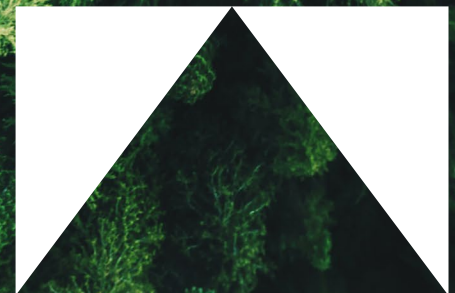




CLIMATE POLICY
ERBUD GROUP
2023-2050



The **ERBUD Group's** Climate Policy lays down foundations for the **ERBUD Group's** climate-oriented activities. The Policy demonstrates the Group's management's significant commitment to addressing climate change. It also serves as a reference for stakeholders, indicating the Group's awareness of this critical issue. Primarily, however, it is an internal document that ensures the **ERBUD Group's** due diligence processes are applied to the climate change mitigation and adaptation issues. Using the outcome of the aforementioned November 2022 workshop presented above on determining the level and type of materiality of climate issues for the **ERBUD Group**, and the guidance provided in the Supplement on Reporting of Climate-Related Information (2019/C 209/01), with the annex comprising the Recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) (in the Materials and Buildings Group section), as well as the assumptions set forth in the provisions of the European Green Deal strategy (including mainly Regulation (EU) No. 2020/852), in conjunction with Commission Delegated Regulations (EU) No. 2021/2078 and No. 2021/2139, taking into account the Commission Delegated Regulation (EU) 2022/1214, which amends the aforementioned Regulation, and taking preliminary account of the provisions of Directive (2022/2464/EU) of the European Parliament and of the Council (2022/2464/EU) with regard to sustainability reporting) and the sustainability accounting standards ESRS 1 prepared thereunder: in December 2022, the General Principles and ESRS E1: Climate Change were updated (incorporating the workshop deliverables) and then in March 2024 (taking into account the provisions of the ESRS standards). This was done in order to align the ERBUD S.A. Climate Policy for 2020-2050, originally adopted in 2020, with the most recent data and standards., doing so through the formal adoption by the Management Board of ERBUD S.A. and the Management Boards of its subsidiaries of the consolidated document presenting it.

Please find the text of the ERBUD Group's Climate Policy below. In line with this policy, the governing bodies of the Group's member companies have committed to the following targets, which are designed to improve the climate and set forth the means to attain them:

UPDATED CLIMATE POLICY

in 2020-2050

OF ERBUD GROUP

The ERBUD Capital Group is a leader in the implementation of the energy transition process in the construction industry in Poland as well as in the Central and Eastern Europe, considering the issue of minimizing the carbon footprint as one of the key strategic components of its business.

In doing so, it wishes to realize its role as an ambitious European participant in the green transition and as a climate benchmark for pro-climate activities in the construction industry and in industries related to its value creation in its area of business activity.

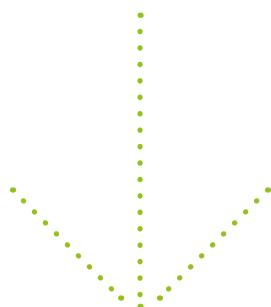


The proof of the responsibility referred to herein above is this updated version of the **ERBUD Group's** Climate Policy 2020-2050, adopted originally in January 2020 and updated in March 2024, in view of the growing role of climate change in the **ERBUD Group's** view in absolute terms (observed and projected changes in the weather in the business area of the group's value chain operations) and in relative terms (observed and projected changes in the increased relevance of climate issues in terms of the social context, capital markets and regulations).

The **ERBUD Group's** Management Board, in cooperation with the management boards of other **ERBUD Group's** member companies, supervises the implementation of the provisions of the **ERBUD Group's** Climate Policy. It declares that it will do its best to meet the set targets for mitigating climate change and its negative impact between 2020 and 2050. Ambitions to intensify the **ERBUD Group's** climate-oriented activities have been in place for more than a dozen years and over that period they have been reflected in the Group's priorities and goals.

ACTIVITIES IN ADHERENCE TO THE SUSTAINABLE DEVELOPMENT PRINCIPLES, INCLUDING THE IMPACT ON CLIMATE AND CLIMATE IMPACTS:

- **The ERBUD Group's** Management Board declares that it develops and pursues corporate values based on the goals of sustainable development, thus building its position as a strategic and responsible partner to all stakeholders. In terms of climate impact and influence, the **ERBUD Group** carries out its activities in compliance with Goal No. 7 (Ensure access to affordable, reliable, sustainable and modern energy for all), Goal No. 12 (Ensure sustainable consumption and production patterns) and Goal No. 13 (Take urgent action to combat climate change and its impacts) of the UN's sustainable development, incorporated into Agenda 2030.
- The **ERBUD Group's** Management Board declares that it will make every effort to fulfil the main objectives arising from the need to mitigate climate change and reduce the negative impacts of climate change and adapt to climate change in 2020-2050, by adopting and implementing the following goals:



CATEGORY

1

Defined greenhouse gas (GHG) emission reduction targets for the Organization

(to mitigate climate change):

IN SHORT-TERM:

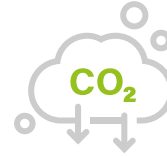
below 2030

30%

reduction of direct emissions (Scope 1),

40%

Reduction of indirect emissions (Scope 2) through pro-efficiency measures and through the use of renewable energy sources at the 80% share,



Completing the calculation of indirect emissions (Scope 3) and their 10% reduction.

IN MID-TERM:

below 2040

40%

Reduction of direct emissions (Scope 1),

NEUTRALITY

With regard to indirect emissions (Scope 2) through efficiency-oriented measures and through 100% use of renewable energy sources,

20%

reduction of indirect emissions (Scope 3)

IN LONG-TERM:

below 2050

CLIMATIC NEUTRALITY

To achieve climate neutrality through reduction and assimilation of other greenhouse gas emissions,

ZERO CARBON FOOTPRINT

To offer only products with zero carbon footprint in Phase A of the life cycle of a product/building according to PN-EN 15804 standard.

2020 has been set as the baseline year for GHG emission reductions in Scope 1 and Scope 2, while the year 2024 - in Scope 3.



CATEGORY

2

Goals set for the Organization to enhance energy efficiency and reduce the carbon footprint across the Group's value chain

(to mitigate climate change):

REDUCTION OF ENERGY CONSUMPTION BY 10%

based on the analysis of the energy consumption index to the revenues generated by the completed investment projects,

IMPROVEMENT OF THE STRUCTURE

of renewable energy sources utilisation under the investment projects underway in relation to the total cost of energy consumption at the level of 10%.

CATEGORY

3

Goals set for the Organization to reduce significantly climate-related physical risks

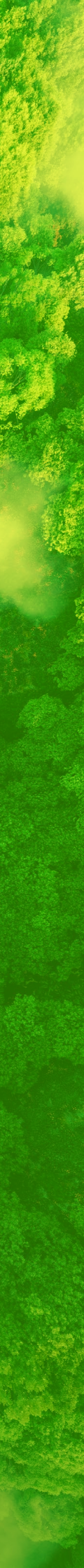
(for adaptation to climate change):

RISK REDUCTION

Engage the Organisation in reducing the acute physical risks and long-term physical risks of its customers by preparing products that minimise them in a realistic manner.

ZERO RISK

Failure to complete works on construction sites and to make building products on sites exposed to identified acute physical risks in the high risk category defined by the Group and/or long-term physical risks.



The Organization's objectives set in Categories 1, 2 and 3 will be implemented through the following general activities:

1

To maintain **ERBUD Group's** continued compliance with the UN, European Union and, within EU, Poland's carbon footprint and climate neutrality targets, as well as resilience to climate changes.

2

To incorporate a wide range of climate considerations into the **ERBUD Group's** order portfolio drivers, including those related to the carbon footprint and exposure to climate change.

3

Strive to fully protect the natural environment of **ERBUD Group's** investment projects, maintaining the conditions of the existing ecosystem and microclimate.

4

To prioritize and develop the **ERBUD Group's** construction technologies related to an opportunity of implementing low-emission or climate-improving investment projects at each stage of the life cycle of a construction project implemented by the GROUP, with a special focus on modular construction projects as well as BREEAM and LEED-type facilities.

5

To incorporate into the **ERBUD Group's** management process and objectives the evaluation criteria in line with the European Union's taxonomy for environmentally sustainable activities.

6

To optimize in the **ERBUD Group's** operations the working time of internal combustion engines of machinery and company cars, aimed at the enhancement of operational efficiency.

7

To assign priorities in the **ERBUD Group** to investment projects involving the application of renewable energy-based generation facilities. The **ERBUD Group's** supplier evaluation and selection system will take into account the carbon footprint and climate impact of the machinery and technology used by the suppliers.



The goals set by the Organization in Category 1 will be implemented in short term (until 2030) through the following specific activities:

1

Successive replacement in the **ERBUD Group's** fleet of company cars with cars characterised by lower emissions or powered by fuels representing an alternative to traditional/high-emission fuels.

2

On the office premises and in stationary units, owned by **ERBUD Capital Group** member companies, the strive for taking measures to reduce emissions and consumption,

3

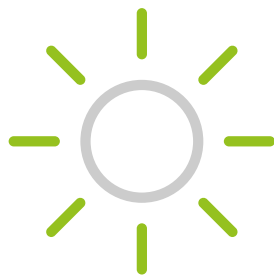
Successive replacement in the **ERBUD Group** of the construction machinery base with those with lower emissions or fuelled by alternative fuels.

4

The **ERBUD Group's** increase in the number of photovoltaic, wind, hydrogen, hydro, biofuel development projects that generate lower energy consumption compared to traditional construction sector.

5

Digitalization of **ERBUD Group** management processes: BIM system, electronic accounting workflow, HSE application.



The Organisation's Category 2 targets will be met in the short term (by 2030) through the following specific activities:

1

To enhance the share of renewable energy in the **ERBUD Group's** energy mix sourced for its own consumption.

2

ERBUD Group's achievement of carbon neutrality in terms of electricity consumption.

3

Continuous monitoring and improvement of the generation process, including MOD21 company, to set and achieve ever growing energy minimisation and recovery targets.

4

Start by the **ERBUD GROUP** of progress reporting for Scope 3, from 2024 onwards, together with identification of changes and the indicators determining them for subsequent years.

5

Analysis of options and selection of low-emission materials, e.g. low-emission concrete, steel, etc.,

6

RES promotion by the **ERBUD GROUP** member companies through building an investor position (develop, build and sell model), which involves boosting the number of own projects and the construction of photovoltaic and wind farms, such as the Cyranka farm (installed capacity of 18 MW).

7

The implementation by the **ERBUD Group** of a system for the assessment and selection of suppliers with regard to the emissions and climate impact of the machinery and technology they use (concerning waste generated and transported, purchased goods, including raw materials, from the transport of products and materials, from consumed fuel in machinery and equipment).

8

Raising awareness within the **ERBUD GROUP** about the implementation of BREEAM- or LEED-certified construction projects.



The Organisation's Group 3 targets will be implemented in the short term (up to 2030) through the following specific activities:

1

Development of a portfolio of building products for **ERBUD Group** customers designed to effectively reduce their acute or long-term climate-related physical risks:

- for long-term physical risks associated with: water: retention solutions;
- with temperature: insulation, ventilation and air-conditioning solutions;
- in terms of acute physical risks associated with: water: drainage solutions, drainage solutions, barrier solutions; with hurricanes, storms, torrential rain, hailstorms: construction solutions (covers) to protect created facilities from the effects of storms.

3

Adoption of the principle of no construction and fabrication of building products by the **ERBUD Group** on sites exposed to identified acute and/or long-lasting physical risk.

2

To develop and implement adaptation measures for all identified physical risks, including:

- to provide insurance cover against the consequences of physical risks;
- implementation of air-conditioning solutions for all **ERBUD Group** personnel working in the thermal stress risk environment;
- to enhance opportunities and scope of work of **ERBUD Group** personnel in terms of remote work;
- to enhance the frequency of application of a closed circuit for process water on construction sites and, in indicated cases (inability to use the above solution), preparing its own independent water supply system in cases of examined water deficit;
- to enhance the level of protection against possible power cuts in the event of overloading the power system or the occurrence of weather disasters (hurricanes, thunderstorms, hailstorms, heavy rain), by securing their own independent power generators on construction sites;
- to enhance the level of fire prevention in view of possible more frequent spontaneous fires associated with increasing average temperatures and prolonged periods without precipitation;
- to develop and implement of hail protection systems for photovoltaic farms built for customers and for own use.



The attainment of all the above targets will be additionally supported by:

- **ERBUD Group's** membership in organisations, bodies and contribution to the climate change negative impact mitigation projects.
- Provision by the **ERBUD Group** of full access to professional expert material for its employees, developing their knowledge and competence in climate issues and possible actions of the construction sector to mitigate its negative impact.
- Developing systems of employee accountability for any proposed solutions for the **ERBUD Group's** action to mitigate climate change, including the development of proposals for bottom-up employee initiatives to that extent.
- Fostering of the teams responsible for monitoring reporting under the regulatory obligations.

The ERBUD S.A. Management Board considers the goals and actions thus defined to be a priority, guaranteeing the climate improvement. This climate policy is understood, implemented, effectively communicated and respected by the employees and subcontractors of the **ERBUD Capital Group** member companies.

The implementation of the climate policy outlined above is in line with all management standards used in the **ERBUD Group**. It forms part of the Integrated Management System and is also embedded in the **ERBUD Group** strategy, which is key to the **ERBUD Group's** ESG strategy.

President of the
Management Board
Dariusz Grzeszczak

Vice-President of the
Management Board
Jacek Leczkowski

Vice-President of the
Management Board
Agnieszka Głowacka

