisions, the Group intends to review and update its databases of waste collectors by entering information about the collectors' capabilities to carry out recycling or other waste recovery processes. The Group's plans for 2029 include:

- the establishment of a reference list of collectors and a list of collectors with whom the Group will not collaborate,
- the development and implementation in subsequent years of an action plan aimed at improving the percentage of separation of non-municipal waste at each construction site,
- the implementation of the principle of recovering waste from the renovation and construction of road facilities and using it in the construction and rehabilitation of subsequent roads. The company envisages the possibility of involving ONDE S.A. in the processing process,
- Transferring all non-recyclable materials only to the collectors holding the appropriate waste management permits.

[(E5) 19 (ESRS 2) 68 (e)] As the 2024 statement [(is the first ESRS-based statement, the ERBUD Group does not report progress of the plans disclosed in previous periods.

[(E5) 19 (ESRS 2) 69] [(E5) 19 (ESRS 2) 69 (a)] [(E5) 19 (ESRS 2) 69 (b)] [(E5) 19 (ESRS 2) 69 (c)] In 2024, the ERBUD Group did not analyse the current and future financial resources related to the activities involving resource inflows and waste.

E5-3 - Targets related to resource use and circular economy

[(E5) 21] [(E5) 23 (ESRS 2) 80 a)] [(E5) 23 (ESRS 2) 80 b)] [(E5) 23 (ESRS 2) 80 c)] [(E5) 24] [(E5) 24 a)] [(E5) 24 b)] [(ESRS 2) 81 b)] [(ESRS 2) 81 b) i)] [(E5) 21] [(E5) 24 c)] [(E5) 24 d)] In 2024, the ERBUD Group did not have measurable, performance-oriented and time-bound targets related to resource inflows. - [(ESRS 2) 81(b)(ii)] The Group has initiated an analysis of the companies' existing procedures to identify further courses of action. Regarding the actions taken to address the material impacts of risks and opportunities related to resource inflows, the Group plans to develop and introduce guidelines for monitoring actions in each company.

[(E5) 21] [(E5) 24 e)] [(E5) 25] The Group's waste [(E5) 24(f)] and circular economy target, according to the ESG strategy adopted in 2024¹⁷ – is to [(E5) 23 (ESRS 2) 80(e)] [(E5) 23 (ESRS 2) 80(c)] achieve a level of 70% of own waste¹⁸ generated on site ready for reuse, recycling and other recovery processes by 2029. [(E5) 23 (ESRS 2) 80 f)] In setting the waste management target, the Group has taken into account the requirements of national legislation and the EU taxonomy. From 2025, construction companies will be required to separate the construction and demolition waste¹⁹ they produce, while [(E5) 23 (ESRS 2) 80 e)] the taxonomy criteria for new construction and the "do no serious harm" principle (compliance with which is voluntary) in the circular economy goal require that at least 70% of their own non-hazardous waste, excluding soil and land, be ready for reuse, recycling and other recovery processes in order to qualify as construction revenue.

[(E5) 23 (ESRS 2) 80(h)] In addition, the Group considers that the construction waste segregation target is consistent with the requirements of investors in tendering processes. [(E5) 23 (ESRS 2) 80(d)] The Group will set a baseline for the target in 2025 after analysing the quantitative data for 2024.

E5-4 – Resource inflows

[(E5) (30)] Key resource inflows used in the on-going operations of the ERBUD Group and its value chain include:

- electrical materials, including photovoltaic cells containing rare earth elements,
- steel components, including construction and reinforcement materials,
- concrete and precast reinforced concrete,
- stone mixtures,
- water used in the value chain, e.g. for the production of construction materials,
- construction machinery and equipment, i.e. excavators, loaders, rollers, handling equipment (e.g. tower cranes), etc.

[(E5) 31 a] The total amount of products and technical and biological materials used by the ERBUD Group in 2024 was 1,379,026.4 tonnes.

¹⁷ [(E5) 23 (ESRS 2) 80 (i)] The set target did not change during 2024 and the ERBUD Group [(E5) 23 (ESRS 2) 80 (j)] did not measure its attainment during the reporting period.

¹⁸ excluding soil, land and hazardous waste.

¹⁹ Act of 14 December 2012 on waste, as amended.

[(E5) 31 b] [(E5) 31 c] In 2024, due to the nature of its operations, the Group has assessed biological materials, reused or recycled components, products and secondary materials used in the production of products and the provision of services as intangible assets.

(E5) 32] The data used in the calculations represent the quantities of materials purchased by the ERBUD5 Group companies directly from construction sites and purchase documents. The data were also used to calculate indirect emissions (Scope 3).

E5-5 – Resource outflows

[(E5) 37 a] Total volume of waste generated: 19,877.6 tonnes.

[(E5) 37 b)]

Type of waste	Prepared for reuse [t]	Recycling [t]	Other recovery processes [t]	Total [t]
Hazardous waste	0	3.7	53.7	57.5
Non-hazardous waste	0	9,476.1	4,306.7	13,782.8
Total	0	9,479.8	4,360.4	13,840.3

[(E5) 37 c)]

Type of waste	Incineration [t]	Storage [t]	Other treatment processes [t]	Total [t]
Hazardous waste	0.7 ²⁰	43.6	0	44.3
Non-hazardous waste	26.7	5,966.2	0	5,992.9
Total	27,4	6 009,9	0	6 037,3

[(E5) 37 (d)] Total amount of waste not recycled 10,398 tonnes. Percentage of waste not recycled 52.31%.

[(E5) 40] The data used in the calculations come directly from public administration systems (e.g. BDO) and waste receivers. Where applicable, in the absence of information on how the waste was treated, the Group assumes that it was landfilled.

[(E5) 38(a)] The main waste streams generated by the Group are waste from the construction, renovation and dismantling of buildings and road infrastructure (including soil and earth). [(E5) 38(b)] [(E5) 40] The composition of waste is linked to the raw materials and materials consumed, which include concrete, wood, plastics, critical raw materials and rare earth metals used in photovoltaic technology. In addition, the Group produces demolition waste, including concrete, steel and soil from excavations.

²⁰ ERBUD S.A., ONDE S.A., ERBUD International Sp. z o.o., ERBUD Industry Centrum sp. z o.o., MOD21 sp. z o.o., IKR GmbH.

ESRS S1 – Own workforce

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

(S1) 13(a) [(S1) 13(b)] The actual and potential impacts of the ERBUD Group on its own workforce identified through the Double Materiality Analysis (DMA) process are a direct result of the strategy and business model adopted by the company. Some of the impacts - e.g. issues related to occupational safety, working hours or work-life balance - are specific to the construction sector, which is inextricably linked to the need to carry out particularly hazardous work and to complete the various stages within the set deadlines. The Group identifies negative impacts on its own workforce, caused by the organisation's activities and resulting from its business model, which may result in risks, such as the risk of overtime due to contract deadlines, frequent employee turnover due to the specific nature of the work, which ultimately results in the risk of incurring costs, e.g. related to higher recruitment or employee induction costs.

The risks and opportunities identified in the dual materiality study are reflected in ERBUD's strategy. The strategy aims to maximise opportunities for its own employees and to prevent risks from materialising in relation to its own employees by means of objectives and measures.

The Group's business model is based on projects of varying duration, often involving secondment. The work is physically demanding and weather conditions and the location of projects can result in high staff turnover. The Group undertakes a wide variety of projects requiring different skills, requiring frequent training and induction of new employees. With high staff turnover, investment in induction does not always yield long-term benefits, increasing operating costs. In addition, the difficulty of building stable teams can affect the efficiency and quality of projects. In the construction sector in Poland, a significant proportion of the workforce is made up of workers from Ukraine. Polish companies may face recruitment problems and rising labour costs as the Ukrainian labour market becomes more attractive (e.g. as part of the country's post-war reconstruction). This may lead to contract delays and the need to find alternative sources of labour. The construction sector has also been facing an image crisis for years. Declining interest in training for construction professions is limiting the supply of new, qualified staff. This is affecting the quality and innovation of on-going projects. Companies may have to raise salaries and offer additional benefits, which increases operating costs. In addition, the Group's activities relate to an industry that operates in a high accident risk environment. Working at heights, operating heavy machinery and the dynamic conditions on construction sites pose risks to the health and lives of employees. The Group's profitability can be affected by the need to meet strict health and safety standards and by rising insurance and compensation costs.

Risks and opportunities related to the Group's own employees identified through Double Materiality Analysis (DMA) are described in ESRS 2 indicator SBM-3.

(S1) 14] The scope of disclosure under ESRS 2 includes all individuals who are the Group's own employees and who are materially affected by the Group.

(S1) 14(a)] The diversified employment structure of the ERBUD Group is due to the wide range of services it provides and the many sectors in which it operates. Almost half of the Group's employees are line staff employed by service

companies. In the area of general contracting, the majority of employees are technical staff related to construction supervision and the ability to manage complex projects. In total, approximately 75% of the Group's employees are technical and line staff, reflecting the broad specialisation of the Group's companies. Non-employees who are not part of the Group's own workforce perform business support functions, including accounting, programming and support tasks related to the implementation of individual construction projects. These employees account for approximately 5% of the total workforce. The primary form of employment in the Group is the contract of employment. However, other forms of cooperation are established when the nature of the business relationship does not meet the conditions for an employment contract.

(S1) 14(b)] The Group's negative impact on employees relates in particular to the working hours of production personnel. Occasionally, the specifics of a particular construction phase require greater intensity and generate the need for overtime. In addition, the nature of the Group's work can give rise to risks in the case of particularly hazardous work - the Group has developed a catalogue of such work and estimates for each construction site what particularly hazardous work will be carried out during the task. The Group's negative impacts are systemic.

(S1) 14(c)] The ERBUD Group's positive impacts on its own workforce and on non-employees belonging to its own workforce - in particular line workers and production employees - relate to:

- clear, transparent and frequent dialogue with employees and the empowerment of trade unions in each company. In addition, employees in the German companies are covered by collective bargaining agreements and tariff agreements, which regulate the pay conditions for employees in a particular sector or region of Germany,
- support for employee development and a wide range of training courses, particularly in the area of health and safety. The Group also provides training and skills development related to retraining and the growing area of renewable energy,
- prioritising safety at work.

[(S1) 14 d)] Material risks and opportunities arising from the ERBUD Group's influence and dependence on its own workforce

Area	Description of impact	Risks and opportunities arising from influence and dependence on workforce
Working time	Rigid deadlines that can lead to the risk of overtime.	The Group identifies the following risks: <ul style="list-style-type: none"> ● high employee turnover due to the nature of the work, including frequent travel and relocation. ● the cost of induction and team building difficulties associated with high turnover.
Social dialogue	The Group fosters dialogue with employees through consultation and promotes an "open door" policy.	The undertaking does not identify risks and opportunities arising from the impact.
Freedom of association, the existence of works councils and the information, consultation	Holding consultations, promoting an "open door" policy.	The undertaking does not identify risks and opportunities arising from the impact.

and participation rights of workers		
Collective bargaining including the rate of workforce covered by collective agreements	Allow trade unions in any company. Employees of German companies who are covered by collective agreements that regulate pay conditions for employees in a particular sector or region of Germany.	The undertaking does not identify risks and opportunities arising from the impact.
Work-life balance	Upsetting the work-life balance due to the nature of the work, which requires frequent business travel. The Group offers family leave and flexible working hours to all contracted employees.	The undertaking does not identify risks and opportunities arising from the impact.
Occupational health and safety	There are many potential workplace hazards associated with working in the construction sector.	Risks identified by the Group: <ul style="list-style-type: none"> In the construction sector, there is a risk of severe accidents at work, which can result in compensation costs, reputational damage, work stoppages and the loss of a skilled workers.
Training and skills development	A wide range of training courses, particularly in occupational health and safety, support the development of employees.	Opportunities identified by the Group: <ul style="list-style-type: none"> A high level of training resulting in highly competent employees, which translates into work efficiency and safety, which is a priority for the company. Staffing gaps that may result from a number of factors, including the outflow of employees for the reconstruction of Ukraine, a shortage of skilled employees in technical fields due to the weakness of the education system, competitive rates in the IT industry where skilled employees are attracted, and a decline in the attractiveness of basic work due to rising living standards. An opportunity to attract skilled workers, which translates into work efficiency, is the increased interest in the industry due to the growing trend of the younger generation to return to traditional professions (requiring higher education) and the turbulence in the IT industry..
Gender equality and equal pay for work of equal value	The construction sector continues to have a predominantly male workforce. A risk of not promoting gender equality, not aiming for zero gender pay gap.	The undertaking does not identify risks and opportunities arising from the impact.
Privacy	The organisation retains employees' personal data.	The undertaking does not identify risks and opportunities arising from the impact.

(S1) 14(e)] A central premise of the ERBUD Group's human resources policy is the use of its own human resources. The Group's simultaneous operation in a number of different business areas gives the Group the opportunity to retrain and re-qualify employees in connection with the transformation process. Internal recruitment within the Group takes place not only within the companies concerned, but also between companies within the Group as a whole. In line with the ESG strategy, a transition plan will be developed to reduce negative environmental impacts and increase the green and climate-neutral nature of operations from 2025 onwards.

(S1) 15] [(S1) 16] The Group has identified groups of people at particular risk of harm by analysing health and safety statistics information from the HR department (from individual interviews). Significant risks and opportunities arising from employee-related influences and dependencies have been identified by the ERBUD Group: These include:

- in terms of working time, the greatest risk is for production workers, i.e. line workers and site supervisors, due to possible situations requiring overtime and frequent business travel;
- in terms of social dialogue and training, the greatest risk is for line workers, due to lack of access to digital communications;
- in terms of occupational safety, the Group is updating risks related to force majeure events such as a pandemic. Crisis management procedures are in place,
- ● in terms of diversity, staffing and generational gaps, which can result from a number of factors, including a shortage of skilled workers in technical fields due to the weakness of the education system, competitive rates in the IT industry to which skilled workers are attracted, and a decline in the attractiveness of entry-level jobs due to rising living standards;
- in terms of privacy, due to the dispersed location of construction sites and individual offices, the circulation of employees' personnel files containing their personal data poses a risk. As line managers do not have access to e-mail, documents are circulated in the traditional way, creating the risk that documents may be processed by unauthorised persons.

S1-1 - Policies related to own workforce

[(S1) 18] The ERBUD Group's Leading Policies on material impacts, risks and opportunities related to its own workforce are as follows²¹:

Regulated area	Regulation	[(S1) 19 (ESRS 2) 65 a)] Key content	[(S1) 19 (ESRS 2) 65 b)] Scope of regulation	[(S1) 19 (ESRS 2) 65 c)] Responsible for implementation
Working time	<ul style="list-style-type: none"> ● Labour Regulations ● Code of Ethics ● Human and Employment Rights Policy 	ERBUD Group strictly complies with all applicable laws and industry standards regarding working hours and overtime. Employees have the right to adequate breaks during working hours and to adequate and legal rest between shifts. If overtime is worked, it is compensated by a day off or additional pay. Working time	Working time regulations are adopted in each Group company	Management Boards of individual companies

²¹ [(S1) 24 c)] The ERBUD Group has not made any specific commitments to include vulnerable groups in its own workforce.

		systems and overtime limits are set out in the Labour Regulations.		
Social dialogue	<i>Rules of Procedure for the Election of Staff Representatives</i>	The Rules of Procedure define the method of election and the scope of competence of employee representatives who participate in discussions with the ERBUD Group on issues of importance to employees. The ERBUD Group's goal is to build lasting and positive relations with employees and to conduct social dialogue based on mutual respect, understanding and transparency.	The Rules of Procedure for the election of employee representatives are adopted in each Group company	Management Boards of individual companies
Work-life balance	Procedure for occasional remote working	The Regulation provides for an option of occasional remote working, provided that the premises and technical facilities are available to enable the worker to work in this manner, while respecting the principles of occupational health and safety at work and ergonomics..	The procedure for performing occasional remote work is adopted in each Polish Group member company	Management Boards of individual companies
Occupational health and safety	[(S1) 23] <i>Integrated Management System Policy</i>	The organisation strives for continuous improvement in the management of occupational health and safety to ensure a safe working environment for all employees, contractors and others on the company's premises, including construction sites.	The Integrated Management System Policy is adopted in individual companies. Companies that do not have a certified management system rely on the ERBUD S.A. policy. The Occupational Health and Safety Management System covers all Group member companies.	Management Boards of individual companies
Training and skills development	Procedure for upgrading professional skills	The Procedure for Upgrading Professional Skills is part of the training policy and is intended for all employees. The document sets out the rules for participation in, inter alia, training courses, preparatory courses for examinations for professional or vocational qualifications, professional conferences, postgraduate studies and coaching and mentoring courses.	The Procedure for Upgrading Professional Skills adopted in most Polish Group member companies	Director of HR Division
Diversity	<ul style="list-style-type: none"> • [(S1) 24 a)] Diversity Management Policy • Labour Law Breach Whistleblowing Procedure 	<p>The Diversity Management Policy ensures that the provisions of the Labour Code, the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the UN Global Compact Principles are implemented. [(S1) 24(b)] The policy prohibits, inter alia, discrimination on the grounds of racial and ethnic origin, colour, gender, sexual orientation, gender identity, disability, age, religion, political opinion, national or social origin and other forms of discrimination covered by Union legislation and national law.</p> <p>The Labour Law Breach Whistleblowing Policy sets forth how breaches are to be reported and how they should be addressed.</p>	The Diversity Management Policy with the Labour Law Breach Whistleblowing Procedure have been adopted at each Polish Group member company.	Director of HR Division

Privacy	Personal Data Protection Policy	<p>The policy ensures that the keeping of employee records complies with the law, including data protection regulations. ERBUD Group protects personal data of employees, colleagues and other stakeholders.</p> <ul style="list-style-type: none"> • only those who need access to personal data to perform their official duties have access to it. • all persons who have access to personal data comply with appropriate security measures. • personal data is not kept longer than necessary to fulfil the purpose for which it was collected. 	The Personal Data Protection Policy is adopted at each Polish Group company.	Management Boards of individual companies
Collective bargaining including the rate of workforce covered by collective agreements	Human and Employment Rights Policy	The Policy ensures that our employees' right to form or join (or not) trade unions or other organisations of their choice and to bargain collectively for their common interests is respected without fear of reprisal, intimidation, harassment or termination of employment..	Collective bargaining regulations are adopted at each Group member company	Management Boards of individual companies

[(S1) 19 (ESRS 2) 65(d)] Some of the policies and procedures adopted by ERBUD Group companies refer to third party standards or initiatives that the Group is committed to comply with through the implementation of regulations. These include the Constitution of the Republic of Poland, the Labour Code, ISO standards, EMAS, the Construction Act, and the Personal Data Protection Act.

[(S1) 19 (ESRS 2) 65 e)] Selected policies of ERBUD Group companies were consulted with employee representatives during their development. This applies in particular to the work regulations, the regulations on human and labour rights, the training procedures and the Diversity Management Policy.

[(S1) 19 (ESRS 2) 65(f)] Policies on significant employee-related impacts, risks and opportunities are made available to employees of Group companies on internal computer networks and through e-mail correspondence. Some of the key policies are also posted in conspicuous places at construction sites or office buildings of Group companies. They are also available on the ERBUD website. (S1) 24(d)] The Group does not have specific procedures to implement its anti-discrimination policy.

[(S1) 20 a)] [(S1) 20 b)] [(S1) 20 c)] [(S1) 21] The ERBUD Group's overall approach to respecting human rights, including labour rights, is ensured by the Human and Employment Rights Policy. The provisions of the regulations are in line with the provisions of the Labour Code, the UN Universal Declaration of Human Rights, the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the UN Global Compact Principles. There are provisions in these regulations that are in line with the relevant provisions. The Group's policy commits the Group to take appropriate

corrective actions, if its operations violate human rights. [(S1) 22] The Group's adopted Human and Employment Rights Policy directly addresses the issues of human trafficking, forced labour and child labour.

S1-2 - Processes for engaging with own workers and workers' representatives about impacts

(S1) 25] [(S1) 27] [(S1) 27 b)] The cooperation of ERBUD Group companies with employees in terms of the actual impact on their own workforce is ensured through a special platform for social dialogue, employee surveys assessing more than a dozen categories of perception of the working environment, and online meetings with the Management Board organised every six months. [In addition, the Group intends to introduce a three-yearly employee opinion survey, which will allow it to know the opinion of its employees on the working environment. Until now, this survey has taken place irregularly, in 2019 and then, due to the pandemic, not in the following years until 2023. [(S1) 27(a)] [(S1) 27(e)] All people whose work is used by the Group - regardless of their form of employment - are invited to participate in the survey. The results of the survey will be discussed in depth in workshops and, based on their analysis, the Group will prepare initiatives to be introduced locally - in a specific subsidiary or company - or centrally at the level of the entire organisation²².

The ERBUD Group's cooperation with its employees has reached a special dimension in the area of safety, where the Group initiates a number of health and safety activities aimed at all employees, led by the annual Safety Week. Additional activities are generated through the Occupational Health and Safety app and newsletters. The Group also holds quarterly Health and Safety Committees, a forum for dialogue between employees and the employer on occupational safety. Group employees participate in occupational risk assessments.

With regard to the identified potential impact on its own workforce, the Group conducted a GDPR audit in 2024 and training for HR and payroll employees on data protection regulations. In parallel, online training courses related to GDPR were launched.

(S1) 27(c)] The operational responsibility for involving employees and taking into account their views on the approach to employee issues lies with the management of the companies that make up the ERBUD Group.

S1-3 - Processes to remediate negative impacts and channels for own workers to raise concerns

(S1) 32(a)] In the event that the ERBUD Group causes a material negative impact on people who are its own workforce, the Group implements remedial measures that are individually tailored to the nature and scope of each case. The Group has not established formal mechanisms to evaluate the effectiveness of the measures taken, but it gathers information on an informal basis and assesses whether the people who are its own workforce have confidence in them as a means of raising their concerns or needs and resolving or addressing them. [(S1) 32(b)] The channel for employees to report negative influences is the dialogue platform implemented in the Group and the channels referred to in the whistleblowing procedure for the wider labour law, which is part of the Diversity Management Policy. (S1) 32 c)] This procedure also describes the mechanism for handling complaints on labour issues. - [(S1) 32 e)] Once a report has been

²² [(S1) 27 d)] In the case of German companies, most of the regulation of employee rights of own resources is regulated at the level supra-company arrangements.

determined to be an actual breach, the Group takes appropriate corrective action in each case. [(S1) 33] (S1) 32(a)] In the event that the ERBUD Group causes a material negative impact on people who are its own workforce, the Group implements remedial measures that are individually tailored to the nature and scope of each case. The Group has not established formal mechanisms to evaluate the effectiveness of the measures taken, but it gathers information on an informal basis and assesses whether the people who are its own workforce have confidence in them as a means of raising their concerns or needs and resolving or addressing them. [(S1) 32(b)] The channel for employees to report negative influences is the dialogue platform implemented in the Group and the channels described in the whistleblowing procedure for the wider labour law, which is part of the Diversity Management Policy. (S1) 32 c)] This procedure also describes the mechanism for handling complaints on labour issues. - [(S1) 32 e)] Once a report has been determined to be an actual violation, the Group takes appropriate corrective action in each case..

[(S1) 32 e)] The availability of the complaint channel is communicated to the Group's workers through information posters at construction sites and through internal communication channels. [(S1) 33] The platform was launched in 2024 and the Group started the process of evaluating the usefulness of this channel during the reporting period.

S1-4 - Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

[(S1) 35] ERBUD Group's consideration of significant negative and positive impacts and management of significant risks and exploitation of significant opportunities in each of the defined material topics related to its own workforce.

Working time	Each Group company complies with the Labour code and overtime limits. Employees work in accordance with applicable working time standards. Overtime is paid on a regular basis in accordance with the companies' agreed pay periods. Employees are entitled to appropriate breaks during working hours and sufficient rest between shifts, as required by law. The ESG strategy has been updated in 2024 and targets have been set.
Social dialogue	The Group holds regular meetings between the Management Board and new hires. Every three months, employees are also invited to a meeting at which the Group Management Board presents the direction of business development and the strategy for the coming years. Since 2023, the Group has also held a series of ERBUD 100 Per Cent meetings, during which the Group Management Board presents the current business situation of the companies and answers employees' questions and concerns. ERBUD 100% meetings are held every six months.
Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	The ERBUD Group respects all employees' rights to form or associate in trade unions or other organisations.
Collective bargaining including the rate of workforce covered by collective agreements	The right to collective bargaining is fully respected in the Group.

Work-life balance	<p>The ERBUD Group undertakes initiatives and activities that promote, among other things, the health and physical activity of its employees. Employees have access to comprehensive private healthcare, sports packages and long-term bicycle rental on favourable terms.</p> <p>Group companies also participate in the "Two hours for the family" social action, which reduces the working day by two hours in order to spend it with the family. The Group also promotes and encourages employees to take days off for overtime. In addition, our largest service company, EIC, offers its employees an extra day off to celebrate Power Engineer's Day.</p>
Occupational health and safety	<p>The Group has adopted a continuous improvement approach to occupational and safety. Group companies provide employees with training to raise awareness and promote a health and safety culture, as well as regular training. Occupational health and safety specialists continuously monitor the health and safety status of on-going projects to assess risks and opportunities at different stages of the work. Training provides H&S specialists with knowledge of the latest safety features and technologies related to safe working, and employees have access to task-specific, appropriate and modern safety equipment. Job- and task-specific risk assessments are monitored on an on-going basis, including through the implementation of contingency plans and risk reporting.</p>
Training and skills development	<p>The extensive and varied training system in the ERBUD Group reflects the diversified business structure. The different areas in which the Group operates and the different employment structures in the specialised companies entail different training requirements. For this reason, the organisation systematically analyses training needs and draws up precise competence matrices.</p> <p>The Group's training plan is developed on the basis of information from development interviews, planned changes in legislation and strategic objectives. A publicly available training catalogue was launched in 2023, which responds to the most common development and business needs identified in the annual interviews, while placing the development initiative in the hands of employees. Once agreed with their managers, employees can attend the training courses of their choice. The catalogue is available to employees in all Group companies, and an indirect effect of its implementation - in addition to the wider availability of training opportunities - is the integration of employees into the organisation.</p>
Diversity	<p>It is an absolute principle of the ERBUD Group to treat each other fairly, with respect and dignity, regardless of gender, age, religion, sexual orientation, nationality, ideology, political beliefs, disability or position held. Uniform selection and evaluation criteria are applied throughout the Group, regardless of factors unrelated to professional qualifications.</p> <p>The nature of the industry means that the majority of candidates for vacant positions are men. Initiatives have been taken within the Group to gradually change this situation. The ERWOMAN development programme was launched in 2023. Its aim is to support women in different positions and business areas and to show that their potential to create new solutions is worth appreciating.</p>
Privacy	<p>In 2024, the Group started to train employees on how to protect personal data.</p>

[(S1) 37 (ESRS 2) 68 (a)] [(S1) 37 (ESRS 2) 68 (c)] [(S1) 37 (ESRS 2) 68 (d)] [(S1) 37 (ESRS 2) 68 (e)] Actions taken in 2024 and planned for the future related to material impacts, risks and opportunities are defined at Group level for each material employee resource topic and [(S1) 37 (ESRS 2) 68 (b)] apply to all Group employees in Poland and Germany. In terms of:

- working time - the Group monitors overtime performed and regular communication is made to the direct supervisors of employees with overtime. The introduction of mobile working hours for employees within a given team is also promoted. The Group's ambition is to reach a situation by 2029 where at least 90% of employees have no more than 10 outstanding holiday days,
- social dialogue - in 2024, the Group has organised online meetings of all employees with the Management Board and launched a platform for dialogue with employees. The ERBUD Group is also expanding information channels and surveys with paper versions to line employees who do not have access to IT communication channels. The Group's goal by 2029 is to achieve a turnout of 51% in the Employee Opinion Survey and to adapt the survey questionnaire to employees' expectations. The Group plans to carry out the survey on a biennial cycle and to hold subsequent workshops to develop local and central initiatives to support employee engagement.,
- freedom of Association - ERBUD Group respects and upholds the rights of our employees to form or join (or not) trade unions or other organisations of their choice and to bargain collectively for their common interests without fear of reprisal, intimidation, harassment or termination of employment. On matters of importance to employees, we engage in constructive discussions in good faith with representatives of the legally constituted social partners. A priority for the Group is to ensure that everyone has the freedom to associate, to negotiate their interests,
- collective bargaining - the Group intends to maintain measures to support the promotion of workers' freedom of association,
- work-life balance - the Group monitors the level of leave taken and regularly communicates with line managers about a subordinate's outstanding leave. Group companies have also implemented the Manager's Desk, a special application that, among other things, provides access to current leave data. Occupational health and safety - The Group conducts regular health and safety analyses, sets and meets annual safety targets, and develops and implements training plans for employees. The Group's strategic goal is to maintain 0 major and fatal accidents on construction sites each year until 2029. In terms of corrective actions, Group companies conduct accident analysis and communicate with employees through the Health and Safety app. Accident information is communicated to employees,
- training and skills development - In 2024, the ERBUD Group will update its procedures for improving employees' professional skills and implement a system for periodic evaluation. By 2029, the Group aims to increase the number of training hours per employee by revising the process of recording training hours and implementing an e-learning system in all companies. The Group plans to monitor the system implemented and evaluate the activities carried out. The Group also plans to establish a baseline for training hours and to increase

the number of training hours per employee in the years 2025 - 2029 compared to 2024 by the agreed percentage,

- diversity - the Group plans to develop a training programme on discrimination prevention in the first months of 2025. The key actions related to corrective measures are a review of women's salaries for individual positions and an analysis of employee salary levels with pay data from the industry market and the introduction of measures aiming to reduce salary disparities by 2029. In 2024, the Group updated its diversity management procedures,
- privacy - the Group's target is to have a minimum percentage of 80% of employees who come into contact with personal data trained in data protection by 2029. In 2024, a GDPR audit was carried out.

[(S1) 37 (ESRS 2) 69] The implementation of the above actions does not require significant operating or capital expenditures.

(S1) 39] The organisation uses an employee opinion survey, workshops with employees and a dual materiality analysis process to determine appropriate actions in response to the ERBUD Group's negative impacts on its own employees.

(S1) 38] The Employee Opinion Survey and workshops with employees are also used by the Group to assess the effectiveness of the measures implemented. [(S1) 39] [(S1) 40(b)] At the same time, measures to mitigate risks and enable opportunities are included in the Group's ESG strategy. (S1) 43] The resources allocated to the management of significant impacts on employees are ERBUD Group's own resources.

[(S1) 38 a)] [(S1) 38 b)] [(S1) 38 c)] [(S1) 41] The actions taken or planned to prevent material impacts on employees in the ERBUD Group are as follows::

Area	Planned or undertaken actions
Working time	<ul style="list-style-type: none"> ● working conditions that are clearly defined in internal regulations, ● zero tolerance for collaboration without the written sanction of this relationship. ● strict compliance with all applicable laws and industry standards regarding working hours and overtime ● implementation of procedures for occasional remote work
Social dialogue	<ul style="list-style-type: none"> ● clear communication of decisions; ● regular exchange of information between supervisors and employees; ● presence of employee representatives or trade unions consulted on policies affecting employees. ● Employee Opinion Surveys,,
Freedom of association, the existence of works councils and the information, consultation and participation rights of workers and collective bargaining	<ul style="list-style-type: none"> ● strict respect for the right of employees to form or join trade unions or other organisations and to bargain collectively
Work-life balance	<ul style="list-style-type: none"> ● access to private health care ● preferential conditions for sports packages and long-term bicycle hire

	<ul style="list-style-type: none"> ● participation in the Two Hours for the Family campaign ● an extra day off for service company employees on Electrician's Day
Occupational health and safety	<ul style="list-style-type: none"> ● Identifying potential risks and continuously monitoring the state of health and safety, including the use of monitoring tools, ● Regular reporting on health and safety issues, ● Appropriate procedures and tools for the inspection of machinery and equipment, ● Promoting good occupational health and safety practices,
Training and skills development	<p>Training needs analysis, Developing a competency matrix and training plans, Training catalogue with an option of choosing courses by the employees themselves,</p>
Diversity	<ul style="list-style-type: none"> ● Compensation based solely on merit,
Privacy	<ul style="list-style-type: none"> ● Carrying out all activities related to personal data in accordance with legal and internal regulations.

[(S1) AR 37] In the ERBUD Group, decisions to terminate a business relationship do not have a direct negative impact on the Group's own workforce; the delivery team originally assigned to the terminated contract is reassigned to another project within the Group's current operations.

(S1) AR 43] ERBUD Group identifies external changes that may turn dependencies on its own workforce into risks. In the Group's view, this is the prospect of an impending staffing gap. The Group notes a decline in the attractiveness of careers in the construction sector and a shortage of people willing to perform manual labour on the Polish market.

(S1) AR 43] Information on measures to mitigate the negative effects of the ERBUD Group's transition to a greener, climate-neutral economy is disclosed in this declaration under indicator SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model.

S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The ERBUD Group's objectives regarding opportunities, risks and impacts for [(S1) 46 (ESRS 2) 80 c)] all employees of the organisation, including foreign companies, are set out in the Group ESG Strategy developed in 2024²³. [(S1) 46 (ESRS 2) 80 h)] [(S1) 47 a)] [(S1) 47 b)] [(S1) 47 c)] Stakeholders of the organisation - representatives of the employees of ERBUD Group companies - were involved in its development through participation in strategic workshops and the dual materiality analysis process. The Group targets are as follows:

²³ [(S1) 46 (ESRS 2) 80 i)] [(S1) 46 (ESRS 2) 80 j)] The ESG strategy was adopted at the end of 2024 and therefore the Group did not have the opportunity to implement processes to monitor and control the achievement of the adopted targets during the reporting period, nor did it make any changes to the targets and related metrics.

Area	[(S1) 45] Target ²⁴ and [(S1) 46 (ESRS 2) 80 e)] time perspective	[(S1) 46 (ESRS 2) 80 a)] Relationship between target and regulations	[(S1) 46 (ESRS 2) 80 d)] Year or base value
Working time	At least 90% of all employees do not have more than 10 outstanding holiday days - target by 2029	The ERBUD Group is obliged to manage the working time of its employees in accordance with the Labour Code and the Human and Employment Rights Policy.	average of 13 days of outstanding leave per employee
Social dialogue	51% attendance rate in Employee Opinion Surveys - target by 2029	The procedure for dialogue with employee representatives regulates the frequency and nature of meetings.	2023 - attendance rate of 41%
Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	At least one meeting per quarter between the employer's representative and employee representatives or employees for consultation on improving the working environment - 2024-2029 target	The procedure for dialogue with employee representatives regulates the frequency and nature of meetings.	Not applicable
Collective bargaining	Upkeep 2024 level		36% of ERBUD Group employees covered by Company Collective Bargaining Labour Agreements
Work-life balance	At least 90% of employees have no more than 10 outstanding holiday days - 2024-2029 target	In the Remuneration Regulations, a subsistence allowance was introduced as an additional component of remuneration related to business trips.	average of 13 days of outstanding leave per employee
Occupational health and safety	Upkeep 0 severe and fatal accidents on construction sites - 2024-2029 target	Revision of annual targets, occupational health and safety status analysis	2023 base year - 0 fatal and severe accidents
Training and skills development	Increase the number of training hours per employee against 2024 - 2024-2029 target.	The Procedure for Upgrading Professional Skills describes the rules for participation in training.	The baseline will be set in 2025 based on 2024 data.

²⁴ [(S1) 46 (ESRS 2) 80 b)] all targets adopted in the ERBUD Group are relative by nature.

	70% of women and 70% of men subject to career reviews (excluding line workers) - 2024-2029 target"		
Diversity	At least 95% of middle and senior management trained in discrimination prevention - 2024-2029 target Reduce pay gap by 10% against 2023 - 2024-2029 target	The Diversity Management Policy promotes a culture of respect for diversity at the workplace, inclusion and prevention of exclusion.	Year 2023: <ul style="list-style-type: none"> • unadjusted wage gap - 20% • discrimination prevention training rate - 0%
Privacy	At least 80% of employees handling personal data trained in personal data protection - 2024-2029 target	The Personal Data Protection Management procedure regulates the parties' obligations regarding the processing of personal data.	Baseline level - 0%

[(S1) 46 (ESRS 2) 80 f)] The ERBUD Group has based its objectives on, inter alia, the Labour Code provisions. In the area of freedom of association, it also relied on the provisions of the Constitution of the Republic of Poland, and in the area of privacy protection on the content of the Personal Data Protection Act. Stakeholders were involved in the process of setting objectives. The ERBUD Group's own goals in the area of human resources are reflected in organisational transparency, the creation of a friendly and inclusive atmosphere, in line with the pillar of the "We care for our team" strategy, the main objective of which is to improve working conditions and employee satisfaction in the Group. The Group expects that the targets set will help to reduce and eventually eliminate the negative impact on its own workforce.

S1-6 - Characteristics of the undertaking's employees

		Gender	Headcount as of 31 Dec. 2024
Poland	Number of employees (total number)	Man	1573
		Woman	513
		Total workforce	2086
	Number of temp staff (total number)	Man	289
		Woman	108
		Total workforce	397
	Number of permanent employees (total number)	Man	1284
		Woman	405
		Total workforce	1689

	Number of full-time employees (total number)	Man	1550	
		Woman	493	
		Total workforce	2043	
	Number of part-time employees (total number)	Man	23	
		Woman	20	
		Total workforce	43	
Germany	Number of employees (total number)	Man	477	
		Woman	62	
		Total workforce	539	
	Number of temp staff (total number)	Man	50	
		Woman	3	
		Total workforce	53	
	Number of permanent employees (total number)	Man	427	
		Woman	59	
		Total workforce	486	
	Number of full-time employees (total number)	Man	466	
		Woman	49	
		Total workforce	515	
	Number of part-time employees (total number)	Man	11	
		Woman	13	
		Total workforce	24	
	Belgium	Number of employees (total number)	Man	133
			Woman	0
			Total workforce	133
Number of temp staff (total number)		Man	121	
		Woman	0	
		Total workforce	121	
Number of permanent employees (total number)		Man	12	
		Woman	0	
		Total workforce	12	
Number of full-time employees (total number)		Man	133	
		Woman	0	
		Total workforce	133	
Number of part-time employees (total number)		Man	0	
		Woman	0	

		Total workforce	0
Lithuania	Number of employees (total number)	Man	2
		Woman	0
		Total workforce	2
	Number of temp staff (total number)	Man	2
		Woman	0
		Total workforce	2
	Number of permanent employees (total number)	Man	0
		Woman	0
		Total workforce	0
	Number of full-time employees (total number)	Man	2
		Woman	0
		Total workforce	2
	Number of part-time employees (total number)	Man	0
		Woman	0
		Total workforce	0
		Total	2760

[(S1) 50d)] The data are given in the number of employees as at 31 December 2024.

(S1) 50(c)] The total number of employees who left the ERBUD Group during the reporting period is 585 and the employee turnover rate²⁵ is 21%.

(S1) 50(f)] The number of employees does not agree with the number of employees shown in Section 6.13 Employment Structure in the Consolidated Financial Statements of the ERBUD Group with the number of all Group headcount, due to the application of a different methodology.

S1-8 - Collective bargaining coverage and social dialogue

[(S1) 63 a)] The percentage of employees who are represented by employee representatives in the ERBUD Group is as follows²⁶:

- in Poland– 97%,
- in Belgium and in Lithuania– 100%,
- in Germany– 6%.

²⁵ The turnover rate was calculated as the ratio of the number of employees who left the organisation in the period 1 January 2024-31 December 2024 to the total employment as of 31 December 2024.

²⁶ The percentage of employees represented by employee representatives was calculated as the ratio of the number of employees represented by employee representatives as of 31 December 2024 to total employment in a given country as of 31 December 2024.

The social side may be represented by different bodies, depending on the internal rules of the companies. For the companies: ERBUD S.A., ERBUD International Sp. z o.o., MOD21 Sp. z o.o., ONDE S.A., ERBUD Shared Services Sp. z o.o., the social side is represented by employee representatives elected in accordance with the procedure agreed with the employer, in compliance with the Labour Code. In ERBUD Industry Centrum the social side is represented by representatives of three trade unions. For IVT and IKR there is a so-called Works Council, which is a statutory representation of the employees of these companies. For companies with headcount below 50 people, i.e. Satchwell, IDE Projekt and MOD21 GmbH, there were no constituted employee representatives in 2024. All consultations on working and pay conditions took place without representation.

[(S1) 60(a)] The percentage of employees covered by collective labour agreements was 25% in 2024²⁷.

[(S1) AR 70] [(S1) 60 b)]

Number and percentage of employees covered by collective labour agreements in the EEA ²⁸		
	Number of employees	Percentage
Poland	482	23%
Germany	202	36%

ERBUD Industry Centrum has a company collective agreement registered with the District Chamber of Labour, which covers all employees of the company. The majority of the employees of IVT, IKR, MOD21 Ltd. are covered by industry-specific, cross-company collective agreements, so-called tariff agreements, which define the working and remuneration conditions for these employees. The number of employees covered by collective agreements is included in the indicator.

[(S1) 60(c)] The ERBUD Group does not have any employees outside the EEA. [(S1) 63(b)] The ERBUD Group has no agreements with employees on representation by a European Works Council, a European Company Works Council or a European Co-operative Works Council.

S1-9 – Diversity indices

[(S1) 66 a)] Number of people in top management by gender ²⁹

	Total headcount	[%]
Man	118	81%
Woman	27	19%
Total workforce	145	100%

The top management comprises management bodies as well as one and two levels below management bodies.

[(S1) 66 b)] Total headcount by age³⁰

²⁷ The percentage of employees covered by collective bargaining agreements was calculated as the ratio of the number of employees covered by collective bargaining labour agreements on 31 December 2024 to the total number of employment as of 31 December 2024.

²⁸ As of 31 December 2024.

²⁹ As of 31 December 2024

³⁰ As above

	Total headcount	[%]
Below 30 years of age	473	17%
30–50 years of age	1 362	49%
Above 50 years of age	925	34%

S1-14 - Health and safety metrics

(S1) 88 a)	Number of persons who are the organisation's own employees covered by the organisation's occupational health and safety management system based on legal requirements or recognised standards or guidelines.	Number of people covered by the OH&S management system	Number of own workforce
		2910	2910
	Percentage of persons who are the organisation's own employees covered by the organisation's occupational health and safety management system based on legal requirements or recognised standards or guidelines.	100%	
(S1) 88 b)	Number of work-related fatalities among the undertaking's own workforce.	0	
(S1) 88 b)	Number of fatalities due to work-related accidents and occupational diseases among other employees working on the site.	0	
(S1) 88 c)	Number of reportable accidents at work among the undertaking's own workforce.	40	
	Rate of reportable work-related accidents.	6,27	
(S1) 88 d)	Number of work-related ill-health cases reportable (subject to legal restrictions on data collection).	1	
(S1) 88 e)	Number of days lost due to work-related injuries and fatalities due to work-related accidents, due to work-related ill-health and fatalities due to ill-health.	1213	

(S1) 90	Number of the company's own employees covered by a health and safety management system developed on the basis of legal requirements or recognised standards or guidelines, and which has been subject to internal or external audit or certification.	Number of people covered by the OH&S management system	Number of own workforce
		2567	2910
(S1) AR 81	If the occupational health and safety management system has been audited or certified, provide information on the standards or norms on which such audits or certifications are based.	<p>ISO 45001:2018 (ERBUD S.A., ERBUD Industry Centrum, CKTiS, ONDE, MOD 21, IVT) Sicherheits Certificat Contractoren - SCC-VAZ 2021 (IKR) BRAK (ERBUD International, ERBUD Shared Serviced, Satchwell, Ide Projekt, MOD 21 GmbH)</p>	

Data is shown in number of people as of 31 December 2024.

The frequency rate was calculated according to the formula: number of accidents at work x 1,000,000 / number of man-hours worked. For the calculation of the number of man-hours of employees, a summary of employment by month was taken. Employees were divided into 3 groups: supervisory, office administration and labourers. For the calculation of man-hours, a conversion factor was applied for each month: supervision - 184 hours, office administration - 168 hours, labour positions - 184 hours.

S1-16 – Compensation metrics (pay gap and total compensation)

(S1) 97 a)	The gender pay gap, defined as the difference in the average level of pay between female and male workers, expressed as a percentage of the average level of pay of male workers	17%
(S1) 97 b)	Ratio of the annual total compensation of the top earner to the median annual total compensation of all employees (excluding that top earner)	28

The pay gap was calculated using the following formula:

$$\frac{\text{Average level of gross hourly pay of male workers} - \text{average level of gross hourly pay of female workers}}{\text{Average gross hourly rate of male workers}} \times 100$$

In calculating the average hourly rate level, the base salary from the contract as of 31 December 2024, including fixed allowances and relocation allowances paid in 2024, has been taken into account and averaged to monthly amounts. Part-time workers have been pro-rated to full-time workers in terms of basic salary including fixed allowances. Compensation amounts in EURO were converted into PLN at the exchange rate prevailing at 31 December 2024. The hourly rate has been calculated on the basis of a standard of 168 hours per month.

The annual total compensation factor was calculated based on the following formula:

$$\frac{\text{Annual total compensation of the undertaking's top earner}}{\text{Median annual total employee compensation (excluding the highest earner)}}$$

The calculation of the total compensation factor took into account the base salary under the contract as of 31 December 2024 including allowances multiplied by 12 months and the moving allowances paid in 2024. Part-time positions (non-FTEs) were proportionally supplemented in basic salary including fixed allowances to full FTEs. Salary amounts in EURO have been converted into PLN according to the exchange rate prevailing at 31 December 2024. The salaries of hourly wage earners have been converted into monthly wages based on a multiplier of 168 hrs/month;

ESRS S2 – Workers in the value chain

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

(S2) 10(a)] [(S2) 10(b)] ERBUD Group has identified risks and opportunities related to the workers in the value chain. The Group's strategy and business model often involves projects with high pressure on cost and time efficiency and a complex and multi-tiered supply chain involving subcontractors, material suppliers and externally hired workers, which may lead to negative consequences for these workers. Projects are delivered within strict timeframes to meet investor requirements and avoid contractual penalties, which can also result in longer working hours and less rest for workers. The seasonality of the construction sector and the pressure of deadlines mean that workers have to work several hours a day during peak periods. The nature of the work means there is a high risk of accidents - working at height, with heavy machinery and in changing weather conditions increases the risk of injury at work. Exposure to harmful factors - prolonged exposure to noise or dust can lead to occupational illnesses. The construction sector is still perceived as traditionally male. The lack of widespread inclusiveness policies means that women may be treated less favourably in terms of pay; there is still a pay gap between men and women in the construction sector for the same jobs. Given its extensive value chain, the Group identifies, in relation to its business model and strategy, negative impacts resulting from the use of materials that may come from regions at risk of child and forced labour.

(S2) 11] The scope of this statement covers all individuals performing work in the value chain that may be materially affected by the Group.

[(S2) 11 a)] [(S2) 11 a i.) [(S2) 11 a ii.) [(S2) 11 a iii.) [(S2) 11 a iv.)] The ERBUD Group identifies in the value chain:

- those who perform jobs on the enterprise's site but are not part of the enterprise's own workforce - these are subcontractors,
- those who work for enterprises in the upstream value chain - these are employees of enterprises providing services and materials,
- those who work for enterprises in the downstream value chain - these are employees of enterprises providing services and materials,
- those who work in joint ventures - these are employees of enterprises that are consortia members.

[(S2) 11 a v.)] The Group identifies line workers on construction sites and implementing on-going projects as the workers in the value chain who are particularly exposed to negative impacts, including workers from countries other than Poland . (S2) 11(c)] Negative impacts relate to working time as well as occupational health and safety issues and are among the impacts common to the Group's operations.

Material topics related to workers in the value chain	[(S2) 11 d)] Positive impacts on people performing jobs in the value chain	[(S2) 11 e)] Material risks and opportunities arising from impacts and dependencies related to people performing jobs in the value chain	[(S2) 13] Material risks and opportunities affecting specific groups of workers in the value chain
Working time	The undertaking does not identify a positive impact.	<p>The Group identifies the following risks:</p> <ul style="list-style-type: none"> • frequent workforce turnover due to working conditions, lack of work-life balance, working time and job security. • frequent personnel turnover due to work nature, possible downtime in construction work due to lack of people to work with. 	<p>The Group identifies the following risks:</p> <ul style="list-style-type: none"> • increased workforce turnover at subcontractors and material and service suppliers.
Occupational health and safety	The undertaking does not identify a positive impact.	<p>The Group identifies the following risks:</p> <ul style="list-style-type: none"> • in the construction sector there is a risk of serious accidents at work, which can translate into compensation costs, reputational damage and downtime. 	<p>The Group identifies the following risks:</p> <ul style="list-style-type: none"> • increased risk of accidents at work concerning subcontractors.
Training and skills development	The Group influences suppliers to ensure decent pays and working conditions for workers in the value chain.	<p>The Group identifies the following risks:</p> <ul style="list-style-type: none"> • staff shortages related to the outflow of workers to work on the reconstruction of Ukraine, • shortage of trained workers in technical fields due to the weakness of the education system,, • competitive wages in the IT industry, where skilled workers are moving, and the declining attractiveness of entry-level jobs due to rising living standards, which is reflected in recruitment costs. <p>The Group identifies the following opportunities:</p> <ul style="list-style-type: none"> • The impact on workers in the value chain as subcontractors in terms of market differentiation and a growing awareness in the marketplace of the need to ensure decent pay and conditions for people who are not our employees, bringing reputational 	<p>The Group identifies the following opportunities:</p> <ul style="list-style-type: none"> • Increased interest in the sector due to the growing trend applicable to the younger generation to return to traditional trades (requiring tertiary education) and the turbulence in the IT industry is an opportunity to attract skilled workers.

		benefits and competitive advantage.	
Diversity	The undertaking does not identify a positive impact.	The Group identifies the following opportunities: <ul style="list-style-type: none"> managing diversity in terms of gender, age and background, in line with the company's strategy, which creates a friendly working environment that leads to productivity. 	The undertaking does not identify risks and opportunities concerning specific groups of workers in the value chain.
Children labour	The undertaking does not identify a positive impact.	The Group identifies the following risks: <ul style="list-style-type: none"> the risk of creating a negative image or legal risk if workers in the value chain are found to be using child labour, which could lead to reputational damage or disruption of the supply chain. 	The undertaking does not identify risks and opportunities concerning specific groups of workers in the value chain.
Forced labour	The undertaking does not identify a positive impact.	The Group identifies the following risks: <ul style="list-style-type: none"> the risk of creating a negative image or legal risk if workers in the value chain are found to be using child labour, which could lead to reputational damage or disruption of the supply chain. 	The undertaking does not identify risks and opportunities concerning specific groups of workers in the value chain.

(S2) 12] Significant risks affecting the workers in the value chain have been identified through a process of dual materiality analysis. For occupational safety, the Group also used existing analyses of the causes of occupational accidents and on-going risk assessments for each job, task and project. For child and forced labour, the Group used publicly available information on high-risk regions. Data on the wage gap in the construction market enabled the identification of women as workers in the chain who are at particular risk of injury.

S2-1 - Policies related to value chain workers

[(S2) 14] The ERBUD Group has policies in place to manage the identified material impacts, risks and opportunities that affect those working in the value chain. [(S2) 16 (ESRS 2) 65(b)] The Group has a in place: Code of Ethics, a Human and Employment Rights Policy, a Suppliers' Code of Conduct and a Diversity Management Policy covering all workers in the value chain who can be significantly influenced by the Group. These policies contain no geographical exclusions and apply equally to all areas in which the Group and its supply chain operate. [(S2) 16 (ESRS 2) 65(e)] These policies take into account the interests of suppliers' workforce identified during the Double Materiality Analysis (DMA) and through interviews with representatives of this group, and [(S2) 16 (ESRS 2) 65(c)] their implementation is the responsibility of

the relevant business unit management and, in the case of training and diversity issues, the Directors of HR Division. [(S2) 16] The scope of the policy covers all workers who perform jobs in the value chain.

At the Group's parent company - ERBUD S.A. - issues relating to the workers in the value chain are mainly addressed by the Human and Employment Rights Policy, the Code of Ethics, the Suppliers' Code of Conduct and the Diversity Management Policy as well as the Integrated Management System for Occupational Health and Safety. [(S2) 16 (ESRS 2) 65(f)] Some of these are available to the workers in the value chain on the ERBUD S.A. website, and the company also makes these documents available through posters in office buildings and construction sites with a QR code with relevant links to the documents, and posts the documents in a prominent place in each organisational unit.

[(S2) 16 (ESRS 2) 65(a)] [(S2) 17] The parent company's human and labour rights policy sets out commitments to respect human and labour rights for all stakeholders, including the workers in the value chain, [(S2) 18] including the prohibition of child labour. [(S2) 16 (ESRS 2) 65(d)] [(S2) 19] The Company undertakes to comply with these provisions:

- The Universal Declaration of Human Rights,
- The International Labour Organisation's Fundamental Principles and Rights at Work,
- The OECD Guidelines for Multinational Enterprises,
- The UN Guiding Principles on Business and Human Rights,
- The UN Global Compact Principles.

The Group's regulations contain provisions in accordance with the above-mentioned documents.

[(S2) 19] ERBUD S.A. did not record any breaches of these regulations in 2024 or in previous years.

[(S2) 17 a)] [(S2) 17 b)] ERBUD S.A. aims to work with business partners who share the organisation's commitment to safety, ethics and compliance. The company requires in its contracts with contractors that they respect human rights. ERBUD S.A. recognises the Human and Employment Rights Policy as part of its due diligence process, which aims, among other things, to minimise potential and actual negative impacts on human and labour rights and to proactively address potential breaches. [(S2) 17 c)] If it is determined that the company's activities have contributed to a negative impact on human rights, ERBUD S.A. provides appropriate remedial action as part of its legal support. Where adverse impacts arise from business relationships, the organisation undertakes to assist business partners in eliminating or minimising the adverse impacts through their own mechanisms for managing irregularities.

The Parent Company of the ERBUD Group has mechanisms in place to enable the reporting of all types of violations and to ensure effective remedies in the event of human rights violations. The Company ensures that reports are handled in a manner that protects the whistleblower and the confidentiality of the person concerned.

The Diversity Management Policy refers to national and international regulations, including the Labour Code, the UN Universal Declaration of Human Rights, the International Labour Organization Declaration on Fundamental Principles

and Rights at Work, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the UN Global Compact Principles, and others. The provisions of the policy address unequal treatment in employment, identify consequences for perpetrators of unequal treatment and promote a culture of respect for diversity in the workplace, inclusion and the prevention of exclusion.

[(S2) 18] ERBUD S.A. has also implemented a Suppliers' Code of Conduct, the provisions of which [(S2) AR 15] fully comply with applicable International Labour Organization standards and include provisions on worker safety, precarious employment, human trafficking, the use of forced or child labour.

In accordance with the Integrated Management System policy, ERBUD S.A. strives for continuous improvement of occupational health and safety management in order to ensure safe work organisation for all its employees and employees of cooperating companies, as well as other persons present on company premises, including construction sites implemented by the company. The Integrated Management System policy is also applied in some of the ERBUD Group companies. The other units base their activities on the regulation adopted in the parent company. The Integrated Management System policy and system procedures are accepted and implemented by all subcontractors providing services to the ERBUD Group.

S2-2 - Processes for engaging with value chain workers about impacts

[(S2) 20] The ERBUD Group companies, in terms of actual and potential impacts, cooperate with those performing jobs in the value chain through:

- a dedicated platform for dialogue with [(S2) 22(a)] all workers in the value chain, including the opportunity to comment on the organisation's impact on those with whom it works;
- regular health and safety training and education for subcontractor workers, including the opportunity to share their experiences and opinions on workplace safety;
- contractual obligations for contractors to provide decent and appropriate working and wage conditions, including not employing children and not using forced labour.

[(S2) 22 c)] The Director in charge of the Central Purchasing Division, the Commercial Directors and Contract Managers and the Site Managers responsible for selecting subcontractors oversee the cooperation with the workers in the value chain.

[(S2) 22] The Group seeks the opinions and assessments of the workers in the value chain through the implementation of a communication platform. The data collected will be used in the biennial review of policies related to the workers in the value chain and will be taken into account to the extent possible and necessary. [(S2) 22(e)] [(S2) 23] The platform was launched in 2024 and analyses of its effectiveness in the management of dialogue were on-going in the Group during the reporting period.

[(S2) 22(b)] In addition, cooperation and dialogue with personnel of subcontractors takes place in the day-to-day operations of Group companies directly on construction sites. There is constant and on-going contact between Group employees and subcontractors' employees. The companies seek to resolve any issues of concern on an on-going basis.

S2-3 - Processes to remediate negative impacts and channels for value chain workers to raise concerns

(S2) 25] In order to ensure the remediation of negative impacts on the workers in the value chain, the following processes are implemented in the ERBUD Group:

- Implementing a dialogue platform as a channel for raising and resolving concerns;
- Using standard contractual clauses with contractors and requiring confirmation of familiarity with the Human and Employment Rights Policy, Code of Ethics, Suppliers' Code of Conduct and, where appropriate, submitting to audits on the provision of adequate working conditions for their employees.

(S2) 27 a)] In situations where Group companies become aware that their activities have caused or contributed to adverse impacts on workers in the value chain, appropriate corrective action will be taken as part of legal support. Where adverse impacts arise from business relationships, companies are committed to assisting their business partners in eliminating or minimising the negative impacts through their own irregularity management mechanisms.

(S2) 27(b)] [(S2) 27(c)] The dialogue platform implemented in 2024 is the main channel for workers in the value chain to voice their concerns or needs. The ERBUD Group communicates its existence through, among other things, posters with a QR code at construction sites. The organisation also accepts paper submissions, which can be dropped into special boxes at construction sites. (S2) 28] The process for handling and reporting complaints is outlined in the Group's Parent Company's Whistleblowing Policy, Procedures and Ethical Standards, and the organisation provides protection for whistleblowers. The Group does not have formal mechanisms in place to evaluate the effectiveness of the actions taken, but gathers information on an informal basis and assesses that the workers in the value chain have confidence in the Group as a means of raising and addressing their concerns or needs.

[(S2) 27(d)] The platform was launched in 2024, and during the reporting period not a single report on the concerns or needs of the workers in the value chain was communicated through it. Analyses of its effectiveness in managing dialogue were also on-going within the Group.

S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action

[(S2) 30] [[[S2) 31 (ESRS 2) 68(a)] Actions taken by the ERBUD Group in 2024 to address material impacts on value chain workers and to manage material risks and leverage material opportunities related to the workers in the value chain:

- implementing a dialogue platform as a channel for raising and resolving concerns,

- using standard contractual clauses with contractors and requiring confirmation of familiarity with the Human and Employment Rights Policy, Code of Ethics, Suppliers' Code of Conduct and, where warranted, submitting to audits on the provision of appropriate working conditions for their personnel,
- ensuring that subcontractors benefit from health and safety training and that subcontractors' personnel participate in campaigns to promote occupational health and safety on site,
- updating the Diversity Management Policy.

[[S2] 31 (ESRS 2) 68 (d)] The Group's assessment is that these actions also provide remedies for those harmed by actual material impacts.

[[S2] 31 (ESRS 2) 68 e)] Key activities and targets related to the workers in [(S2) 31 (ESRS 2) 68 b)] the entire value chain and on all sites where the Group has carried out [(S2) 31 (ESRS 2) 68 c)] activities in 2029 time horizon have been defined by the ERBUD Group in the ESG Strategy. The defined activities are as follows:

Area	Target
Working time	<p>Implementation of the Suppliers' Code of Conduct in all ERBUD Group companies. The Group's goal is to have 100% of key suppliers, subcontractors and partners analysed against social and environmental criteria and 70% of key suppliers, subcontractors and partners audited against criteria related to the working conditions of the workers in the value chain.</p> <p>The Group's plans include: within the scope of target: 70% of key suppliers verified against working conditions of the workers in the value chain:</p> <ul style="list-style-type: none"> • analysis of 20% of all suppliers with orders exceeding PLN 20 million in value in 2025, • analysis of 50% of all suppliers with orders exceeding PLN 5 million in value in 2026-2027, • analysis of 70% of all suppliers with orders exceeding PLN 1 million in value in 2028-2029.
OH&S	0 (zero) severe and fatal accidents on construction sites.
Training and skills development	Implementation of the Suppliers' Code of Conduct in all ERBUD Group member companies. The Group's target is to have 100% of key suppliers, subcontractors and partners analysed against social and environmental criteria and 70% of key suppliers, subcontractors and partners audited against criteria related to the working conditions of the workers in the value chain.
Diversity	Train 95% of middle and senior management in discrimination prevention.
Children labour	Implementation of the Suppliers' Code of Conduct in all ERBUD Group member companies. The Group's target is to have 100% of key suppliers, subcontractors and partners analysed against social and environmental criteria and 70% of key suppliers, subcontractors and partners audited against criteria related to the working conditions of the workers in the value chain.
Forced labour	Implementation of the Suppliers' Code of Conduct in all ERBUD Group member companies. The Group's target is to have 100% of key suppliers, subcontractors and partners analysed against social and environmental criteria and 70% of key suppliers, subcontractors and partners audited against criteria related to the working conditions of the workers in the value chain.

[[S2] 32 a)] The ERBUD Group believes that the policies adopted and described in this statement regarding workers in the value chain provide a basis for further steps to be taken in the future with respect to the verification of fair

employment conditions for the workers in the value chain. (S2) 32(b)] In the absence of whistleblower reports on the Group's actual material impacts on workers in the value chain, there was no need to take corrective actions in 2024. [S2) 33(c)] At the same time, the Group ensures that the remediation processes, if they need to be implemented, are effective. The means of ensuring their effectiveness in terms of implementation and results are the human and labour rights policies, codes of ethics and supplier codes available on the companies' websites. Their content will also be made available through the display of relevant QR codes on posters, in prominent locations in office buildings and on construction sites.

[(S2) 32(c)] [(S2) 34(b)] Among the initiatives carried out in the ERBUD Group in 2024 with the main objective of ensuring positive impacts on the workers in the value chain and taking advantage of the significant opportunities associated with them were:

- inviting subcontractors' personnel to participate in on-going occupational health and safety campaigns - such as Safety Week, carried out within the framework of the Construction Safety Alliance and in cooperation with the National Labour Inspectorate,
- providing diversity management training and raising awareness of equality and gender equality regardless of age, gender or nationality.

(S2) 33(a)] [(S2) 32(d)] The Group identifies the type of action required through a dual relevance analysis, information received through the value chain dialogue platform with employees, and spontaneous interviews. These interviews are also used to monitor and evaluate the effectiveness of the actions taken.

(S2) 33(b)] The ERBUD Group's approach to significant negative impacts on value chain workers - [(S2) 35] and, at the same time, how to avoid such impacts - involves working with business partners that share the Group's commitments in the areas of safety, ethics and compliance. Contracts with companies include provisions on the need to respect human rights in the services or supplies provided to the Group. (S2) 34(a)] The Group believes that the planned screening of contractors with respect to the working conditions offered to employees will allow it to establish criteria for selecting only those contractors that act in accordance with the organisation's values.

(S2) AR 28(b)] The ERBUD Group has also taken initiatives to help achieve additional significant positive impacts for workers in the value chain. Under the auspices of the Polish Association of Construction Industry Employers, the Group, together with other industry representatives, launched a project to improve the image of the construction sector. A dedicated team of experts has launched activities to encourage young people to choose a career in construction, including cooperation with technical universities and vocational schools.

(S2) 38] The resources used to manage significant impacts on the workers in the value chain are ERBUD Group's own resources.

S2-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

[(S2) 40] The targets adopted by the company to stimulate and measure its progress in counteracting significant negative impacts or enhancing positive impacts on workers in the value chain are described [(S2) 41 (ESRS 2) 80 (i)] in the updated 2024 ESG strategy of the ERBUD Group. [(S2) 41 (ESRS 2) 80 b)] All targets are relative and [(S2) 41 (ESRS 2) 80 e)] refer to the 2029 time horizon. [(S2) 41 (ESRS 2) 80 c)] The scope of the objectives covers the entire organisation, including foreign companies..

Area	Target	[(S2) 41 (ESRS 2) 80 a)] Relationship between target and policies	[(S2) 41 (ESRS 2) 80 d)] Base value ³¹
Working time	<p>Implementation of the Suppliers' Code of Conduct in all ERBUD Group member companies. The Group's target is to have 100% of key suppliers, subcontractors and partners analysed against social and environmental criteria and 70% of key suppliers, subcontractors and partners audited against criteria related to the working conditions of the workers in the value chain.</p> <p>The Group's plans include: within the scope of target: 70% of key suppliers verified against working conditions of the workers in the value chain:</p> <ul style="list-style-type: none"> • analysis of 20% of all suppliers with orders exceeding PLN 20 million in value in 2025, • analysis of 50% of all suppliers with orders exceeding PLN 5 million in value in 2026-2027, • analysis of 70% of all suppliers with orders exceeding PLN 1 million in value in 2028-2029. 	The Human and Employment Rights Policy, the Code of Ethics and the Suppliers' Code of Conduct set out values regarding, inter alia, the working environment of the workers in the value chain. Where negative impacts on working time are identified, appropriate action must be taken. The contractual clauses introduced with contractors also allow audits to be carried out in relation to the recording of time worked by employees in the supply chain and the analysis of overtime.	N/A
OH&S	Zero (0) severe and fatal accidents on construction sites.		Base year 2023: 3 severe accidents, 1 fatality.
Training and skills development	Implementation of the Suppliers' Code of Conduct in all ERBUD Group member companies. The Group's target is to have 100% of key suppliers, subcontractors and partners analysed against social and environmental criteria		N/A

³¹ For qualitative targets, no baseline is set.

	and 70% of key suppliers, subcontractors and partners audited against criteria related to the working conditions of the workers in the value chain.		
Diversity	Train 95% of lower and senior management in discrimination prevention.	The Human Rights and Labour Rights Policy, the Code of Ethics and Suppliers' Code of Conduct and the Diversity Management Policy, as internal regulations, promote actions related to respect for the rights of every person, regardless of age, gender or nationality. Planned anti-discrimination training initiatives will reinforce awareness of attitudes in this area. Any report of a breach in this area will be investigated and action will be taken against those responsible. Analysis of the effectiveness of reporting channels based on the number of reports made.	N/A
Children labour	Implementation of the Suppliers' Code of Conduct in all ERBUD Group member companies. The Group's target is to have 100% of key suppliers, subcontractors and partners analysed against social and environmental criteria and 70% of key suppliers, subcontractors and partners audited against criteria related to the working conditions of the workers in the value chain.	The Human and Employment Rights Policy, the Code of Ethics and the Suppliers' Code of Conduct set out values regarding, among other things, the working environment of workers in the value chain. The diagnosed negative impact in terms of the risk of sourcing materials from regions at risk of child labour commits the company to take appropriate measures. The contractual clauses introduced with contractors will also allow audits to be carried out to ensure compliance with the ban on child labour.	N/A
Forced labour	Implementation of the Suppliers' Code of Conduct in all ERBUD Group member companies. The Group's target is to have 100% of key suppliers, subcontractors and partners analysed against social and environmental criteria and 70% of key suppliers, subcontractors and partners audited against criteria related to the working conditions of the workers in the value chain.	The Human and Employment Rights Policy, the Code of Ethics and the Suppliers' Code of Conduct set forth values regarding, inter alia, the working environment of the workers in the supply chain. The diagnosed negative impact in terms of the risk of sourcing materials from regions at risk of forced labour obliges us to take appropriate measures. The contractual clauses	N/A

		introduced with contractors will also allow audits to be carried out to ensure compliance with the ban on forced labour.	
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[(S2) 41 (ESRS 2) 80(f)] The Group has assumed that any worker in the value chain can be negatively affected and therefore plans to implement measures to minimise negative impacts, regardless of their nature or location. The Labour Code provisions and, in the case of forced labour, the Personal Data Protection Act have been taken into account in setting targets. [(S2) 41 (ESRS 2) 80(h)] [(S2) 42(a)] Stakeholders, including employees in the value chain, were also involved in the work through a dedicated survey - their views influenced the dual materiality analysis process, and the results of this analysis formed the basis for the development of the ESG strategy, including the targets for employees in the value chain.

[(S2) 41 (ESRS 2) 80 (j)] [(S2) 42 (b)] [(S2) 42 (c)] Due to the revision of the ESG strategy in 2024, it was not possible to monitor and control the implementation of the new strategic targets during the reporting period.

ESRS S3 – Affected communities

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

(S3) 8(a)(i) [(S3) 8(a)(ii)] [(S3) 9(b)] The ERBUD Group's actual and potential impacts on affected communities³²s - including noise, dust or increased traffic - are systemic in nature and directly related to the organisation's core business of delivering construction projects. The Group is aware of these impacts and takes them into account in its strategy and business model. (S3) 8(b) [(S3) 9(d)] At the same time, the ERBUD Group also identifies risks related to the impact on communities - these include the possibility of delays in the implementation of investments as a result of public dissatisfaction, conflicts over construction constraints or potential environmental problems, or increased project costs.

The organisation's ambition goes beyond meeting environmental standards and regulations for the operation of construction sites. The Group aims to build lasting relationships with local communities based on dialogue, mutual respect and a deep understanding of the needs of local people. That is why one of the pillars of the ERBUD Group's 2024 ESG strategy is communities. In the strategy, the Group describes itself as an organisation that is "aware of the impact on (...) the local communities in which projects are developed" and declares its commitment to maintaining good relations with its neighbours. The ERBUD Group's strategic ESG priority is to include 100% of its own investments in the community relations process. In 2024, the Group started to develop policies and good practices, standards and guidelines in this area. Their full implementation is planned for 2025-2026.

S3-1 - Policies related to affected communities

(S3) 12 [(S3) 16(b)] In 2024, ERBUD Group did not have a stand-alone policy on affected communities, but these issues [(S3) 16(a)] were directly addressed by the organisation's Human Rights Policy for Downstream and Upstream Value Chains and Stakeholder Relations. This document commits us to conducting our business with respect for the rights and dignity of all people, including local communities, in accordance with all applicable national and international laws and the guidelines of international human rights organisations. (S3) 16(b)[(S3) 16(c)] The Group engages in on-going cooperation and dialogue with local communities, for example through a dedicated communication channel that allows community members to raise their concerns, needs and comments, as well as violations of any kind, so that the Group can take effective corrective action when human rights violations occur (and are reported). SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model and SBM-2 Interests and views of stakeholders.

³² [(S3) 9] [(S3) 9 a.)] [(S3) 9 a.) i.] [(S3) 10] The communities affected by the ERBUD Group's activities are primarily local communities living or working in the vicinity of the construction project sites - all of which are included in the scope of this disclosure. [(S3) 9(a)(ii)] The Group does not define as communities affected by its activities communities operating in the corporate value chain and [(S3) 9(a)(iv)] communities of indigenous peoples.

[ESRS 2 (62)] In line with the ESG strategy, the Group is in the process of developing a Community Relationship Policy and best practices, standards and guidelines for working with local communities, to be implemented across the Group by the end of 2026.

[(S3) 17] In 2024, the ERBUD Group had not reported any cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises.

S3-2 - Processes for engaging with affected communities about impacts

[(S3) 20] The ERBUD Group's primary means of engaging with affected communities is through a dedicated communication channel provided for raising concerns, questions and issues about the organisation's impacts.

[(S3) 21] Actions taken and planned by the ERBUD Group to minimise negative impacts are based on the views of the affected communities [(S3) 21 a)] Members of the local communities contact representatives of the ERBUD Group directly [(S3) 21 b)] and cooperation is ad hoc, initiated by a resident or residents reporting a need.

[(S3) 21 c)] In 2024, the function in the unit was not defined, the supervisors of individual investments are responsible for relations with local communities.

S3-3 - Processes to remediate negative impacts and channels for affected communities to raise concerns

[(S3) 27 a)] The corrective measures implemented by the ERBUD Group when significant negative impacts on affected communities are identified are tailored individually to the situation and its scale and type. The Group has not implemented mechanisms to assess their effectiveness.

[(S3) 27(b)] The Group has launched a dedicated online platform for reporting the concerns and needs of affected communities³³. [(S3) 27 c)] Information on how to use it is made available on the external fences of construction sites, in the offices and branches of Group companies, the website and the ESG service. In addition, the Group publishes the telephone number of the Site Manager on the outdoor notice boards of each project it operates. [(S3) 28] The organisation did not have formal mechanisms in place in 2024 to assess the level of awareness of the shared channels among local communities.

[(S3) 27(d)] To ensure the effectiveness of the channels for reporting complaints, the ERBUD Group has implemented a system that is easily accessible, simple and intuitive to use (without the need for complex data) and provides an efficient process for the handling and management of reports received. The channels are widely communicated at the project site and offer an option to report issues in up to three languages if the project is located in a multicultural environment.

³³ The Group has two whistleblowing platforms - one for ONDE and one for the other Group member companies.

There is also a system in place to monitor reports and their status to ensure that they are dealt with quickly and efficiently, and there are designated coordinators responsible for dealing with reports within the specific areas to which reports may relate (such as health and safety issues, issues relating to terms and conditions of employment or a specific investment). The system has a clearly defined standard response time.

All reports received by the Group are analysed. Each report received is subject to a thorough and impartial internal investigation within the Group. The authenticity of the information provided is assessed and all relevant circumstances of the case are clarified. If necessary, the Group also contacts the whistleblower to request additional information. Within two weeks of the report, the Group will provide feedback to the whistleblower, including but not limited to:

- the results of the investigation,
- the confirmation or non-confirmation of the occurrence of the events reported,
- the follow-up actions planned or taken,
- the measures taken or to be taken in response to the event reported.

[(S3) 28] [(S3) 28] The whistleblower's personal data and other data enabling his/her identity to be ascertained shall not be disclosed except with the express consent of the whistleblower. ERBUD S.A. is the data controller of the personal data of the whistleblowers. In 2024 the Group did not assess the awareness and confidence of local communities in the existing channels for reporting concerns or needs. Refer to subsection G1-1 for information on the Whistleblower Protection Policy.

S3-4 - Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

[(S3) 30] [(S3) 32 a)] Actions to minimise negative impacts, taking into account the significant risks associated with the affected communities and the provision of remediation [(S3) 32(b)] resulted in 2024 from the environmental protection procedures adopted in [(S3) 31 (ESRS 2) 68(b)] across the ERBUD Group. Key activities in this area are as follows:

- proper handling of hazardous substances and waste to prevent contamination of the soil, water and air,
- [(S3) 31 (ESRS 2) 68 d)] equipping any construction site where hazardous substances are stored with special tools to minimise the negative effects in the event of an accident,
- keeping public roads adjacent to construction sites clean by washing the roads and providing vehicle washing areas on the site,
- carrying out particularly noisy work outside evening hours,
- reducing the nuisance caused by dust by limiting the speed of vehicle traffic on construction sites and spraying dusts

- reducing dust nuisance by limiting the speed of vehicle traffic on construction sites and spraying dusty surfaces,
- protecting trees and shrubs from damage,
- protecting amphibian and bird habitats on construction sites.

The above activities relate to the Group's own activities and involve all geographical areas.

[(S3) 31 (ESRS 2) 68(c)] The activities undertaken have no time frame, are on-going, are of indefinite duration, and [(S3) 31 (ESRS 2) 69(a)] are financed from the organisation's own resources. [(S3) 31 (ESRS 2) 68 (a)] [(S3) 32 (b)] Decisions to implement a specific action are made according to the needs, circumstances and nature of the on-going investment project. Any environmental incidents, such as spills of hazardous substances, are reported in accordance with internal procedures.

[(S3) 32(c)] In 2024, the Group did not undertake additional activities or initiatives with the primary objective of securing positive impacts or [(S3) 34(b)] capturing significant opportunities in relation to affected communities. [(S3) 32(d)] Accordingly, in 2024 the Group did not track and evaluate the effectiveness of these activities and investments in achieving the intended outcomes in relation to affected communities. [(S3) 33(a)] [(S3) 33(b)] [(S3) 33(c)] [(S3) 34(a)] The Group's plans to respond to actual or potential negative impacts are included in the ESG strategy - planned policies will address these issues.

(S3) 35] Due to the specific nature of the companies that make up the ERBUD Group, issues related to land-use planning practices, land acquisition and operation in the context of affected communities relate to ONDE, a company specialising in the construction of energy-producing wind turbines. At the planning stage of a given project, the company consults with the local municipal authorities and holds community consultations with local residents.

[(S3) 36] In 2024, no serious human rights issues or incidents related to affected communities were reported across the ERBUD Group.

[(S3) 38] In accordance with the ESG strategy, which defines the functions responsible for achieving objectives and managing negative impacts, the ESG department - as the structure that sets standards and coordinates the implementation of solutions to manage impacts, risks and opportunities - and the project and production/construction teams - as the parties responsible for the operational implementation of designated activities - are responsible for managing the material theme of relations with local communities. Expenditure on the implementation of activities under this material topic is funded from the company's own resources.

S3-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

(S3) 39] The ERBUD Group's strategic objective in relation to reducing negative impacts on affected communities is to achieve [(S3) 41 (ESRS 2) 80 b)] [(S3) 41 (ESRS 2) 80 c)] a percentage of 100% of its own investments covered by the community relations procedure. The Group considers that any investment may have a negative impact on local

communities and therefore the process is applied to all Group developments, regardless of type or location. [(S3) 41 (ESRS 2) 80(a)] This target is described in the Group's ESG strategy [(S3) 41 (ESRS 2) 80(e)] and the organisation plans to achieve it in 2026. [(S3) 41 (ESRS 2) 80 d)] The base year for the target is 2023, and the baseline - due to on-going work to prepare the methodology - was 0%. [(S3) 41 (ESRS 2) 80 h)] No stakeholders were involved in the target development. [(ESRS 2) 80(f)] The Group relied on its own experience, publicly available market knowledge and analysis of submissions to set targets for community impacts, risks and opportunities. [(ESRS 2) 80(i)] The Group made no changes to the objectives and associated metrics.

[(S3) 41 (ESRS 2) 80 (j)] In 2024 - in line with the timetable set forth in the ESG Strategy - the ERBUD Group started efforts to develop a procedure for relationships with communities. The Group also reviewed existing activities and began to develop best practices, standards and guidelines for working with communities.

(S3) 42(a)] [(S3) 42(b)] The ERBUD Group did not work directly with the affected communities or their representatives in setting the target adopted in the ESG Strategy.

ESRS G1 – Business conduct

G1-1 - Corporate culture and business conduct policies

The ERBUD Group's management of material sustainability issues is based on established policies and procedures.

The basis for managing the ERBUD Group's material sustainability issues.

- Code of Ethics - in terms of corporate culture
- Regulations and Whistleblowing Procedure - in terms of whistleblower protection
- Anti-Corruption Policy - in terms of prevention and detection of corruption and management of corruption incidents

(G1) 9] The Group has assessed, developed and promoted its corporate culture in a partly non-formalised way, e.g. through annual performance assessments, meetings with superiors, face-to-face meetings, continuous optimisation of practices and processes, and formalised through training and onboarding processes.

The corporate culture of the ERBUD Group is shaped by the Code of Ethics. This document describes in detail the principles of work ethics, provides examples of desirable behaviour and clearly communicates the consequences of violating ethical standards. (G1) 7 (ESRS 2) 65(a)] The Code sets out principles relating to human and employee rights, employee relations, diversity, sponsorship, fair competition, relations with business partners, environmental protection and safety, among others. The content of the Code complements existing legal regulations by defining a framework and standards of behaviour for employees and collaborators, regardless of their place in the Group structure - the principles apply to all persons employed in the Group under an employment contract or collaborating under a civil law contract, employees in the value chain and all business partners collaborating with the ERBUD Group, in all locations where the Group operates.

The Group makes the Code of Ethics available to all stakeholders on its website and it is mandatory for all employees to read the document. The principles set out in the Code are also presented to all new employees of the Group and are reviewed as part of regular employee training. [(G1) 10 g)] The Group does not have a formal policy for training on the provisions of the Code of Ethics.

The person responsible for overseeing the application of the Code, implementing procedures, communicating the Code, overseeing the process for handling reports of violations, supporting the organisation and overseeing ethics training is the Compliance Officer. (G1) 10 a)] The rules for reporting possible violations of the Code are described in the Group's Regulations and Whistleblowing Procedure. Employees³⁴ who have information or a suspicion of a breach of ethical standards or applicable regulations are encouraged to report this information in confidence. The Group accepts this information through a dedicated e-mail address, by mail or directly to the Compliance Officer.

³⁴ Submissions from stakeholders from the catalogue referred to in the Act of 14 June 2024 on Whistleblowers' Protection are admissible.

All information contained in the reports is reviewed and clarified in accordance with established procedures. After an initial review by the Compliance Officer, an internal Investigation Committee is set up in each case, with the right to call in external experts if necessary. Following clarification and verification of the information gathered, corrective or other action may be taken against the persons reported. Whistleblowers will not be subject to any reprisals or consequences of any kind as a result of their whistleblowing. With regard to reporting significant matters to the authorities, the Compliance Officer will inform the authorities of the Group companies of significant reports and the explanations given.

[(G1) 10 c)] The ERBUD Group provides - [(G1) 10 d)] in accordance with the regulations and the whistleblowing procedure - full protection for whistleblowers, in particular by:

- ensure confidentiality of data when reporting irregularities,
- prohibit retaliation,
- limit access to information contained in reports to the minimum necessary.

The flow of information during the investigation respects the principles of privacy and whistleblower protection. Those involved in the investigation are bound by confidentiality, which also applies to the proceedings of the investigation committee itself. The Group will ensure that the identity of the whistleblower is protected and will not be disclosed without the express consent of the whistleblower to anyone who is not authorised to receive reports, conduct investigations and take corrective action.

[(G1) 10(c)] In accordance with the adopted policies, there shall be no retaliation, attempt or threat of retaliation against a whistleblower. Specifically, whistleblowers are protected from, among other things, refusal of employment, dismissal or dismissal without notice, reduction in remuneration, withholding of promotion, transfer to a lower position and unfavourable change of place of work or working hours.

[(G1) 10(b)] In the ERBUD Group, the issue of anti-corruption is regulated in the Code of Ethics and Anti-Corruption Policy, which [(G1) 7 (ESRS2) 65(d)] refers to::

- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions,
- United Nations Convention Against Corruption,
- Council of Europe Criminal Law Convention on Corruption.

(G1) 10(h)] The Group analysed functions and positions in the organisation in terms of their exposure to corruption.

Those considered most at risk of corrupt practices included:

- decision-makers of the commercial departments,
- decision-makers of the Central Purchasing Division,
- Branch Directors,
- Management Boards of subsidiaries,
- persons holding Project Manager positions.

The document that complements the Anti-Corruption Policy with regard to the channels for reporting information and the ways in which it is handled is the Regulations and Procedure for Reporting Violations of Law, Procedures and Ethical Standards. [(G1) 10(e)] The Group has not implemented additional policies that go beyond the requirements of the Whistleblower Protection Act transposing EU Directive 2019/1937. In addition, the Group has a Benefit Register in which all financial benefits given to and received by employees with a value of more than PLN 200 are entered.

G1-2 Management of relationships with suppliers

(G1) 15a) In 2024, the ERBUD Group was in the process of updating the Integrated Management Systems with guidelines for supplier relationship management, which came into force on 1 January 2025. With the new guidelines, suppliers will be verified at several stages, including sustainability requirements during pre-qualification phase.

In addition, the Suppliers' Code of Conduct, which is implemented in all Group companies, sets out standards of behaviour for ERBUD's suppliers in relation to human rights, labour rights, environmental issues and business integrity. The document requires companies working with ERBUD to comply with principles of ethical behaviour, including the prohibition of child labour, the prohibition of forced labour, the provision of a safe and comfortable working environment, free from discrimination, mobbing and sexual harassment, and the assertion of the right to freedom of association. In addition, contracts and orders with contractors will include provisions that reinforce the need for suppliers to conduct their business in a sustainable manner and in accordance with the principles of the Code. (ESRS 2) 65 b] The Code covers both upstream and downstream actors in the value chain. [(ESRS 2) 65 c] The highest level in the organisation responsible for implementing the Code is the Compliance Officer. Throughout its relationship with a particular supplier, the Group analyses the risks associated with its supply chain and the impact on sustainability issues. To this end, the Group identifies and assesses risks and opportunities, taking into account the defined internal and external factors affecting the Group's operations and development, which are considered in the areas defined in the IMS. Depending on the level of risk, the Group implements preventive measures and defines a deadline and a person responsible for their implementation. The Group also carries out audits within its value chain - at its largest suppliers, taking into account the criteria set out in the ERBUD Group Suppliers' Code of Conduct.

Minimisation of supplier risks in the ERBUD Group

Risk identified during Double Materiality Analysis (DMA)	Risk management techniques
Risk of termination of business relationships due to non-compliance with environmental and human rights management requirements	<ul style="list-style-type: none"> ● Development of a Suppliers' Code of Conduct uniform in the entire Group ● Supplier Charters at ERBUD S.A. ● ESG clauses in contracts with subcontractors at ERBUD S.A..

Risks of supply chain disruption	Diversification of suppliers in individual Group member companies
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In 2024, [(G1) 15 b)] the Group did not have a consistent mechanism for considering social and environmental criteria when selecting its suppliers. According to its ESG strategy, the Group aims to have 100% of its suppliers analysed against these criteria by 2029 [(ESRS 2) 80 d)], so in 2024 suppliers were not analysed against the newly adopted criteria. From 2024, ERBUD S.A. will gradually implement ESG criteria in the supplier selection process. The company has included relevant clauses in contracts and included sustainability issues in the Supplier Selection Charter. ERBUD evaluates suppliers' sustainability criteria both before they enter the process and during the tendering and construction phases. The experts of ERBUD S.A. check whether the suppliers, including but not limited to:

- have mechanisms for identifying and managing negative environmental impacts,
- ensure that there is no risk of human rights violations (child labour, forced labour),
- ensure the ability to meet the requirements of the ERBUD S.A. Environmental Management System,
- ensure the ability to meet the requirements of the ERBUD S.A. Occupational Health and Safety Management System.

[(ESRS 2) 80(h)] The Group's objectives in this regard were set as a result of a dual materiality exercise during which stakeholders provided their views and interests.

[(G1) 14] The ERBUD Group did not have formal policies in place in 2024 to prevent late payments.

G1-3 Prevention and detection of corruption and bribery

[(G1) 16] [(G1) 18 a)] [(G1) 7 (ESRS 2) 65 a)] The ERBUD Group's corruption prevention and detection system is based on the Anti-Corruption Policy. The document broadly defines the Group's understanding of corruption and bribery, including influence peddling, managerial bribery and rigging of public and private tenders as such phenomena. The provisions of the policy clearly prohibit any involvement [(G1) 7 (ESRS2) 65(b)] by the Group or its employees in corrupt situations and clearly communicate a total lack of acceptance and tolerance of such instances. The scope of the policy covers the Group's employees, employees in the value chain and all business partners working with the ERBUD Group in all locations where the Group operates. [(G1) 7 (ESRS2) 65 e)] The content of the policy and any changes to it will be consulted with employee representatives, and [(G1) 7 (ESRS2) 65 c)] the implementation of the provisions of the policy is the responsibility of each company's Management Board..

[(G1) 20] [(G1) 7 (ESRS2) 65 f)] The Anti-Corruption Policy is a public document, translated into English and German, available to stakeholders on the Group's website and to employees on the intranet. The Group also reminds its employees of its contents by means of information material (posters and printed versions of the policy) in places that

are accessible to its own employees and those of its subcontractors, such as canteens and site offices, and through regular induction meetings.

[(G1) 24 b)] Every person starting work in Group companies is made aware of the anti-corruption procedures and confirms that they have read them. The Group also regularly organises anti-corruption training for all employees, not just managers and those in vulnerable positions - the training formula allows participants to actively participate and ask questions in case of doubt. In addition, in 2024, the Group launched a training platform that enables every employee to learn the basic information contained in the Anti-Corruption Policy, presented in an accessible manner.

In accordance with Group policy, any entity providing services to the Group must read, accept and comply with the Anti-Corruption Policy - the relevant provisions are included in contracts with subcontractors.

(G1) 18(a)] The policy also provides information on the available channels for reporting violations, including incidents of corruption. Reports may be made by telephone or in person to the Compliance Officer, by mail or by e-mail. The Group's investigation process is governed by the Policy and Procedure for Reporting Violations of Law, Procedure and Ethical Standards [ESRS 2 (65d)], which complies with the provisions of the Whistleblower Protection Act. [ESRS 2 (65b)] The scope of the document extends to all employees, including those in the value chain, as well as all business partners and other persons working with the ERBUD Group in all locations where the Group operates. In accordance with its provisions, the Compliance Officer³⁵ [ESRS 2(65c)] who is responsible for the implementation of the regulations and their application in the organisation, will appoint an internal Explanatory Committee consisting of persons with the relevant competence and knowledge and, if necessary, third party experts.

(G1) 18(b)] The Group has not implemented provisions that provide for the formal separation of those conducting investigations from the chain of management.

[(G1) 18(c)] Upon completion of the investigation, the Compliance Officer will prepare a summary - a report of the investigation. This summary may include recommendations for further corrective action. The summary shall be submitted to the Management Board (in special cases directly to the Supervisory Board) and any member of the Management Board may request that a matter relating to the results of the investigation and corrective actions be placed on the agenda of the next meeting of the Management Board. The Management Board may also communicate the contents of the investigation report to the Supervisory Board.

³⁵ In the case of a report concerning the Compliance Officer, the proceedings are initiated and conducted by a Management Board member.

[(G1) 21] [(G1) 21 a)] [(G1) 21 b)] [(G1) 21 c)] Information on anti-corruption and anti-bribery training

	Functions exposed to risk	Administrative, management and supervisory bodies	Other own workforce
Scope of training			
Total	258	11	2 899
Total trainees	145	5	1 191
Training method and duration			
	online, 1h	online, 1h	online, 1h
Frequency			
	Once a year	Once a year	Once a year
Topics raised			
Anti-corruption and bribery; corruption - definition, forms	x	x	x
Legislation	x	x	x
Other forms of corruption	x	x	x
Trading in influence	x	x	x
Bid-rigging	x	x	x
Breach of trust / mismanagement	x	x	x
Nepotism, conflict of interest	x	x	x
ERBUD Group's gift policy	x	x	x
Benefits register	x	x	x
Reporting violations	x	x	x

G1-4 Confirmed incidents of corruption or bribery

[(G1) 22] Information on incidents of corruption or bribery during the reporting period.

[(G1) 24(a)] Number of convictions for the violation of anti-corruption and anti-bribery laws	0
[(G1) 24(a)] Amount of fines for the violation of anti-corruption and anti-bribery laws	0

G1-6 Payment practices

(G1) 31] In its payment practices, the ERBUD Group adheres to the contractual provisions provided for in individual contracts with suppliers. The Group does not have special payment terms for certain categories of suppliers.

[(G1) 33a] The average time taken by the ERBUD Group to pay an invoice from the beginning of the calculation of the contractual or legal payment term is 22 days.³⁶

[(G1) 33b] [(G1) 33d] The ERBUD Group systematically complies with the agreed payment terms, which contributes to building trust with suppliers. Invoices due in a given week are paid on Monday, which allows for efficient management of obligations and timely payment.

The standard payment terms in the ERBUD Group in Poland provide for various settlement periods, adapted to the specific nature of the projects. The most common payment term is 30 days, with 69% of liabilities in this category being paid on time. Invoices paid with a 14-day payment term have a punctuality rate of 75%, while payables with a 21-day term have a punctuality rate of 85%. In the case of invoices with a 7-day payment deadline, the punctuality rate is 60%, indicating a higher proportion of late payments..

Despite the different due dates, the liability schedules are always adapted to the payment schedule agreed with the investor on the respective construction site, which allows for timely payment of liabilities to business partners and maintenance of financial liquidity.

The standard due dates of the ERBUD Group member companies in Germany include two main due dates: 10-14 days with 2-3% discount or 30-45 days without discount (net). This practice is widely followed and 99% of liabilities are settled within this timeframe.

Separately, there is also a model where invoices paid within 14-21 days may be subject to a 2% discount, with timely payment in this category at 70%.

All liabilities vis-à-vis suppliers are paid in accordance with the agreed payment terms, which is reflected in the Creditreform credit rating and in the relationship with credit insurers covering all business partners and suppliers..

Country	Invoice due date	Percentage of invoice paid on time
Poland	<ul style="list-style-type: none"> • 30 days • 14 days • 21 days • 7 days 	<ul style="list-style-type: none"> • 69% • 75% • 85% • 60%
Germany	<ul style="list-style-type: none"> • 10-14 days with a 2-3% discount or 30-45 days without discount • 14-21 days, with a 2% discount for payments below 14 days. 	<ul style="list-style-type: none"> • 99% • 70%

[(G1) 33c] The number of pending litigation cases for late payment is 0.

³⁶ [(ESRS 2) 77a] [(ESRS 2) 77c] The methodology for calculating the average time to pay invoices is based on an analysis of actual payment dates in relation to the date of issue of the document. The data is aggregated on the basis of an internal accounting system, taking into account all transactions that meet the contractual criteria. The due date is calculated as the arithmetic mean of all liabilities in a given accounting period.

[(ESRS 2) 56]

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ESRS E2 - Pollution	
E2-1 – Policies related to pollution	Insignificant

E2-2 – Actions and resources related to pollution	Insignificant
E2-3 – Targets related to pollution	Insignificant
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E2-5 – Substances of concern and substances of very high concern	Insignificant
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10. MANAGEMENT BOARD STATEMENTS

True and fair view of the report

According to the best knowledge of the Management Board of ERBUD S.A., the financial figures for 2024 and the comparable reporting period included in the Management Board's Report on the activities of the ERBUD S.A. Capital Group, including the Report on the Activities of ERBUD S.A., have been prepared in line with the applicable accounting principles and give a true, fair and clear view of the assets and the financial position of ERBUD S.A. and ERBUD Capital Group.

The Report on the ERBUD Capital Group Operations containing the Report on the ERBUD S.A. Operations provides a true picture of the development, achievements and position of ERBUD S.A. and the ERBUD Capital Group, including a description of the main threats and risks.

The ERBUD Group ESG Report forms a separate part of the Report of ERBUD Group on Operations.

Impartiality and independence of the entity authorized to audit financial statements

The Management Board of the parent company ERBUD S.A., hereby declares that:

the appointment of the audit firm to carry out the audit of the annual financial statements has been made in accordance with the applicable rules, including those concerning the appointment and procedure for the audit firm appointment:

- the audit firm and the members of the audit team have fulfilled the conditions to prepare an unbiased and independent audit report on the annual financial statements in accordance with applicable regulations, professional standards and rules of professional ethics,
- the applicable rules relating to the rotation of the audit firm and of the key statutory auditor and the mandatory grace periods are complied with,
- ERBUD S.A. has a policy in place on the appointment of an audit firm and a policy on the delivery of additional non-audit services to ERBUD S.A. by the audit firm, an entity affiliated to the audit firm or a member of its network, including services conditionally exempted from the delivery ban by the audit firm.

Signatures of all Management Board members:

Dariusz Grzeszczak

President of the Management Board

Agnieszka Głowacka

Vice-President of the Management Board

Jacek Leczkowski

Vice-President of the Management Board

Tomasz Wojak

A Management Board Member

Warsaw, 24 March 2025