



# Management Board Report on the Activities of the Parent Company ZUE S.A. and ZUE Capital Group for 2024

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### Abbreviations and definitions:

ZUE, Company, Issuer, Parent Company	ZUE S.A. with registered office in Cracow, entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry number KRS 0000135388, share capital of PLN 5,757,520.75 paid up in full. Parent company of the Capital Group.
Railway gft	Railway gft Polska Sp. z o.o. with registered office in Cracow, entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry number KRS 0000532311, share capital of PLN 3,000,000 paid up in full. Subsidiary of ZUE.
RTI	Railway Technology International Sp. z o.o. with registered office in Cracow, entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry number KRS 0000397032, share capital of PLN 627,500 paid up in full. Subsidiary of ZUE.
Energopol	Przedsiębiorstwo Budownictwa Inżynieryjnego ENERGOPOL Sp. z o.o. with registered office in Cracow, entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry number KRS 0000042724, share capital of PLN 2,200,000 paid up in full. Subsidiary of ZUE.
ZUE Bahnbau	ZUE Bahnbau GmbH with registered office in Berlin, Germany, entered into the German commercial register ( <i>Handelsregister Abteilung B</i> ) maintained by the Charlottenburg District Court in Berlin under entry number HRB 267659 B, share capital of EUR 80,000 paid up in full. Subsidiary of ZUE.
ZUE Construct	ZUE Construct S.R.L. with registered office in Cluj-Napoca, Romania, entered into the commercial register maintained by the District Court for Cluj-Napoca under entry number 50767159, share capital of RON 150,000 paid up in full. Subsidiary of ZUE.
BPK Poznań	Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o. with registered office in Poznań, entered into the National Court Register maintained by the District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register, under entry number KRS 0000332405, share capital of PLN 5,866,600 paid up in full. Subsidiary of ZUE until 10 August 2023.
ZUE Group, Group, Capital Group	ZUE Capital Group including at the end of the reporting period: ZUE, Railway gft, RTI, Energopol, ZUE Bahnbau, ZUE Construct.
PLN	Polish złoty.
EUR	Euro.
RON	Romanian leu.
Act	Polish Companies Act (Journal of Laws of 2024, item 18).

Share capital details as at 31 December 2024.

## OPERATIONAL INFORMATION – NON-FINANCIAL INFORMATION

### 1. Organisation of the Capital Group

#### 1.1. Structure of the Capital Group

Structure of the Capital Group as at 31 December 2024.



**ZUE S.A. is the parent company** of the Capital Group. The Parent Company was established on 1 June 1991. It has operated under the name ZUE Spółka Akcyjna since 20 May 2002. The Company has been entered into the National Court Register maintained by the District Court for Cracow–Śródmieście in Cracow XI Commercial Division of the National Court Register under entry no. KRS 0000135388. The share capital of PLN 5,757,520.75 has been paid up in full.

**Subsidiary – Railway gft Polska Sp. z o.o.** was established on 21 October 2014. Cracow is the company’s registered office. The company has been entered into the National Court Register maintained by the District Court for Cracow–Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry no. KRS 0000532311.

**Subsidiary – Railway Technology International Sp. z o.o.** was established on 20 July 2011. Cracow is the company’s registered office. The company has been entered into the National Court Register maintained by the District Court for Cracow–Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry no. KRS 0000397032.

**Subsidiary – Przedsiębiorstwo Budownictwa Inżynierskiego Energopol Sp. z o.o.** has operated in its current legal form since 11 September 2001. Cracow is the company’s registered office. The company has been entered into the National Court Register maintained by the District Court for Cracow–Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry no. KRS 0000042724.

**Subsidiary - ZUE Bahnbau GmbH** was incorporated on 16 September 2024. Berlin (Germany) is the company’s registered office. The company has been entered into the German commercial register maintained by the Charlottenburg District Court in Berlin under entry number HRB 267659 B.

**Subsidiary - ZUE Construct S.R.L.** was established on 25 October 2024. Cluj-Napoca (Romania) is the company’s registered office. The company has been entered into the register of entrepreneurs maintained by the District Court for Cluj-Napoca under entry number 50767159.

On 4 February 2025, after the end of the reporting period, ZUE signed the agreement for the sale of shares in NTB Systemy Sp. z o.o. with registered office in Serock whereby ZUE acquired 100% of shares and gained control of the company. Consequently, NTB Systemy sp. z o.o. became a subsidiary. NTB Systemy Sp. z o.o. has been entered into the National Court Register maintained by the District Court for the capital city of Warsaw in Warsaw, XII Commercial Division of the National Court Register under entry number KRS 0000730177.

The companies within the Capital Group have been incorporated for indefinite period. The financial statements of the consolidated subsidiaries have been prepared for the same reporting period as the Parent Company using consistent accounting principles. The Parent Company and the companies within the Group use a calendar year as

their financial year.

On 28 October 2022, ZUE's branch in Romania was entered into the Register of Entrepreneurs maintained by the Court in Cluj Napoca under entry number J12/6648/2022. The branch was established to enable the coordination of the Company's operations on the Romanian market.

The following companies were consolidated with full method in 2024:

- | Railway gft Polska Sp. z o.o.
- | Energopol Sp. z o.o.

ZUE has the power to govern the financial and operating policy of Railway gft, Energopol, RTI, ZUE Bahnbau and ZUE Construct because as at 31 December 2024, it held a majority stake in the companies.

As at 31 December 2024, ZUE held 100% of shares in Railway Technology International Sp. z o.o. (RTI), ZUE Bahnbau GmbH and ZUE Construct. The companies were excluded from a consolidation on the grounds of immateriality.

In the comparative period, BPK Poznań, a subsidiary whose shares were sold on 10 August 2023, was included in a consolidation.

## 1.2. Changes in the Parent Company's and the Group's structure in 2024 and their effects

No major changes to the Group's structure occurred between the beginning of 2024 and the date of approval of this report, except for the following changes.

On 16 September 2024, ZUE Bahnbau GmbH, a subsidiary, was entered into the German commercial register maintained by the Charlottenburg District Court in Berlin and, accordingly, the company joined the Capital Group. The company will provide construction services in Germany.

On 25 October 2024, ZUE Construct S.R.L. was entered into the commercial register maintained by the District Court for Cluj-Napoca (Romania) and, accordingly, the company joined the Capital Group. The company will provide construction services in Romania. The company will carry out independent tendering and production activities, based on the resources and experience gained through the contracts currently being executed in this area.

On 4 February 2025, after the end of the reporting period, ZUE signed the agreement for the sale of shares in NTB Systemy Sp. z o.o. with registered office in Serock whereby ZUE acquired 100% of shares for the total amount of PLN 1300 thousand and gained control of the company. The company carries out the construction works performed under the contracts executed by ZUE. The transaction will improve ZUE's competitive position and will bring additional know-how in the field of construction, modernization, and maintenance of tram tracks, particularly those based on structures/systems incorporating chemical materials, including polyurethane compounds, epoxy resins, adhesives, paints, coatings, mats, and vibration-isolation absorbers.

## 2. Activities of the Capital Group

### 2.1. Business model

The Group operates in the two aggregate operating segments:

- | Construction activities conducted by ZUE and Energopol;
- | Sales activities conducted by Railway gft.

Construction activities include:

- | **Urban infrastructure**, including:
  - o Construction and upgrade of tram tracks, tram and trolleybus traction networks, traction substations, street lighting, cable lines, street traffic signalling, road systems, buildings and telecommunications technology;
  - o Maintenance of tram and street lighting infrastructure;
- | **Rail infrastructure**, including:



- Construction and upgrade of railway tracks, railway traction, railway traffic control devices and telecommunications technology, traction substations, power lines, stations and civil structures;

#### Road infrastructure, including:

- Road works, bridge and road structures, reinforced concrete structures and other civil structures.

In 2024, the Group focused on the provision of rail, urban and road infrastructure construction services.

The Group can build civil structures and deliver reinforced concrete projects, such as viaducts, bridges, passages, resistance walls or noise barriers, based on its skills and resources.

As part of its **sales activities**, the Group offers materials and accessories necessary to build tracks, including:

- Rails for railways, tramways and cranes; special profiles, light rails and narrow-gauge railway;
- Steel, wooden and pre-stressed concrete sleepers;
- Crossovers and crossover components;
- Accessories required to build tram and railway tracks;
- Aggregate;
- Special technologies: RHEDA 2000® slab tracks, RHEDA CITY C, RHEDA CITY GREEN tram systems, "Ypsilon" steel sleepers.

## 2.2 Principal place of business

Cracow is the registered office of ZUE, Railway gft, RTI and Energopol. The Capital Group operates mainly on the Polish market but it also performs construction contracts on the Romanian railway market. Previously, the Company performed construction contracts in Slovakia and Latvia.

In 2024, the Group carried out urban infrastructure contracts in such cities as Szczecin, Gorzów Wielkopolski, Warsaw, Dąbrowa Górnicza, Poznań or Cracow where, apart from construction works, it performed the tram and lightening infrastructure maintenance contracts. Energopol deals with the maintenance of certain street networks in Cracow.

The Group executes rail infrastructure projects across the country. In 2024, the biggest rail contracts were performed in such regions as Będzin - Katowice Szopienice Południowe, Rusiec Łódzki – Zduńska Wola Karsznice – Chorzów Batory – Maksymilianowo, Sucha Beskidzka – Chabówka – Zakopane.

## 3. Sales markets

In the reporting period, the Group continued its construction and sales activities. The Group's sales markets reflect the segments and the scope of the activities discussed in item 2.1.

The table below sets out the biggest contracts performed in 2024:

Contract	Contracting Authority	Status	Contract net value as at 31.12.2024 (PLN '000)
Completion of construction works as well as preparation of detailed design and completion of construction works in connection with the development of railway traffic control equipment, railway telecommunications network equipment and a dynamic passenger information system on the Będzin - Katowice Szopienice Południowe lines as part of the project: "Works to be carried out on primary passenger services (E 30 and E 65) in Silesia, Stage I: line E 65 on the Będzin - Katowice Szopienice Płd. – Katowice – Katowice Piotrowice lines."	PKP PLK S.A.	In progress	785,137



Design and construction services in connection with the project no. 1: "Works on the Chabówka - Zakopane railway line no. 99" and the project no. 2: "Construction of railway link in Chabówka along the Sucha Beskidzka – Chabówka railway line no. 98 and the Chabówka – Zakopane railway line no. 99."	PKP PLK S.A.	In progress	574,946
Reconstruction of the tramway track and traction in the Nabrzeże Wieleckie, Nowa, Dworcowa, Kolumba, Chmielewskiego and Smolańska Streets and the Powstańców Wlkp. Avenue and the extension of the Pomorzany terminus in Szczecin.	City of Szczecin, Szczecińska Energetyka Ciepła Sp. z o.o., Zakład Wodociągów i Kanalizacji Sp. z o.o.	In progress	298,602
Construction of the fast tramway from the Kasprzaka Street to Wilanów on the Dworzec Zachodni – the Grójecka hub section.	Tramwaje Warszawskie	In progress	147,410
Maintenance and repair of tram infrastructure in Cracow in 2022-2025.	City of Cracow	In progress	124,306
Reconstruction of the tramway along the Zwierzyniecka Street (district road) and the Kościuszki Street (county road) in Cracow and reconstruction of the adjacent intersections and OCL network, dehydration and lightening, reconstruction of the colliding technical infrastructure, repair of the <i>Salwator</i> tram terminus as well as construction of the heat distribution network with connections and construction and reconstruction of the water supply system.	City of Cracow and Wodociągi Miasta Krakowa S.A. and Miejskie Przedsiębiorstwo Energetyki Ciepłej S.A.	In progress	108,086
Maintenance and ongoing repairs of systems and equipment required to light roads, streets, parks, squares, bridges, flyovers, tunnels, underpasses and to illuminate selected facilities in Cracow.	City of Cracow	In progress	25,820
<b>ROMANIA</b>			
"Quick Wins" – works carried out in C.F. Braşov area (17 Lot)	"C.F.R." S.A. – C.F. Braşov Regional Branch (Romania)	In progress	130,972
"Quick Wins" – works carried out in C.F. Cluj area (47 Lot)	"C.F.R." S.A. – C.F. Cluj Regional Branch (Romania)	In progress	312,329

\* Contracts whose net value exceeds PLN 15m.

As regards sales activities, Railway gft sold rails, track accessories, sleepers, rail fastening systems and aggregate. In 2024, the major customers of Railway gft outside the Group were Track Tec KolTram Spółka z o.o. and Colas Rail Polska sp. z o.o.

#### 4. Customer profile

The structure of the Group's customer base reflected the nature of the services provided by the Group as a result of tenders and/or trade negotiations. In 2024, the companies within the Group operated as standalone contractors, consortium members or leaders, and, for some projects, as subcontractors.

Most of the contracts performed by the Group were awarded to it as a result of procurement processes. PKP Polskie Linie Kolejowe S.A. was ZUE's major customer in 2024. The company's share in ZUE's total sales revenue in 2024 was about 32%. There is no formal link between ZUE and PKP Polskie Linie Kolejowe S.A.



Other customers of ZUE mainly include local government units such as urban infrastructure managers.

Within the scope of sales activities, Track Tec KolTram Sp. z o.o. exceeded 10% of Railway gft's sales revenue in 2024. There is no formal link between Railway gft and the abovementioned company.

No ethical audits were carried out at the request of customers in 2024.

## 5. Supply sources

ZUE cooperates with the Polish suppliers of construction services, goods and materials and complements their offer with the materials provided by the EU suppliers. The Company cooperates with its suppliers depending on actual needs according to the rules of market competition. No supplier of goods or services exceeded 10% of the Company's sales revenue in 2024.

The purchase of materials directly by Railway gft., a subsidiary, accounted for 0.6% of the materials and services purchased by ZUE and 7.51% of Railway gft.'s sales volume.

No ethical audits, environmental audits or audits concerning occupational health and safety, human rights, forced labour or children's work at suppliers were conducted at the request of ZUE in 2024.



## 6. Backlog

The construction contracts performed by ZUE are the biggest item of the Group's backlog.

At the date of preparation of this report, the total value of the Group's backlog is PLN 1,079m, including the contracted construction and assembly works performed by ZUE with the total net value of PLN 1,060m. It provides the Group with an ability to carry out the works in the period 2025-2026. The portfolio of orders accepted by Railway gft for the supply of materials and equipment amounts to PLN 10.4m. The backlog of Energopol relating to construction works is worth PLN 8.6m.

The value of the new construction contracts signed by the Group companies in 2024 is about PLN 155m. The Group continues to participate in tender processes.

## 7. Regulatory environment

The activities conducted by individual companies within the Capital Group require them to observe certain regulations which have a status of the national law (e.g. environmental protection acts and regulations, employment law, tax law or construction law) or result, to a certain extent, from investors' expectations of the Group as the entity cooperating with public companies. As regards the said expectations, the companies are obliged to observe (regardless of the documents which specify the construction work standards) the provisions of contracts, instructions and guidelines of investors binding on ZUE and relating to such issues as communication, waste management, safety or impact on fauna and flora in project execution areas.

No fines were imposed in 2024 on the Group companies in connection with any failure to conduct their activities according to the laws governing social and employee issues, the protection of natural environment, the respect of human rights or counteracting corruption. Likewise, no proceedings were instigated in 2024 in connection with the companies' violation of the abovementioned laws.

## 8. Strategic objectives

The Group's principal objective in 2025-2027 is to take a maximum advantage of the current EU perspective.

The Group's strategic objectives include :

- | Maintenance of the position of the Group as one of the leaders of the rail transport infrastructure construction market;



- | Maintenance of the position of the Group as one of the leaders of the urban transport infrastructure construction market;
- | Development of sales services on the track materials production and distribution market.

In the long-term perspective, the principal aim of the Group is to improve and develop the services provided by the Group in connection with the service and maintenance of urban, road, power and rail infrastructure.

The Issuer predicts that the strategic objectives will be pursued mainly through the organic growth and the Company states that other companies may be acquired in the future.

In 2024, the Issuer's focus was on winning new construction contracts and proper performance of previously signed contracts. The Group also aimed to achieve geographical diversification by offering its services in other European countries.

The strategic objectives are pursued taking into consideration non-financial issues such as human rights, employees' rights, the impact on local environment or environmental protection.

## 9. Development prospects

The railway and urban infrastructure projects (especially tramway projects) are the main source of the Group's income. Construction works are carried out mainly in the territory of Poland and, from 2022, in Romania.

Investments in tram infrastructure are made as part of decentralised revitalization plans drawn up for individual cities and urban areas. Railway undertakings, on the other hand, fall within the category of the long-term development and modernisation of the national railway network.

The Group also delivers projects on the road market through Energopol.

### Polish rail infrastructure market

The development of railway transport networks within the European Union is one of the key elements in efforts to reduce transport-related emissions. The EU continues to increase its focus on the advancement of national railway systems, allocating significant funding for this purpose through various EU financial instruments. Poland has been effective in securing funds for railway development and, in terms of the scale of ongoing modernization works, is currently one of the largest railway construction sites in Europe.

The Polish rail transport system consists of approximately 19.6 thousand km of railway lines, approximately 25,000 engineering facilities and approximately 14.5 thousand buildings (platforms, shelters, etc.). In terms of line length, it is the 5th largest network in Europe (including Russia) and the 15th in the world. In Poland, 45% of railway lines are double-track lines, and 62% of lines are electrified. Polish railways are poorly equipped to handle high-speed passenger transport. Only 2% of lines in the country can support speeds above 160 km/h, and about 17.8% of lines can handle speeds of between 120 and 160 km/h. The percentage of lines along which trains cannot achieve speeds of more than 60 km/h remains high, i.e., approx. 21% of the entire system.<sup>1</sup>

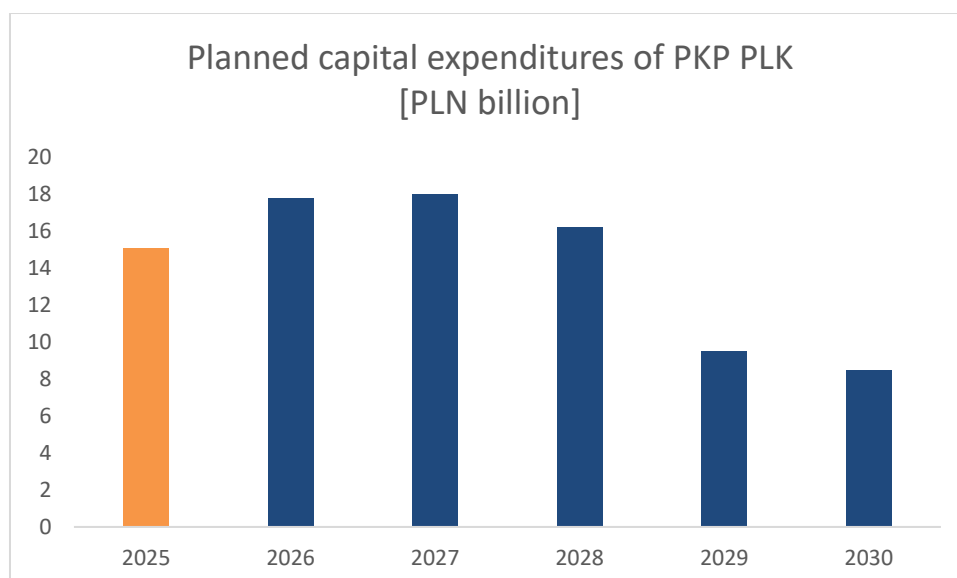
At the same time, the Polish railway sector has been recording a year-on-year increase in passenger transport volumes. Rail transport is becoming an important alternative to road traffic. Continued development in this direction requires further investment.

A long-term modernization plan for the Polish railway network is underway. Poland is now witnessing the execution of railway modernisation programme; i.e. the National Railway Programme (NRP) until 2030 with the total value of approx. PLN 80 billion for the 2021-2027 perspective and PLN 11 billion for the National Recovery Plan - the continuation of the previous NRP until 2023. The National Railway Programme will be executed with considerable use of the European Union funds.

According to information from February 2025, PKP PLK plans to announce 33 tenders for the modernization of railway lines under the NRP programme in 2025, including: 9 projects worth over PLN 1 billion, 5 projects ranging from PLN 0.1 to 1 billion, and 19 projects below PLN 0.1 billion. In total, PKP PLK plans to announce tenders for a value of approximately PLN 16 billion in 2025<sup>2</sup>. The capital expenditures of PKP PLK are expected to amount to approximately PLN 15 billion, with this amount set to increase in the coming years.

<sup>1</sup> Report by the Office of Rail Transport on the rail transport market in 2023

<sup>2</sup> <https://www.plk-sa.pl/przetargi-inwestycyjne-planowane-do-ogloszenia-w-2025-roku>



The key objective of the NRP is to strengthen the role of rail transport in the national integrated transport system through development of a coherent and modern railway network. An average speed of freight trains in Poland is approximately 30 km/h. In contrast, the average figure for the EU countries is approximately 50 km/h, with about 60 km/h for Germany and France. Compared with developed countries of the European Union, the Polish rail infrastructure calls for significant expenditures.

The table below sets out the key objectives of the NRP and the work already completed under the programme.

Objective	Indicator	Measurement unit	Completion as at 31.12.2023	Target (2030)
Strengthening of the role of rail transport in the national integrated transport system	Length of reconstructed railways (track km)	Km	8,396	12,500
Enhancing of the rail transport efficiency	Length of railway lines with passenger train speeds above 160 km/h	Km	296	650
Improvement of the rail transport safety	Length of railway lines fitted with ERTMS/ETCS	Km	1,020	2,700
Improvement of the passenger and freight transport quality	Average speed of freight trains on the PKP PLK network	km/h	32	40
	Number of provincial capitals connected by the upgraded lines with the average speed of passenger trains at least up to 100 km/h	Number	18/18	18/18

Source: Resolution no. 116 of the Council of Ministers dated 9 October 2024 on the approval of the report on execution of the National Railway Programme until 2030 for 2023.

Another important railway programme is the governmental *Kolej plus* programme worth PLN 13.3 billion. The programme is scheduled for completion by 2029.

*Kolej plus* involves:

- 12 line restoration projects with the total length of approximately 372 km;
- 13 line reconstruction or extension projects with the total length of approximately 482 km;
- 7 new line construction projects with the total length of approximately 189 km; and

3 documentation projects concerning approximately 183 km of railway lines.<sup>3</sup>

After they had finished the analyses in June 2024, the government decided to continue the Central Communication Port (CCP) project. The CCP rail component was changed. The main focus will be on building the *Igrek* High Speed Railway Lines connecting Warsaw, Łódź, Poznań and Wrocław where trains are expected to achieve speeds of 300-320 km/h. The project entails constructing 480 km of new railway lines. According to the schedule, the first 37 km-long Warsaw – CCP – Łódź section will be turned over for use in 2032. The entire *Igrek* route is scheduled for completion by the end of 2035.<sup>4</sup>

Following the implementation of the planned railway infrastructure projects, travel time from Warsaw to major cities across the country is expected to take approximately 1 hour and 40 minutes.

### Urban infrastructure market

Urban rail transport is one of the best examples of ecological and effective transport. Over the last few decades, more and more cities in Europe have decided to develop this form of public conveyance. The largest number of investments of this type are located in France, where most cities with more than 100,000 citizens already have their own tram networks. In Poland, Olsztyn has decided to develop its own completely new tram system.

At the present time, 15 urban centres in Poland have functioning tram services. The total length of these tram routes is approx. 900 km. The largest tram networks are located in the Silesian Agglomeration, Warsaw, Łódź and Cracow. Virtually all urban centres have developed or are planning to develop light rail systems by modernizing routes and building new ones.

Under the *FENIKS* (the EU Funds on Climate, Infrastructure and Environment) programme for 2021-2027, EUR 2 billion will be spent on the development of urban transport in Polish cities, out of which EUR 1.44 billion will be spent on the expansion and upgrade of infrastructure, especially tram infrastructure.

Indicators within the *FENIKS* programme:

- | The length of the completed subway lines is expected to be 3.4 km by 2029;
- | The length of the new tram and subway lines is expected to be 98 km by 2029 (including 5 km in 2024);
- | The length of the reconstructed tram and subway lines is expected to be 126 km by 2029 (including 6 km in 2024); and
- | The number of cities with new or upgraded digital transportation systems is expected to reach 9 by 2024.<sup>5</sup>



Cracow, Warsaw, Gdańsk, Bydgoszcz, Szczecin, Poznań or the Upper Silesia cities are planning the construction or modernisation of tramways. Several cities (such as Gdańsk, Toruń, Wrocław, Gorzów Wlk.) are planning the modernisation or the construction of new tram depots.

### Rail infrastructure market in Romania

In terms of the length of railway lines, Romania ranks eighth in Europe. The network is about 10,800 km long, out of which around 37% is electrified (to compare, around 63% of the Polish rail network is electrified).<sup>6</sup> The network includes about 18,000 bridges and footbridges as well as 176 tunnels. The two European transport corridors, namely the Rhine-Danube and the North Sea-Mediterranean corridors, run through Romania. Like in other Eastern European countries, the Romanian rail infrastructure calls for major capital expenditures in order to meet the EU

<sup>3</sup> <https://www.gov.pl/web/infrastruktura/program-uzupelniania-lokalnej-i-regionalnej-infrastruktury-kolejowej>

<sup>4</sup> <https://www.cpk.pl/pl/inwestycje-kolejowe-cpk>

<sup>5</sup> <https://www.transport-publiczny.pl/wiadomosci/feniks-2-mld-euro-na-transport-w-polskich-miastach-75576.html>

<sup>6</sup> Eurostat data.

environmental objectives. In September 2021, the European Commission approved the Romanian National Recovery Plan for about EUR 29bn and a portion of the amount will be allocated to railways.

A strategy for 2021-2025 is being implemented by the Ministry of Transport and Infrastructure and CFR (the Romanian counterpart of PKP PLK).

Objectives:

- | Increasing the share of the rail freight traffic by at least 25% by 2026 in comparison to 2020;
- | Increasing the number of passengers by 25%;
- | Conversion from bus commuting (as the first choice of travel) to train commuting;
- | Implementation of the ERTMS system.

Major expenditures on infrastructure are required to meet these objectives and the investments are already financed with, *inter alia*, the use of the EU funds. Romania effectively uses the EU funds to modernize its railways as a result of which a significant number of projects have been launched to upgrade the infrastructure. Romania is also planning major investments in tram infrastructure, also in a subway.

The Group has carried out railway infrastructure works in Romania since 2022 and intends to acquire further contracts.

#### Road infrastructure market

The Group has operated on the local road market through its subsidiary, Energopol, since November 2022. This stable and prospective market will receive financial support from the Government Road Construction Fund. Funds will be allocated to implement nearly 2,700 local road construction and modernisation tasks. With the Fund's support, about 3,500 km of roads will be built or renovated.

## 10. Factors believed by the Issuer to have influence of the Issuer's and the Group's development

The factors believed to have an impact on the Group's financial results include:

### | **Untimely settlement of liabilities to the Group by Contracting Authorities**

The nature of construction activities requires the Group to use a considerable portion of its working capital to perform contracts due to their relatively high value and a long time over which they are performed. Accordingly, a failure of the Group's customers to timely settle their liabilities to the Group directly influences the Group's financial results. In extreme cases, the payment delays may lead to the termination of contracts.

### | **Delays or unfavourable outcome of tenders the Group participates in**

A risk related to the terms and procedures of public tenders is specific to the industry the Group operates in. Tender participants have the right to appeal against illegal appointment of a contractor by a contracting authority or to appeal to the court against the decision made by the authority hearing the appeal made in public procurement proceedings. The announcing of tenders or awarding contracts by contracting authorities may be delayed. Consequently, the date of signing contracts with investors may be substantially postponed on the urban, railway and road infrastructure market. These events could have a negative influence on the Group's financial results.

Lengthy tender procedures result in additional costs, a risk of increase in the prices of materials and services and uncertainty over the outcome or cancellation of the procedure. Signing a contract at a later date may make a project execution conditional on weather conditions because certain projects must not be executed in low temperatures or heavy snow or rain fall. Project execution may also be conditional on other factors such as the date of closing the tracks by the contracting authority or the dates on which trees and bushes can be cut down. A long time between the submission of a tender and the conclusion of a contract may also cause the expiry or non-extension of offers made by subcontractors or suppliers as a result of which the prices of their products and services may increase. For these reasons, a part of the Group's planned revenue may be transferred from the current to the next financial year. The growing costs of contract performance may contribute to the cancellation of tender procedures because the submitted tenders go over the cost estimates prepared by investors.

### | **Unstable prices of raw materials and liquid fuels**

The Group's construction activities involve the use of products and raw materials such as concrete, aggregates,

asphalt, steel elements (including tram and rail traction network posts, lamp posts, rails or crossovers) and copper and aluminium elements (including power cables, lines and contact wires) and, given a big number of machines, liquid fuels (including diesel oil and petrol). Different fees levied on materials, for instance duty, may also contribute to the increase in prices. Due to the fluctuating prices of these materials, the Group companies are exposed to price risk. The prices of raw materials and liquid fuels are also indirectly adversely affected by the war in Ukraine.

#### Higher fees charged by subcontractors

When performing its contracts, the Group subcontracts certain construction and assembly tasks to specialised companies. The increase in remuneration relating, *inter alia*, to the increase in minimum pay entails a risk relating to the estimation of costs incurred by subcontractors and, consequently, has a direct influence on the fees charged by subcontractors. This has a negative impact on the Group's financial results. A dynamic growth in the number of executed projects may have a negative influence on the Group's ability to engage certain subcontractors and may contribute to the increase in fees charged by them.

#### Unstable foreign exchange rate

The Group purchases certain imported products in foreign currencies but also delivers construction projects on international markets, which entails a foreign exchange risk. This may have a positive or negative impact on the Group's financial results. In addition, although PLN-denominated, certain products purchased from entities operating in Poland are also indirectly exposed to foreign exchange risk as the risk is transferred from a supplier-importer to the Group companies.

#### Outcome of court proceedings

The Group companies are the parties to the court proceedings concerning both their claims and liabilities. The outcome of these proceedings may have an impact on the financial results reported by the Group.

## 11. Risks believed by the Group to have influence on the Group's future results

### Risk related to financial liquidity of the construction sector

A large number of performed contracts and common problems associated with the growth of costs have contributed to the increase in credit risk for construction companies. Banks and credit security institutions have tightened the terms of insurance and financing. Long acceptance procedures accompanied by the obligation to pay subcontractors within 30 days make companies use considerable resources to finance ongoing operations. The situation is made worse by unpaid materials waiting to be developed.

### Risk related to logistics

A risk of both rail and road contracts being performed at the same time and in the same area may limit transport capacity and result in higher fees for transport services.

### Risk related to non-delivery of construction sites by the dates specified in contracts

The construction contracts entered into by the Group provide for the exact completion dates. If a contracting authority fails to deliver the site in a timely fashion, works may accumulate, staff and equipment of the Company or its subcontractors may have to be stopped, dates for the supply of materials by suppliers may no longer apply, the deadline for a project completion may become extended and the associated costs may increase. Consequently, the date of completion of construction works specified in a contract can be missed and the costs associated with a project may increase through no fault of the Group. This may have a negative result on the Group's financial results.

### Risk related to obtaining administrative decisions, ability to appeal against administrative decisions and third parties' activities influencing the Group's design or construction services

The Group sometimes needs to obtain administrative decisions required to execute certain projects. Such decisions are specified, *inter alia*, in the Construction Law, Code of Administrative Procedure or Environmental Protection Law. One cannot exclude the possibility of a failure to obtain such decisions or to avoid lengthy procedures. A risk of third parties' failure to complete or timely complete the tasks necessary for the Group companies to begin their projects may also occur. These factors could lead to the failure to execute or timely execute the construction projects and, consequently, have a considerable impact on the Group's financial results.

### Risk related to inaccurate estimate of costs of planned and performed contracts

A risk of inaccurate estimate of contract costs may occur, for instance, in the case of flat-rate services necessary to perform a contract, which are difficult to identify at the stage of the preparation of tenders by the Group. In addition, the terms of reference may be interpreted differently by contractors and contracting authorities as a result of which additional works may have to be performed. In such a case, contracting authorities may refuse to pay contractors



and the dispute will have to be dealt with by courts. Such risks, should they materialize, might negatively affect the Group's performance.

#### **| Risk related to joint and several liability to subcontractors and consortium members**

According to the Polish Civil Code and the Polish Public Procurement Act (and provisions of public procurement contracts), a contractor that has entered into a contract with a subcontractor is liable on a joint and several basis for the payment for the construction services provided by further subcontractors. In addition, consortium members are liable on a joint and several basis to a contracting authority for the proper performance of their obligations under public procurement contracts. Thus, the Group may be obliged to pay remuneration for works, services or supplies to further subcontractors (including service providers and suppliers) and be liable for a consortium member's failure to perform or duly perform their obligations under public procurement contracts. These risks may have a negative impact on the Group's financial results.

#### **| Risk related to improper contract performance by key counterparties**

In order to carry out orders and construction contracts, the Group enters into the contracts with suppliers, subcontractors, consortium members and investors. The contracts may be improperly performed by counterparties. For instance, tasks performed by a subcontractor may be faulty or in breach of a contract, or a justified claim may be dismissed by an investor. The occurrence of these risks may have a negative influence on the Group's financial results.

#### **| Risk related to bonds, contractual penalties and litigations**

Construction contracts and work-for-hire contracts concluded by the Group provide for the obligation to provide performance bonds and defects liability bonds in the form of deposits or guarantees provided by banks or insurance companies. In addition, contracting authorities expect longer warranty periods. The contracts also provide for contractual penalties if a deadline for the completion of the tasks specified therein is missed. The Group cannot exclude the risk of missing a deadline for the completion of construction contracts or work-for-hire contracts or the failure to meet the deadline for the completion of warranty works connected with the removal of defects. Consequently, a contracting authority may exercise its right to use the bonds or demand contractual penalties or damages. In addition, the Group cannot exclude the risk of disputes related to the failure to duly or timely perform the contracts, including the risk of contracting authorities' demand of payment under guarantees provided by banks or insurance companies. The factors could have a negative impact on the Group's financial results.

#### **| Risk related to bankruptcy of counterparties**

One cannot exclude the risk of bankruptcy of the Group's counterparties. The Group may not be able to perform a contract or remove defects in a timely fashion following the bankruptcy of its subcontractors, suppliers or construction members as a result of which it may be obliged to pay contractual penalty or damages. It could also be liable on a joint and several basis for the payment to further subcontractors or the failure to perform a contract by a consortium member. In addition, it would have to cover the cost of the tasks or supplies, which have not been completed by a bankrupt. If the Group's client/contracting authority go bankrupt, the Group may not receive remuneration for the performed services. These factors could have a negative influence on the financial results reported by the Group.

#### **| Risk related to guarantee of payment for construction works**

According to the Polish Civil Code, a contractor commissioned by a company within the Group to execute a construction project may at any time demand the payment guarantee from the company (its client) up to the amount of remuneration payable under a contract and other agreements. The failure to provide a satisfactory payment guarantee creates an obstacle to the completion of construction works through the fault of the Group. A contractor is then entitled to terminate a contract under Art. 649[4] §1 of the Polish Civil Code and demand its remuneration under Art. 639[4]§3 of the Polish Civil Code. Consequently, costs may increase and the execution of construction projects may be delayed or even made impossible. This could have a negative impact on the Group's financial position.

#### **| Risk related to change of law, including tax law**

Frequent amendments to and the lack of coherence or uniform interpretation of the law including, in particular, tax law entail a substantial risk related to the legal environment the Group operates in. In particular, tax authorities relying, for instance, on interpretations of the Minister of Finance may question the Group's tax settlements related to its transactions executed as part of its ordinary course of business or other transactions (for instance capital transactions). Consequently, changes of laws or their interpretation, which are disadvantageous to the Group, may have a negative impact on the Group's financial position.

#### **| Risk related to winning of new contracts**

The Group participates in public tenders and includes target contracts in its financial plans. A risk that a decision will be unfavourable or the tender will be cancelled by a contracting authority cannot be excluded. In addition, the announcing of tenders or awarding contracts by contracting authorities or the signing of contracts may be delayed.



If a company within the Group participates in a tender together with a consortium member, it faces additional risk of the consortium member's withdrawal.

#### **Risk related to growing competition**

The Group operates in the competitive market among companies from the rail, urban and road infrastructure construction and general infrastructure construction sector. These entities may strengthen their market position in the future when they acquire other construction and repair companies and gain new sources of finance. The Group's activity may also be influenced by the emergence of new competitors attracted by positive growth prospects for the infrastructure construction industry. Growing competition on the markets where the Group operates may have a negative impact on the Group's revenue and margins and, consequently, adversely influence its financial results.

#### **Risk related to awarding of contracts and exclusion from public tenders**

Pursuant to the Public Procurement Act, tender participants are able to appeal against illegal appointment of a contractor by a contracting authority or to appeal to the court against the decision issued by the authority hearing the appeal made in public procurement proceedings. Consequently, the date of signing a contract with an investor may be substantially postponed. Moreover, the circumstances may occur in which the Group could be excluded from tender procedure on the terms specified in the Public Procurement Act. Such events could have a negative impact on the Group's financial results.

#### **Risk related to the EU funding of railway projects**

The long-term National Railway Programme until 2030 (the "NRP") sets out the financial terms and the Poland's objectives concerning the execution of railway projects until 2030. PKP PLK SA finances NRP with considerable use of the European Union funds. However, political changes in the European Union as well as disputes between Poland and the EU and the related delays in the awarding of funds may influence the initial level of the funding of railway projects in Poland.

#### **Risk related to accumulation of tender procedures**

Following a period of stagnation on the Polish railway market, a considerable number of tender processes may take place at the same time. Likewise, many projects can be launched after the award of the EU funds. This may lead to increased demand for building materials, subcontract and logistic services as a result of which the prices of building materials, labour, energy or fuels may rise.

#### **Risk related to obtaining funds for the performance of construction contracts as well as performance and bid bonds**

If the economic situation gets worse, there is a risk that both banks (credit facilities and bonding products) and insurance companies (performance or bid bonds) will limit the availability of the sources of finance and other financial instruments, which may reduce the number and scope of operations.

#### **Risk related to weather conditions**

The construction works carried out by the Group on the urban, road and rail infrastructure market cannot be done in unfavourable weather conditions. Due to low temperatures in autumn and winter, many tasks have to be slowed down or even stopped to meet technological regimes. If unfavourable weather conditions continue for too long, the situation may have a negative impact on the Group's financial results.

#### **Risk related to social and economic situation in Poland**

The Group's operation on the urban and rail infrastructure construction market is conditional on Poland's macroeconomic situation including, in particular, GDP growth rate, investments, inflation and unemployment rate and the level of the budget deficit. Any negative changes in Poland's macroeconomic situation may pose a risk to the Group's business activity and, consequently, influence its financial results.

#### **Risk related to interest rates**

The Group is exposed to interest rate risk mainly because it uses such instruments as bank credits, loans and leases. These instruments are based on variable interest rates and expose the Group to financial risk.

#### **Risk related to unstable margins**

Growing prices of materials, higher fees charged by subcontractors or higher salaries and wages for employees may be felt by entities delivering railway projects and influence original margins. The current system does not always provide for real indexation of signed contracts as a result of which margins may become unstable.

#### **Risk related to activities abroad**

The Company carries out construction contracts abroad. Therefore, the Issuer takes into account such factors as variable exchange rates (contracts should be accounted for in the local currency or euro), different legal and institutional framework and specificity of the local infrastructure construction market. These factors may influence the Group's performance.

#### **Risk related to the impact of pandemic on construction processes**

The occurrence of unpredictable and global factors such as the spread of virus may, in a short- and long-term perspective, upset the balance of global supply chain. This may lead to a number of difficulties including a slowdown in the local and global economy, problems associated with the supply goods and services or disrupted building materials production processes (limited supply). The number and scope of such events are difficult to assess.

The pandemic crisis may affect all parties of construction projects, namely contractors, subcontractors and contracting authorities.

Difficulties may also be associated with the absence or temporary exclusion of employees.

#### **Risk related to the war in Ukraine**

On 24 February 2022, Russia launched an invasion of Ukraine and the fact may have a long-term negative influence on the Polish economy and the construction industry. The associated risks are discussed in section 12.

#### **Risk related to equipment failure**

The Group uses specialized equipment and machinery to carry out infrastructure projects. It is impossible to rule out the risk of failure, which, if repairs take longer than expected, could result in the risk of missing the construction deadline or increased project costs.

## **12. Influence of the situation in Ukraine on the Group's activities**

The war in Ukraine did not have a material influence on the financial results at the date of approval of this report. However, the effects of the war such as limited supply and rising prices of building materials or restrictions on the employment market may have a negative influence on the contracts performed by the Group. The Company keeps monitoring the potential risks and cooperates with contracting authorities to minimize them.

The Company has cooperated with its suppliers for many years. The cooperation with transparent partners as well as internal control of transactions reduce the risk of getting involved in transactions exposed to sanctions imposed by the EU on Russia and Belarus. The Company has no assets in Russia, Belarus or Ukraine and does not conduct any activities in those countries.

The Company controls, on an ongoing basis, the safety of the Group's IT systems to prevent cyberattacks as well as the risks associated with foreign exchange rates and interest rate changes.

Ukraine's political and economic situation as well as changes on the raw and other materials markets are constantly monitored by the Group in terms of the actual and potential impact thereof on the Group's activities.

Factors which may occur and influence the markets in which the Issuer operates and the Group's activities:

- | Increased prices of certain imported products and materials caused by the long-term weakening of PLN rate (as well as other currencies of the region);
- | Disruptions in the chains of supply of certain imported products and materials;
- | Long-term increase in the prices of fuels, natural gas and electricity;
- | Limited access to fuels and natural gas;
- | Greater financial risk of the countries of the region which may limit the access to financing and entail greater costs;
- | Decreased supply of financial products as a result of increased spending on defence and security;
- | Migration of Ukrainian employees from Poland to Ukraine; and

Limited availability and higher prices of building materials caused by a long-term radical increase in demand for building materials in Ukraine.

## **13. Major events in the reporting period**

### **Construction works**

On 20 February 2024, the contract was entered into between the consortium of ZUE (Leader), FABE Polska sp. z o. o. (Partner) and Tramwaje Warszawskie sp. z o.o. for the following project: "Construction of the fast tramway from

the Kasprzaka Street to Wilanów on the Dworzec Zachodni – the Grójecka hub section.” The Company informed about the selection of the Company’s bid as the most economically advantageous tender in the current report 22/2023. Contract net value: PLN 294.8m (ZUE – 50%). Contract gross value: PLN 362.6m. Anticipated project completion date: 26 months. **(Current report 2/2024)**

On 21 November 2024, the Company learnt about the submission by ZUE of the most economically advantageous tender in the tender procedure for the following project: “Design and execution of works for the project named: “Creation of the Łomża – Białystok transport route through the upgrade and electrification of the Łomża – Śniadowo railway line no. 49 and the electrification and reconstruction of passenger facilities on the Śniadowo – Łapy railway line no. 36” as part of the Kolej+ until 2029 Programme for Supplementing Local and Regional Railway Infrastructure.” Contracting authority: PKP PLK S.A. Net value of the tender submitted by ZUE (scope of the basic contract): PLN 298.5m (gross value: PLN 367.1m). Project completion date: 48 months **(Current report 20/2024)**

## Financial issues

On 4 March 2024, the Company published the preliminary financial results for 2023. **(Current report 3/2024)**

On 28 March 2024, the Company received an annex to the multicurrency credit limit agreement signed by the Company and Alior Bank S.A. Under the annex, the limit granted to the Company was raised from PLN 30m to PLN 50m. **(Current report 4/2024)**

On 22 April 2024, the Company and CaixaBank S.A. Polish Branch signed an annex to the bank guarantee limit agreement. Under the annex, the limit granted to the Company was raised from PLN 50m to PLN 75m. **(Current report 6/2024)**

On 27 June 2024, the Company and Alior Bank S.A. signed an annex to the multicurrency credit limit agreement. Under the annex, the limit granted to the Company was raised from PLN 50m to PLN 75m. **(Current report 14/2024)**

On 14 August 2024, the Company published the preliminary financial results for the first half of 2024. **(Current report 15/2024)**

On 30 August 2024, the Company and Bank Gospodarstwa Krajowego signed the guarantee agreement whereby the Company would be granted a limit of up to PLN 50m. **(Current report 16/2024)**

On 23 September 2024, the Company and ING Bank Śląski S.A. signed the master agreement whereby the Company would be granted a limit of up to PLN 30m. **(Current report 17/2024)**

On 5 November 2024, the Company published the preliminary financial results for the three quarters of 2024. **(Current report 19/2024)**

## Corporate issues

On 6 May 2024, the Management Board of ZUE passed the resolution on recommendations to the Company’s Ordinary General Meeting for allocating the net profit for the financial year 2023 of PLN 22,028 thousand in the following manner: 1) The portion of the net profit for the financial year 2023 of PLN 4,781 thousand should be paid as dividend (PLN 0.21 per share); 2) The residual net profit for the financial year 2023 of PLN 17,247 thousand should be allocated to reserve funds. The Company’s Supervisory Board gave positive opinion on the Management Board’s proposal on 8 May 2024. **(Current report 7/2024 and 8/2024)**

On 7 June 2024, the Company informed that pursuant to the resolution of the Ordinary General Meeting of ZUE S.A. on the distribution of the Company’s profit for the financial year 2023 passed on 7 June 2024, the dividend for 2023 of PLN 4,780,740.51; i.e. PLN 0.21 per share, should be paid to the Company’s shareholders. Shareholders’ right to dividend was set as at 12 September 2024. The dividend payment date was set for 27 September 2024. **(Current report 13/2024)**

## 14. Major events after the end of the reporting period

On 30 January 2025, the Company learnt about the submission by the consortium of ZUE (the Leader) and Duna Polska S.A. (the Consortium) of the most economically advantageous tender in the tender procedure for the

following project: "Design and execution of construction works for the task named: Upgrade of the railway line no. 108 between Jasło and Nowy Zagórz as part of the following project: "Upgrade of the railway line no. 108 between Jasło and Nowy Zagórz and the construction of the Jedlicze – Szebnie railway link." Contracting authority: PKP PLK S.A. Net value of the tender submitted by the Consortium including the options (ZUE's share – 50%): PLN 991.4m (gross value: PLN 1,219.4m). Completion date: 50 months. **(Current report 2/2025)**

On 5 February 2025, the Company learnt about the submission by the consortium of the companies within ZUE Capital Group (ZUE, ZUE Construct S.R.L.) of the most economically advantageous tender in the tender procedure on the Romanian market for the following project: "Design and execution of works for the project named: "Upgrade of the Dărmănești – Vicșani – Frontieră railway line – Stage 1, Electrification:" Part 2 – Bridge renovation works at km 0+522." Contracting authority: State-owned railway company operating in Romania under the company name "C.F.R." S.A. The net amount the contracting authority intends to spend on the project translated into PLN is about PLN 27m. Completion date: 24 months of the contract conclusion date. **(Current report 3/2025)**

On 4 March 2025, the Company learnt about the selection of the tender submitted by ZUE as the most economically advantageous offer in the tender procedure for the following project: "Design and execution of works for the project named: "Creation of the Łomża – Białystok transport route through the upgrade and electrification of the Łomża – Śniadowo railway line no. 49 and the electrification and reconstruction of passenger facilities on the Śniadowo – Łapy railway line no. 36" as part of the *Kolej+* until 2029 Programme for Supplementing Local and Regional Railway Infrastructure" (the Tender Procedure). The Company informed about the submission of the most economically advantageous tender in the Tender Procedure in the current report 20/2024. Contracting authority: PKP PLK S.A. Net value of the tender submitted by ZUE (scope of the basic contract and under the option right): PLN 329.1m (gross value: PLN 404.8m) **(Current report 4/2025)**

On 17 March 2025, the Company published the preliminary financial results for 2024. **(Current report 5/2025)**

## 15. Transactions with related parties

Transactions with related parties within the Group included typical transactions entered into on arm's length terms.

Sections 7.15 and 7.15, respectively, "Transactions with related parties" of the separate and the consolidated financial statements for 2024 contain detailed information about the transactions with related parties.

## 16. Bonds and guarantees

The activities conducted by the Group require it to provide bonds. The bonds include, first and foremost, bid bonds, performance bonds, defects liability bonds and advance payment bonds issued by banks and insurance companies to the Group's counterparties to secure their claims against the Group. Banks and insurance companies have recourse against the Company.

The balance of unused bond lines at the Group:

- | PLN 589,476 thousand (including PLN 33,377 thousand which can be allocated to working capital credit)
- | and EUR 16,792 thousand and RON 24,705 thousand

The balance of unused bond lines at ZUE:

- | PLN 580,227 thousand (including PLN 33,377 thousand which can be allocated to working capital credit)
- | and EUR 16,792 thousand and RON 24,705 thousand

ZUE is the Parent Company of the Capital Group and, if needed, it guarantees the subsidiaries' liabilities. Guarantees are additional security for credit agreements, bonds and leases provided to subsidiaries. The total amount of the guarantees as at 31 December 2024 is PLN 42,892 thousand.

ZUE is able to use limits provided by banks both for bonds and working capital credit. At the end of the reporting period, the limits were not allocated to credits.

Off-balance sheet items for 2024 are discussed in detail in section 7.21 of the consolidated financial statements.

## 17. Public funds

About 91% of the Group's revenue in 2024 was generated by ZUE. The vast majority of ZUE's revenue comes from the performance of contracts awarded under competitive tendering processes for infrastructure projects.

The Company did not take advantage of any public aid in w 2024.

## 18. Engagement with local communities

The Company appreciates the great value of the involvement in social activity and the support for local initiatives. As a provider of construction services throughout the country, the Company is aware of its influence on the surrounding environment.

Therefore, the Company pursued in 2024 the aims of the ethical management policy and established the cooperation with the institutions, foundations and associations which support social and charity projects in the province of Małopolska.

In 2024, ZUE supported twenty such projects and offered the support in the total gross amount of more than PLN 304 thousand, including more than PLN 83 thousand for social and charity projects.

A good example of the Company's engagement with its local environment and efforts to build connections and integrate local communities is the support for grassroots initiatives such as local picnics, concerts, competitions and neighbourhood meetings.

In 2024, the Company offered the support for:

- | The *KRAKOWSKI ZACZEK* Public Kindergarten no. 36 in Cracow – an organizer of the family picnic in its premises;
- | The *Hutnik* Kraków Sports Club – for the purchase of necessary sports equipment and covering the transport expenses of teams training with the club;
- | The *Funkomitywa* Foundation organising shows for children treated in the St. Louis Hospital in Cracow and children undergoing rehabilitation in the Rehabilitation Centre in Radziszów;
- | The *Gramy do Końca* Foundation organising all-Poland swimming competitions for the disabled at the University of Physical Education in Cracow and the 12th Integration Swimming Marathon for the Cup of the Rector of Cracow University of Economics – the St. Nicholas Day edition;
- | The Model Railroad Club of Łódź – an organizer of the local exhibition of models at the PKP Łódź Fabryczna railway station.

Another pillar of ZUE's social responsibility is its patronage of the arts. This objective was pursued in 2024 through partnerships with the National Museum of Cracow and the Society of Fine Arts in Cracow.

### NATIONAL MUSEUM OF CRACOW

Taking into consideration the importance of cultural heritage as a material and spiritual generational bequest as well as the achievements of our times, the Company has for several years cooperated with the National Museum of Cracow. In 2024, the Company took patronage over the exhibition entitled: *Transformations. Modernity in the Third Republic of Poland*, part of the 4 x *Modernity* series, presented at the Main Building of the Museum, the 3 Maja 1 Avenue in Cracow.

### SOCIETY OF FINE ARTS IN CRACOW

In 2024, the Company initiated its cooperation with the Society of Fine Arts in Cracow becoming a patron of its activities. The aim of this partnership is to promote and inspire a passion for the fine arts both in Poland and abroad and to support Polish artists.

As a result of its cooperation with the Young People's Theatre Institute [TIM] operating at the Ludowy Theatre in Cracow, the Company was honored with the title of **CRACOW CULTURE PATRON OF 2023** – an award granted by the Cracow City Council for contributions to cultural and artistic initiatives, heritage sites and the city's intangible heritage, as well as for media efforts promoting the culture, art, monuments and heritage of Cracow.

### YOUNG PEOPLE'S THEATRE INSTITUTE

Supporting the activities of TIM is also an integral part of another goal of the ZUE's CSR policy, which focuses on initiatives related to the education and development of children and youth.

In the professional theatre space, projects are carried out in the field of theatre pedagogy, also focusing on its therapeutic aspect. It is a place where theatre, using new technologies and various forms of narration, addresses the most pressing issues faced by young people.

#### | VISEGRAD SUMMER SCHOOL

The Visegrad Summer School [VSS] is another project supported by ZUE whose aim is to educate young people. The project has been organized by the Villa Decius Association for 22 years.

It is a unique educational and cultural programme addressed to students, graduates, young scientists and professionals from Slovakia, Czech Republic, Poland, Hungary and other Central and Eastern European countries.

VSS is not only a forum for the exchange of knowledge and discussion, it is also an important tool integrating active people from the region.

The 22nd VSS edition was dedicated to the topic of the future of the media, the necessity of addressing the growing issues of misinformation, freedom of speech, and adopting shared critical strategies.

#### PROMOTING THE PROTECTION OF HUMAN RIGHTS

In times of growing instability in various parts of the world and the increasing fragility of human rights, not only in conflict zones, ZUE aims to support the determination of individuals and organizations striving to promote the ideals of peace and cooperation between nations.

The Company has cooperated with the Villa Decius Association uninterruptedly since 2013. In 2024, as part of the abovementioned cooperation, ZUE sponsored the 21st edition of the Polish Prize of Sergio Vieira de Mello, UN High Commissioner for Human Rights (2002-2003). The prize is awarded to people and non-governmental organisations for special merits in peaceful coexistence and cooperation of communities, religions and cultures.

In 2024, the Prize Committee awarded the prize to:

- Marcelline Budza (Democratic Republic of the Congo) – in the category "PERSON;"
- Asma Jahangir Legal Aid Cell AGHS – in the category "NON-GOVERNMENTAL ORGANISATION;"
- The honorary prize was awarded to Svitlana Lukiyanчук (in memoriam).

The Company was awarded the title of Silver Sponsor during the 'Laur for the Patron' ceremony in recognition of its exceptional sensitivity to humanitarian ideas, promotion of cultural dialogue, and successful cooperation.

#### SUPPORT FOR THE BULGARIAN DIASPORA

An example of the Company's engagement with the local community is its support for the local Bulgarian diaspora, which began in 2019 with the appointment of the Management Board President of ZUE S.A. as the Honorary Consul of the Republic of Bulgaria in Cracow.

In carrying out this mission, he actively supports the Bulgarian minority in Małopolska, as well as institutions promoting Bulgaria and its culture, such as the academic community of the Institute of Slavic Philology at Jagiellonian University, the *IGLIKA* Balkan Dance and Song Group, and most importantly, the students of the Cracow branch of the Dora Gabe Bulgarian School, along with their parents and educators.

#### CAR FOR FLOOD VICTIMS

In response to the September natural disaster, namely the flood in southern Poland, the Company took action and responded to the appeal from the Bardo municipality, donating an Iveco Daily truck free of charge. This donation enables the Bardo Municipality Office to offer more effective aid to the residents affected by the disaster.

The support for its employees and building mutual relations is equally important to the Company. Therefore, ZUE focused on physical development and integration, and offered support to its football team during the matches with, for example, MPK Kraków or Towarzystwo Sportowe Tramwaj z Krakowa, and Zagłębiowska Liga Szóstek. In addition, it provided five teams with the ability to take part in the charity run organised by the Poland Business Run foundation. The event was held to combine the passion for running with help for the disabled.

The total gross amount of the support was almost PLN 17 thousand.

### 18.1.Social and engagement policy

The charity and sponsorship policy is consistent with the Company's strategy and long-term goals based on the rules of social responsibility and sustainable development. It plays a significant role in building the Company's relations with the neighbourhood by sharing such values as taking care of environment, education as well as social and cultural development of the region.



The Company offers financial help in the form of sponsorship, donations or volunteering to support, first of all, local initiatives; i.e. the foundations, associations, organisations and institutions of the Małopolska province whose social, cultural, educational and health activities often go beyond the region.

The charity and sponsorship policy pursued by the Company helps to:

- | Give equal opportunities and break social barriers for the people and social groups experiencing economic, political and cultural discrimination;
- | Expand educational offer for youth and children, especially to raise their awareness of law, ecology and economy;
- | Develop professional skills and secure the staff, especially by financing scholarships and traineeships;
- | Transfer the knowledge, exchange thoughts and ideas and integrate with the Company's environment through the support of scientific projects, conferences or congresses;
- | Improve health conditions and promote healthy living, especially by promoting the development of amateur physical culture and supporting rehabilitation processes;
- | Enhance the appeal of the region through the patronage of the arts and the support of the initiatives aimed at the protection of the national heritage and monuments.

## 18.2. Complaints made by the local community and the Company's response

In 2024, local communities complained about nuisances caused by construction works carried out by the Company under several contracts. The Company promptly reacted to the complaints and tried to settle the reported issues on an ongoing basis.

## FINANCIAL INFORMATION

Construction and assembly services delivered by the Parent Company generate the largest portion of the Group's income.

## 19. Discussion of major items of the statement of profit or loss

The Company's sales revenue generated in 2024 was PLN 1,115,018 thousand. The revenue decreased by 17.5% compared to the figure reported in 2023.

The Group's sales revenue in 2024 amounted to PLN 1,219,407 thousand and dropped by 16.3% compared to 2023.

Seasonality of ZUE's sales in 2024:

Item	I quarter	II quarter	III quarter	IV quarter
Sales revenue (PLN '000)	297,137	272,888	276,657	268,336
% - quarters	27%	24%	25%	24%
% - six-month periods	51%		49%	

The table below presents the results reported in the reporting period by the Group and the Company:

	Group		ZUE	
	2024	2023	2024	2023
Sales revenue	1,219,407	1,456,547	1,115,018	1,351,508
Cost of sales	1,168,941	1,400,637	1,072,010	1,303,303
<b>Gross profit (loss) on sales</b>	<b>50,466</b>	<b>55,910</b>	<b>43,008</b>	<b>48,205</b>
<i>Gross margin</i>	4.1%	3.8%	3.9%	3.5%
General and administrative expenses	33,848	30,358	28,862	24,489



Other operating income	4,644	6,236	4,627	6,227
Other operating expenses	2,203	1,370	1,973	1,242
Gain from bargain purchase	0	0	0	0
<b>Operating profit (loss) (EBIT)</b>	<b>19,059</b>	<b>30,418</b>	<b>16,800</b>	<b>28,701</b>
EBIT margin	1.6%	2.1%	1.5%	2.1%
EBITDA	34,701	45,200	31,360	42,454
EBITDA margin	2.8%	3.1%	2.8%	3.1%
Finance income	2,718	4,574	3,839	15,524
Finance costs	9,637	6,064	8,864	14,064
<b>Pre-tax profit (loss)</b>	<b>12,140</b>	<b>28,928</b>	<b>11,775</b>	<b>30,161</b>
Income tax	1,357	7,801	1,513	8,133
<b>Net profit (loss) from continuing operations</b>	<b>10,783</b>	<b>21,127</b>	<b>10,262</b>	<b>22,028</b>
<b>Net profit (loss)</b>	<b>10,783</b>	<b>21,127</b>	<b>10,262</b>	<b>22,028</b>
Net margin	0.9%	1.5%	1%	1.6%

Gross profit on sales reported by the Company in 2024 decreased over the year by 10.8% and net profit dropped by 53.4%. The Group's gross profit on sales declined year on year by 9.7% and net profit decreased by 48.5%.

#### Current situation on the Issuer's markets and acquisition of new contracts.

In 2024, the Group operated mainly on its primary markets, namely the railway and tram markets. ZUE also carries out railway-related projects in Romania and tramway-related projects in Latvia. Energopol joined the Group in 2022 as a result of which the Group gained more access to the road segment. In 2024, Energopol focused mainly on building of a new backlog and contract performance.

Long-term prospects look bright for the Polish railway and tram markets. The markets are experiencing a slowdown in the supply of new investment projects caused by a stagnation in the EU funding observed in previous years. An economic recovery is expected on the market following the receipt of funding, also under the National Recovery Plan. The National Railway Programme is being reviewed in Poland as a result of which the number of new investments is smaller.

In Romania, ZUE carries out the railway contracts won in 2022 and is planning to take part in new tender procedures.

In 2024, the Group's construction companies won the new construction contracts with the total value of approximately PLN 155m. The Group continues to submit tenders in Poland and is preparing to do so in other European countries.

## 20. Discussion of major balance sheet items

The table below sets out the main items of the consolidated and separate statement of financial position reported by the Group and ZUE as at 31 December 2024 and the comparative information as at 31 December 2023.

Item	Group		ZUE	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
(PLN '000)				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	67,927	70,774	63,971	66,100
Investment property	15,252	15,911	8,665	9,132
Intangible assets	1,891	2,466	1,891	2,466

Right-of-use assets	66,189	39,689	64,945	38,622
Goodwill	31,172	31,172	31,172	31,172
Investments in subsidiaries	782	328	6,594	6,140
Deposits under construction contracts	7,958	7,129	7,782	6,949
Deferred tax assets	20,226	21,704	20,129	21,692
Advanced loans	2,705	4,117	2,705	4,117
Other financial assets	112	92	0	0
<b>Total non-current assets</b>	<b>214,214</b>	<b>193,382</b>	<b>207,854</b>	<b>186,390</b>
<b>Current assets</b>				
Inventories	27,802	70,361	14,940	60,562
Trade and other receivables	173,959	172,387	155,343	166,890
Valuation of long-term construction contracts	223,923	214,254	220,339	213,792
Deposits under construction contracts	31,194	20,013	31,164	20,012
Advance payments	3,960	10,650	3,960	10,650
Current tax assets	14	190	0	0
Advanced loans	588	0	9,478	8,140
Other assets	3,365	1,022	3,261	910
Cash and cash equivalents	52,676	223,555	45,678	212,159
<b>Current assets</b>	<b>517,481</b>	<b>712,432</b>	<b>484,163</b>	<b>693,115</b>
<i>Total current assets</i>	<b>517,481</b>	<b>712,432</b>	<b>484,163</b>	<b>693,115</b>
<b>Total assets</b>	<b>731,695</b>	<b>905,814</b>	<b>692,017</b>	<b>879,505</b>

Item (PLN '000)	Group		ZUE	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
<b>EQUITY AND LIABILITIES</b>				
Equity				
Share capital	5,758	5,758	5,758	5,758
Share premium account	93,837	93,837	93,837	93,837
Treasury shares	-2,690	-2,690	-2,690	-2,690
Retained earnings	107,971	101,758	101,836	96,081
<b>Equity</b>	<b>204,876</b>	<b>198,663</b>	<b>198,741</b>	<b>192,986</b>
Equity attributable to non-controlling interests	1,475	1,412	-	-
<b>Total equity</b>	<b>206,351</b>	<b>200,075</b>	<b>198,741</b>	<b>192,986</b>
<b>Non-current liabilities</b>				
Long-term loans and bank credits	0	47,015	0	47,015
Long-term lease liabilities	44,459	24,997	41,257	21,687
Deposits under construction contracts	23,203	17,777	23,005	17,499
Liabilities under employee benefits	1,881	2,056	1,688	1,867
Deferred tax liabilities	578	667	0	0
Long-term provisions	23,757	20,607	22,950	19,900
<b>Total non-current liabilities</b>	<b>93,878</b>	<b>113,119</b>	<b>88,900</b>	<b>107,968</b>

<b>Current liabilities</b>				
Trade and other payables	112,169	208,557	91,118	202,567
Accruals	117,718	169,167	115,222	167,066
Valuation of long-term construction contracts	9,132	48,154	9,132	47,062
Retentions on construction contracts	32,953	33,103	32,758	33,024
Advance payments	74,590	43,330	74,590	43,330
Short-term loans and bank credits	25,515	10,550	25,515	7,500
Short-term lease liabilities	8,921	6,743	8,501	6,468
Other financial liabilities	36	36	36	36
Liabilities under employee benefits	44,040	53,092	42,483	51,619
Current tax liabilities	0	4,290	0	4,290
Short-term provisions	6,392	15,598	5,021	15,589
<b>Total current liabilities</b>	<b>431,466</b>	<b>592,620</b>	<b>404,376</b>	<b>578,551</b>
<b>Total liabilities</b>	<b>525,344</b>	<b>705,739</b>	<b>493,276</b>	<b>686,519</b>
<b>Total equity and liabilities</b>	<b>731,695</b>	<b>905,814</b>	<b>692,017</b>	<b>879,505</b>

As at 31 December 2024, ZUE's total assets and liabilities amounted to PLN 692,017 thousand and decreased over the year by 21.3%. The Group's total assets and liabilities amounted to PLN 731,695 thousand and decreased over the year by 19.2%.

Items with the biggest influence on the said total assets and liabilities of ZUE:

Item	PLN '000		
	Change compared to 31.12.2023	Balance at 31.12.2024	Description
<b><u>Assets</u></b>			
Inventories	-45,622	14,940	Utilization of construction materials acquired in prior periods as a hedge against price increases in connection with the performance of contracts.
Right-of-use assets	26,323	64,945	Conclusion of new lease agreements, primarily operating lease for the purchase of construction equipment.
Cash and cash equivalents	-166,481	45,678	Allocation of funds to operational activities.
<b><u>Liabilities</u></b>			
Valuation of long-term construction contracts	-37,930	9,132	Difference between the degree of work invoiced on ongoing contracts and the degree of revenue recognized.
Trade and other payables	-111,449	91,118	Payment for subcontractors' services, materials delivered and services provided.
Long-term loans and bank credits	-47,015	0	Reclassification of loans and bank credits from long-term to short-term.
Long-term lease liabilities	19,570	41,257	Conclusion of new lease agreements, primarily operating lease for the purchase of construction equipment.
Accruals	-51,844	115,222	Reduction of provisions for subcontractor work on ongoing contracts due to the invoicing of the related services.
Long-term loans and bank credits	18,015	25,515	Reclassification of loans and bank credits from long-term to short-term and repayment of instalments.
Advance payments	31,260	74,590	Receipt of advance payments for ongoing contracts.

## 21. Discussion of items of the statement of cash flows

In 2024, the Company generated negative cash flows from operating activities. The Group's negative cash flows from operating activities were primarily due to an above-average level of cash and trade payables as at the end of 2023, which were settled in 2024, as well as a reduction in accruals.

In the period under analysis, the Company repaid loans, credits and lease liabilities in the total amount of PLN 40,182 thousand and paid the dividend of PLN 4,781 thousand. At the end of the year, the cash balance amounted to PLN 45,678 thousand.

Item (PLN '000)	Group		ZUE	
	2024	2023	2024	2023
Cash flows from operating activities	-115,620	137,461	-115,051	131,576
Cash flows from investing activities	-2,527	5,160	-2,733	1,921
Cash flows from financing activities	-53,198	17,407	-49,163	18,130
<b>Total net cash flows</b>	<b>-171,345</b>	<b>160,028</b>	<b>-166,947</b>	<b>151,627</b>
Exchange differences	466	276	466	276
Cash and cash equivalents at the beginning of the period	223,555	63,251	212,159	60,256
<b>Cash and cash equivalents at the end of the period</b>	<b>52,676</b>	<b>223,555</b>	<b>45,678</b>	<b>212,159</b>

## 22. Discussion of sales performance by segments

The total amount of revenue generated by the Group is PLN 1,219,407 thousand. The largest portion of the Group's revenue is derived from construction activity conducted by ZUE and Energopol (94% generated by both companies).

Item (PLN '000)	Construction	Sales	Exclusions	Group Total
Sales revenue	1,152,518	73,109	-6,220	1,219,407
Gross profit on sales	45,974	4,571	-79	50,466
Net profit	10,427	228	128	10,783

In 2024, sales activities conducted at the Group by Railway gft generated 6% of the consolidated revenue (before exclusions).

The construction activities include the activity conducted by Energopol.

## 23. Analysis of ratios

The information on the following ratios is monitored on a cyclical basis and presented in subsequent interim reports. The definitions of alternative measurements and calculation methodologies have been presented below and they are consistent with selected alternative measurements contained on the Issuer's website.

## 23.1. Debt ratios

Item	Group		ZUE		Calculation rules
	2024	2023	2024	2023	
Net debt	25,667	-134,214	29,631	-129,453	(long- and short-term loans and bank credits and other financing sources + long- and short-term other financial liabilities) – cash and cash equivalents – other financial assets
Total debt ratio	0.7	0.8	0.7	0.8	(non-current and current liabilities + provisions for liabilities) / total assets
Debt to equity ratio	2.5	3.7	2.5	3.7	(non-current and current liabilities) / equity
Fixed capital to non-current assets ratio	1.4	1.6	1.4	1.6	(equity + non-current liabilities) / non-current assets
Short-term debt ratio	0.6	0.7	0.6	0.7	current liabilities / total assets
Long-term debt ratio	0.5	0.6	0.4	0.6	non-current liabilities / equity
Interest coverage ratio	3.9	10.2	4.0	11.1	EBIT / interest paid

## 23.2. Liquidity ratios

Item	Group		ZUE		Calculation rules
	2024	2023	2024	2023	
Working capital	86,015	119,812	79,787	114,564	current assets – current liabilities
Current ratio	1.2	1.2	1.2	1.2	current assets / current liabilities
Quick ratio	1.1	1.1	1.2	1.1	(current assets – inventory) / current liabilities
Cash ratio	0.12	0.36	0.11	0.35	cash and cash equivalents / current liabilities

### 23.3. Financing structure ratios

Item	Group		ZUE		Calculation rules
	2024	2023	2024	2023	
Equity to assets	0.3	0.2	0.3	0.2	<i>equity / total assets</i>
Equity to non-current assets	1.0	1.0	1.0	1.0	<i>equity / non-current assets</i>
Total debt ratio	0.7	0.8	0.7	0.8	<i>(total assets - equity) / total assets</i>
Debt to equity ratio	2.5	3.7	2.5	3.7	<i>(total assets - equity) / equity</i>

### 23.4. Profitability ratios

Item	Group		ZUE		Calculation rules
	2024	2023	2024	2023	
Gross profit margin	4.1%	3.8%	3.9%	3.5%	<i>gross profit / revenue</i>
EBITDA	34,701	45,200	31,360	42,454	<i>operating profit + depreciation / amortisation</i>
EBITDA margin	2.8%	3.0 %	2.8%	3.1%	<i>EBITDA / revenue</i>
EBIT margin	1.6%	2.0%	1.5%	2.1%	<i>EBIT / revenue</i>
Gross margin	1%	1.9%	1%	2.2%	<i>gross profit / (revenue + other operating income + other financial income + extraordinary gains)</i>
Net margin	0.9%	1.4%	0.9%	1.6%	<i>net profit / (revenue + other operating income + other financial income + extraordinary gains)</i>
ROA	1.47%	2.3%	1.5%	2.4%	<i>net income / total assets</i>
ROE	5.51%	11.81%	5.44%	12.89%	<i>net income / equity</i>

### 24. Unusual factors and events with significant influence on the Group's performance

Factors and events with significant influence on the Group's results have been discussed in the "Financial Information" section. No unusual factors or events with significant bearing on the Group's performance other than specified in this report occurred in the reporting period.

### 25. Statement by the Management Board of ZUE on financial projections

No separate or consolidated financial projections for the financial year 2024 were published by the Company.

### 26. Investments

#### 26.1. Investments made in 2024

The total capital expenditures reported in the reporting period amounted to PLN 5,543 thousand.

As at 31 December 2024, net liabilities incurred to purchase property, plant and equipment amounted to PLN 36 thousand.

As at 31 December 2023, net liabilities incurred to purchase property, plant and equipment amounted to PLN 7 thousand.

Major investments in property, plant and equipment and intangible assets made by the Company in the reporting period included:

- Complete overhauls of vehicles (mainly wagons) – PLN 4,250 thousand;
- Radio control system – PLN 922 thousand;
- Purchase of mobile fences – PLN 167 thousand;
- Shelter over stacking yard – PLN 160 thousand;
- Purchase of hardware – PLN 216 thousand;
- Purchase of a track – PLN 90 thousand.

In 2024, the Company sold the property, plant and equipment and intangible assets whose total net carrying amount was PLN 600 thousand. In 2023, the Company sold the property, plant and equipment and intangible assets whose total net carrying amount was PLN 6,924 thousand.

## 26.2. Assessment of intended investments

New investments in property, plant and equipment as well as intangible assets will be made by the Company and the Group as needed.

## 27. Management of financial resources

The Group maintains extensive cooperation with banks to secure appropriate financing and obtain bank guarantees required to carry out planned activities.

The loans granted by ZUE are discussed in the separate financial statements in section 7.15 Transactions with related parties.

The table below sets out the utilization of bank credits and multipurpose lines as at 31 December 2024.

Group					
Bank / entity	Description	Principal according to the agreement	Interest	Utilization as at 31.12.2024	Repayment date
		PLN '000		PLN '000	
mBank (i)	Multiproduct credit facility master agreement	40,000		13,123	11.06.2025
	overdraft sublimit	15,000	ON WIBOR + margin	0	
	guarantee sublimit	25,000		13,123	
	revolving credit sublimit	25,000	1M WIBOR + margin	0	
mBank (ii)	Master Agreement	80,000	on agreed rates	14,649	11.06.2025
	including:				
	guarantee sublimit	80,000		14,649	



BNP Paribas (iii)	Multipurpose credit facility agreement	100,000	on agreed rates	46,547	28.06.2025
	including: guarantee sublimit	100,000		46,547	
Alior (iv)					27.06.2025
	Revolving credit facility agreement	40,000	1M WIBOR + margin	25,515	
Alior Bank (v)	Multicurrency credit facility agreement	75,000		30,000	25.06.2026
	including:				
	guarantee sublimit	75,000	on agreed rates	30,000	25.06.2025
	overdraft	1,500	1M WIBOR + margin	0	25.06.2026
PEKAO (vi)	Multipurpose credit facility agreement	75,000	on agreed rates	45,700	30.11.2025
	including:				
	guarantee sublimit	75,000		45,700	
CaixaBank (vii)	Bank guarantee facility agreement	75,000	on agreed rates	69,085	30.04.2025
	including:				
	guarantee sublimit	75,000		69,085	
BFF(x)	Master Mandate Agreement	24,000	on agreed rates	0	25.06.2025
Bank Gospodarstwa Krajowego (xi)	Guarantee line master agreement	50,000	on agreed rates	630	29.08.2025
	guarantee sublimit	50,000		630	
ING Bank Śląski (xii)	Multiproduct Agreement	30,000	on agreed rates	0	22.09.2025
	guarantee sublimit	30,000		0	

Bank Millenium S.A.(xiii)	MULTIPRODUCT FACILITY AGREEMENT, including:	30,000	on agreed rates	0	26.12.2025
	revolving credit sublimit	20,000	1M WIBOR + margin	0	26.12.2025
	bank guarantee facility	30,000	on agreed rates	0	26.12.2025
Railway gft					
mBank (viii)	Working capital credit	3,050	1M WIBOR + bank margin	0	11.06.2025
mBank (ix)	Master Agreement	15,700	on agreed rates	12,228	11.06.2025
	including:				
	guarantee sublimit	15,700		12,683	
ZUE (RON)					
Bank / entity	Description	Principal according to the agreement	Interest	Utilization as at 31.12.2024	Repayment date
		RON '000			
BCR (xiv)	Multiproduct Credit Facility	25,000	on agreed rates	295	04.10.2025
Total utilization under credits at the Group			PLN	25,515	
Total utilization under guarantee at the Group			PLN	232,417	
Total utilization under guarantee at the Group			RON	295	

- (i) On 14 June 2024, the Company and mBank S.A. entered into the multiproduct credit facility master agreement which simultaneously terminated the previous master agreement and the overdraft facility agreement, and incorporated working capital credit, guarantee limit, and overdraft facility.
- (ii) On 10 June 2024, the Company and mBank S.A. signed an annex to the Master Agreement of 29 June 2016 whereby the maturity date was extended by one year.
- (iii) On 28 June 2024, the Company and BNP Paribas S.A. signed an annex to the multipurpose credit facility agreement whereby the availability period of the facility was extended by one year.
- (iv) On 27 June 2024, the Company and Alior Bank S.A. signed the revolving credit facility agreement up to PLN 40,000 thousand. The facility will be available until 27 June 2025.
- (v) On 27 June 2024, the Company and Alior SA signed the multicurrency credit facility agreement effective until 25.06.2025 (PLN 75,000 thousand).
- (vi) On 28 November 2024, the Company and Bank Pekao signed an annex to the multipurpose credit facility agreement whereby the availability period of the facility was extended until 30.11.2025.
- (vii) On 22 April 2024, the Company and CaixaBank S.A., Polish Branch, entered into the bank guarantee facility agreement whereby the limit of PLN 75,000 thousand was raised. The agreement is effective until 30.04.2025.
- (viii) On 11 June 2024, an annex was signed by the subsidiary whereby the repayment date was extended until 11.06.2025.
- (ix) On 11 June 2024, the subsidiary signed an annex to the master agreement whereby the limit could be utilized until 11 June 2025.
- (x) On 24 June 2024, the Company and BFF Polska S.A. signed the master mandate agreement of PLN 24,000 thousand effective until 25.06.2025.
- (xi) On 30 August 2024, the Company and Bank Gospodarstwa Krajowego entered into the guarantee line master agreement of PLN 50,000 thousand with the availability period until 29 August 2025.
- (xii) On 23 September 2024, the Company and ING Bank Śląski S.A. entered into the multipurpose agreement of PLN 30,000 thousand effective until 22 September 2025.
- (xiii) On 30 December 2024, the Company and Millennium S.A. entered into the multiproduct facility agreement of PLN 30,000 thousand effective until 26 December 2025 (bank guarantee facility of PLN 30,000 thousand, revolving credit sublimit of PLN 20,000 thousand).
- (xiv) On 24 October 2024, the Company and Banca Comerciala Romana S.A. entered into the agreement of RON 25,000 thousand effective until 04.10.2025.

On 11 March 2025, after the end of the reporting period, a subsidiary and Bank Pekao S.A. signed the overdraft agreement of PLN 3m to be repaid by 30 November 2025.

## 28. Financial risk management

The main financial instruments used by the Company include:

- | Finance leases and agreements for the financing of property, plant and equipment whose aim is to obtain funds to finance capital expenditures;
- | Overdraft non-revolving special purpose credit to finance day-to-day operations and a selected contract;
- | Trade and other receivables and payables and cash earned during the course of the Company's day-to-day operations.

The Company's operations expose it to different financial risks including foreign currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Management Board verify these risks and define the rules governing the management thereof.

### Foreign exchange risk

As part of its operations, the Group makes settlements in foreign currencies, mainly in EUR and RON. The foreign exchange risk is mainly hedged by concluding contracts with counterparties whereby the risk is transferred to them. If this is not possible, currency exposure (if relevant) is hedged on the financial market using currency futures.

### Interest rate risk

The Group is exposed to interest rate risk mainly because it uses such instruments as leases and multipurpose lines of credit to finance day-to-day operations. These financial instruments are based on variable interest rates and expose the Group to the risk of cash flow fluctuations. The risk is hedged by regular assessments aimed at adjusting interest rates to current situation and readiness to incur the risk.

### Price risk

The Group is exposed to price risk relating to the increase in prices of the most popular products and raw materials such as concrete, aggregates, steel elements (including tram and rail traction network posts, lamp posts, rails or crossovers) and copper and aluminium elements (including power cables, lines and contact wire) and, due to a big number of machines, liquid fuels (including diesel oil and petrol). However, the risk is reduced by signing master agreements for the supply of strategic materials. Changes in the costs of labour may entail changes in the fees charged to the Group by subcontractors. However, contracts with subcontractors may be concluded at later dates as the works progress.

### Credit risk

The Group cooperates, as part of both financial and equity transactions, with highly credible financial institutions and aims to reduce the concentration of credit risk. The Group's financial assets exposed to higher credit risk include trade receivables (excluding receivables from contracting authorities (investors) in connection with the projects carried out in accordance with the Public Procurement Act). A contract-related credit risk is assessed and verified by the Group both at the stage of tender submission and at the stage of project execution.

Before a contract is signed, each counterparty is assessed in terms of their ability to fulfil their financial obligations. If the assessment is negative, signing of the contract is conditional at least on the provision of proper security on property or financial security.

The nature of construction activities requires the Group to use a considerable part of its working capital to perform the contracts due to their relatively high value and a long time of their performance. Accordingly, a failure of the Groups customers to timely settle their liabilities to the Group directly influences the Group's financial results.

#### **Liquidity risk**

The Group reduces liquidity risk by keeping sufficient cash and concluding multipurpose credit facility agreements which serve as an additional safeguard against the loss of liquidity. The Group uses own resources, credits or long-term finance or operating lease agreements to finance capital expenditures and to ensure a stable financing structure for such type of assets. Liquidity management is supported by the system of reporting cash flow projections.

## STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

### 29. Scope of application of corporate governance principles

The information about the Company's compliance with the principles and recommendations contained in 2021 Code of Best Practice for WSE Listed Companies as well as relevant statement made by the Company's Management Board are available on ZUE's website: [www.grupazue.pl](http://www.grupazue.pl); tab: Investor Relations > Corporate Governance.

Since 1 July 2021, ZUE has been subject to 2021 Code of Best Practice for WSE Listed Companies (2021 Code of Best Practice) corporate governance principles contained in the appendix to the Resolution no. 13/1834/2021 passed by the Warsaw Stock Exchange Supervisory Board on 29 March 2021 (effective since 1 July 2021).

The Management Board of ZUE state that in the financial year 2024, the Company complied with the majority of the corporate governance principles set out in the appendix to the Resolution no. 13/1834/2021 passed by the Warsaw Stock Exchange Supervisory Board on 29 March 2021, except for the following principles.

#### Chapter I – Disclosure Policy, Investor Communications

##### 1.3.1.) - Content

*"Companies integrate ESG factors in their business strategy, including in particular: 1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development;"*

##### 1.3.1.) – Company's comment

ESG factors (E – Environment, S – Social and G – Governance) have not been formally integrated in ZUE's business strategy. However, the Company is aware of the negative effects of human activity and the related legal requirements and treats these factors seriously. The Company respects all the applicable laws and regulations. The Company's strategic objectives are pursued with due regard to non-financial aspects such as human rights or employee factors as well as impact on local communities and natural environment. The Company is in the processes of integrating ESG factors in ZUE's business strategy.

##### 1.3.2.) - Content

*"Companies integrate ESG factors in their business strategy, including in particular: 1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations;"*

##### 1.3.2.) – Company's comment

ESG factors (E – Environment, S – Social and G – Governance) have not been formally integrated in ZUE's business strategy. However, the Company is aware of the negative effects of human activity and the related legal requirements and treats these factors seriously. The Company respects all the applicable laws and regulations. The Company's strategic objectives are pursued with due regard to non-financial aspects such as human rights or employee factors as well as impact on local communities and natural environment. The Company is in the processes of integrating ESG factors in ZUE's business strategy.

##### 1.4.) - Content

*"To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term*

*goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others (...);"*

#### 1.4.) – Company's comment

The information on strategic objectives pursued by the Company is provided to stakeholders according to the applicable laws, especially in interim reports regularly published on the Company's website. The Company's strategic objectives are pursued with due regard to non-financial aspects such as human rights or employee factors as well as impact on local communities and natural environment. The Company is in the processes of integrating ESG factor's in ZUE's business strategy.

#### 2.1.) - Content

*"Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%,"*

#### 2.1.) – Company's comment

The Company does not apply the diversity policy to the management board or the supervisory board. Members of the management board or the supervisory board are appointed on the basis of their competence, skills and effectiveness. The appointment decisions are made on the basis of these criteria. The Company believes that these assessment criteria applicable to the Company's bodies help it select the candidates able to pursue the Company's strategy and ensure its development. However, it is possible that the diversity policy applicable to the management board and the supervisory board, including gender diversity, will be implemented in the future.

#### 2.2.) - Content

*"Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1;"*

#### 2.2.) – Company's comment

The Company does not apply the diversity policy to the management board or the supervisory board. Members of the management board or the supervisory board are appointed on the basis of their competence, skills and effectiveness. The appointment decisions are made on the basis of these criteria. The Company believes that these assessment criteria applicable to the Company's bodies help it select the candidates able to pursue the Company's strategy and ensure its development. However, it is possible that the diversity policy applicable to the management board and the supervisory board, including gender diversity, will be implemented in the future.

#### 3.5.) - Content

*"Persons responsible for risk and compliance management report directly to the president or other member of the management board;"*

#### 3.5.) – Company's comment

The principle according to which persons responsible for risk management, internal audit and compliance should report directly to the president or other member of the management board is not observed by the Company. Due to

the type and scope of the Company's activities, not every person responsible for any of these activities reports directly to the president or other member of the management board. The internal audit activities are monitored by the Audit Committee as part of the Committee's tasks and powers. However, relevant changes are planned by the Company and an internal audit unit may be separated from its structures.

### 3.6.) - Content

*"The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee;"*

### 3.6.) – Company's comment

Due to the type and scope of the Company's activities, no independent organisational units responsible for internal audit tasks have been separated from its structures. Consequently, there are no objective reasons to state that these standards are observed by the Company. The internal audit activities are monitored by the Audit Committee as part of the Committee's tasks and powers. However, relevant changes are planned by the Company and an internal audit unit may be separated from its structures.

### 3.7.) - Content

*"Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks;"*

### 3.7.) – Company's comment

Due to the type and scope of the activities conducted by the companies within the Group, no independent organisational units responsible for internal audit tasks have been separated from their structures. Consequently, there are no objective reasons to state that these standards are observed by the companies within the Group.

### 4.1.) - Content

*"Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed;"*

### 4.1.) – Company's comment

According to Art. 406(5) of the Act, the participation in a general meeting with the use of electronic communication means is not mandatory and a decision about the participation in such a general meeting is made by an entity convening the meeting. The Issuer believes that the Company's Articles of Association, the provisions of the Act and the Company's Regulations of the General Meeting govern the course of and the participation in general meetings in a comprehensive and sufficient manner. In addition, the Management Board state that the Company's expenses associated with the holding of a general meeting with the use of electronic communication means are incommensurate with the advantages for investors.

### 4.3.) - Content

*"Companies provide a public real-life broadcast of the general meeting;"*



#### 4.3.) – Company's comment

Due to the Company's shareholding structure, the proceedings of general meetings have not been transmitted in real time. The Company's general meetings have been held in a standard manner typical for such kind of meetings. Therefore, the Issuer believes that shareholders' rights have been properly protected by the laws governing the provision of information about the course of general meetings binding on public companies. In addition, shareholders have access to material information about the course of general meetings contained in the reports published on the Company's website.

#### 4.8.) - Content

*"Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting;"*

#### 4.8.) – Company's comment

As for shareholders' corporate rights, the Company complies, first and foremost, with the applicable laws according to which shareholder or shareholders holding at least one twentieth of the Company's share capital may table draft resolutions on matters put on the agenda or matters to be put on the agenda before the date of the general meeting. In addition, each shareholder may table draft resolutions on matters put on the agenda during the general meeting. The Company has no influence on shareholders' activities, however it encourages them to table draft resolutions with reasonable notice.

#### 4.9.1.) - Content

*"Candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;"*

#### 4.9.1.) – Company's comment

As for shareholders' corporate rights, the Company complies, first and foremost, with the applicable laws according to which shareholder or shareholders holding at least one twentieth of the Company's share capital may table draft resolutions on matters put on the agenda or matters to be put on the agenda before the date of the general meeting. In addition, each shareholder may table draft resolutions on matters put on the agenda during the general meeting. The Company has no influence on shareholders' activities, however it encourages them to name candidates with reasonable notice.

### 30. Key characteristics of ZUE's risk management internal control system in relation to the preparation of financial statements

Separate / consolidated financial statements of the ZUE Group are prepared in accordance with the International Financial Reporting Standards, as approved by the European Union.

The responsibility for the implementation of an internal control system in the Group rests with the Management Board of ZUE. Supervision over the preparation of financial statements is entrusted to a person holding the position of Chief Accountant, who is charged with ongoing monitoring of the work through all its stages. Risks are identified and mitigated by qualified staff of the Group's financial unit. To guarantee an adequate level of security in the preparation of financial statements, accounting books were maintained in 2024 with the use of ERP software by IFS, which could be accessed by authorised personnel only. The system was implemented in 2021 to significantly improve the safety and efficient circulation of information within the organisation. The financial reporting process is controlled on an ongoing basis, through its successive stages. The Company's complete separate / consolidated financial statements are submitted to the Management Board for final approval.

## 31. Assessment of internal control and risk management systems as well as supervision of compliance with the law and internal audit

Due to the type and scope of the Company's activities, there is no need for separate risk management or compliance supervision in separate organizational units. These tasks are dispersed and carried out by the Company's individual organizational units. The internal control division was established in 2023 and operated uninterruptedly also in 2024. The aim of internal control is to enhance the efficiency of business activities by supplying objective information about identified irregularities and inefficiencies, and the ways to remove them. Internal control includes all the areas to which potential material risks relate, including the areas relating to non-financial issues (especially environmental protection and employee issues). The efficiency of the Company's dispersed risk management and compliance supervision systems and internal control division have been favourably assessed by the Company's Management Board.

Due to the type and scope of the Company's activities, there are no grounds to identify any separate unit responsible for internal audit. At this report preparation date, the said tasks are monitored by the Audit Committee. However, relevant changes are anticipated by the Company and an internal audit unit may be separated from its structures.

## 32. Shares and shareholding structure

### 32.1. Share capital structure

As at 31 December 2024, the registered share capital disclosed in the financial statements was PLN 5,757,520.75.

#### Share capital structure as at 10 April 2025

(PLN)

Class/issue	Type of shares	Number of shares	Class/issue at nominal value	Contribution	Registration date (Right to dividend from registration date)
Class A	Ordinary bearer shares	16,000,000	4,000,000.00	Contribution in kind	12 July 2002
Class B	Ordinary bearer shares	6,000,000	1,500,000.00	Fully paid up in cash by way of issue	19 October 2010
Class C	Bearer – "Merger shares"	1,030,083	257,520.75	Fully paid up in cash by way of issue	20 December 2013
<b>Total</b>		<b>23,030,083</b>	<b>5,757,520.75</b>		

Class A, B and C shares are not preference shares and rights to the shares are not limited.

As at 31 December 2024 and 31 December 2023, the structure of the share capital was unchanged compared to 10 April 2025.

### 32.2. Treasury shares

At the date of preparation of this report, the Company holds 264,652 treasury shares. The shares were acquired by the Company from the employees of Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A., the company which merged with ZUE S.A. The shares were bought back in 2015 on the basis of the Resolution no. 4 passed by the Company's Extraordinary General Meeting on 8 December 2014 authorising the Management Board of ZUE S.A. to buy back own shares. The shares were acquired by the Company outside organised trading for resale. The Company's Management Board intend to sell the shares in favourable market conditions on the stock exchange or outside organised trading. No treasury shares were acquired by the Company in 2024.

### 32.3. Shareholding structure

According to the information held, the Parent Company had the following shareholding structure at this report preparation date:

Shareholder	Number of shares/votes at 10 April 2025	% of the share capital / total number of votes	Number of shares/votes according to previous interim report <sup>(1)</sup>	% of the share capital / total number of votes
Wiesław Nowak	14,400,320	62.53%	14,400,320	62.53%
Funds managed by Generali PTE <sup>(2)</sup>	1,461,659 <sup>(2)</sup>	6.35%	1,461,659	6.35%
PKO Bankowy OFE	1,812,038 <sup>(3)</sup>	7.87%	1,812,038	7.87%
Other	5,356,066 <sup>(4)</sup>	23.26%	5,356,066	23.26%
<b>Total</b>	<b>23,030,083</b>	<b>100</b>	<b>23,030,083</b>	<b>100</b>

(1) Publication of the last interim report (consolidated report of the Group for the three quarters of 2024): 14 November 2024.

(2) Shareholding on the basis of information provided by the Central Securities Depository of Poland for the purposes of the Ordinary General Meeting of ZUE held on 7 June 2024. According to the Company's best knowledge, the information remains valid at the date of publication of this report.

(3) Shareholding on the basis of information provided by the Central Securities Depository of Poland for the purposes of the Ordinary General Meeting of ZUE held on 7 June 2023. According to the Company's best knowledge, the information remains valid at the date of publication of this report.

(4) Contains 264,652 ZUE shares repurchased by the Company as part of the buy-back of own shares.

## 32.4. Shares of ZUE and related parties held by members of the Issuer's management and supervisory bodies

Holdings of ZUE shares by members of the Issuer's management and supervisory bodies (according to the information held by the Management Board of ZUE on this report preparation date).

Shareholder	Position at ZUE	Number of shares/votes at 10 April 2025	Nominal value (PLN)	% of share capital / total number of votes	Changes in shareholding since the publication of the last interim report <sup>(1)</sup>
Wiesław Nowak	Management Board President	14,400,320	3,600,080	62.53	None
Marcin Wiśniewski	Management Board Vice-President	2,300	575	0.01	None
Jerzy Czeremuga	Management Board Vice-President	136	34	< 0.01	None
Maciej Nowak	Management Board Vice-President	7,806	1,951.50	0.03	None
Magdalena Nowak	Management Board Vice-President	7,688	1,922	0.03	None

(1) Publication of the last interim report (Consolidated report of the Group for the three quarters of 2024): 14 November 2024.

According to the best knowledge of the Company's Management Board, no Company shares were held by other members of the Issuer's management or supervisory bodies at this report preparation date.

No shares in the Group companies were held by members of the Issuer's management or supervisory bodies on the date of publication of the last interim report or the date of preparation of this report.

## 32.5. Holders of securities conferring special control powers

The Company did not issue any securities conferring special control powers.

## 32.6. Restrictions on exercise of voting rights

There are no restrictions on the exercise of voting rights at the Company.

## 32.7. Restrictions on transferability of securities

There are no restrictions on the transferability of the Issuer's securities at the Company.

### **32.8. Agreements known to the Issuer likely to cause changes to the proportions of shares held by the existing shareholders**

#### **Buy-back of ZUE treasury shares**

No treasury shares were bought back by the Company in 2024.

Apart from this fact, the Issuer is not aware of any agreements likely to change the proportions of shares held by the existing shareholders in the future. In addition, the Company is not aware of any significant agreements between the shareholders.

### **32.9. Issue of securities**

No securities were issued by the Group companies in 2024.

## GOVERNING BODIES

### 33. Composition and rules governing the operation of the Company's management and supervisory bodies and their committees

#### 33.1. Management Board of ZUE

Pursuant to the Articles of Association and the Regulations of the Management Board of ZUE, members of the Management Board are appointed and dismissed by the Company's Supervisory Board. Management Board members are appointed for the common term of three years. The Management Board is composed of one or more members and the number of members is defined by the Supervisory Board. The Supervisory Board appoints one member of the Management Board to the position of Management Board President and may appoint one or more members to the positions of Management Board Vice-Presidents.

The Management Board manages the affairs of the Company and represents the Company, subject to the powers vested in the General Meeting or the Supervisory Board under applicable laws or the Articles of Association.

The Management Board makes the decisions independently, subject to the activities which pursuant to applicable laws or the Articles of Association require the approval of other bodies of the Company.

The President of the Management Board supervises all employees and organisational units of the Company.

The President of the Management Board has the right to make final decisions in one person with regard to internal relations, especially with regard to employee relations, including the right to reverse the decision of other Management Board member (unless otherwise stated in a resolution previously adopted by the Management Board or applicable laws).

During his/her absence, the President of the Management Board may appoint other Management Board member. The appointed member has all the powers of the President of the Management Board.

The statements of will are made on behalf of the Company by the President of the Management Board acting independently or two members of the Management Board acting jointly.

At this report preparation date, the Management Board was composed of:

Wiesław Nowak	Management Board
Magdalena Nowak	Management Board Vice-President
Anna Mroczek	Management Board Vice-President
Jerzy Czeremuga	Management Board Vice-President
Maciej Nowak	Management Board Vice-President
Marcin Wiśniewski	Management Board Vice-President

The remuneration paid to the members of the managing personnel as well as obligations under pensions and similar benefits are presented in section 7.18 Remuneration of key management personnel of the separate financial statements.

#### 33.2. Agreements between the Issuer and managing personnel providing for compensation for resignation or dismissal

All employment contracts signed by members of the Company's Management Board contain a competition clause, which continues in force for one year after the contract has been terminated due to the circumstances attributable to both the employer and the employee.

During the said one-year period, the Company is obliged to pay damages equal to the amount of annual remuneration, excluding additional remuneration, in monthly instalments. If an employment contract is terminated by a member of the Company's Management Board, the Company may decide, within 14 days of the receipt of

termination notice, to release the member from their obligation to observe the competition clause without having to pay damages.

### 33.3. Supervisory Board of ZUE

Pursuant to the Articles of Association and the Regulations of the Supervisory Board of ZUE, the Company's Supervisory Board is composed of five to seven members appointed and dismissed by the General Meeting for the common term of three years.

Members of the Supervisory Board cannot include any members of the Management Board, proxies, liquidators, branch or facility managers, chief accountant, legal counsel or advocate employed by the Company, other employees directly reporting to a member of the Management Board or a liquidator, or members of the management board or liquidators of the Company's subsidiaries.

Meetings of the Supervisory Board are held as needed at least three times in a financial year.

Meetings of the Supervisory Board are held in the Company's premises or other venue specified in the notice about the Supervisory Board meeting.

Resolutions of the Supervisory Board are passed by an absolute majority of votes. In the event of a tied vote, the Chairperson of the Supervisory Board has the casting vote.

The Supervisory Board perform their duties: 1/ at the Supervisory Board meetings, 2/ through the on-going and *ad hoc* supervisory activities as part of which they are entitled to:

- | Review the scope of responsibilities of each of the Company departments;
- | Request the Company's Management Board and employees to provide relevant reports and explanation;
- | Review the Company's assets;
- | Monitor the Company's financial standing;
- | Inspect records and documents;
- | Oblige the Management Board to engage experts to prepare assessments or opinions to be used by the Supervisory Board if a given matter requires specialist knowledge, qualifications, activities or an independent expert's assessment.

The composition of ZUE's management or supervisory bodies did not change in the reporting period and until the date of preparation of this report.

Composition of the Company's Supervisory Board at the date of preparation of this report:

Piotr Korzeniowski	Supervisory Board Chairperson
Barbara Nowak	Supervisory Board Vice-Chairperson
Irena Piekarska-Konieczna	Supervisory Board Member
Agnieszka Klimas	Supervisory Board Member
Maciej Szubra	Supervisory Board Member

Irena Piekarska-Konieczna, Agnieszka Klimas and Maciej Szubra meet the independence criteria referred to in the Act on Statutory Auditors, Audit Firms and Public Supervision (consolidated text, Journal of Laws of 2024, item 1035).

Section 7.18 Remuneration of key management personnel of the separate financial statements presents the remuneration paid to the members of the Company's Supervisory Board.

### 34. Rules governing the appointment and removal from office of managing personnel and the managing personnel's powers, including authority to decide about share issues or buybacks

Members of the Management Board of ZUE are appointed for the common term of three years and removed from the office by the Supervisory Board. The Management Board of ZUE has no power to decide about the issue of

shares. Such decisions can only be made by the General Meeting. Powers of the Management Board of ZUE to make decisions concerning share buybacks are as stipulated in the Act.

### 35. Audit Committee

On 18 October 2017, the Supervisory Board of ZUE appointed the Audit Committee referred to in Art. 128.1 in connection with Art. 129.1 of the Act on Auditors, Audit Firms and Public Supervision of 11 May 2017 (the "Act on Auditors").

The Audit Committee is composed of:

- | Irena Piekarska-Konieczna – Chairperson of the Audit Committee (independent member within the meaning of the Act on Auditors);
- | Barbara Nowak – Member of the Audit Committee; and
- | Maciej Szubra – Member of the Audit Committee (independent member within the meaning of the Act on Auditors).

In 2024, the Audit Committee held seven meetings.

Ms. Irena Piekarska-Konieczna meets the requirements concerning the skills and knowledge of accountancy or financial statements auditing referred to in Art. 129.1 of the Act on Auditors gained through her economic education and professional career at commercial companies where she worked, *inter alia*, as chief accountant or financial director. She has long-term experience in bookkeeping and preparing financial statements of construction and assembly companies and in tax settlements.

Ms. Barbara Nowak, on the other hand, meets the requirements concerning the skills and knowledge of the industry the Issuer operates in specified in Art. 129. 5 of the Act on Auditors. Ms. Nowak has worked for ZUE for more than thirty years. At the beginning she dealt with electronics and radio communications and then with power electronics, power industry and traction works, also by holding various positions such as managing director of ZUE.

The tasks (including statutory tasks) of the Audit Committee of ZUE include, in particular:

- | Monitoring of financial reporting;
- | Monitoring of effectiveness of the Company's internal control systems, risk management systems and internal audit, including financial reporting;
- | Monitoring of financial audit including, in particular, audits of the Company's financial statements conducted by audit firms and taking into consideration any comments and findings of the Auditing Oversight Committee following from an inspection carried out at the audit firm;
- | Control and monitoring of independence of an auditor or audit firm delivering services to the Company;
- | Informing the Supervisory Board about the results of the Company's financial statements audit and explaining how the audit contributes to reliable financial reporting at the Company and the role of the Committee during the audit;
- | Assessment of an auditor's independence and giving consent to the provision of services to the Company by the said auditor;
- | Developing the policy of appointing an audit firm to conduct the audit of the Company's financial statement;
- | Developing the policy of delivering non-audit services by an audit firm conducting the audit of the financial statements, entities related to the said audit firm and a member of the audit firm network;
- | Defining the procedure of appointment of an audit firm by the Company; and
- | Making recommendations to ensure reliable financial reporting at the Company.

Pursuant to the Audit Committee's policy on the appointment of an audit firm, the Supervisory Board take into consideration such criteria as the experience of the appointed audit firm as well as the skills and experience of the firm's employees appointed to audit the financial statements, knowledge of the market ZUE operates on, the fee of the audit firm and the firm's reputation. In addition, the Supervisory Board must obtain the recommendations of the Audit Committee including, in particular, the assessment of the audit firm's independence and the audit firm must be appointed without any influence, pressure or suggestions of third parties. The Supervisory Board must also consider the restrictions concerning the appointment of audit firms following from the law, especially the grace period and rotation of audit firms and auditors.



The Audit Committee's policy concerning the sale by an audit firm or entities related to the firm or the firm's network member of permitted non-audit services provides, first and foremost, for the independence of audit firms and auditors and the restricted likelihood of the conflict of interests when non-audit services are provided by the firm. This likelihood is restricted by defining permitted and prohibited services. The examples of permitted services include the due diligence of financial and economic condition, attestation of pro forma financial information, projected or estimate results, disclosures in a prospectus, audit of historical financial information for the prospectus or verification of consolidation packages. The list of prohibited services includes, in particular, tax services relating to preparation of tax forms, payroll tax, customs duties, book-keeping and preparing accounting records and financial statements, designing and implementing internal control or risk management procedures related to the preparation or control of financial information or designing and implementing financial information technology systems or services related to internal audit function. Permitted services may only be delivered to the extent unrelated to the Company's tax policy after the Audit Committee have assessed the risks and threats relating to the independence of an audit firm, key auditor and other members of audit team.

The Audit Committee's recommendation concerning the appointment of Polinvest-Audit Sp. z o.o., an audit firm with registered office in Cracow (Polinvest) to audit the financial statements of ZUE for 2023 met the applicable requirements. In addition, Polinvest Audit evaluated in the reporting period the report on remuneration of members of the Company's Management and Supervisory Boards for 2023. The Audit Committee assessed the independence of Polinvest-Audit Sp. z o.o. and gave consent to the provision of the abovementioned services by the audit firm.

There is no Remuneration Committee at the Supervisory Board.

Due to the expiry of the permissible period for Polinvest-Audit Sp. z o.o. to audit the financial statements, the Audit Committee carried out the procedure to select an audit firm to review the half-yearly and to audit the annual financial statements of the Company for 2024-2025. As a result of the procedure conducted in accordance with the rules of selecting an entity authorised to audit financial statements and after assessing its independence, the Audit Committee adopted the resolution No. 5/2024 of 28 May 2024 recommending the Supervisory Board of ZUE SA to appoint NEXIA PRO AUDIT Kancelaria Biegłych Rewidentów with registered office in Cracow.

In the reporting period, NEXIA PRO AUDIT reviewed the half-yearly financial statements for 2024.

### 36. Amendments to ZUE's Articles of Association

Pursuant to the Act, the Company's Articles of Association may be amended by a resolution passed by the General Meeting. The amendment is reported by the Management Board to the registry court.

The General Meeting may authorise the Supervisory Board to prepare a consolidated text of the amended Articles of Association or to make other editorial amendments as specified in a resolution of the General Meeting.

### 37. Operation of the General Meeting of ZUE

Pursuant to the Act and the Articles of Association of ZUE, the General Meeting is convened by the Company's Management Board.

General Meetings are held in the Company's registered office or in Warsaw.

The powers of the General Meeting include:

- | Review and approval of the Management Board Report on the Company's operations and financial statements for the preceding financial year;
- | Distribution of profit or coverage of loss and appropriation of funds established by the Company;
- | Granting discharge to members of the Company's governing bodies in respect of performance of their duties;
- | Amendments to the Company's Articles of Association;

- | Issue of bonds, including convertible bonds or bonds with pre-emptive rights, or issue of subscription warrants;
- | Sale or lease of the Company's business or any organised part thereof and creation of a limited right *in rem* over them;
- | Adoption of resolutions on the Company's merger or transformation;
- | Dissolution and liquidation of the Company; and
- | Other matters reserved for the General Meeting according to the law or the Articles of Association.

General Meetings may be held as Ordinary or Extraordinary General Meetings. Ordinary General Meetings are held within six months of the end of each financial year. The Ordinary General Meeting may be convened by the Supervisory Board if the Management Board fails to do so by the date stipulated by the law. Extraordinary General Meetings are convened by the Supervisory Board as it sees fit. The Company's shareholders representing at least a half of the Company's share capital are also entitled to convene an Extraordinary General Meeting.

Shareholders may also participate in the General Meeting by means of electronic communication, unless the Articles of Association provide otherwise. A decision about such a participation is made by the entity convening the meeting.

Moreover, shareholders representing at least one twentieth of the Company's share capital may request that an Extraordinary General Meeting be convened and certain items be put on its agenda.

The notice of the General Meeting is published at least twenty six days before the date scheduled for the General Meeting on the Company's corporate website and in a current report in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent.

A request by a shareholder or shareholders representing at least one twentieth of the share capital to put certain matters on the agenda of the General Meeting should be submitted to the Management Board at least twenty one days before the date of the General Meeting. The request should state the grounds for and a draft resolution pertaining to the proposed item of the agenda. The request may be sent in electronic form.

Any changes to the agenda requested by a shareholder or shareholders representing at least one twentieth of the share capital are announced by the Management Board promptly and in any case within eighteen days prior the scheduled date of the General Meeting. The announcement is published as prescribed for convening the General Meeting.

The General Meeting may only be attended by persons that are the Company's shareholders sixteen days before the date scheduled for the General Meeting.

A person entitled to participate in the General Meeting may obtain a full text of documents to be submitted to the Extraordinary General Meeting and draft resolutions or comments of the Management and Supervisory Boards from the Company's registered office. Also a list of shareholders entitled to participate in the General Meeting is available in the Company's registered office for three weekdays before the date of the General Meeting.

During the General Meeting, each shareholder may propose draft resolutions concerning items put on the agenda.

Shareholders may participate in the General Meeting in person or by proxy. A power of attorney to participate in the general shareholders meeting of a public company and to exercise voting rights must be granted in written or electronic form.

A General Meeting is opened by the Chairperson of the Supervisory Board or a person appointed by them. Failing them, a General Meeting is opened by the President of the Management Board or a person appointed by the Management Board.

The person opening the General Meeting ensures that a ballot is properly conducted, announces a winner and passes the chairing of the General Meeting to the elected Chairperson.

The Chairperson of the General Meeting is elected from among persons entitled to participate in the General Meeting that are recommended by persons entitled to participate in the General Meeting upon their consent, subject to the Extraordinary General Meeting being convened by shareholders representing at least a half of the Company's share capital or at least a half of the total vote at the Company. In such a case, the Chairperson of the General Meeting is elected by such shareholders.

The Chairperson of the General Meeting is elected in a secret ballot and the candidatures are voted on separately. A person who scores the most votes becomes the Chairperson.

The Chairperson presides over the General Meeting in line with the adopted agenda and in compliance with the applicable laws, the Code of Best Practice for WSE Listed Companies, the Articles of Association and the Regulations of the General Meeting.

Upon the election, the Chairperson of the General Meeting signs the attendance list containing the names of all participants of the General Meeting, the number of shares they represent and the number of votes conferred by those shares and then – either in person or through designated secretaries of the General Meeting – prepares the attendance list based on the list of shareholders entitled to participate in the General Meeting.

Any appeals, objections, comments and other matters pertaining to the participation in the General Meeting are submitted to the Chairperson of the General Meeting who resolves them at his/her discretion. Decisions of the Chairperson of the General Meeting may be appealed against to the General Meeting.

A Ballot Counting Committee composed of three members is appointed, unless the General Meeting decides otherwise.

Members of the Ballot Counting Committee are elected from among candidates proposed by the Chairperson or persons entitled to participate in the General Meeting and each shareholder of the Company may propose one candidate.

Members of the Ballot Counting Committee are elected by the General Meeting in a secret ballot and the candidatures are voted on separately in alphabetical order. The Ballot Counting Committee is composed of persons who score the most votes.

Once the attendance list is signed and checked, the Chairperson of the General Meeting puts to vote the agenda determined by the Management Board.

The General Meeting may adopt the proposed agenda as it is, rearrange items placed on the agenda or remove certain matters from the agenda. A resolution not to consider an item included in the agenda may only be adopted for important reasons. A motion not to consider an item included in the agenda should be justified to the extent ensuring that a resolution in this respect is well informed. A decision to remove an item from the agenda or not to consider an item placed on the agenda at the request of a shareholder of the Company requires a resolution of the General Meeting, subject to prior consent of all the shareholders present who submitted the request.

The Chairperson of the General Meeting may not at their sole discretion remove items from the agenda, rearrange items on the agenda or add any substantive matters to the agenda. Upon presentation of each agenda item, the Chairperson of the General Meeting prepares a list of persons who have registered for discussion and – when the list is closed – opens the discussion giving the floor to speakers in the order in which they registered for discussion.

A decision to close the discussion is made by the Chairperson of the General Meeting.

Once all items on the agenda have been dealt with, the General Meeting is closed by the Chairperson. Shareholders of the Company have no rights other than specified by the law.

### 38. Changes in basis rules of the management of the Issuer's enterprise and its capital group

The organisational structure of the Company in 2024 did not change considerably when compared with 2023. Section 1.2 of this Report deals with major changes concerning the Group's organisation.

### 39. Diversity policy applied to the Issuer's governing and key managers

The Company does not apply any diversity policy to the Company's governing bodies or key managers. The appointment of members of the Company's governing or supervisory bodies or key managers depends on their competence, skills and effectiveness. The appointment decisions are made on the basis of these criteria. The Company believes that these assessment criteria help it select the candidates able to pursue the Company's strategy and ensure its development.

## OTHER INFORMATION ABOUT THE GROUP

### 40. Control system for employee share scheme

ZUE has no employee share scheme control system.

### 41. Liabilities under pension and similar benefits

Liabilities under pensions and similar benefits for former management and supervisory personnel as well as liabilities incurred in connection with the said pensions are presented in the note no. 7.18 of the consolidated financial statements for 2024.

### 42. Preparation basis

This Management Board Report on the Activities of ZUE between 1 January – 31 December 2024 contains the information whose scope has been defined out in § 70 and § 71 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent (the "Regulation"). On the basis of § 71.8 of the Regulation, this report also contains the disclosures required in the case of the Report on the Activities of the Parent Company referred to in § 70.1.4 of the Regulation. Accordingly, no separate Report on the Activities of the Parent Company has been published by the Issuer.

The financial statements of the Company and the Group for the financial year 2024 have been prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union (the "IFRS"). The IFRS include the standards and interpretations approved of by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC").

The annual report, which includes the abovementioned financial statements, and this report on activities has been prepared on the basis of Section 1.3 and Section 2 of § 60 of the Regulation.

This report includes the statement on non-financial information referred to in § 70.1.5 and § 71.1.5 of the Regulation with the reservation that it has prepared in accordance with the requirements of Chapter 6c (Art. 63p. et seq) of the Accountancy Act.

### 43. Major research and development projects

ZUE's core business does not require it to engage in any basic research or development projects.

### 44. Appointment of entity authorised to audit financial statements

PRO AUDIT Kancelaria Biegłych Rewidentów sp. z o.o. with registered office in Cracow, the E. Wasilewskiego Street no. 20, 30-305 Cracow, has been appointed to audit the separate and consolidated financial statements of ZUE for the financial year 2024 under a resolution adopted by the Company's Supervisory Board.

The contract with PRO AUDIT Kancelaria Biegłych Rewidentów sp. z o.o. provides for:

- a) audit of the separate and consolidated financial statements of the Company for 2024;
- b) review of the half-yearly separate and consolidated financial statements of the Company for the first half of 2024.

The contract was signed on 24 June 2024 for the duration of the service (the contract refers to the years 2024 and 2025).

The net remuneration of PRO AUDIT Kancelaria Biegłych Rewidentów sp. z o.o. amounts to PLN 241.5 thousand for the audit and review of the reports for 2024 (including the review of the half-yearly reports – PLN 73.5 thousand and the audit of annual reports – PLN 168 thousand).

On 27 November 2024, PRO AUDIT Kancelaria Biegłych Rewidentów sp. z o.o. signed the contract for the attestation of the Group's sustainability report for 2024-2025. The net remuneration for 2024 was set at PLN 142.4 thousand.

## 45. Court proceedings

The pending court proceedings are related to the companies' operating activities.

Below please find the information about major proceedings before the court or another authority concerning the Group's claims and liabilities.

### Major pending court proceedings concerning liabilities:

There are no pending court proceedings concerning liabilities.

### Major pending court proceedings concerning claims:

Court case concerning the following project: "Modernisation of the railway line no. 8, construction of the Okęcie airport siding" – conclusion of the proceedings:

On 4 April 2024, the Parties reached the settlement and the Defendant agreed to pay the amount of approximately PLN 3.3m (including PLN 1.9m of the principal amount) to ZUE S.A. A detailed description of the case is contained in the note 7.16. of the consolidated financial statements for the year ended 31 December 2023. Consequently, the Court decided to discontinue the proceedings. The settlement influences the gross profit on sales of approximately PLN 1.5m and the profit before tax of approximately PLN 3m.

Court case concerning the following project: "Design services and completion of construction works on the Cracow – Medyka – state border railway line, the Biadoliny – Tarnów section between 61,300 km and 80,200 km as part of the following project: "Modernisation of E 30/C-E 30 railway line, the Cracow – Rzeszów section, stage III."

On 30 December 2016, the consortium of:

- 1) OHL ŹS, a.s. (Leader);
- 2) Swietelsky Baugesellschaft m.b.H; and
- 3) ZUE (hereinafter referred to as the "Consortium" or the "Contractor")

sued PKP Polskie Linie Kolejowe S.A. of Warsaw (the "Contracting Authority"). The lawsuit covered the claims arising from the performance of the following contract: "Design services and completion of construction works on the Cracow – Medyka – state border railway line, the Biadoliny – Tarnów section between 61,300 km and 80,200 km as part of the following project: "Modernisation of E 30/C-E 30 railway line, the Cracow – Rzeszów section, stage III" (the "Contract").

The value in litigation (the "Amount") was PLN 39.3m and included:

- 1) PLN 1.2m – costs relating to the requirement to extend the performance bond and insurance provided by the Contractor; and
- 2) PLN 38.1m – fixed costs relating to the performance of works over the extended period.

The Company's total share in the Amount was approx. PLN 15.7m.

On 11 March 2019, the Court delivered the partial judgment whereby it ordered that PKP PLK S.A. pay ZUE PLN 347 thousand plus statutory default interest from 21 December 2016 to the date of payment and dismissed ZUE's claim concerning the payment of PLN 283 thousand plus statutory interest from 21 December 2016. The Parties appealed against the judgment. The Petitioner appealed against the dismissal of the claim of PLN 283 thousand plus statutory interest and the Defendant appealed against the order to pay PLN 347 thousand plus statutory interest. On 27 February 2020, the appeals were dismissed by the Court of Appeals and the partial judgment became final and binding.

On 6 June 2023, the Court delivered the judgment whereby PKP Polskie Linie Kolejowe S.A. was ordered to pay the Company PLN 8.4m plus statutory default interest from 21 December 2016 to the date of payment and the remaining claims were dismissed. The Court of Appeals reversed the case and sent it back for a new trial. The case is pending.

Second court case concerning the following project: "Design services and completion of construction works on the Cracow – Medyka – state border railway line, the Biadoliny – Tarnów section between 61,300 km and 80,200 km as part of the following project: "Modernisation of E 30/C-E 30 railway line, the Cracow – Rzeszów section, stage III."

On 5 June 2023, the consortium of:

- 1) OHL ŹS, a.s. (Leader);
- 2) Swietelsky Baugesellschaft m.b.H; and
- 3) ZUE (hereinafter referred to as the "Consortium" or the "Contractor");

sued PKP Polskie Linie Kolejowe S.A. of Warsaw (the "Contracting Authority"). The lawsuit covered the claims arising from the performance of the following construction contract: "Design services and completion of construction works on the Cracow – Medyka – state border railway line, the Biadolin – Tarnów section between 61,300 km and 80,200 km as part of the following project: "Modernisation of E 30/C-E 30 railway line, the Cracow – Rzeszów section, stage III" (the "Contract"). The value in litigation (the "Amount") was PLN 44.9m and included:

- 1) approx. PLN 2.2m – costs relating to the requirement to extend the performance bond and insurance provided by the Contractor; and
- 2) PLN 42.7m – fixed costs relating to the performance of works over the extended period.

The Company's total share in the Amount was approx. PLN 7m. The case is pending.

#### Court case concerning the contract claim

On 28 April 2020, the claim of approx. PLN 34.8m was lodged against PKP PLK S.A. with the District Court in Warsaw to increase/pay the remuneration relating to the performance of the following contract: "Works on the railway line no. 1 of the Częstochowa – Zawiercie section." The case is pending.

#### Other court cases concerning inflation claims in respect of railway contracts

The Group had previously declared its intention to make contractual claims relating to railway projects in order to increase the amount of remuneration payable to the contractor for the performance of the railway contracts in case of any risks beyond the contractor's control. Accordingly, the Issuer and consortium members lodged the four claims in December 2021 in the total amount (attributable to ZUE S.A.) of approx. PLN 19m. The claims concern the following projects:

- Provision of design services and completion of construction works in connection with the following project: "Works on the ring rail line in Warsaw (the Warszawa Gołębki/Warszawa Zachodnia – Warszawa Gdańska section);"
- "Works on the railway line E20 of the Warszawa-Poznań section – other works, the Sochaczew-Swarzędz section;"
- "Preparation of building and detailed designs and the completion of LOT B works as part of "design-build" project in connection with the Infrastructure and Environment Operational Programme (IEOP) 7.1-19.1.a: "Upgrade of the railway line no. 8 of the Warszawa Okęcie – Radom (LOT A, B, F) section" – Phase II;"
- "Works on the railway lines no. 140, 148, 157, 159, 173, 689, 691 of the Chybie – Żory – Rybnik – Nędza / Turze section."

The Defendant replied to all of the claims and applied for the dismissal thereof. The Petitioner replied to the Defendant's statements and the exchange of pleadings between the parties came to an end. The case concerning the contract named "Works on the ring rail line in Warsaw (the Warszawa Gołębki/Warszawa Zachodnia – Warszawa Gdańska section) is pending and the Court intends to admit expert evidence. The date of the trial concerning the project named: "Preparation of building and detailed designs and the completion of LOT B works as part of "design-build" project in connection with the Infrastructure and Environment Operational Programme (IEOP) 7.1-19.1.a: "Upgrade of the railway line no. 8 of the Warszawa Okęcie – Radom (LOT A, B, F) section" – Phase II" was set by the Court to hear witnesses and then the parties. The case is pending. The date of the trials concerning the project named: "Works on the railway line E20 of the Warszawa-Poznań section – other works, the Sochaczew-Swarzędz section" was set by the Court to hear witnesses and the parties. The case is pending. The judgment was delivered by the I Instance Court for the project named: "Works on the railway lines no. 140, 148, 157, 159, 173, 689, 691 of the Chybie – Żory – Rybnik – Nędza / Turze section" whereby the claim was dismissed in full. The judgment was appealed against. The case is being examined by the II Instance Court. No hearing date has been set.

Two inflation claims with the total amount of approximately PLN 7m were made by the Issuer in December 2022. The claims concerned the following projects:

- Protection of civil structures on the Dęblin – Lublin section as part of the project named: "Works on the Warszawa Wschodnia Osobowa – Dorohusk railway line no. 7 of the Warszawa – Otwock – Dęblin – Lublin section, stage I on the railway line no. 7;" and
- Preparation of design documentation and completion of construction works in connection with a "design-build" contract as part of the Infrastructure and Environment Operational Programme (IEOP) 5.1-16 "Improvement of capacity of E 20 railway line of the Warszawa – Kutno section, Stage I: Works on the railway line no. 3 of the Warszawa – the Łowicz Local Traffic Control Centre (LCS) section."



The abovementioned cases are pending. The proceedings concerning the E 20 railway line of the Warszawa – Kutno section were partly discontinued by the Court after the claim had been withdrawn by the Issuer.

In December 2023, the Issuer sued PKP Polskie Linie Kolejowe S.A. of Warsaw in connection with the following project: "Preparation of design documentation and completion of construction and assembly works as part of the project named: Works on the railway line no. 93 of the Trzebinia – Oświęcim – Czechowice Dziedzice section." The value of the claim is approx. PLN 23.6m. The case is pending.

#### Other court cases concerning inflation claims in respect of urban contracts

In November 2022, the Issuer and the consortium members, namely Energopol and Przedsiębiorstwo Inżynieryjne "IMB-Podbeskidzie" Sp. z o.o., made an inflation claim relating to the urban project named: "Extension of the Igołomska Street, the national road no. 79 – Stage 2 together with the infrastructure in Cracow" managed by the City of Cracow, the Defendant. ZUE's claim amounts to approximately PLN 6.7m and Energopol's claim amounts to approximately PLN 6.5m. The case is pending.

#### Court case concerning inflation claim

In December 2023, the Issuer sued PKP CARGO Terminale sp. z o.o. in connection with the project named: "Construction of multimodal terminal in Zduńska Wola – Karsznice." The claim concerned non-payment under the inflation clause contained in the contract. The value of the dispute is approx. PLN 12.3m. On 24 October 2024, the Court delivered a judgment fully upholding the claims set out in the statement of claim. The judgment was appealed against by the defendant.

## **46. Other information significant for the assessment of the Issuer's position**

The Management Board of ZUE believe there is no information significant for the assessment of the staff, economic and financial position, profit or loss or changes therein, or information significant for the assessment of the Company's or the Group's ability to perform their obligations other than presented in this report.



## ZUE GROUP NON-FINANCIAL INFORMATION STATEMENT

(Integral part of the Management Board Report on the Activities of the ZUE Capital Group for 12 Months Ended 31 December 2024)

Cracow, 10 April 2025

## 47. ESRs 2 General disclosures

### ESRS2 BP-1 General basis for preparation of the sustainability statement

The Sustainability Statement (Statement) concerns the ZUE Capital Group, which consists of ZUE S.A. (the "Parent Company") and its subsidiaries. As a rule, the Statement contains information concerning the entire ZUE Group.

The scope of entities covered by this Statement is identical to the scope of the consolidated financial statements of the ZUE Group for 2024.

This sustainability report for the year ended 31.12.2024 has been prepared in a consolidated form. The scope of consolidation of the sustainability statement is consistent with the scope of consolidation of the Financial Statements, i.e. it covers the same entities as the consolidated Financial Statements. In the report, "ZUE" and "ZUE Capital Group" refer to the parent company ZUE together with its consolidated subsidiaries, i.e. Railway GFT Polska sp. z o.o., ZUE Bahnbau, P.B.I. Energopol sp. z o.o., and ZUE CONSTRUCT S.R.L. ZUE holds majority shares in its subsidiaries (from 85% up to 100%), which ensures it full financial and operational control (more detailed information on the companies in the group can be found in the financial report). The small share of subsidiaries in the overall scale and business model of the ZUE Group compared to the parent company as well as ZUE's full financial and operational control mean that the impacts connected with various aspects of sustainable development from the perspective of the subsidiaries are identical to the impacts affecting the parent company. The key factors in this respect are their dependence on the Parent Company and/or their insignificant share in the total. With the above in mind, this statement focuses on the activities of the Parent Company, unless the text clearly states otherwise. All companies in the Group, with the exception of ZUE S.A., are exempt from having to prepare individual sustainable statements for 2024.

The scope of information contained in the Statement specifically concerns the upstream and downstream value chain. In 2024, a double materiality assessment was conducted, within the framework of which detailed assessments of the ZUE Group's impact on its environment were conducted through the prism of individual aspects of sustainable development as well as an assessment of the environmental impact on the ZUE Group.

Information on the upstream value chain mainly concerns the Group's impact on the environment in the context of its impact on subcontractors and suppliers and the impact in turn of subcontractors and suppliers on the environment within the Group's value chain. The Group's impact on subcontractors and suppliers is primarily in the areas of health and safety, the environment as well as the requirements regarding the quality of services provided and standards of ethical business conduct. The impact of suppliers and subcontractors on the environment within the Group's value chain manifests itself in two basic areas. Firstly, the Undertaking engages subcontractors and suppliers for the purposes of the construction contracts being carried out – in this area, the impact of subcontractors and suppliers on the environment is identical to the impact exerted by the Undertaking itself, which, in accordance with the Civil Code, is liable for the subcontractors and suppliers it engages for the purposes of its contracts, in the same way as if they were its own actions and omissions. This includes in particular ensuring the safe provision of services for both workers in the value chain and customers and end users; ensuring that the infrastructure it builds can be used safely by end users; compliance with the principles of ethical business conduct, including rejection of corruption; and compliance with environmental regulations. Secondly, the impact of suppliers and subcontractors engaged by the Unit on the environment within the unit's value chain concerns the conditions for conducting business activity that they themselves create for their own employees and within the framework of their own economic relations. The Undertaking strives, through the Contractor's Code, to ensure that

subcontractors and suppliers observe human rights within their environment, including workers' rights and standards of ethical business conduct.

Information on the downstream value chain primarily concerns the Group's impact on customers and end users of infrastructure projects implemented by ZUE.

The Group has not exercised the option to omit sensitive information regarding intellectual property, know-how, innovations or confidential negotiations.

## ESRS2 BP-2 Disclosures in relation to specific circumstances

The period covered in this Statement is identical to the Group's financial year, i.e. from 1 January 2024 to 31 December 2024. In view of the fact that this is the Group's first sustainability report in accordance with ESRS standards, the Group has not disclosed any comparative information in this statement, with the exception of the EU Taxonomy section.

This statement is the first statement of the ZUE Group to be prepared on the basis of the ESRS standards.

As a consequence, no changes in the method used to prepare or present the sustainability statement nor errors from previous periods have been reported.

### Value chain assessment

Information on value chain estimates and sources of uncertainty in estimates and results, including the use of indirect sources, is disclosed together with individual ESRS topics.

### Time horizons

Time horizons used in the statement:

- | short-term – 1 year
- | medium-term – 1 to 5 years
- | Long-term – more than 5 years.

### Sources of estimation and outcome uncertainty

#### *Assessing Financial Materiality in Double Materiality Assessment*

The financial analysis was conducted in a qualitative manner, in accordance with the requirements of ESRS 2 IRO-2, by comparing the anticipated financial impact of material risks and opportunities with historical trends and available financial forecasts.

Due to the limited availability of quantitative data for selected topics – in particular, anticipated environmental and social impacts – a qualitative approach was used, based on an assessment of the nature of a given risk or opportunity, and its potential impact on the business and the likelihood of its occurrence.

In line with the approach recommended by ESRS, the analysis was carried out using available sources of industry knowledge, scientific publications and information obtained through dialogues with key stakeholders. This qualitative approach also allowed for the inclusion of those issues that – despite the lack of currently available numerical data – have the potential to have a material impact on the future financial situation of the Company (e.g. in terms of the availability of natural resources, regulatory risks or reputational risks).

It also takes into account the fact that financial impacts connected with sustainability issues may occur over a longer time horizon than is typically assumed in classical financial reporting, which justifies their inclusion in the current materiality analysis.

In those situations where the materiality assessment was ambiguous or led to divergent interpretations, the use of complementary quantitative information – including metrics proposed in the ESRS topical standards – was considered in support of any decision taken. However, in cases where a qualitative analysis enabled a rational and consistent determination of the materiality of a given issue, quantification was not considered, as it would not have provided added value.

As a consequence, the applied approach ensures proportionality, adequacy and transparency of any financial materiality assessment in the context of ESG risks and opportunities, and is in line with the principles of sustainability reporting.

#### *Estimating scope 3 greenhouse gas (GHG) emissions*

The metric, including the value chain metric, estimated on the basis of indirect sources, is Scope 3 greenhouse gas emissions. These emissions are calculated partly using physical data and partly financial data. The estimates and related assumptions are based on factors that are considered reasonable in the circumstances, and their results

provide a platform for assessing the estimated values. The actual value may differ from the estimated value due to possible differences between the purchase values and actual values of material or resource consumption (applies to calculations based on financial data). The Group estimated its Scope 3 greenhouse gas emissions in this statement according to the assumptions below.

The metrics disclosed in this Statement, which are characterised by a high degree of uncertainty, include Scope 3 greenhouse gas emissions as noted above. The Scope 3 data were calculated using the GHG Protocol Scope 3 expenditure method available at: Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6 - Catalog

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024>

The measurement uncertainty occurs when Scope 3 calculations are estimated on the basis of external indicators rather than on data obtained directly from the value chain, which the Group is unable to obtain in a sufficient quantity to achieve reliable calculations. An estimate based on external indicators is less accurate than one based on data obtained directly due to the possible difference between the financial data used in relation to the value of purchases (expenditure method) and the values of the resources actually consumed. Additionally, as indicated above, the uncertainty or inaccuracy of a measurement may result from the pricing assumptions used for the calculations, the adoption of average values for different types (groups of raw materials), etc. If the Group had made the estimates based on direct emission measurements, the presented results could have differed.

The Group has estimated Scope 3 greenhouse gas emissions in this statement using the above methodology for the first time.

#### *Calculating capital expenditures for sustainable activities in taxonomic disclosures*

The Taxonomy Regulation does not specify any detailed methodology for allocating capital expenditures (Capex) to environmentally sustainable activities. In 2024, the Group allocated these expenditures based on the ratio of revenues from environmentally sustainable activities to all activities consistent with the taxonomy achieved in a given financial year (i.e. in this case – in 2024). At the same time, non-current assets derived from these capital expenditures will contribute to revenue realization in subsequent financial years. The proportion of revenues from activities qualifying for the taxonomy, both sustainable and not sustainable, may differ from that in 2024. This proportion is determined on the basis of revenues from projects implemented in a given period and meeting the technical qualification criteria. If a different allocation methodology were adopted (for example, one that takes into account a longer horizon in which acquire non-current assets generate revenues), the amount of capital expenditures (Capex) allocated to environmentally sustainable activities could differ.

#### **Incorporation by reference**

The information in Part E1 regarding the market prospects for the industry in which the Group operates has been addressed through reference to the ZUE Group Management Board Report contained in Part E1.IRO-1.

### **ESRS2 GOV-1 Role of the administrative, management and supervisory bodies**

Management and supervisory bodies of the ZUE Group.

ZUE S.A. consolidates the entire ZUE Group. Its bodies have an impact on the functioning of the entire Group as well as on its strategy. In connection with the above, presented below is information on the governing bodies of ZUE S.A.

#### **Management Board**

The Management Board of ZUE is a collegial executive body. The Management Board manages the Company's affairs and represents it, subject to the competences granted to the General Meeting or the Supervisory Board. The professional biographies of individual members of the Management Board, containing information on their experience related to the sectors, products and geographical location of the ZUE Group, are available on the corporate website of the ZUE Group at: <https://www.grupazue.pl/o-firmie/zue-s-a/wladze-i-historia-spolki>

Presented below is information on the members of the Management Board regarding their knowledge, experience and skills in managing ESG topics, which are a result of many years of professional work and acquired experience.

#### **Wiesław Nowak - President of the Management Board, CEO**

Areas directly subordinated in the organizational structure:

- | human resource management

- occupational health and safety
- risk management
- CSR

Other areas of activity related to ESG matters:

- corporate governance
- social issues related to the environment of implemented projects

#### **Magdalena Nowak - Vice-President of the Management Board, Deputy CEO**

Areas of activity related to ESG matters:

- human resource management
- occupational health and safety
- corporate governance
- social issues related to the environment of implemented projects
- risk management

#### **Anna Mroczek - Vice-President of the Management Board, CFO**

Areas of activity related to ESG matters:

- human resource management
- occupational health and safety
- corporate governance
- risk management

#### **Jerzy Czeremuga - Vice-President of the Management Board, Director of Logistics and Supply Chain**

Areas directly subordinated in the organizational structure:

- supply chain management
- environmental protection
- safety management in rail transport

Other areas of activity related to ESG matters:

- human resource management
- occupational health and safety
- corporate governance
- risk management

#### **Maciej Nowak - Vice-President of the Management Board, Director of Corporate Affairs**

Areas directly subordinated in the organizational structure:

- corporate governance
- human rights
- compliance

Other areas of activity related to ESG matters:

- human resource management
- occupational health and safety
- risk management

#### **Marcin Wiśniewski - Vice-President of the Management Board, Director of Tram Infrastructure**

Areas of activity related to ESG matters:

- human resource management
- occupational health and safety
- corporate governance
- risk management

There are no employee representatives on the ZUE Management Board.

Data on the diversity of Management Board members is included in points S1-9.

The Vice-President of the Management Board, simultaneously the Director of Corporate Affairs, is responsible for sustainability reporting. Under his guidance a sustainability reporting team has been established, consisting of a compliance officer and a chief specialist for investor relations and analyses, whose task is to collect data from individual organizational units and subsidiaries. For this purpose, the Company also makes use of the expertise of external advisors.

Matters connected with the management of the material impacts, risks and opportunities (IRO) described in this Statement are distributed among the individual responsibilities of the Management Board in accordance with its organizational structure. To manage IRO the Management Board makes use of dedicated organizational units, such as the HR office, the Department of Environmental Protection and Guarantees, the compliance officer or the health and safety unit, as well as its transport base and employees on construction contracts. Issues related to sustainable development and impact management are analysed together with business and strategic issues, by means of the same channels. The members of the Management Board do not have any specialist education in the field of sustainable development. The Company plans to develop communication channels in the field of IRO and monitor their effectiveness, among other things, by ensuring employees training in, and the acquisition of competences in this area, as well as by making use of the expertise of an external advisor.

### Supervisory Board

The ZUE's Supervisory Board is not an executive body. The professional CVs of individual members of the Supervisory Board, containing information on their experience in the sectors, products and geographical location of the ZUE Group, are posted on the corporate website of the ZUE Group at: <https://www.grupazue.pl/o-firmie/zue-s-a/wladze-i-historia-spolki>

The Supervisory Board is collectively responsible for the IRO issues assigned to it. In matters related to sustainability reporting and the remuneration policy of members of the management board and supervisory board the Board uses the Company's intellectual resources and the expertise of external advisors. There are no employee representatives on the Supervisory Board. From 2025, the Supervisory Board may, based on the Remuneration Policy for members of the management board and supervisory board, set management objectives for the Management Board in the area of sustainable development and then monitor their implementation based on the aforementioned Policy.

The Supervisory Board's members do not have any specialist education in the field of sustainable development. Presented below is information regarding the knowledge, experience and skills of the Supervisory Board's members in managing ESG topics, which are the result of their many years of professional work and acquired experience.

### Piotr Korzeniowski - Chairperson of the Supervisory Board

Experience and skills related to ESG issues:

- corporate governance
- compliance
- social issues related to the environment of the implemented projects
- risk management

### Barbara Nowak - Vice-Chairperson of the Supervisory Board

Experience and skills related to ESG issues:

- human resource management
- corporate governance
- social issues related to the environment of implemented projects
- risk management

### Agnieszka Klimas - Member of the Supervisory Board

Experience and skills related to ESG issues:

- social issues related to the environment of implemented project



### Irena Piekarska-Konieczna - Member of the Supervisory Board

Experience and skills related to ESG issues:

- human resource management
- corporate governance
- risk management

### Maciej Szubra - Member of the Supervisory Board

Experience and skills related to ESG issues:

- corporate governance
- social issues related to the environment of implemented projects
- risk management

The criteria of independence referred to in the Act on Statutory Auditors, Audit Firms and Public Supervision (consolidated text: Journal of Laws of 2023, item 1015) are met by Irena Piekarska-Konieczna, Agnieszka Klimas, and Maciej Szubra, who constitute 60% of the composition of the Supervisory Board.

Data on the diversity of members of the Management Board and Supervisory Board is included in points S1-9.

### General Meeting of Shareholders

In 2024, the General Meeting of Shareholders of ZUE did not make any decisions or deal with any issues related to the ESG matters of the ZUE Group and its sustainable development.

### ESG management issues

ESG, sustainable development and impact management are issues that are analysed together with business and strategic issues by means of the same channels, i.e. through an analysis of current issues, reporting and working meetings, Management Board meetings, project reviews and analysis together with inspections of the construction sites of individual contracts. Scope E IRO issues are directly related to implemented construction contracts. The environmental requirements set for implemented contracts are clearly defined by the Group's clients and strictly regulated by various laws, which the Group must take into account to ensure construction works are successfully completed. For the Group to conduct its business responsibly requires following due diligence involving, in particular, the identification, prevention, minimisation and compensation of negative effects. The different stages of due diligence are included in the ISO systems. One of the group's principal means of performing this task is its own employee resources. Scope S IRO issues are taken into account both in construction processes and when acquiring new employee resources. Scope G IRO issues are present throughout the entire process, which is expressed, among other things, in its Human Rights Policy.

A summary of key issues in the area of impact management reported for the needs of the Management Board. They are reported on a non-regular basis in accordance with the needs declared by the Management Board.

Area	Area of responsibility (who is reporting)	Recipient of the information
Implementation of the sustainable development strategy	Vice-President of the Management Board – Corporate Affairs Director, boards of subsidiaries	Management Board
Environmental aspects and standards of environmental management in connection with implemented contracts	Guarantee and Environmental Protection Department, contract management staff [department director]	Vice-President of the Management Board - Director of Logistics and Supply

Employment in the Group	HR Office [director of department]	Management Board President
Relations with the construction environment	Contract Management Staff, Board Office [Board Office Director, Contract Directors]	Management Board
Legal solutions concerning the Group's activities	Contracts Department and Legal Department, employees, depending on the area [department director, lawyers in other organizational units]	Vice-President of the Management Board – Corporate Affairs Director
Human rights	HR Office, Legal Department, Compliance Officer [Department Directors, Compliance Officer]	Management Board

### Impact management structure

Key ESG issues are analysed and determined by directors and heads of individual units. Then, depending on the scope of the matter, they are passed on to a member of the management board. The member of the management board takes action within his/her competences and/or presents the matter to the Group's Management Board. Matters requiring action by the Supervisory Board are forwarded to the Supervisory Board by the Management Board.

Responsibilities of the governing bodies in the field of impact management:

Management Board	Supervisory Board
Developing and implementing the Sustainable Development Strategy and monitoring its execution following its implementation.	Approving the Sustainable Development Strategy and monitoring its execution following implementation.
Development and implementation of ESG-related policies and other related documents.	Setting ESG-related management objectives for the Board.
Ensuring compliance of the Group's operations with legal regulations.	Other issues resulting from legal provisions and internal regulations.
Setting Group ESG objectives.	
Other aspects resulting from legal provisions and internal regulations.	

**ESRS2 GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies**

## Increasing knowledge and awareness of the importance of ESG issues - Management Board

In view of the importance of ESG and sustainable development issues for the functioning of market entities, the Management Board is steadily becoming more active in this area.

The Management Board of the ZUE Group has knowledge and many years of experience in all aspects of the Group's operations, including in the areas of law, finance, and technical matters. The potential of the Management Board allows for effective management of requirements related to ESG, sustainable development, and impact management. The Management Board has access to expert and professional knowledge in the field of ESG within its own organization, as well as from external entities. The Management Board has discussed and analysed ESG and ESG reporting in its own activities. In 2024 the Management Board actively participated in a double materiality assessment project carried out by an external entity. Each member of the Management Board - within the scope of the division subordinate to them - ensures, as part of their supervision of the activities of the organizational units included in a particular division and the personnel employed in them, that the unit possesses the appropriate skills and professional knowledge, and possibly determines areas requiring development and requiring action, such as sending employees for specialist training, courses, or postgraduate studies.

### Issues dealt with by the Management Board in 2024 included the following

- | reporting requirements in accordance with CSRD,
- | a double materiality assessment,
- | developing a new procedure for examining employee competences,
- | adopting a new internal legal acts /e.g. Social Media Policy/, introducing changes to internal regulations /e.g. Ethical Management Policy/,
- | developing employee training by, among other things, launching an online training platform and increasing the scope of training, e.g. training in "soft" skills,
- | auditing the Integrated Management System.

## Increasing knowledge and awareness of the importance of ESG issues – Supervisory Board

The Supervisory Board of the ZUE Group has knowledge and many years of experience derived from many aspects of the Group's operations, including in the areas of law and finance. The Supervisory Board is capable of monitoring requirements regarding ESG, sustainable development and impact management. The Supervisory Board has access to specialist knowledge and ESG expertise both within the organization, as well as from external entities. The Board made use of these resources in matters connected with the remuneration policy of members of the management board and supervisory board. The Board plans to increase its competences within the scope of sustainable development by increasing the role of knowledge and expertise of external advisors.

### Significant impacts, risks and opportunities addressed by the Supervisory Board in 2024.

As part of its general supervision of operations, if its participation is desired, the Supervisory Board also supervises issues related to sustainable development.

In 2024, the Supervisory Board participated in work on updating the Remuneration Policy for members of the management board and supervisory board in order to allow for the additional possibility of setting management objectives for the Management Board in the field of sustainable development. The Audit Committee operating within the Supervisory Board received an annual report on the functioning of the anti-corruption system at ZUE prepared by the compliance officer.

## ESRS2 GOV-3 Integration of sustainability-related performance in incentive schemes

### Integration of sustainability-related performance in incentive schemes

The remuneration of the Management Board and Supervisory Board is specified in the Remuneration Policy for members of the management board and supervisory board of ZUE S.A. (Policy). Members of the Supervisory Board are entitled to fixed remuneration, the amount of which is determined by the General Meeting. The remuneration of the Management Board consists partly of variable remuneration, the amount of which depends on the achievement of the management objectives set by the Supervisory Board. The management objectives are closely related to the implementation of the business strategy of the ZUE Group. Based on the change made to the Policy in 2024 regarding the determination of variable remuneration, the Supervisory Board may set management objectives for the Management Board within the scope of ESG in 2025. The types of such objectives and criteria and their weight

in assessing the variable remuneration to be granted to the Management Board are determined by the Supervisory Board based on the Policy in question. The Supervisory Board has set the following ESG objectives for the Management Board for 2025:

- | Reducing CO2 emissions from construction equipment and vehicles;
- | Implementing the anti-discrimination policy/human rights policy/contractor's code in the Group's subsidiaries.

ESG goals constitute 2 of the 5 goals set for the Management Board. They will be described in detail in the Group's 2025 Sustainability Report.

### ESRS2 GOV-4 Statement on due diligence

The due diligence for sustainable development in the ZUE Group is not a systematic process. The Group operates in accordance with due diligence mechanisms regarding all business activities and the entire area of its operations, i.e. also in those areas specified in the double materiality assessment.

Basic Elements of the Due Diligence Process	Processes	Sustainability Statement Points
Integrating due diligence in the governance, strategy and business model	Contractor's Code Human Rights Policy ISO Health and Safety Whistleblower protection and procedure for reporting irregularities Management Board incentive system Minimum guarantees	G1-1, S4-1, S2-4 G1-1, S4-1, S2-1 S2-1, S4-1, S2-1 S1-14, S2-4 G1-1, S4-1, S2-3 GOV-2, GOV-3, SBM-3 EU Taxonomy
Engagement with interested parties at all key stages of the due diligence process	Whistleblower protection and procedures for reporting irregularities Anti-mobbing policy Anti-discrimination policy Human Rights Policy Interests and opinions of interested parties	G1-1  G1-1 G1-1 G1-1 SBM-2, GOV-2, IRO-1
Identification and assessment of adverse impacts	Double materiality assessment ISO	IRO-1, SBM-3 S2-1, S4-1, S2-1
Taking steps to mitigate identified adverse impacts and monitoring the effectiveness of these actions	Whistleblower protection and procedures for reporting irregularities Anti-mobbing policy Anti-discrimination policy Anti-corruption clause ISO Railway safety system (SMS)	G1-1, S2-4  G1-1, S2-4 G1-1, S2-4 G1-1 S4-4, S2-4 S4-1

The Supervisory Board set ESG goals for the Management Board for the first time ever in 2025. Monitoring of the above goals and their implementation will be processed by the Supervisory Board also for the first time in 2025.

### ESRS2 GOV-5 Risk management and internal controls over sustainability reporting

## Internal controls, risk management for ESG reporting

Due to the type and size of the Company's operations, the risk management process, including in the area of reporting on sustainable development issues, is not separated in separate organizational units. The implementation of tasks in the above area is distributed (non-centralized) within individual organizational divisions. In 2023, an internal control department was established. Internal control aims to improve the efficiency of business activity by providing objective information on irregularities and areas of inefficiency as well as on ways to eliminate them. Internal control covers all areas with potentially significant risks, including in areas connected with sustainable development issues (including environmental protection and employee-related issues).

The Management Board of ZUE is responsible for managing impacts and risk in the Group. Tasks related to these areas are delegated to appropriate units in the Group in accordance with the organizational structure. They manage a given operational process related to a given impact. This method of organization allows for effective monitoring of risks and impacts. Risks are analysed at the appropriate decision-making level depending on the risk weight. In impact and risk management appropriate internal regulations and policies are used, e.g. the ISO system, Ethical Management Policy.

## Control over reporting

Risk management and internal control over reporting on sustainability issues are not separate process. The following issues are managed as part of the management processes used to control the Group's business activities, e.g.:

- expanded accounting system
- organizational procedures and other internal regulations,
- effective organizational structure,
- supervision over processes,
- internal audit,
- verification of financial statements by an independent auditor,
- ISO audits.

The person responsible for sustainability reporting is the Vice-President of the Management Board, who is simultaneously also the Director of Corporate Affairs. He has overseen the creation of a sustainability reporting team, consisting of a compliance officer and a chief specialist for investor relations and analyses, whose task is to collect data from individual organizational units and subsidiaries. In this respect, the Company also uses the expertise of external advisors. The data required for reporting is collected directly from individual organizational units, subsidiaries as well as from the ERP system. These units have the competence to prepare data adequate to needs. Each unit ensures that the data is true, complete and accurate. The scope of the data is determined with the sustainability reporting team. The data is then analysed by the team and adapted to the needs of the report. When aggregating the above data and information, the team uses an external advisor. The data aggregation process is monitored by the sustainability reporting team. Estimated data in the report, such as data on Scope 3 greenhouse gases, are also verified in the above manner. When preparing the Statement the priority is to ensure that the data is reliable, complete and free from material misstatements.

## Risks related to sustainability reporting

Risk	Risk management
<p>Data and information access risk in the case of the value chain [e.g. information on waste, health and safety data].</p> <p>This risk is primarily connected with the fact that the degree of professionalism and organisation of subcontractors and suppliers, and of their activities, particularly those in the small enterprise category, as well as their awareness of the requirements of sustainable development, may be lower than the</p>	<p>To manage risk, the following actions are taken:</p> <ul style="list-style-type: none"> <li>- requirements are inserted in concluded contracts;</li> <li>- the Undertaking's employees provide ongoing supervision of the performance of contracts by subcontractors and suppliers of the Undertaking</li> <li>- the Undertaking engages in consultations with subcontractors and suppliers with the aim of providing substantive support and know-how, if necessary;</li> </ul>

standards applied by the Undertaking.	- the Undertaking maintains a database of subcontractors and suppliers and gives preference to long-term business cooperation with subcontractors and suppliers that meet the Undertaking's requirements.
<p>Risk of data incompleteness</p> <p>This risk is connected, on the one hand, with the voluminous and changing character of the legislation, and on the other, with human error that cannot be completely ruled out, such as possible misunderstandings of the requirements for sustainability reporting or a failure to fulfil reporting obligations correctly.</p>	<p>To manage this risk, the following actions are taken:</p> <ul style="list-style-type: none"> <li>- legal requirements are monitored;</li> <li>- the Integrated ISO Management System is maintained and being improved, including by means of periodic and recertification audits;</li> <li>- training is provided for the Company's employees;</li> <li>- cooperation with ESG advisors;</li> <li>- responsibility for reporting is assigned to employees holding specific positions;</li> <li>- reporting paths established in the organizational procedures and other internal documents of the Company;</li> <li>- a comparative analysis of collected data in relation to previous periods;</li> <li>- data collection processes have been improved and expanded, including by means of their computerization.</li> </ul>
Risk of not meeting minimum legal requirements	Managing this risk involves, in particular, the company's own legal team monitoring legal requirements, cooperation with ESG advisors, monitoring regulatory changes, establishing a special team to deal with ESG issues, and providing training.

### SBM-1 Strategy, business model and chain value

The main activities of the ZUE Group are the design and provision, as a general contractor, of comprehensive services connected with the construction and modernization of tramways, railway lines, and the related infrastructure. The activities of the ZUE Group also include the maintenance of urban infrastructure systems, i.e. tracks and traction networks, power supply systems and lighting.

Through its subsidiary Energopol, the Group also provides services related to the construction and modernization of roads and it also has a trading company called Railway gft.

Currently, the ZUE Group possesses two separate aggregated reporting segments within the framework of the services it offers:

- | construction activity conducted by ZUE and Energopol,
- | sales activity conducted by Railway gft.

The **construction** segment currently mainly encompasses the following:

- | **urban infrastructure** within the following scope:
  - o construction and modernisation of tramways, tram and trolleybus overhead power lines, traction substations, street lighting, cable lines, street signals, road systems, built-in structures and telecommunications;
  - o the maintenance and ongoing servicing of tram infrastructure and street lighting;
- | **railway infrastructure** within the following scope:

- construction and modernization of: railway track systems, railway traction systems, railway control and telecommunications devices, traction substations, power lines, station facilities and engineering structures;
- **road infrastructure within the following scope:**
  - road works, bridge and road structures, reinforced concrete structures and other engineering structures.

Based on its own competences and resources, the Group has the capability to construct engineering structures as well as reinforced concrete works, including viaducts, bridges, culverts, retaining walls and acoustic screens. As part of its **sales activities**, the Group offers materials and accessories necessary for the construction of tracks, including:

- | rails: railway, tram, crane, special profiles, intermediate and narrow gauge rails;
- | sleepers: steel, pre-stressed concrete, wooden;
- | turnouts and turnout component;
- | accessories for the construction of tram and railway tracks;
- | aggregates;
- | special technologies: RHEDA 2000® ballastless surfaces, RHEDA CITY C, RHEDA CITY GREEN tram systems, "Ypsilon" steel sleepers.

As at 31 December 2024, the ZUE Group employed 792 employees, including 760 in Poland and 32 in Romania.

Total revenues generated by the ZUE Group amounts to PLN 1,219,407 thousand. The largest share in the Group's revenues is generated by the construction activity of ZUE and Energopol (totalling 94% for both).

PLN '000	Construction activity*	Sales activity	Total for the Group
Sales revenue (2024)	1,152,518	73,109	1,219,407
Sales revenue (2023)	1,408,996	88,865	1,484,134

\* Construction activities include all activities carried out by Energopol and ZUE.

The sales activity of the ZUE Group conducted by Railway gft generated 6% of the Group's consolidated revenue (before exclusions) in 2024.

The Group generated 87% of its revenue in Poland and 13% in Romania.

The Group does not sell products or services that are prohibited on certain markets, or are the subject of stakeholder concerns or public debate.

## Group Strategy

The main strategic goal for 2025-2027 is to make maximum use of the current EU perspective within the scope of its activities.

The strategic goals of the ZUE Group are to:

- | maintain its position as one of the leaders on the railway communication infrastructure construction market,
- | maintain its position as one of the leaders on the urban communication infrastructure construction market,
- | develop its commercial activities connected with the distribution and production of track materials.

In the long term, the primary goal is to develop its range of servicing and maintenance services for urban, road, energy and railway infrastructure.

The Issuer expects to achieve its strategic goals primarily on the basis of organic growth, and it does not rule out the possibility of acquiring other entities in the future.

In 2024, the Issuer's activities in terms of strategy implementation were focused on obtaining further construction contracts and the proper implementation of contracts concluded in previous periods. Another of its goals is geographical diversification, which it hopes to achieve by offering services in other European countries.

When implementing strategic goals in individual time horizons the Group takes into account certain non-financial issues in particular respect for certain aspects of human rights, employee issues and its impact on both the local and the natural environment.

The Group currently has neither a sustainability goal nor a sustainability strategy. After completing its analysis the Group plans to implement such a strategy in 2025 or 2026.

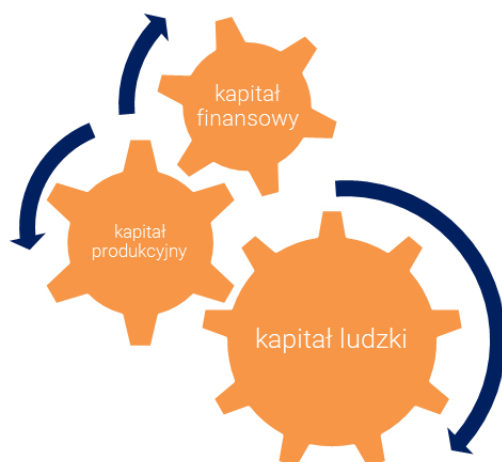


The ZUE Group's strategy is focused on developing its rail infrastructure construction operations. Construction in this area is eligible for EU Taxonomy and helps, among other things, reduce CO2 emissions from combustion vehicles and promote ecological transport. The organic development of the Group will translate into increased employment and thus even into a greater focus on activities connected with this area.

#### **Value chain characteristics**

The main and final product, which accounts for the majority of the ZUE Group's revenues, is the end-to-end implementation of construction contracts in the fields of urban, rail and road infrastructure. When it comes to the implementation of construction contracts, the main source of the Group's revenue is the construction and modernization of railways and tramways, traction systems and other related infrastructure, as well as the construction and modernization of roads. Due to their complex nature and social significance, the above-mentioned investments require from the contractor professionalism and an ability to engage many factors required to complete the tasks entrusted to them in orders and ensure the highest standard of performance. In order to meet the high standards set in contracts, the ZUE Group makes use of a number of key values and factors.

The key factors are as follows:



The human capital of ZUE Group is the total experience, knowledge and work provided by its employees, together with the ethical values they represent. In the industry in which the Group is active, specialist technical and engineering knowledge and specialist skills are important. Developing human capital involves activities aimed at enabling employees to achieve a sense of self-fulfilment, as well as to develop themselves through, among other things, training. It is equally important to ensure their safety at work.

The Group's production capital mainly comprises specialist equipment used in the implementation of construction tasks. The Group is systematically expanding its construction equipment base in line with demand. Its production capital also includes buildings and infrastructure owned by the Group.

Financial capital comprises the financial resources needed to ensure the implementation of contracts. These include, for example, cash held by the ZUE Group, credit lines, loans and guarantee facilities.

To ensure a final product that is as beneficial to the customer as possible, the Group uses the experience it has gained during the implementation of contracts, as well as its know-how acquired from the effective implementation of contracts, using, among other things, internal regulations and tried-and-tested procedures.

### Upstream

Important direct suppliers and subcontractors for the ZUE Group include the following:

- | suppliers of construction materials and other elements used to carry out construction tasks (e.g. rails, aggregates, overhead contact lines),
- | suppliers of construction services (e.g. general construction, assembly),
- | suppliers of transport services (road, rail transport),
- | suppliers of energy resources,
- | suppliers of financial services.

### Downstream

Due to the fact that the ZUE Group generates revenues mainly from public procurement contracts involving the modernization or construction of transport infrastructure, the ZUE Group's significant clients include:

- | railway infrastructure managers (e.g. PKP PLK),
- | tram and city infrastructure managers (e.g. cities of Cracow, Warsaw, Szczecin),
- | road infrastructure managers (municipalities, counties).

## Key production factors - table

Contribution	Business model	Outcomes	Results
Human capital <ul style="list-style-type: none"> <li>employees, their specialist knowledge, experience and skills</li> <li>persons performing work for the Group, including external experts</li> <li>Group's own IT systems</li> </ul>	Comprehensive implementation of construction contracts in the field of urban, railway and road infrastructure.	Operating: <p>Performance of construction contracts in the field of urban, rail and road infrastructure (total value of ZUE construction contracts implemented in 2024 – approx. PLN 6 billion)*</p>	Human capital <ul style="list-style-type: none"> <li>improved employee qualifications and knowledge,</li> <li>increased employee experience</li> </ul>
Production capital <ul style="list-style-type: none"> <li>non-current assets of the Group (construction machinery, vehicles)</li> <li>purchased services (construction, transport)</li> <li>purchased raw and other materials</li> <li>processes and procedures</li> </ul>		Financial: <ul style="list-style-type: none"> <li>PLN 4.8 million - dividend paid to shareholders</li> <li>PLN 108.3 million - total amount of salaries paid to employees</li> <li>PLN 0.3 million - total cost of employee training</li> </ul>	Social capital <ul style="list-style-type: none"> <li>modernized transport infrastructure (construction contracts with a total value of approx. PLN 2.4 billion completed in 2024)</li> <li>PLN 1.4 million - income tax paid</li> </ul>
Financial capital <ul style="list-style-type: none"> <li>equity</li> <li>external financing (loans, leases)</li> <li>guarantee limits</li> <li>cash in hand</li> </ul>			Financial capital <ul style="list-style-type: none"> <li>PLN 206 million – equity capital</li> <li>PLN 10.8 million – net profit</li> <li>PLN 52.6 million – cash balance</li> </ul>

\* Total value of the contracts performed in 2024.

## SBM-2 Interests and views of stakeholders

In 2024, the ZUE Group, using the expertise of an external entity, conducted a materiality study in accordance with the ESRS methodology. Selected stakeholder groups were included in the study. At the same time, in its daily operations, the Group communicates with stakeholders and takes into account their interests and opinions, using the communication channels and methods outlined below:

Stakeholders	Areas in which interests and	Communication, collaboration
--------------	------------------------------	------------------------------

	views are taken into account (in the Group's activities)	
Employees	When trying to ensure high health and safety standards and satisfactory working conditions	Contact is maintained with employees on a regular basis through available internal communication channels. Each Employee in the unit has the opportunity to personally discuss their opinions and interests with their superiors, as well as with the HR department or the Health and Safety section. If necessary, they can also use anonymous communication channels provided by the Group as part of its ethical management policy. At the same time, the Group conducts regular consultations with the trade union active in it.
Suppliers and sub-contractors [companies active on construction sites – construction companies from various industries (e.g. bridges, earthworks), transport companies, suppliers of building materials]	When making payments, ensuring cooperation on construction sites.	Communication takes place on an ongoing basis via the commercial channels established in the agreements. In principle, as part of these agreements, both Parties designate their representatives for working contacts, providing their telephone numbers and email addresses. Suppliers and subcontractors may also contact the Company directly regarding their opinions or interests, using the general communication channels provided by the Company, such as the postal address or email address. If necessary, they may also use the anonymous communication channels provided by the Company as part of its ethical management policy.
Financial institutions [banks, insurance companies]	When ensuring the Company's compliance with the requirements of financial institutions enabling to use the services offered by financial institutions in accordance with the relevant agreements.	Regular communication is possible through the commercial channels established in the relevant agreements. Representatives of the Company meet regularly with representatives of financial institutions.
Contracting Authorities/Customers [cities and railway infrastructure managers]	When implementing entrusted investments in a proper and timely manner.	Communication is ongoing through the commercial channels established in the agreements. Within the framework of these agreements, both Parties designate persons authorized to conduct communication, providing their telephone numbers and email addresses.  Within the framework of the construction projects, regular

		meetings are held with representatives of the Contracting Authority/Client.
Local communities [e.g. cultural institutions – museums, foundations]	When supporting the development needs of public benefit institutions, good relations.	The ZUE Group conducts projects supporting communities operating in the vicinity of the Group's operations. Representatives of local communities may address their opinions or interests directly to the Company, using the general communication channels provided by the Company, such as a postal address or email address. If necessary, they may also use the anonymous communication channels provided by the Company as part of its ethical management policy. In the event of the Company establishing cooperation and providing support for the local community (e.g. its cultural institutions), such cooperation is regulated on the basis of an agreement concluded between the parties.

The above stakeholder groups may also contact the Group via the system in place for reporting irregularities (for whistleblowers) based on the Group's Ethical Management Policy.

Each member of the Management Board at ZUE is simultaneously responsible for a specific division (i.e. for a specific part of the Company's activities) and is informed about activities carried out by the units and employees reporting to them (including ESG issues) as part of the standard procedure for reporting tasks performed by them and matters handled by them.

The Management Board will report on the implementation of the annual sustainable development goals to the Supervisory Board, which sets these goals.

Both the Supervisory Board and the General Meeting review and approve the Group's annual report, of which the sustainable development report is one part.

### SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

According to the results of the double materiality assessment, the following issues were identified as important:

- | Climate change [E1]
- | Pollution [E2]
- | Resource use and circular economy [E5]
- | Employees in the ZUE Group [S1]
- | Employees in the value chain [S2]
- | Consumers and end users [S4]
- | Business practices [G1]

Detailed impacts connected with the above issues are described in the table below.

Table based on the double materiality assessment:

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
<p><b>E1 Climate change</b></p> <p><b>Climate change mitigation and adaptation</b></p> <p>Greenhouse Gas Emissions</p> <p>[43] – No. on the chart below the table</p>	<p>Risk</p> <p>Risk of increased costs associated with transitioning to a zero-emission economy. Physical risk associated with severe weather events</p> <p>Impact materiality: high</p> <p>Financial materiality: high</p>	Operational activity and higher level of the value chain	Real negative impact [impact very likely in the short, medium and long term]	<p>Regulatory tightening of the European Emissions Trading System (ETS) may increase the costs of fees for emissions generated by the construction and operation of machinery<sup>7</sup>.</p> <p>Examples of weather phenomena that may affect the Group's operations: – violent storms or hurricanes, floods may contribute to short-term flooding on construction sites, disruption of communication routes, severance of traction networks, interruption of utility supply. They may also cause damage on construction sites and cause</p>	<p>Due to the nature of its operations, the main source of the Group's greenhouse emissions are construction vehicles and machinery - mostly powered by diesel fuel. The Group also uses materials such as concrete, steel and aggregates in its operations and uses external construction services. Among the long-term measures being taken by the Group are the following:</p> <ol style="list-style-type: none"> <li>1) the replacement of passenger cars with zero-emission and low-emission vehicles,</li> <li>2) progressive replacement of construction equipment with more energy-efficient and lower emission equipment,</li> <li>3) Limited use of CNG</li> </ol>	<p>The process of replacing vehicles and machinery with low emission alternatives entails capital expenditure in every reporting period. In the long term, the Group is investing in replenishing its machinery with low-emission equipment that meets the highest possible exhaust and zero-emission standards [higher expenditure – for example, electric vehicles]. The Group does not have any clear analyses showing whether operating such vehicles is more expensive compared to the fleet it currently owns. The risk associated with severe weather phenomena is mitigated financially through insurance.</p>

<sup>7</sup> Due to the current climate situation, as well as forecasts of future climate change, significant changes are necessary in terms of reducing emission levels in the economy and improve energy efficiency. The European Union has set goals for 2030 as part of its climate and energy policy, aimed at reducing greenhouse gas emissions, increasing the share of energy from renewable sources and improving energy efficiency. The next goal of the EU is to strive for climate neutrality in 2050. The above process will involve, among other things, tightening requirements for energy efficiency as well as changing the rules for setting fees for greenhouse gas emissions through the planned inclusion of additional sectors, including construction, in the European Emissions Trading System (ETS).

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
				<p>disruptions in the supply chain.</p> <ul style="list-style-type: none"> <li>– heatwaves may overload the power system and cause power outages, which may interrupt work on construction sites and disrupt the supply chain.</li> </ul> <p>Heatwaves may also translate into shorter working hours for employees.</p> <ul style="list-style-type: none"> <li>– fires may cause damage to the Group's property or entities in the supply chain.</li> </ul>	<p>gas.</p> <p>In response to the above phenomenon, the Group is taking a number of steps, including:</p> <ul style="list-style-type: none"> <li>– shorter working hours and earlier start times, (heat)</li> <li>- access control on the construction site and drainage control (floods, slowdowns, storms, fires)</li> </ul> <p>This entire process encompasses the short, medium and long term.</p>	
<p><b>E1 Climate change Energy</b></p> <p>Consumption of electricity and heat from the network</p> <p>Plans to reduce energy consumption through, among other things, investments in renewable energy sources and thermal modernization.</p> <p>[7] - no. on the chart below the table</p>	<p>Opportunity</p> <p>Emission reduction as a competitive advantage in supply chains with a low CO2 footprint</p> <p>Lower operating costs, and greater energy stability</p> <p>Impact materiality: high</p> <p>Financial materiality: low</p>	<p>Operational activities and upstream and downstream value chain</p>	<p>Positive impact actual [probable impact in the medium and long term]</p>	<p>Due to the nature of its operations, the Group's consumption of electrical and thermal energy in its processes is not excessive. Currently, the electricity purchased from its main supplier comes from low emission sources [cogeneration].</p> <p>The company conducts energy</p>	<p>The Group is analysing the purchase of electricity for buildings from renewable energy sources in the future.</p> <p>The Group does not rule out producing electricity for its own uses from renewable energy sources (photovoltaic installations).</p> <p>Short, medium and long term perspective.</p>	<p>No material financial outlays.</p> <p>Investment outlays possible in the future.</p>



Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
				audits of its buildings, and carries out partial thermal modernization, replacing lighting and taking other point-source actions aimed at increasing energy efficiency (not connected with the production process but rather with the way buildings are used). The buildings are heated from the city network.		
<b>E2 Pollution</b> Air pollution including dust emissions The Group generates air pollution mainly through emissions from its transport base, as well as small and point-source pollution on construction sites, as well as from fuel combustion in combustion engines.  [9] - number on the chart below the table	Risk Risk connected with possible violations of environmental regulations.  Risk connected with impact on the natural environment  Impact materiality: high Financial materiality: low	Operational activity	Real negative impact [probable impact in the short, medium and long term]	The activities conducted by the Group companies require them to observe a number of environmental protection regulations, including air pollution regulations. Potential violations of environmental regulations may result in financial penalties and the risk of exclusion from tender procedures. The Group is taking	Short, medium and long-term perspective.  Pollution is monitored, while data on pollution that could not be avoided are systematically reported to the National Centre for Emissions Management (KOBIZE) and the Provincial Inspectorate for Environmental Protection (WIOS).  A significant percentage of air pollution results from the combustion of fuels in combustion	No significant current financial outlays.  In the short, medium and long term, the Group will invest in low-emission vehicles and construction machinery.

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
				measures aimed at ensuring full compliance with individual requirements expressed, among other things, in the use of internal instructions and procedures included in the Integrated Management System in the environmental area.	engines. This factor will decline in importance with investments in low-emission vehicles and construction machinery. (above E1- Greenhouse gas emissions)	
<b>E5 Resource use and the circular economy</b> Resources introduced, including resource utilization  Reuse of materials - Operational risk due to volatility of raw material and liquid fuel prices  [8] - No. on the chart below the table	Risk Operational risk due to the volatility of raw material and liquid fuel prices  Impact materiality high Financial materiality: high	Operational activity	Potential negative impact  [very probable impact in the short, medium and long term]	In its construction activity the Group mainly uses the following materials and raw materials: concrete, aggregates, steel elements (including poles for tram and railway traction networks, lighting poles, rails, railway turnouts) as well as copper and aluminium elements (including power cables, ropes, contact wire). The imposition of various fees on materials, e.g. customs duties, may also contribute	The Group maintains long-term relationships with proven suppliers of construction materials and companies from the waste disposal industry.  The Group has undertaken a number of activities connected with the circular economy, including:  activities aimed at waste recovery on construction sites and their reuse, e.g. soil and earth, concrete waste, wood.  reprocessing materials recovered from construction sites, e.g.	No significant current financial outlays  In the context of the circular economy and waste management, the aim of using recycled materials in construction projects may be associated with certain risks.  In particular, if a specific percentage of demolition materials used is taken into account at the bidding stage, but proves impossible during implementation, two significant risks arise:  1) Increased costs connected with the need to purchase new materials In a situation where demolition waste cannot be used, the Group will be forced to purchase new raw materials. This may result in

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
				<p>to price increases. Due to fluctuations in the prices of these materials, the Group's companies are exposed to price risk.</p> <p>The Group may limit the risk of price increases by reusing materials. The reuse of materials is determined (depending on the case) by the design, and specification of the materials, which may explicitly state that the use of certain material following demolition (e.g. track aggregate) is permitted provided that it meets the relevant technical requirements. Consent to use material from demolitions (for recycling purposes - but this does not happen) must be given by the Contracting Authority. The use of the material</p>	<p>cleaning, by means of one technological process (track cleaner), track ballast and reusing it in rail track.</p>	<p>increased investment costs, which in turn will directly affect the profitability of projects.</p> <p>2) A risk of price volatility for construction materials</p> <p>A considerable amount of time may pass from the moment a bid is submitted up to the actual time the materials are needed in the implementation of the investment.</p> <p>In the event of rapid increases in the prices of construction materials, the need to purchase new raw materials instead of recycled materials may lead to significant deviations from the original budget.</p>

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
				requires the prior approval of the Contracting Authority. Such approval consists in checking the material complies with the requirements set out in the documentation.		
<b>E5 Resource use and the circular economy</b> Generation of construction waste, including hazardous waste. The Group generates waste on construction sites – mainly aggregates, concrete, soil and other construction waste.  [38] - no. on the chart below the table	Risk Possible increases in waste disposal costs Impact materiality: high Financial materiality: medium	Operational activities and downstream value chain	Negative impact actual [impact likely in the short, medium and long term]	Entities that do not implement effective waste management methods may incur high costs associated with waste disposal. Additional expenditure may result from having to pay fines for non-compliance with waste management regulations.	The Group places maximum emphasis on the reuse of demolition materials, such as soil, concrete structures, aggregates, scrap.  Waste is transferred to specialized entities that issue a declaration that waste (including hazardous waste) is disposed of safely. Waste handling procedures have been implemented.	No significant current financial outlays In the medium and long term, due to higher prices of services in the economy, the valuation of waste disposal services may also increase. This may also be a result of the limited number of specialized entities in the field of disposal and planned significant investments in infrastructure. The Group did not incur any penalties for non-compliance with waste management regulations in 2024.

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
<b>S1 Group's own employee resources</b> Attractive working conditions (collectively) The Group offers attractive working conditions compared to the market – stable and legally regulated employment, bonus and incentive systems, benefits.  [36] - number on the chart below the table	Opportunity Impact materiality high Financial materiality low	Operational activity	Real positive impact high [likely in the short, medium and long term]	By offering attractive working conditions compared with the market the Group is able to maintain its human potential in terms of the necessary competences and experience, as well as attract new employees to the organization. Without a rational approach to offering attractive working conditions, there is a risk of an outflow of professional staff to competitors. There is also a risk of higher employment costs and the risk of an outflow of qualified staff. Another risk is the possible outflow of employees from Ukraine due to the geopolitical situation (mainly connected with the supply chain).	Given the changing economic conditions, the ZUE Group's pursuit of continuous growth, and its desire to improving the quality of its services, and in light also of the shortage of employees in specialist professions on the labour market with the appropriate qualifications, skills and experience, the Group is taking steps aimed at strengthening relations between the Capital Group and its employees, in particular by providing non-wage benefits and offering opportunities for personal development within the Group's structures. An opportunity to recruit qualified personnel due to competitive working conditions.	No significant current financial outlays The Group estimates that employment-related costs will increase in the medium and long term,. This is mainly due to increasing labour costs throughout the economy, competition between companies for employees, as well as the higher costs of retaining employees in the company (counteracting fluctuation).
<b>S1 The Group's own employee resources</b> Access to employee training A considerable	Opportunity Impact materiality: high Financial materiality: medium	Operational activity	Real positive impact [impact likely in short, medium	The core management team offers a combination of experienced technical experts	The professional development of employees is an important factor for both employees and recruitment process. The	No significant ongoing financial outlays In the medium and long term, the Group estimates that it will allocate increasing amounts to the training

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
<p>training budget, annual training plan, specialist and soft skills training, co-financing for postgraduate courses. Access for all employees.</p> <p>[16] - no. on the chart below the table</p>			<p>and long term]</p>	<p>and financial specialists. The Group also possesses a qualified team of employees who have not only extensive experience in the services provided, but also the necessary licences in the design, construction and assembly of railway infrastructure. Due to growing competition on the tram and road infrastructure market, key personnel from ZUE Group's qualified staff may decide to change employer.</p> <p>One way to counteract such events is to ensure access to opportunities for self-development.</p> <p>Opportunities for personal development within the Group's structures. An</p>	<p>Group intends to increase expenditures on and expand the scope of trainings in the future.</p>	<p>budget, due to both the expansion of training scope and scale but also due to the potential increase in the prices of training services.</p>

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
				opportunity to recruit qualified employees, due to competitive working conditions.		
<b>S1 Group's own employee resources</b> Potential accidents at work Possible accidents at the Group's construction sites involving its own employees and subcontractors [45] No. on the chart below the table	Risk Risk connected with violation of occupational health and safety regulations  Impact materiality: high Financial materiality: low	Operational activity	Potential negative impact  [impact likely in the short, medium and long term]	The most common place for accidents is construction sites. In recent years, there have been about a dozen accidents per year, mostly minor accidents.  Violations of occupational health and safety regulations, in particular the occurrence of accidents at work and occupational diseases, may have consequences for the Group. Failure to ensure appropriate occupational health and safety standards may result in employee injuries or illnesses, which in turn may entail a need to pay out compensation, cover medical costs, as well as work breaks that reduce operational efficiency. The	An implemented accident prevention plan, OHS training, Employees undergo cyclical OHS training (initial and periodic training). Around once a month the OHS section prepares and sends bulletins to all employees, informing them about specific issues in the field of occupational health and safety. Every accident is reported. In accordance with procedure the circumstances and causes of an accident are determined by an appointed post-accident team, on the basis of which a protocol is drawn up. The post-accident procedure concludes with the issuance of post-accident recommendations.	No current significant financial outlays Possible future accidents may result in financial costs (e.g. financial penalties for failure to maintain appropriate health and safety standards)



Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
				company may also be held legally liable and face considerable financial penalties, as well as increased inspections by supervisory institutions. In the long term, violation of occupational health and safety regulations may have a negative impact on employee morale and the company's reputation as an employer, making it difficult to retain and attract new talent.		
<b>S2 Employees in the value chain</b> Preventing irregularities in the value chain - increasing prices of services provided by subcontractors [19] No. on the chart below the table	Opportunity preventing irregularities in the value chain Risk prices of services provided by subcontractors may be higher as a result of a loss of reputation  Impact significance: high Financial significance high	higher level of the value chain	Real positive and negative impacts [impact likely in the short, medium and long term]	As part of the contracts being executed, the ZUE Group commissions some of the construction and assembly work to specialized subcontractors. The rapid increase in the number of tenders being called may have a negative impact on the ability to obtain subcontractors in some industries, as	ZUE takes a number of actions aimed at ensuring a safe and ethical working environment within its value chain. To this end, ZUE has adopted and applies an ethical management policy covering areas that are key to ZUE's reputation as a general contractor, such as: respect for human rights in the value chain, including employee rights, and anti-	No significant ongoing financial outlays In the short, medium and long term, due to the need to maintain the quality of services provided, higher costs may arise due to increases in prices of subcontracting services and their limited availability, which results from the fact that despite the preventive measures taken, the risk of irregularities in the value chain and related reputational damage cannot be completely ruled out.

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
				<p>well as on the prices of subcontracting services. One of the important factors influencing the size of the subcontractor base cooperating with ZUE and the prices of subcontracting services offered to the Group is the image of ZUE as a general contractor offering a safe and ethical work environment. Maintaining ZUE's strong reputation in this area helps ensure the optimal number of subcontracting offers it receives and favourable prices for subcontracting services. A loss of reputation may translate into a reduced pool of subcontractors cooperating with ZUE and, consequently, into higher costs of subcontracting services.</p>	<p>corruption measures. The entity extrapolates the high standards it applies in the above areas to its contractors through its Contractor's Code, which is implemented in subcontracting agreements concluded by ZUE. The entity operates in accordance with the Occupational Health and Safety Management System based on the PN-ISO 45001:2018 standard. In order to ensure a high level of occupational health and safety on construction sites, the Company's Occupational Health and Safety Service conducts intensive and regular inspections. The above activities are continuous and must be undertaken in the short, medium and long term.</p>	

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
<b>S2 Employees in the value chain</b> Accidents at work on the subcontractor's side Possible accidents on construction sites managed by the Group.  [18] - no. on the chart below the table	Risk Impact materiality: high Financial materiality: low	Higher level in value chain	Real negative impact [impact likely in the short, medium and long term]	As in the case of its own employees [S1 <i>Group's own employee resources - Potential accidents in the workplace</i> ], in cooperation with subcontractors, construction sites are potential places of accidents. Possible accidents in subcontracting companies may have a number of consequences for the Group, such as liability for damages, reputational damage and, as a consequence, reduced access to subcontracting services and increased costs of such services	The Group counteracts potential negative effects through, among other things, preventive inspections carried out by the unit's health and safety service , as well as developing BIOZ plans for the needs of the contracts being implemented. The unit manages safety in the work environment in accordance with the Occupational Health and Safety Management System based on the PN-ISO 45001:2018 standard.  These activities are ongoing in the short, medium and long term.	No significant current financial outlays In the short, medium and long term, higher costs may be incurred as a result of potential accidents, the occurrence of which can be minimised but cannot be completely ruled out.
<b>S4 Consumers and end users</b> Creating a safe transport infrastructure The main end users of ZUE Group products are people who use the built infrastructure for special purposes, primarily individuals	Opportunity Impact materiality: high Financial materiality: low	Operational activity, higher level in the value chain	Real positive impact [probable impact in the short, medium and long term]	The Group's products, understood as built or modernized infrastructure (in particular railway and tram lines together with accompanying infrastructure, such as stops, underground	In the short, medium and long term, the Group will continue to implement construction investments in line with the legal requirements regulating the safety of end users based on, among other things, its implemented and maintained Integrated Management System	The above-described material opportunities and potential negative impacts have a neutral impact on the entity's current and anticipated financial situation, its financial results and cash flows in the short, medium, and long term.  Experience in implementing subsequent projects with an emphasis on safety may improve the Group's position when it comes

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
using rail or tram transport (passengers), but also employees of companies providing rail transport or those responsible for maintaining the rail infrastructure. [23] No. on the chart below the table				<p>passages, overpasses, etc.) have an impact on the safety (life and health) of their end users. By offering high-quality products that meet the safety requirements established in the relevant regulations and standards, the Group has material opportunities to positively influence safety levels for end users.</p> <p>There are also opportunities for the Company in terms of the social inclusion of people with disabilities. Activities that may have a positive impacts include designing or constructing infrastructure in a way that improves accessibility for people with disabilities, e.g. sufficient and adapted reserved parking spaces, visual and audio</p>	[ISO 9001:2015, ISO 14001:2015, ISO 45001:2018], thereby creating a safe transport infrastructure.	to attracting new customers in the future.

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
				<p>information systems, ensuring the shortest possible routes without obstacles, alternative solutions to stairs in underground passages and a number of other solutions</p> <p>At the same time, the Group may - in the course of construction works - improve the safety (life and health) of natural persons who find themselves on the construction site.</p>		
<p><b>G1 Conducting business</b> Prevention of corruption - benefits of anti-corruption measures</p> <p>[29] No. on the chart below the table</p>	<p>Opportunity Impact materiality high Financial materiality: high</p>	<p>Operational activity downstream and upstream value chain</p>	<p>Real positive impact</p>	<p>Areas particularly exposed to possible corruption are connected with the following activities:</p> <ul style="list-style-type: none"> <li>- selection of contractors (e.g. subcontractors, suppliers)</li> <li>- purchases</li> <li>- settlements with contractors.</li> </ul> <p>At the same time, a significant proportion of the revenues generated by the Group come</p>	<p>The Issuer has implemented a number of solutions aimed at reducing the risk of corruption incidents.</p> <p>We have implemented policies and procedures aimed at preventing corruption (Ethical Management Policy). There is an internal anti-corruption audit in place. Employees sign anti-corruption declarations. Employees are provided with training in this area.</p>	<p>No significant financial outlays</p>

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
				<p>from public funds and, as a consequence, special attention and transparency are required in the Group's operations in relations with major clients and effective application of anti-corruption mechanisms. An effective anti-corruption policy helps protect the value of the company's brand and reputation on the market. At a time when customers and business partners increasingly value ethical practices, companies that counteract corruption can enjoy greater trust and loyalty from their stakeholders. Companies that implement effective compliance systems can avoid legal and financial sanctions, and gain a competitive advantage in tenders</p>	<p>To the Group's knowledge, there have been no cases of corruption in the past.</p>	

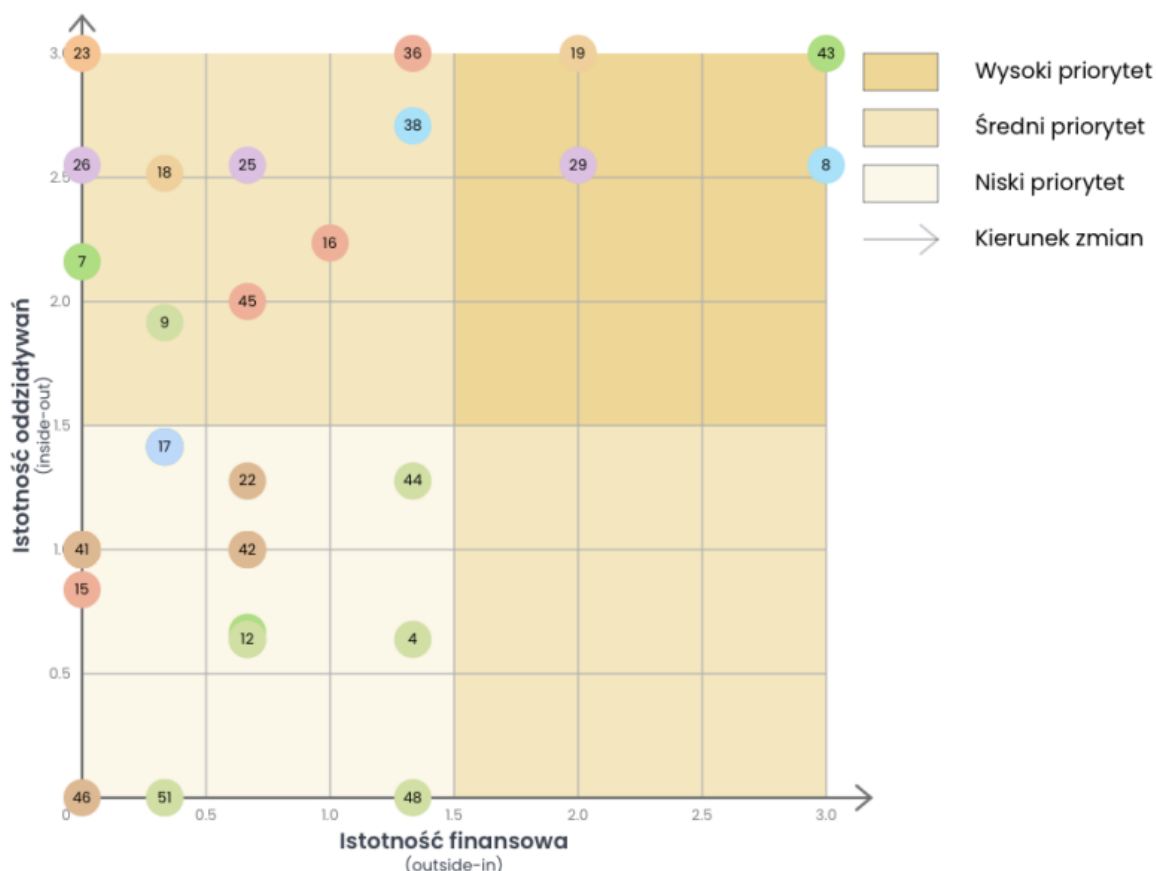
Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
<p><b>G1 Conducting business</b> Transparent ethical management principles integrated into policies and procedures</p> <p>[25] no. on the chart below the table</p>	<p>Opportunity Impact materiality high Financial materiality: low</p>	<p>Operational activities, downstream and upstream value chain</p>	<p>Real positive impact</p>	<p>and negotiations. Clear rules regarding corporate culture and ethics supporting a strong employer brand - a company that promotes employee values, inclusion and respect for diversity, and which also supports employee development, can attract and retain talented employees. A strong employer brand helps strengthen its reputation and can lower recruitment costs and ensure higher employee retention. Facilitating cooperation with stakeholders - a corporate culture based on open communication, transparency and partnership can facilitate the forging of lasting relationships with customers, suppliers, investors and local communities. This</p>	<p>A number of documents have been prepared and introduced: Ethical Management Policy, Internal Control Regulations, Organizational Regulations, organizational procedures, management system certificates and others.</p>	<p>No significant financial outlays</p>

Impact, Risks and Opportunities	Risk/Opportunity Materiality Assessment	Place in value chain	Impact on people or environment	Current and anticipated effects	Reaction and assessment of time horizon	Current financial effects
				can bring benefits in the form of stable and long-term partnerships favouring the sustainable development of the company.		
<b>G1 Conducted business activity</b> Implemented whistle-blower protection policy  [26] no. on the chart below the table	Opportunity Impact materiality: high Financial materiality: low	Operational activity, higher level of the value chain	Real positive impact	One element of corporate culture is the possibility of establishing contact with stakeholders through the possible reporting of irregularities in the organization.	Whistleblower protection procedure implemented in accordance with the latest regulatory requirements.	No significant financial outlays



## Double materiality assessment

[individual numbers – detailed descriptions in the table above]



### Legend:

- 43: Greenhouse gas emissions - Risk of transition to a zero-emission economy (E1)
- 8: Reuse of materials - Operational risk connected with the volatility of prices of raw materials and liquid fuels (E5)
- 19: Prevention of irregularities in the value chain - Increase in prices of services provided by subcontractors (S2)
- 29: Prevention of corruption - Benefits resulting from anti-corruption activities (G1)
- 36: Attractive working conditions - collectively (S1)
- 23: Creation of safe transport infrastructure (S4)
- 38: Generation of construction waste, including hazardous waste (E5)
- 25: Transparent principles of ethical management integrated into the company's policies and procedures (G1)
- 26: Implemented whistleblower protection policy (G1)
- 18: Accidents involving subcontractors in the workplace (S2)
- 16: Access to training for employees (S1)
- 45: Potential accidents at work (S1)
- 9: Air pollution, including dust emissions (E2)
- 7: Consumption of electricity and heat from the network (E1)

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

In 2024, the ZUE Capital Group conducted a comprehensive double materiality assessment, thereby meeting the requirements of the CSRD Directive and the European Sustainability Reporting Standards (ESRS). The process took into account both the organization's material impact on sustainable development issues as well as the risks and opportunities affecting the Group's financial results. The double materiality assessment was conducted with the

help of an external consulting company.

### Stages of analysis:

#### | Identification of impacts

Workshops, organized in cooperation with an external advisor, allowed for joint definitions of the Group's impacts in the areas of the environment, society and governance based on knowledge within the organization and the expert knowledge of advisors and benchmarking. The results of this stage have been documented on the Envirly ESG platform. The benchmark prepared by the external advisor involved determining the risk of impacts and opportunities identified by other companies from the construction branch in order to compare and identify possible impacts of risks and opportunities for ZUE that are important from the perspective of industry trends. Three impact identification workshops were organized. In addition to the external advisor's experts this workshop was attended by a total of 17 employees from the guarantee and environmental protection department, the corporate division, the transport base, the administrative and economic department, the central purchasing department, the health and safety section, the HR office, the finance department, the management office and members of the management board.

#### | Impact assessment

Identified impacts were divided into actual and potential, positive and negative, and their scale, scope and, where appropriate, probability and irreversibility were assessed. The assessment was conducted over three time horizons. Scenario analyses were not performed, and the probability was assessed according to existing trends based on expert knowledge of workshop participants and external experts.

#### | Identification and assessment of risks and opportunities

Based on an analysis of source documents (data and internal regulations of the Group, periodic reports) and benchmarking, a list of risks and opportunities was prepared, which were then verified and approved during the workshops by the workshop participants, i.e. selected personnel from ZUE with specialist knowledge and understanding of the current processes in the company in the given areas. The risks and opportunities were assessed in terms of the scale of their financial consequences and the probability of their occurrence. The value of the financial consequences is the product of the estimated value of the cost or loss (or reduction of revenue) and the probability of the occurrence of an event related to the risk. The financial consequences of each risk or opportunity were estimated on the basis of expert knowledge and available information such as the amount of potential penalties, the amount of expenditure, the level of costs that must be incurred to mitigate the risk, etc. The financial consequences were compared with the company's operating results EBITDA for the previous year and were assigned a rating on a given point scale. Rating 1 meant a value of <3%, rating 2 denoted a value of 3-5% and 3 >5% of the EBITDA operating result. The probability was assessed on the basis of available information on the earlier materialization of a given risk or opportunity and the observed trend in this regard. When preparing this report, no scenario analysis was carried out in the risk assessment process. The materiality threshold was set at 1.5/3, i.e. analogously to the assessment of the impacts. Due to the first reporting period, the estimated data used may be characterized by an increased level of uncertainty and deviations resulting from the need to round out figures and the limited accuracy of data sources.

#### | Stakeholder research

Surveys were sent to 175 stakeholders and 55 responses were analysed, including those of employees (29), customers (3), suppliers (19), financial institutions (3) and local community representatives (3). The survey results were included in the impact materiality assessment.

### Materiality

A topic was deemed to be significant based on a mathematical model on the Envirly platform, developed by the consultant, onto which the ratings given during the workshops were uploaded. The final materiality assessment is the result of combining the results given during the workshops, which constitute 80% of the rating, with the results from the surveys, which constitute 20% of the total. During the workshops, the scale, scope, irreversibility and probability of occurrence (in the case of the potential, rather than the actual impact) were assessed. For scale, scope and probability, a score from 1 to 3 was adopted, where 1 means low and 3 - high. The ratings were given for each of the time horizons: short-term, medium-term and long-term. The overall rating was estimated based on the average for the ratings from these three time horizons. An issue was considered material if in the conducted assessment process it received a value higher than 1.5 on a three-point scale (i.e. more than half of the possible score). The adopted cut-off threshold means that the impacts, risks and opportunities assessed above this level are of such a scale, scope and nature that they are material enough to qualify for disclosure. The assessment

methodology is based on the Enviroly consulting tool and is its default setting - in line with the ESRS, which does not impose a uniform method for determining materiality.

### Methodology and approach

The process was conducted in accordance with the principle of double materiality, taking into account both impact and financial perspectives. At each stage, the Group co-operated with experts from the consulting company using a dedicated ESG platform.

The process of identifying and assessing material impacts, risks and opportunities was based on an in-depth analysis of specific activities, business relationships, geographies and other factors that may pose an increased risk of adverse impacts. This included a comprehensive review of our business, supply chain and market presence to identify those areas most exposed to such potential threats as climate change, civil unrest or economic instability. Our focus is on understanding the potential environmental, social and governance (ESG) risks associated with our business, including our supply chain, customer relations and market presence in different geographical regions. In addition to our internal analysis, we also worked with external stakeholders, including suppliers, customers, financial institutions and local communities, to gain a deeper understanding of the potential impacts and risks associated with our business activities. Stakeholder engagement allows us to identify areas of influence in the value chain. It also provides valuable insight into the potential consequences of our actions. The decision-making process involves a team of experts from different departments, including those dealing with the environment, finance and operations, who work together to assess the potential impact and dependence of our company on SDGs.

The process of identifying and assessing material impacts, risks and opportunities involves applying a range of input parameters to provide a comprehensive analysis. These parameters include data from both internal sources (internal regulations) and external sources, including surveys. The assumptions used are based on trends, stakeholder expectations and regulatory requirements, with an emphasis on the materiality thresholds specified in the ESRS guidelines 2.

At the time this report was being prepared, the process of identifying and assessing the impacts, risks and opportunities related to areas of sustainable development had not yet been formally integrated within the general risk management system functioning in the Company (it is dispersed in nature) and internal control system. Work in this area is at the preparatory stage, and the current assessment of ESG risks and opportunities was conducted as a parallel process, using separate analytical tools and assessment methods.

The Company plans to gradually integrate ESG aspects with existing corporate risk management methods, including by updating policies, procedures and implementing monitoring and reporting mechanisms in subsequent reporting periods.

At the time of the preparation of this report, the process of identifying and assessing opportunities (possibilities) had not yet been integrated into the Group's overall management system. Opportunities have been analysed independently, and their formal inclusion in decision-making processes is planned for subsequent reporting periods.

### IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement

No.	Name of disclosure	Page in report
<b>ESRS 2 General disclosure</b>		
Bp - 1	General basis for preparation of sustainability statements	51
Bp - 2	Disclosures in relation to special circumstances	52
SBM - 1	Strategy, business model and value chain	61
SBM - 2	Interests and view of Stakeholders	64
SBM - 3	Material impacts, risks and opportunities and their interaction with strategy and business model	66
GOV - 1	The role of administrative, management and supervisory bodies	53
GOV - 2	Information provided to, and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	57
GOV - 3	Integration of sustainability-related performance in incentive schemes	58
GOV - 4	Statement on due diligence	58

GOV - 5	Risk management and internal controls over sustainability reporting	59
IRO - 1	Description of the processes to identify and assess material impacts, risks and opportunities	84
IRO - 2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	86
<b>E1 Climate change</b>		
E1.GOV-3	Integration of sustainability-related performance in incentive schemes	98
E1-1	Transition plan for climate change mitigation	98
E1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	98
E1.IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	98
E1-2	Policies related to climate change mitigation and adaptation.	100
E1-3	Actions and resources in relation to climate policy	100
E1-4	Targets related to climate change mitigation and adaptation	100
E1-5	Energy consumption and mix	100
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	102
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	104
E1-8	Internal carbon pricing	104
<b>E2 Pollution</b>		
E2.IRO - 1	Description of the processes to identify and assess material impacts, risks and opportunities;	104
E2-1	Policies related to pollution	104
E2-2	Actions and resources related to pollution	104
E2-3	Targets related to pollution	106
E2-4	Air pollution	106
<b>E5 Resource use and circular economy</b>		
E5. IRO -1	Description of the processes to identify and assess significant impacts, risks and opportunities	107
E5-1	Policies related to resource use and circular economy	108
E5-2	Actions and resources related to resource use and circular economy	108
E5-3	Targets related to resource use and circular economy	109
E5-4	Resource inflows	109
E5-5	Resource outflows	110
<b>S1 Employees in the ZUE Group</b>		
S1.SBM-2	Interests and views of stakeholders	112
S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	112
S1-1	Policies related to own workforce	112
S1-2	Processes for engaging with own workers and workers' representatives about impacts	114
S1-3	Processes to remediate negative impacts and channels for own workers to	115

	raise concerns	
S1-4	Disclosure Requirement S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	115
S1-5	Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	116
S1-6	Characteristics of the undertaking's employees	116
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	119
S1-8	Collective bargaining coverage and social dialogue	119
S1-9	Diversity indicators	119
S1-10	Adequate wages	120
S1-11	Social protection	120
S1-13	Training and skills development metrics	121
S1-14	Health and safety metrics	122
S1-16	Remuneration metrics (pay gap and total compensation)	123
S1-17	Incidents, complaints and severe human rights impacts	124
S1-15	Work-life balance metrics	124
<b>S2 Employees in the value chain</b>		
S2. SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	124
S2-1	Policies related to value chain workers	125
S2-2	Processes for engaging with value chain workers about impacts	127
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	128
S2-4	Taking action to address material impacts on value chain workers and applying approaches to managing material risks and pursuing material opportunities related to value chain workers	128
S2-5	Targets related to managing material impacts, risks and opportunities related to value chain workers	131
<b>S4 Consumers and end users</b>		
S4.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	132
S4-1	Consumer and end-user related policies	132
S4-2	Processes for engaging with consumers and end-users about impacts	134
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	135
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions	135
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	137
<b>G1 Business practices</b>		

G1-1	Corporate culture and business conduct policies	137
G1-3	Prevention and detection of corruption and bribery	140
G1-4	Incidents of corruption or bribery	141
G1-5	Political influence and lobbying activities	142

## INFORMATION ON THE ENVIRONMENT

### 48. EU Taxonomy

The following indicators are presented by the Group on the basis of the Regulation (EU) 2020/852 of the European Parliament and of the Council<sup>8</sup>. According to the Commission Delegated Regulation (EU) 2021/2178<sup>9</sup> and the Commission Delegated Regulation (EU) 2021/2139<sup>10</sup>, the Group presents information on the indicators in proportion to turnover, capital expenditure and operating expenditure for the six environmental objectives. In addition, the Group provides relevant qualitative information.

For the purposes of this report, an analysis of the activities indicated in the EU Non-Financial Taxonomy was carried out in relation to:

- | Assessing the alignment of an activity with the Taxonomy for the six environmental objectives (in total turnover, capital expenditure and operating expenditure, and disclosure of adequate qualitative information to the extent it relates to the abovementioned indicators for the financial year 2024); and
- | Assessing the eligibility of an activity with the Taxonomy for the six environmental objectives in total turnover, capital expenditure and operating expenditure as well as adequate qualitative information to the extent it relates to the abovementioned indicators for the financial year 2024).

As regards the presented indicators, no changes have been made to the calculation of indicators with reference to the eligibility and alignment assessment for an activity included in the climate objectives presented in the previous report.

The analysis of Taxonomy disclosures was carried out in the following steps:

#### 1) Identification of activities covered by the Taxonomy

The core activity of the ZUE Group involves the execution of infrastructure projects encompassing various sectors within construction work related to track infrastructure. As part of the analysis, based on the contracts performed, the portion of the Group's Taxonomy-eligible net revenue was identified. It applies to the following Taxonomy sections:

- | 6.14 - Rail transport infrastructure;
- | 6.15 - Infrastructure supporting low emission road and public transport.

<sup>8</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

<sup>9</sup> Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

<sup>10</sup> Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

- 2) Assessment whether an activity complies with the technical screening criteria (assessment of substantial contribution and "do no significant harm" principle)

The compliance of the Group's activity with the technical screening criteria (TSC) was preceded by an analysis of the activities of the companies within the Group, including individual contracts, qualifying the respective activities/contracts as environmentally sustainable (Taxonomy-aligned) or Taxonomy-eligible but environmentally unsustainable (not Taxonomy-aligned) or not Taxonomy-eligible. Recognition of an activity as Taxonomy-eligible was conditional upon the alignment of the actual activity – and, for specific contracts, the scope of work carried out – with the activity categories defined in the Regulation. The next step involved a detailed analysis of the activity's compliance with the technical screening criteria (TSC), focusing on whether it makes a substantial contribution to at least one of the six environmental objectives.

- 3) Checking compliance with minimum safeguards

The Group conducted an analysis of compliance with the requirements related to minimum safeguards. A description of the actions taken is provided below in the section "Minimum Safeguards."

- 4) Calculation of indicators based on applicable reporting principles.

The data used to determine the values of individual indicators was obtained from internal accounting and management systems.

Adopted analysis methodology:

1. Turnover was calculated on the basis of the Group's consolidated revenue in 2024 disclosed in the consolidated financial statements under the item Sales revenue.  
Only Taxonomy-aligned sales revenue; i.e. the sales revenue which qualifies as contributing substantially to climate change mitigation and meets all the DNHS criteria dedicated to the activity, could be allocated to the numerator. Revenue was recognised according to the international accounting standard IFRS 15 adopted under the Commission Regulation (EC) No. 1126/2008 and disclosed in the consolidated financial statements of the Group for 2024.
2. Capital expenditure (CapEx) was calculated on the basis of capital expenditure; i.e. additions to *Non-current assets, Intangible assets and Rights of use* disclosed in the consolidated financial statements.  
The numerator includes capital expenditure made by the Group in 2024 that are Taxonomy-eligible and have been allocated to environmentally sustainable activities. Capital expenditure was first allocated to an activity eligible under Taxonomy (6.14, 6.15, 6.5). Subsequently, CapEx in individual activity categories was allocated to sustainable and non-sustainable activity based on the share of revenue attributable to environmentally sustainable activity in the Group's total revenue generated in 2024.

The indicator was calculated on the basis of capital expenditure including the costs that are accounted based on:

- a) IAS 16 Property, Plant and Equipment, paragraph 73 (e) point (i) *"additions"* and (iii) *"acquisition through a business combination;"*
- b) IAS 38 Intangible Assets, paragraph 118 (e), point (i) *"additions, including separately identifiable increases arising from internally conducted development activities and from business combinations;"*
- c) IAS 40 Investment Property, paragraph 79 (d) point (i) *"additions – classified as those arising from the acquisition of new properties and those from the capitalisation of subsequent expenditures; and (ii) additions resulting from business combinations"* (applicable under the purchase price or production cost model);
- d) IFRS 16 Leases, paragraph 53 (h) *"additions to right-of-use assets."*
3. Operating expenditure (OpEx) was calculated on the basis of costs of the servicing of the Group's assets and keeping them in good condition; i.e. the costs of equipment renovation and repair, personnel costs relating to the renovation and repair and the costs of cleaning. The denominator of the OpEx KPI was determined based on the definitions contained in the Regulation 2178. The issuer did not assess the eligibility or alignment of expenditures included in OpEx. For the purposes of the OpEx KPI, a simplified calculation method was used, permitting the omission of the numerator where the operating expenditure is considered immaterial in the context of the Issuer's business model. According to the Issuer, this situation applies to the Group's business model; i.e. the provision of construction activities. Specifically, the total value of the identified operating expenditures amounts to approximately PLN 2.88 million



accounting for about 0.2% of total operating costs, defined as the sum of cost of sales and general and administrative expenses.

The Company avoided the double counting of turnover, CapEx and OpEX across several economic activities because an item allocated to the KPI indicator was not recognised again. No activity was assessed in terms of compliance with more than one objective.

Additional information:

No project dedicated to climate change adaptation was carried out by the Group in 2024. Accordingly, it was determined that no indicator or no economic activity shall qualify as contributing substantially to climate change adaptation.

Therefore, further clarifications regarding the Taxonomy-alignment assessment relate to climate change mitigation.

No major changes with reference to the execution of the Group's investment plan occurred in 2024. The Group did not develop the plan referred to in section 1.1.2.2. of Annex 1 to the Regulation 2178.

The ZUE Group did not identify any Taxonomy-aligned economic activity pursued for own internal consumption.

No shares or bonds were issued by any company within the Group in 2024 for the purpose of financing Taxonomy-aligned activities.

No property, plant and equipment or intangible assets were acquired in 2024 through business combinations within the Group.

There was no data disaggregation for the purpose of calculating the key indicators. All indicators were calculated for the Group.

Capital expenditure was incurred in 2024 as needed. The Group intends to develop and implement the investment plan referred to in section 1.1.2. of Annex 1 to the Delegated Regulation 2178.

The Group had no investments in associates or joint ventures accounted for as required under IFRS 11 or IAS 28. No green bonds or debt securities were issued by the Group companies to finance:

- specific identified types of Taxonomy-aligned economic activities; or
- specific identified Taxonomy-eligible CapEx.

The Group's activity does not relate to the construction of any infrastructure dedicated to electricity generation from the fossil gas or nuclear energy. It means that the Group's activity does not qualify as the activity set out in the Commission Delegated Regulation (UE) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

## Minimum safeguards

Pursuant to Article 18 of the Regulation (EU) 2020/852, the minimum safeguards are procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises (the "OECD Guidelines") and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights (hereinafter referred to as the "Guidelines Package"). When implementing the procedures referred to above, undertakings adhere to the principle of "do no significant harm" ["DNSH"] referred to in point 17 of Article 2 of Regulation (EU) 2019/2088.

In the Company's opinion based on an analysis of the OECD Guidelines and taking into account the principles of materiality, appropriateness, proportionality, and progressive convergence (issue prioritisation), in all key areas the activities carried out by ZUE, identified as eligible and aligned with the non-financial Taxonomy—both at the Company and Group level—comply with the minimum safeguards referred to in Article 18 of the Regulation (EU) 2020/852. This opinion is consistent with the Company's policy focused on the continuous development of its compliance system and the implementation of advanced solutions across all ESG areas identified in the Guidelines Package.



The assessment of compliance with the minimum safeguards was conducted by the Company taking into account the assessment of implementing the six-step due diligence process referred to in the OECD Due Diligence Guidance for Responsible Business Conduct. The assessment was based on a risk analysis of the potential occurrence of adverse impacts on individual principles, values, and rights, and was carried out after evaluating the significance of each issue (the likelihood of occurrence and the severity of the negative impact). According to the recommendation, the analysis excluded those risks to which ZUE contributes only to a small extent or contributes insignificantly to their occurrence (*vide comment no. 14 to "General Rules" of the OECD Guidelines*). The conclusions contained in the *Final Report of the Platform on Sustainable Finance* and the *TEG Report* were also applied. These reports include recommendations and interpretations regarding the implementation methods of the Guidelines Package and the assessment of compliance with minimum safeguards, taking into account, among other things, the principle of prioritisation (implementing measures first in relation to the principles and values for which the risk of violation and negative impact is relatively the highest) and the principle of proportionality (considering the scale and structure of the company, as well as the so-called 'company's position' in terms of its ability to influence business partners).

According to the recommendations set out in the Final Report, non-compliance with the minimum safeguards occurs when one of the four conditions is met:

- 1) Inadequate or non-existent due diligence processes in the areas of human rights, including labour rights, anti-corruption, taxation, and fair competition.
- 2) The company has been finally held liable or found to be in breach of labour law or human rights in certain types of labour or human rights-related legal proceedings.
- 3) No cooperation with the OECD National Contact Point (NCP OECD) regarding a notification accepted by the NCP OECD. [[mneguidelines.oecd.org/database/](https://mneguidelines.oecd.org/database/)]
- 4) Business and Human Rights Resource Centre (BHRRC) raised a complaint against the company, and the company did not respond within 3 months. [[www.business-humanrights.org/en/companies](https://www.business-humanrights.org/en/companies)]

The absence of the abovementioned conditions is described below.

#### Ad 1) Inadequate or non-existent due diligence processes

The accuracy and completeness of the due diligence processes was checked based on the verification of the existence and functioning of the elements of the due diligence processes, particularly taking into account the *UN Guiding Principles for Business and Human Rights* and the *OECD Due Diligence Guidance for Responsible Business Conduct* complementing and expanding the OECD Guidelines for Multinational Enterprises. The verification of the accuracy and completeness of the due diligence processes was carried out using a compliance assessment tool based on the methodology proposed by the Platform on Sustainable Finance, namely the *'Corporate Human Rights Benchmark – Core UNGP Indicators'* issued by the Corporate Human Rights Benchmark (CHRB). The analysis demonstrated that an appropriate due diligence process has been implemented in ZUE.

#### Ad 2) Facing final legal liability

The second condition was verified by checking whether the Company or members of its senior management were convicted in the reference period, i.e. the year 2024, of violations related to human rights, taxation, corruption or fair competition. No such incidents were identified. Accordingly, during the above-mentioned period, neither the Company nor members of its key management personnel were subject to final liability as referred to in the Final Report. The Company has implemented remedial measures and a due diligence process in areas including human rights protection, anti-corruption, and other required domains, in accordance with the six steps set out in the *OECD Due Diligence Guidance for Responsible Business Conduct*. These measures aim to prevent such negative impacts in the future, including through the implementation of the Ethical Management Policy.

#### Ad 3) No cooperation with NCP

A review of the OECD NCP database was conducted and confirmed that no submissions had been made in relation to the Group. This applies to the reference period as well as to previous years. Furthermore, there were no instances of the OECD NCP contacting any of the companies within the ZUE Group in any matter. The Group will cooperate with the NCP should it initiate an investigation into any potential cases of negative impact of the activities conducted by the companies within the ZUE Group.

#### Ad 4) Potential allegations by B&HRRRC

A review of the Business and Human Rights Resource Centre (B&HRRC) database was conducted and confirmed that no submissions had been made in relation to the Group both in the reference period and in previous years. Furthermore, there were no instances of the B&HRRC contacting any of the companies within the ZUE Group in any matter. The Group will cooperate with the B&HRRC should it initiate an investigation into any potential cases of negative impact of the activities conducted by the companies within the ZUE Group.

Below please find information for turnover indicator, CapEx indicator and OpEx indicator as regards nuclear and fossil gas related activities.

#### Nuclear and fossil gas related activities – turnover indicator

##### **Nuclear energy related activities**

1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

##### **Fossil gas related activities**

4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

#### Nuclear and fossil gas related activities – CapEx

##### **Nuclear energy related activities**

1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

##### **Fossil gas related activities**

4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

#### Nuclear and fossil gas related activities – OpEx

##### **Nuclear energy related activities**

1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

##### **Fossil gas related activities**

4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Turnover indicator

2024	Year			Substantial contribution criteria						"Do no significant harm" criteria (h)									
Economic activity (1)	Code(s) (2)	Turnover (PLN ' 000) (3)	Proportion of turnover, 2023 (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 safeguards (17)	Proportion of Taxonomy-aligned economic activity (A.1.) or Taxonomy-eligible economic activity (A.2.) Turnover, year N-1 (18)	Enabling economic activity category (19)	Transitional economic activity category (20)
Text		Currency (PLN '000)	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/ N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	Y
A. TAXONOMY-ELIGIBLE ACTIVITY																			
A.1. Types of environmentally sustainable activity (Taxonomy-aligned activity)																			
Rail transport infrastructure	6.14 CCM/6.14 CCA	274,297	22%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	41%		
Turnover from environmentally sustainable activity (Taxonomy-aligned activity) (A.1)		274,297	22%	22%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	74%		
Including enabling economic activity		274,297	22%	Y	N	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	Y	0%	E	

Including transitional economic activity	0	0%	0%							N	N	N	N	N	N	Y	0%		Y
A.2 Taxonomy-eligible activity but environmentally unsustainable (not Taxonomy-aligned activity) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/ EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Rail transport infrastructure	6.14 CCM/6. 14 CCA	299,986	21%	N	N	N/ EL	N/EL	N/EL	N/EL							10%			
Infrastructure supporting low emission road and public transport	6.15 CCM	564,631	46%	N	N/EL	N/ EL	N/EL	N/EL	N/EL							7%			
Turnover from Taxonomy-eligible activity but environmentally unsustainable (not Taxonomy-aligned activity) (A.2)		824,617	68%	67%	21%	0%	0%	0%	0%							17%			
A. Turnover from Taxonomy-eligible activity (A.1+A.2)		1,098,914	90%	90%	21%	0%	0%	0%	0%							92%			
B. NOT TAXONOMY-ELIGIBLE ACTIVITY																			
Turnover from not Taxonomy-eligible activity		120,493	10%																
TOTAL		2,219,407	100%																

## CapEx indicator

2024	Year			Substantial contribution criteria						"Do no significant harm" criteria (h)									
Economic activity (1)	Code(s) (a) (2)	CapEx (PLN ' 000) (3)	Proportion of CapEx, 2023 (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 safeguards (17)	Proportion of Taxonomy-aligned economic activity (A.1.) or Taxonomy-eligible economic activity (A.2.) CapEx, year N-1 (18)	Enabling economic activity category (19)	Transitional economic activity category (20)
Text		Currency (PLN '000)	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/ N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	Y
<b>A. TAXONOMY-ELIGIBLE ACTIVITY</b>																			
<b>A.1. Types of environmentally sustainable activity (Taxonomy-aligned activity)</b>																			
Rail transport infrastructure	6.14 CCM/6.14 CCA	7,235	18%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	32%		
CapEx from environmentally sustainable activity (Taxonomy-aligned activity) (A.1)		7,235	18%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	32%		

Including enabling economic activity	7,235	18%	18%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Including transitional economic activity	0	0%	0%						N	N	N	N	N	N	N	0%		Y

A.2 Taxonomy-eligible activity but environmentally unsustainable (not Taxonomy-aligned activity) (g)

				EL; N/EL (f)	EL; N/EL (f)	EL; N/ EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)				
Rail transport infrastructure	6.14 CCM, 6.14 CCA	24,930	63%	N	N	N/ EL	N/EL	N/EL	N/EL				46%
Infrastructure supporting low emission road and public transport	6.15 CCM	17	0.04%	N	N/EL	N/ EL	N/EL	N/EL	N/EL				0.3%
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 CCM/ 6.5 CCA	4,746	12%	N	N	N/ EL	N/EL	N/EL	N/EL				21%

CapEx from Taxonomy-eligible activity but environmentally unsustainable (not Taxonomy-aligned activity) (A.2)		29,693	75%	75%	75%	0%	0%	0%	0%		67%	
A. CapEx from Taxonomy-eligible activity (A.1+A.2)		36,928	93%	93%	75%	0%	0%	0%	0%		99%	
B. NOT TAXONOMY-ELIGIBLE ACTIVITY												
CapEx from not Taxonomy-eligible activity		2,648	7%									
<b>TOTAL</b>		<b>39,575</b>	<b>100%</b>									



## OpEx indicator

2024	Year			Substantial contribution criteria						"Do no significant harm" criteria (h)									
Economic activity (1)	Code(s) (a) (2)	OpEx (PLN ' 000) (3)	Proportion of OpEx, 2023 (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 safeguards (17)	Proportion of Taxonomy-aligned economic activity (A.1) or Taxonomy-eligible economic activity (A.2.) OpEx, year N-1 (18)	Enabling economic activity category (19)	Transitional economic activity category (20)
Text		Currency	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/ N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	Y
<b>A. TAXONOMY-ELIGIBLE ACTIVITY*</b>																			
<b>A.1. Types of environmentally sustainable activity (Taxonomy-aligned activity)</b>																			
OpEx from environmentally sustainable activity (Taxonomy-aligned activity) (A.1)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	Y	0%		
Including enabling economic activity		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	Y	0%	E	
Including transitional economic activity		0	0%	0%						N	N	N	N	N	N	Y	0%		Y

A.2 Taxonomy-eligible activity but environmentally unsustainable (not Taxonomy-aligned activity) (g)										
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	
OpEx from Taxonomy-eligible activity but environmentally unsustainable (not Taxonomy-aligned activity) (A.2)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	
A. OpEx from Taxonomy-eligible activity (A.1+A.2)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	
B. NOT TAXONOMY-ELIGIBLE ACTIVITY										
OpEx from not Taxonomy-eligible activity		2,883	100%							
TOTAL		2,883	100%							

## 49. E1 Climate change

### E1.GOV-3 Integration of sustainability-related performance in incentive schemes

The remuneration of the Management Board and Supervisory Board is specified in the Remuneration Policy of the members of the management board and supervisory board of ZUE S.A. Members of the Supervisory Board are entitled to fixed remuneration, the amount of which is determined by the General Meeting. The remuneration of the Management Board is partly variable, the amount of which depends on their achievement of the management objectives set by the Supervisory Board. The management objectives are closely related to the implementation of the business strategy of the ZUE Group. The Supervisory Board may set management objectives for the Management Board in the field of sustainable development. Strategic objectives are implemented after taking into account non-financial aspects, i.e. in particular with regard to aspects related to human rights, employee issues or impacts on the local environment and the natural environment. In 2024, the Supervisory Board did not set any climate-related management objectives for the Management Board.

### E1-1 Transition plan for climate change mitigation

At the time of the publication of the present report, the ZUE Group had no transformation plan in place and has not specified any greenhouse gas reduction targets or actions to achieve these targets. The Group will implement the transformation plan no later than 2028 after conducting all the necessary analyses, including with regard to the carbon footprint throughout the supply chain. Despite the lack of a formal plan, the Group has been taking actions aimed at supporting climate change mitigation for many years, as is referred to in points E1-3, described later in this chapter.

### E1.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Material climate-related impacts, risks and opportunities are identified in ESRS 2 SBM-3.

In the case of scope E1, these include:

- 1) Greenhouse gas emissions (negative impact)

Risks related to impact:

- | **Transition** risk connected with increased costs of transitioning to a zero-emission economy.
  - | **Physical** risk connected with dramatic weather events.
- 2) Consumption of electricity and heat from the network (positive impact)

Impact-related opportunities:

- | Reduced emissions as a competitive advantage of supply chains with a low CO2 footprint.
- | Lower operating costs and energy stability.

The ZUE Group has not conducted an analysis of the resilience of its strategy and business model in terms of risks related to climate change as required by ESRS E1 (using scenario analysis). As a result, it has carried out no analysis of the potential impacts resulting from climate change or mitigation actions (positive and negative) on the Group's operations and its assets. More detailed information on its analysis of material impacts, risks and opportunities conducted as part of its double materiality assessment is disclosed in the ESRS 2 section.

### E1.IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

No analyses other than the double materiality assessment have been conducted on the identification and assessment of material impacts, risks and opportunities related to climate change mitigation. The methodology used for the double materiality assessment is described in ESRS 2 IRO-1 on page 80.

The following issues were identified in the double materiality assessment:

#### Climate change adaptation and mitigation

- 1) Greenhouse gas emissions (negative impact)

Due to the nature of its operations, the main source of the Group's greenhouse gas emissions are its construction vehicles and machinery - which are mostly powered by diesel fuel. The Group primarily uses materials such as concrete, steel and aggregates in its operations, and uses external construction services. The choice of appropriate materials and the scope of services provided depends on the decisions of the investor/ contracting authority, e.g. with regard to the type of materials (e.g. from ecological sources) to be used in construction projects.

As part of its double materiality assessment, the Group took into account the examples of climate-related transition risks indicated in the ESRS. It also considered the previous experience of both the Group and the industry as a whole with construction-related activities. The following risks were identified:

[transition risk]

Increasingly stringent regulations connected with the European Emissions Trading System (ETS) may increase the costs of emissions generated during the construction and operation of machinery.

In light of the current climate situation as well as climate change forecasts for the future, significant changes are necessary aimed at reducing the emission intensity of the economy and improving energy efficiency. As part of its climate and energy policy, the European Union has set a number of goals for 2030, including reducing greenhouse gas emissions, increasing the share of energy from renewable sources and improving energy efficiency. The next goal of the EU is to strive for climate neutrality by 2050. The above process will entail, among other things, stricter energy efficiency requirements, as well as changing its pricing rules for greenhouse gas emissions through the planned inclusion of additional sectors, including construction, within the European Emissions Trading System (ETS). In the medium and long term, the above factors will ultimately increase pressure on the construction industry to invest in ecological construction equipment and vehicles. The Group may also incur additional costs related to emissions, such as ETS for construction (currently missing).

As a result of the growing ecological awareness of contractors and investors companies may face higher expectations regarding sustainable development and ESG reporting. For example, financial institutions may make the granting of financing dependent on the activities of companies in the area of sustainable development. The Group has taken this factor into account, among other things, by increasing its involvement in the area of sustainable development reporting.

As part of its double materiality assessment, the Group took into account the examples of climate-related physical risks indicated in the ESRS. It also considered the previous experience of both the Group and the industry as a whole with construction-related activities. The following were identified:

[physical risk]

The Group is aware of changing climate conditions. Examples of weather phenomena that may affect the construction industry:

- | Violent storms, hurricanes and floods can cause short-term flooding on construction sites, disruption of communication routes, severance of traction networks, and the interruption of the supply of utilities. They can also cause damage on construction sites as well as disruptions in the supply chain.
- | Heatwaves can overload the power grid and cause power outages, which can translate into construction site shutdowns and supply chain disruptions. Heatwaves can also translate into reduced working hours for employees.
- | Fires may cause damage to the Group's property or supply chain entities.

Visible changes in weather patterns in Europe, i.e. the gradual rise in average temperatures and the decrease in rainfall, are reducing water resources, which may have a negative impact on construction processes (disruptions in the building material supply chain). Sustained periods of high temperatures without rainfall may also result in a need for shorter working hours as well as in health problems for persons involved in construction works.

To mitigate the above physical risks the Group takes out appropriate insurance policies, undertakes to secure property on construction sites and adapts employee work time management to weather conditions.

With regard to the ZUE Group's business model, certain areas of correlation can be observed between climate change and the Group's operations and its business model:

- | increasing public budgets for the modernisation and expansion of railways and tramways with the aim of expanding the low-emission public transport network – this is one of the factors that may be key to promoting the development of Poland's public transport network (detailed description - point 9 "Market development prospects");
- | changes in weather conditions affecting the implementation of construction processes (e.g. milder winters extending periods of construction works with the simultaneous occurrence of hot summers);

- | a permanent increase in dramatic weather events, resulting in an increased risk of physical damage on construction sites (floods, washing away of railway embankments, damage caused by storms and strong winds);
- | potentially higher prices of building materials, the production of which is energy-intensive and requires the consumption of significant amounts of water in the production process;
- | potentially higher insurance premiums connected with physical damage to assets.

#### Ad 2) Consumption of electricity and heat from the network (positive impact)

Due to the nature of its operations, the Group does not consume excessive amounts of electricity and thermal or heat in its processes. At the present time, the electricity it purchases from its main supplier comes from low emission sources [cogeneration]. The Group is currently analysing the idea of purchasing electricity for buildings from renewable energy sources in the future. The Group does not rule out commencing the production of electricity for its own use from renewable energy sources (photovoltaic installation).

The Group carries out energy audits of buildings, partial thermal modernization, replacing lighting and other point actions with the aim of increasing energy efficiency (not with regard to the production process itself but rather for the use of buildings). The buildings are heated from the municipal network.

If the Group takes the above measures to reduce its energy consumption, this may help improve its competitiveness. This is because of the increasing attention being paid by undertakings and institutions connected with the market to reducing energy consumption. Entities that take such action in this area can improve their competitiveness. Moreover, reduced energy consumption also translates into lower operating costs and higher margins.

As part of its double materiality assessment, the Company identified and assessed the impacts, risks and opportunities (IROs) related to climate change based on the available internal data and expertise. However, at this stage, no detailed scenario analyses has been conducted regarding physical and transition risks, nor has there been any assessment of the sensitivity of its assets and operations to potential climate threats, nor was any full value chain included in the risk and opportunity analysis. The identified issues were assessed from the perspective of the overall materiality of the topic, but without the use of detailed thresholds, time horizons or linkage to strategic plans and asset life cycles. The Company did not use climate modelling tools or advanced meteorological or ESG data to identify climate risks in the individual locations of its operations. The Company plans to expand and deepen the IRO identification process in subsequent reporting years. Among other things, it plans to conduct a risk analysis, use available climate scenarios, collaborate with stakeholders in the supply chain, and develop internal tools to analyse the impact of climate variables on operational and investment activities.

### E1-2 Policies related to climate change mitigation and adaptation

At the time of the publication of this report, the ZUE Group had no policy for managing climate change mitigation and adaptation. The Group plans to implement an appropriate policy in this area in subsequent periods after first conducting all the necessary analyses, including with regard to its carbon footprint throughout its entire supply chain, as well as risks.

### E1-3 Actions and resources in relation to climate policies

The Group has taken no direct steps to manage the material issues identified under Part E1. Despite having no official climate policy, the Group has taken measures aimed at helping mitigate climate change as part of its general operations. These activities are directly related to its operations. In 2024, these were as follows:

- | Continuing the replacement of construction machines and rail vehicles with more efficient alternatives characterized by lower emissions - introducing a newly purchased universal tamping machine with the highest exhaust emission standard in its class.
- | Purchasing some of its electricity with reduced CO<sub>2</sub> emissions [cogeneration - purchasing energy from cogeneration reduces its CO<sub>2</sub> emissions into the atmosphere by over 498 kg for every 1 MWh (compared to the CO<sub>2</sub> emission rate for hard coal)].
- | Continuing the long-term modernisation of its motor vehicle fleet [between 2022 and 2024, the share of ZU's vehicles with the Euro 6 emission standard increased from 65% to 81%].

The Group will take further steps to reduce its emissions from its Scope 1 and 2 activities. It is analysing options for photovoltaic installations and purchasing electricity from renewable energy sources.

#### E1-4 Targets related to climate change mitigation and adaptation

At the time of the publication of this report, the ZUE Group did not have any climate change mitigation or adaptation targets in place. These targets will be established once its sustainable development strategy and the transformation plan referred to in point E1-1 are formalized.

Nevertheless, the Group has identified its principal areas of action, mainly in the area of reducing emissions from operational activities in scope 2. These include further actions as well as investments in a modern fleet of construction machinery, rolling stock and a car fleet, the purpose of which is to increase efficiency and reduce the emissions produced by its machinery.

#### E1-5 Energy consumption and mix

The principal forms of energy consumption for the ZUE Group are liquid fuels for machines and vehicles, electricity and heat for buildings belonging to the Group as well as contracts currently progress.

The Group's main areas of operations are in sectors classified as having a material impact on the climate (construction, commercial activity).

Energy consumption and mix (calling within scopes 1 and 2)	2024 (MWh)
Fuel consumption from coal and coal products	0
Fuel consumption from crude oil and petroleum products	12,925
Fuel consumption from natural gas	309
Fuel consumption from other fossil sources	0
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	2412
<b>Total energy consumption from fossil fuels (1-5)</b>	<b>15,645</b>
Share of fossil sources in total energy consumption (%)	100
Energy consumption from nuclear sources	0
Share of energy consumption from nuclear sources in total energy consumption (%)	0
Fuel consumption from renewable sources, such as biomass (including industrial and municipal waste of biological origin, biogas, renewable hydrogen)	0

Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	0
Consumption of purchased or acquired electricity, heat, steam and cooling from low-emission sources	0
Consumption of renewable energy produced independently without the use of fuel	0
<b>Total renewable and low-emission energy consumption</b>	0
<b>Share of renewable sources in total energy consumption (%)</b>	0
<b>Total energy consumption</b>	15,645

Infrastructure development in those areas in which the ZUE Group is active generates demand primarily for crude oil fuels needed to operate construction machines, railway machines and vehicles.

Energy intensity based net revenue	Unit	2024
Total energy consumption from high-impact activities based on net revenues from high-impact activities	MWh/1 mil revenues PLN	12.8

#### E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

The organizational structures of the ZUE Group encompass all companies in the Group that conducted operations in 2024, namely ZUE, Energopol and Railway gft.

In 2024, the ZUE Group calculated its scope 1, 2 and 3 greenhouse gas emissions according to the GHG Protocol methodology.

#### Sources of estimates and uncertainty of results

The metric (including with regard to the value chain) estimated from indirect sources, is Scope 3 GHG emissions. This metric is calculated partly on the basis of physical data and partly on the basis of financial data. The estimates and the assumptions associated with them are based on factors considered reasonable in the circumstances, and the results provide a platform for assessing already estimated values. The actual value may differ from the estimated value. The Group estimated Scope 3 GHG emissions in this statement using the following assumptions. The metrics disclosed in this Statement, which are subject to a high degree of uncertainty, include Scope 3 greenhouse gas emissions as noted above. The Scope 3 data was calculated using the GHG Protocol Scope 3 expenditure method available at:

Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6 - Catalog  
<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024>

The measurement uncertainty stems from the fact that Scope 3 calculations are estimated on the basis of external indicators rather than on data obtained directly from the value chain, which the Group cannot obtain in sufficient quantities to ensure reliable calculations.

The Group estimated the Scope 3 greenhouse gas emissions in this statement using the above methodology for the first time.

#### Operational limits

#### Scope 1

Emissions generated by the direct use of fuels in vehicles, buildings and installations owned or controlled by the Group.

## Scope 2

Indirect emissions resulting from the Group's consumption of purchased electricity and heat.

## Scope 3

Scope 3 was calculated on the basis of the costs incurred by the parent company ZUE on the most important services during the reporting period as well as on capital goods, and also on the basis of calculations of quantitative values of water, waste and business travel as well as other fuel and energy emissions not included in Scopes 1 and 2.

The calculations were based on indicators for the expenditure method and the average data method, e.g. Defra 2024 available from the above links. Data obtained directly from suppliers were not used for the calculations in Scope 3.

Emissions resulting from:

- | purchased materials and services,
- | capital goods,
- | the transport and distribution of products to the company,
- | other fuel and energy emissions not included in scope 1 and 2,
- | waste,
- | business trips, employee accommodation, commuting.

Not taken into account were emissions resulting from the following categories:

- | upstream leased assets [these emissions are included indirectly in Scopes 1 and 2],
- | downstream transport and distribution [ZUE is not a manufacturer of products],
- | processing of sold products [ZUE does not generate revenues from the sale of manufactured products],
- | use of sold products [ZUE is a service company and a manufacturer of products],
- | downstream assets [as part of its business, ZUE does not generate significant revenues from sales connected with the rental of its assets]
- | decommissioning of sold products [ZUE is not a manufacturer of products or materials]
- | franchises [ZUE's business model does not provide for any linking of its own operations with the franchise cooperation formula],
- | investments [apart from shares in subsidiaries of the ZUE Group, ZUE does not hold any shares in other entities that might be considered investments].

Greenhouse gas emissions of the ZUE Group	Unit	2024
<b>Scope 1</b>		
Emissions resulting from fuel consumption in buildings and installations.	Mg CO2	76
Emissions resulting from fuel consumption by vehicles.	Mg CO2	3,467
<b>Scope 1 total</b>	<b>Mg CO2</b>	<b>3,543</b>
<b>Scope 2 (location-based)</b>		
Emissions resulting from purchases of electricity.	Mg CO2	507
Emissions resulting from purchases of heat.	Mg CO2	515
<b>Scope 2 total location-based emissions</b>	<b>Mg CO2</b>	<b>1,022</b>
<b>Scope 2 (market-based)</b>		
Emissions resulting from purchases of electricity.	Mg CO2	707
Emissions resulting from purchases of heat.	Mg CO2	515
<b>Scope 2 total market-based emissions</b>	<b>Mg CO2</b>	<b>1,222</b>
<b>Scope 1+2</b>		
Total Scope 1+2 emissions [location-based]	Mg CO2	4,565
Total Scope 1+2 emissions [market-based]	Mg CO2	4,765
<b>Scope 3</b>		



Purchases of materials and services	Mg CO2	53,202
Capital goods	Mg CO2	3,389
Transport and distribution of products to the company	Mg CO2	572
Other fuel and energy emissions not covered in scopes 1 and 2	Mg CO2	727
Business travel	Mg CO2	20
Employee commuting	Mg CO2	65
Waste	Mg CO2	21
<b>Total Scope 3 emissions</b>	Mg CO2	57,995
<b>Total Scope 1+2+3 emissions (location-based)</b>	<b>Mg CO2</b>	<b>62,560</b>
<b>Total Scope 1+2+3 emissions (market-based)</b>	<b>Mg CO2</b>	<b>62,760</b>

Greenhouse gas emission intensity per net revenue	Unit	2024
Net revenues of the ZUE Group*	PLN million	1,219
Total greenhouse gas emissions per 1 million net revenues	Mg CO2/1 PLN million	51

\* The amount of revenue is consistent with the amount indicated in the Financial Statements of the ZUE Group in note no. 2.1

#### E1-7 GHG removals and GHG mitigation projects financed through carbon credits

In 2024, the ZUE Group did not use or purchase any carbon dioxide emission units.

#### E1-8 Internal carbon pricing

In 2024, the ZUE Group did not set an internal price for its greenhouse gas emission units.

## 50. E2 Pollution

### E2.IRO - 1 Description of processes to identify and assess material impacts, risks and opportunities

Based on the double materiality assessment, the Group's material impact in terms of E5 comes from air pollution, including dust emissions and the risks associated with these emissions:

- | The risk of possible violations of environmental regulations.
- | The risk connected with impacts on the natural environment.

The methodology used for the double materiality assessment is described in ESRS IRO-1. The Group did not conduct any other analyses in this area.

The Group is involved in construction activities, i.e. construction works, but does not engage in any manufacturing, such as the production of concrete, bituminous mass, construction materials, etc., which could permanently and significantly affect the environment through gas emissions, soil or groundwater pollution. When conducting its double materiality assessment, the Group reviewed its own activities and determined their actual impact on the environment. The main form of pollution for which the Group is responsible is the unavoidable and unplanned emission of gases caused by construction works, the main source of which are the combustion engines of construction machines, transport vehicles and passenger vehicles. To a small extent, the company's auxiliary activities, i.e. its equipment and repair base, are also responsible for the emission of pollutants. The Group has not engaged in consultations on air pollution with, among others, affected communities. The Group is only active in a

given location in the short-term, limited to the time of the construction works themselves. Apart from temporary inconveniences, its activities do not cause any significant, negative impact on the local community. Its activities have a measurable positive effect thanks to the creation of new, low-emission infrastructure with better acoustic parameters and more accessible for local residents.

Potential environmental risks and impacts may take the form of soil and water contamination, caused by possible failures of construction equipment (leakage of fluids or fuels), and the improper storage of hazardous materials, including key material in the form of wooden railway sleepers from demolitions; silting of watercourses and water and sewage installations as a result of works carried out.

The activities carried out by the companies in the ZUE Group require compliance with a number of regulations in areas related to the natural environment. Any violations of environmental regulations may result in financial penalties and the risk of exclusion from tender procedures. The Group endeavours to maintain full compliance with individual requirements, for example through the use of internal instructions and procedures included in the Integrated Management System in the area of the environment.

## E2-1 Policies related to pollution

At the date of the publication of this report, the ZUE Group has no pollution management policy.

In recent years, the Group has been making real efforts to reduce air pollution from the consumption of liquid fuels, by maintaining machines in good technical condition, as well as by gradually replacing vehicles and machines with low-emission alternatives.

After performing the necessary analyses, the Group plans to implement an appropriate policy clearly defining the actions to be taken to promote a low-emission economy, taking into account currently available technical solutions. The policy will also involve devising a method for monitoring and preventing incidents that may occur during construction work as well as while using the Group's equipment and repair base. In this respect, the Group operates on the basis of various other internal regulation.

In addition to conducting business in accordance with internal procedures, the implementation of every investment requires meeting the requirements of generally applicable law in the area of the environment or construction law contained in, for example, the environmental decisions issued for implemented construction contracts.

## E2-2 Actions and resources related to pollution

The ZUE Group makes every effort to ensure that its business activities do not have a negative impact on the natural environment. The Company's operations are conducted in accordance with, among other things, the ISO 14001:2015 "Environmental Management System" standard and the internal Quality, Environmental, Occupational Health and Safety Management Policy. Our priority is to constantly improve and refine our activities to prevent and reduce pollution and emissions into the atmosphere. Our activities comply with the environmental regulations contained in various laws and legislative acts as well as those stipulated in the individual guidelines of the contracting authorities connected with particular investments.

The Group monitors pollution-related matters and reports data on unavoidable pollution to KOBIZE and WIOŚ on a regular basis. The Environmental Protection and Guarantee Department is responsible for collecting such via developed control activities.

Internal regulations directly or indirectly dealing with the prevention of air, water and soil pollution:

- | IBWR 28 - Use of mixtures, chemical substances and hazardous materials,
- | Procedure within the Integrated Management System (IMS) - KP.W.05\_OHS management and environmental management,
- | Procedure within the IMS - PW.05.3\_readiness to respond to accidents in the workplace and failures,
- | Organizational waste management procedures (7). (7).

The main sources of pollution in ZUE Group's operations are construction sites and transport and special equipment (Cracow). Potential sources of pollution may include:

Air:

- | unavoidable, unplanned gas emissions, the sources of which are the combustion engines of construction machines and transport vehicles,
- | small, point source emissions of dust from earthworks during construction work, the movement of soil, the storage and screening of aggregates, and the crushing of materials from demolitions. These pollutants are short-term and variable in character and, therefore, unmeasurable,
- | low-level gas emissions generated by the cutting and welding of steel,
- | use of air conditioning systems.

Water/soil:

- | emergency leaks [oil derivatives] occurring during the operation of construction/railway equipment,

- | emergency leaks resulting in the contamination of groundwater, which may occur through the improper storage of construction chemicals, used oils, cleaning agents, or the packaging for these materials,
- | excessive sewage contamination, in particular sewage discharged into watercourses after cleaning its equipment and repair facilities, in accordance with its issued water permit,
- | improperly stored, hazardous materials from demolitions, e.g. used railway sleepers before they are sent for disposal by specialized units,
- | incidents occurring when construction machinery is cleaned in places not designated for this purpose, e.g. concrete mixers near watercourses.

The ZUE Group endeavours to combat air, water and soil pollution and reduce the likelihood of their occurrence by means of the following measures:

Avoiding pollution:

- | maintaining its mechanical devices in good condition,
- | maintaining its real estate and infrastructure - utility buildings, office buildings - in good condition,
- | ensuring that places where materials are stored are properly secured, ensuring such materials do not penetrate into the soil, water,
- | providing a specially designated place for storing hazardous materials and transferring them to specialist entities for disposal,
- | in the event of any fault or failure, taking steps to immediately eliminate its effects, carry out an analysis of the event and provide conclusions to help prevent similar events occurring in the future,
- | ensure that employees handling substances that may constitute sources of contamination observe the relevant instructions regarding the safe performance of tasks, including "IBWR 28 - use of mixtures, chemical substances and hazardous materials,
- | The Group requires subcontractors on construction sites to undertake measures in the area of environmental protection contained in the ZUE S.A. Contractor's Code.

Reducing pollution:

- | replacing, in the long term, the vehicles and machines used in its operations with low-emission alternatives.

The Group is carrying out the above actions on an ongoing, continuous basis and will continue to do so in the future.

The above actions are intended to mitigate both the risk associated with possible breaches of environmental regulations as well as the risk associated with their impact on the natural environment.

### E2-3 Targets related to pollution

At the date of the publication of this report, the ZUE Group has not set any pollution-related targets. The Group plans to implement an appropriate pollution policy and targets after conducting the appropriate analyses. The priority of the ZUE Group is to achieve the Group's business goals by preventing and reducing air, water and soil pollution to the maximum extent possible.

### E2-4 Air pollution

#### Air

According to the information contained in point E2-2, the air pollution generated by the Group comes from the following sources:

- | UNMEASURABLE, dust emissions (dustiness) caused by earthworks, the transport and storage of aggregates, the movement of vehicles on the construction site, and the cutting of building materials. These emissions are local, unplanned, short-term, transient and variable in character, and as a consequence, it is not possible to calculate and determine the amount of dust released into the air during the performance of linear construction works. The above is confirmed by the provisions of the Environmental Decisions issued for individual contracts.

The levels of dust emissions associated with this part of the Group's operations have not been reported.

The aim is to limit excessive concentrations of dust and dirt by maintaining storage yards and access roads in a condition that limits dust, i.e., by means of the following:

- hardening of construction sites and roads on construction sites with broken aggregate, the use of concrete slabs or other materials that limit the dispersion of small particles into the air,
- keeping hardened storage yards clean,
- maintaining humidity on temporary access roads at constant levels by condensing water during high temperatures and droughts,
- transporting bulk materials (aggregates) in vehicles secured with tarpaulins,
- limiting the amount of soil spreading from construction sites on vehicle wheels (by washing wheels, cleaning access roads to the construction site),
- fully fencing construction sites in sensitive areas, thereby creating a barrier against the spread of dust and dirt.

MEASURABLE emissions from the Group's operations, resulting in air pollution, including:

- emissions caused by the use of electrodes and welding wires,
- the use of refrigerants – release of fluorinated greenhouse gases (F-gases) and ozone depleting substances, abbreviated as ODS, into the atmosphere.

In 2024, the Group identified and reported to the National Centre for Emission Balancing and Management (KOBiZE) the following total amounts of pollutants released into the atmosphere:

TOTAL AIR EMISSIONS IN 2024		
No.	Name of released substance	Amount of air emissions [kg]
<b>1</b>	<b>electrodes, welding wire</b>	
1.1.	Nitrogen oxides (NO)	0,071
1.2.	Carbon monoxide (CO)	0,237
1.3.	Particulate matter	0,837
1.4.	Sulphur oxide (SO)	-
1.5.	Non-methane volatile organic compounds (NMVOC)	-
1.6.	Polycyclic aromatic hydrocarbons (PAH) -	-
<b>2</b>	<b>refrigerants (f-gases)</b>	
2.1.	HFC-134a	24,500
2.2.	HFC-1234yf	4,300

According to the reports submitted to KOBiZE, ZUE S.A. pays environmental fees.

The quantities prepared in the summary table were calculated on the basis of the following:

- Consumption of consumables by the Railway Services Department workshop and the Transport Services Department workshop in the form of EBI146 electrodes with a diameter of 3.25 mm and welding wire with a diameter of 1 mm (the emission level was calculated by multiplying the amount of materials consumed by the emission factors (NO, CO, dust).
- Consumption of refrigerants used in the workshop of the Transport Services Department for the maintenance and servicing of air conditioning systems in motor vehicles and mobile air conditioning devices (on an annual basis).

The managers of the above-mentioned organizational units submit annual quantitative data to the environmental protection and guarantee department.

### Fossil fuels

Fuel combustion in combustion engines takes place within the framework of contracts. The main sources of consumption from locomotives, track tampers, other specialist equipment and passenger vehicles.

Fuel data has been converted into CO<sub>2</sub> emissions in point E1-5 as part of the carbon footprint calculations in scope 1.

### Soil / water

In 2024, no incidents/failures that could have resulted in soil or water contamination were reported or encountered in the organization.

Inspections of construction sites and the Group's equipment and repair facilities, conducted in the reporting year by an environmental protection specialist and the Contracting Authorities to check compliance with environmental protection regulations, did not reveal any irregularities in the storage of materials, including hazardous materials that pose a potential threat to the environment.

In 2024, hazardous materials - mainly old railway sleepers (92% of the total amount) - were temporarily stored on construction sites and in the Group's equipment and repair base, after which they were transferred for disposal by external entities specializing in this field.

The Group does not report the amount of its pollutants entering the soil or waterways.

It does, however, report to the Polish Waters and Provincial Inspectorate for Environmental Protection (WIOŚ) on the quality of treated sewage from its own equipment and repair base, which is released into the local watercourse.

In accordance with the water permit issued it has been issued, ZUE conducts regular tests of the quality of the water discharged in this way.

Sampling and testing are carried out on behalf of the company by an accredited laboratory with a quality system developed in accordance with the PN-EN ISO/IEC 17025:2018-02 standard.

The reports it submits to both Polish Waters and WIOŚ and, as a consequence the fee it pays for its exploitation of the environment, are based on the results of tests determining levels of, among other things, heavy metals, chlorides, sulphates, and phenols.

## 51. E5 Resource use and circular economy

### E-5. IRO -1 Description of the processes to identify and assess material impacts, risks and opportunities

Based on the double materiality assessment, the following impacts and risks were identified within scope E-5:

- | operational risk connected with the volatility of prices of raw materials and liquid fuels,
- | the reuse of materials,
- | the generation of construction waste, including hazardous waste.

The double materiality assessment did not identify any material opportunities related to the circular economy.

The methodology for the double materiality assessment is described in Part ESRS 2 of IRO-1. The Group did not conduct any other analyses in this area.

In its business activities the Group uses construction materials such as aggregates, concrete, rails and other steel elements, as well as copper. Concrete, steel products, and aggregates have the greatest impact on the environment. Its key materials and quantities are listed in point E5-4. Decisions regarding the purchase of construction materials do not take into account requirements other than those resulting from public procurement and design requirements.

The Group, to the extent possible documented in its contracts, takes steps to recycle materials.

The construction projects carried out by the Group generate waste, including hazardous waste.

The value chain was taken into account when identifying and assessing material impacts, risks and opportunities.

The Group carried out no consultations in this area.

### E5-1 Policies related to resource use and circular economy

At the time of publication, the ZUE Group had no policy in place regarding resource use and the circular economy. The Group plans to implement an appropriate policy in this area by the end of 2026 after conducting all the necessary analyses.

The Group monitors resource use and the circular economy, while data on waste is periodically reported to Marshal's Offices in accordance with the regulations. The Environmental Protection and Guarantee Department is responsible for collecting data in this area through its own control activities.

Internal regulations that directly or indirectly concern resource use and the circular economy:

- | Procedure for handling waste and hazardous waste (including scrap and returnable packaging) generated during the performance of the contract - 6 procedures.

- | Procedures for organizing materials and equipment management, including a resource liquidation procedure; a work clothing and personal protective equipment management procedure.

In addition to conducting business in accordance with internal procedures, implementing each investment involves meeting the requirements of generally applicable environmental or construction law, as well as more specific requirements regulating resource and waste management connected with the implemented investments (guidelines from the contract documentation).

## E5-2 – Actions and resources related to resource use and circular economy

Group activities addressing significant impacts and risks related to resource use and the circular economy:

**Material risk** - the operational risk connected with the volatility of raw material and liquid fuel prices.

In the construction activities carried out by the Group, construction materials such as steel products, aggregates, copper products, concrete are used in significant quantities. Due to fluctuations in the prices of these materials, the Group's companies are exposed to the risk of higher prices of materials in the short, medium and long term. In order to mitigate the above risk, the Group maintains long-term relationships with proven suppliers of construction materials and, where possible, concludes long-term contracts for their supply.

**Material impact** - reuse of materials.

The impact of the reuse of resources is tied to the impact of the risk of volatility in raw material prices. The Group can reduce the risk of price increases by reusing materials.

The reuse of material is determined (depending on the particular case) by the project and the specifications, which may explicitly state that the use of demolition waste (e.g. track aggregate) is permitted provided that it meets the appropriate technical requirements. Consent to use demolition waste must be issued by the Investor (e.g. PKP PLK). The use of such material requires the prior approval by the Investor. Such approval requires checking that the material complies with the requirements set out in the documentation.

The planned use of recycled materials in construction projects is also associated with risk. In particular, if a certain percentage of demolition waste is included at the bidding stage, but this turns out to be impossible during implementation, two material risks arise:

- | Higher costs arising from the need to purchase new materials

If the use of demolition waste proves impossible, the Group will be forced to purchase new raw materials. This may result in higher investment costs, which will directly affect the profitability of projects. The Group wishes, as far as the contract documentation allows, to reuse materials to the maximum possible extent. In the future this may translate into improved margins.

- | Risk of volatility of prices of building materials

A long time may pass from the moment a bid is submitted to the moment the materials are actually required for the implementation of the investment.

If prices of construction materials increase rapidly the need to purchase new raw materials instead of recycled materials may result in considerable deviations from the original budget.

The Group is undertaking certain activities in the area of the circular economy, including:

- | waste recovery on construction sites and the reuse of key materials such as aggregates, steel elements, concrete elements.
- | developing materials recovered from construction sites, e.g. cleaning track ballast via one technological process (track cleaner) and re-installing it on the rail road.

**Material impact** - generation of construction waste, including hazardous waste.

The Group generates waste on construction sites – mainly in the form of aggregates, concrete and other construction waste. It also generates waste considered to be hazardous, such as used wooden railway sleepers.

The Group places maximum emphasis on reusing demolition materials, such as soil, aggregates, steel elements, concrete structures, thereby limiting the amount of waste it generates. Other materials unfit for use are transferred to specialized entities, which issue appropriate declarations that waste (including hazardous waste) has been

disposed of in a safe manner. The Group has implemented waste handling procedures and informs the appropriate institutions of its waste.

The Group believes there is a risk of higher waste disposal costs in the future. This may be a consequence of increasing prices of services in the economy. Another cause may be the limited number of entities specializing in waste disposal and the planned infrastructure investments requiring considerable outlays. Penalties resulting from a failure to take appropriate action in the area of waste management are also possible. The Group mitigates the potential risk by seeking long-term cooperation with entities from the waste disposal industry, while at the same time taking advantage of the scale of the Group's operations. By complying with both external and internal regulations, the Group has developed an effective and transparent approach to waste-related issues, thereby reducing the risk of potential penalties.

The Group limits the impact of the construction waste it generates, including hazardous waste and waste in the supply chain (construction) through its cooperation with subcontractors in this area, as well as by monitoring activities and inserting appropriate clauses in its contracts.

### E5-3 Targets related to resource use and circular economy

At the date of the publication of this report, the ZUE Group did not have any targets related to resource use and the circular economy. The priority of the ZUE Group is to achieve its business goals with the maximum use of available resources in a transparent manner, including in the area of waste management. Despite having no policies or targets, the Group has undertaken a number of safe management initiatives regarding waste and resources (information provided in point E5-2).

### E5-4 Resource inflows

The Group's main area of operations comprises investments in the area of infrastructure construction. To perform the tasks entrusted to it, the most important materials and raw materials in terms of weight, volume and value are as follows:

#### Key resource inflows in the organization in 2024 by type

Type	Weight [Mg]
Rails	5,582
Crushed stone and aggregate	365,168
Contact wire	112
CU rope	63
Railway turnouts	3,021
Vibration-insulating mat	14
Pre-stressed concrete sleepers	35,342
Ready-mixed concrete	35,540
Steel structures for traction network	277
Traction equipment	111
Construction chemicals for grouting	328
Tramway slabs	2,849

The above data comes from direct measurements. The data concerns purchased goods and materials. The total weight of the above materials is approx. 448,000 tons. Approximately 368,000 tons of key construction materials were used per PLN 1 million in revenues generated by the Group in 2024.



The materials used in the implementation of construction projects have the required quality certificates and meet the necessary material standards.

The above materials, as well as other construction materials used on current construction sites, are built over during construction processes. As a consequence, the Group does not manufacture individual products. On the other hand, the trading company Railway gft, offers finished products without processing them.

Below is a summary of the most important categories of product and material inflows into the organization in 2024.

Resource inflows into the organization	Unit	2024
Total weight of product inflows into the organization *	Mg	47,700
Total weight of technical material inflows into the organization	Mg	400,708
Total weight of reused or used components, reused semi-finished products and secondary raw materials used to produce products and services (1)	Mg	75,250
Total weight of biological material inflows into the organization	Mg	0
including those from sustainable sources	Mg	0
Total weight of technical and biological material inflows into the organization	Mg	400,708
Total weight of products, technical materials, biological and recycled materials	Mg	523,658
Percentage of bio-based materials originating from sustainable sources	%	0
Percentage of recycled materials	%	14

(1) Demolition waste - for redevelopment [aggregate, earth]

The above data is based on direct measurements. The data concerns purchased goods and materials.

## E5-5 Resource outflows

The main final product of the Group is modernized or new transport routes (railways and trams). The construction materials referred to in point E5-4 are used in the construction of these routes. To a limited extent, the Group uses some of these resource inflows for its own needs. Moreover, the companies in the ZUE Group are not manufacturers of products and, as a consequence, apart from waste, no other resource outflows from the organization are identified and recorded.

When building or modernising rail or tram transport routes, the Group utilizes solutions that support the circular economy, e.g.:

- | the use of durable building materials in construction that can be recovered and reused during the demolition of buildings,
- | the use of long-life devices that can be repaired whenever possible,
- | the recovery, and, where possible, reuse of materials on construction sites.

Generated waste is stored in accordance with current waste regulations and internal procedures.

This waste is transferred to authorized recipients - companies in possession of waste management licences. The Group controls and monitors the waste management process through, among other things, its BDO Manager system. It also monitors the scope of activities actually performed by subcontractors as part of its implementation of concluded contracts.

At the beginning of construction work, an assessment is made of the materials with regard to their suitability for reuse. Based on this assessment the Group, jointly with the Contracting Authority, divides materials to be demolished into materials that can be reused on a particular construction site, materials that should be transferred to the Contracting Authority for its use, and materials that can be reused or which constitute waste.

The data presented in the table below are based on the final data provided by waste recipients. The data below has been registered in the BDO system. The data below do not include resource outflows in Romania.

Item	Unit	2024
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<b>1</b>	<b>WASTE EARMARKED FOR RECOVERY</b>		
<b>1.1.</b>	<b>Hazardous waste</b>		
1.1.1.	Preparation for reuse	Mg	0.0
1.1.2.	Recycling	Mg	5.2
1.1.3.	Other recovery processes	Mg	0.0
<b>1.2.</b>	<b>Non-hazardous waste</b>		
1.2.1.	Preparation for reuse	Mg	32.4
1.2.2.	Recycling	Mg	608.1
1.2.3.	Other recovery processes	Mg	647.1
	<b>Total amount of waste earmarked for recovery</b>	<b>Mg</b>	<b>1,292.7</b>
<b>2</b>	<b>WASTE EARMARKED FOR DISPOSAL</b>		
<b>2.1.</b>	<b>Hazardous waste</b>		
2.1.1.	Combustion	Mg	137.9
2.1.2.	Storage	Mg	0.0
2.1.3.	Other disposal processes	Mg	3.1
<b>2.2.</b>	<b>Non-Hazardous waste</b>		
2.1.1.	Combustion	Mg	16.8
2.1.2.	Storage	Mg	1,222.1
2.1.3.	Other disposal processes	Mg	0.6
	<b>Total amount of waste earmarked for disposal</b>	<b>Mg</b>	<b>1,380.5</b>
	Total amount of radioactive waste	Mg	0.0
	Hazardous waste for which there is no information on the method of its recovery or disposal	Mg	0.0
	<b>Total amount of waste transferred</b>	<b>Mg</b>	
	Total hazardous waste generated	Mg	146.2
	Total non-hazardous waste generated	Mg	2,527.1
	<b>Total amount of waste generated</b>	<b>Mg</b>	<b>2,673.3</b>
	Total amount of waste recycled	Mg	613.3
	Total amount of non-recycled waste	Mg	2,060.0
	Percentage of non-recycled waste (%)	%	77.1

Waste generated by the ZUE Group mainly comprises concrete and concrete rubble, as well as steel scrap. The waste comes from construction contracts.

The company does not calculate the content of recyclable materials in its products due to the specific nature of its business, which includes the construction of railway track and accompanying infrastructure. Due to the complexity of construction processes and the variety of materials used, it is not possible to precisely calculate such an indicator.

The total weight of the above resource outflows amounts to 2,673 tons. Resource outflows per PLN 1 million of the Group's revenue amounted to approximately 2.2 tons in 2024.

## INFORMATION REGARDING SOCIAL ISSUES

### 52. S1 Employees in the ZUE Group

#### S1. SBM-2 Interests and views of stakeholders

One key resource that has an impact on the activities of the ZUE Group and which at the same time is a major factor in its success are its employees. To attract new employees and at the same time be an attractive employer for its current workforce, we attach great importance to such issues as employee rights, ensuring a clear and transparent remuneration system, promoting appropriate working conditions, providing non-wage benefits, and enabling professional development. Operating on the basis of generally recognized social norms and values in the areas of employment and HR policy, the ZUE Group is guided by the principle of equal treatment both in its recruitment processes and in employee relations. The Company engages in dialogue with its employees through a trade union organization that represents their interests and rights.

The basic channel of contact between the organization and its employees is meetings, including regular operational meetings. Some meetings (especially in smaller groups) are held online. When implementing new initiatives the Group takes into account employee opinions expressed, among other things, during such meetings. It also communicates with its employees via company e-mail. Another channel of communication is newsletters sent to employees.

Employees also took an active part in the double materiality assessment process. The aim of the employee survey was to identify and analyse key issues related to sustainable development, which may be significant both for the Group's operations and for employees as stakeholders.

#### S1.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

By ensuring staff appropriate working conditions, providing an attractive place to work and opportunities for professional development the Company is able to implement services of the highest quality and on time. The key issues for employees are employment stability, good working conditions and attractive remuneration. These factors help reduce employee turnover and attract new people to the organization.

The Company takes care of its corporate culture, treating it as a factor that helps promote employee integration. Among other things, it addresses the need for self-fulfilment and contributes to feelings of security.

A detailed breakdown of employee characteristics can be found in points S1-6 below. According to the results of the double materiality assessment, the following issues were identified as important from the perspective of the company's employee resources

- | Attractive working conditions,
- | Access to training for employees,
- | Potential accidents at work.

The above issues are addressed in point ESRS 2 SBM-3.

No activities in which employees might be at risk of forced labour, compulsory labour or child labour have been identified in the ZUE Group.

#### S1-1 Policies related to own workforce

Currently, ZUE S.A. has a number of internal rules and norms in place constituting company policy. These rules and norms regulate the organization, the way it functions and the directions and goals of its operations. Their purpose is to ensure the company operates efficiently and the well-being of its employees is ensured. The company's internal policy provides equal treatment for employees as well as a sense of employment security. At the same time it ensures that the employer's interests are respected. Internal regulations concern many aspects of the Group's functioning and apply to all employees. The most important of these are as follows:

1. Organizational Regulations and Organizational Procedures;
2. Work Regulations;
3. Collective Labour Agreement;
4. Ethical Management Policy;
5. Personal Data Security Policy;
6. Correspondence Retention Policy;
7. ZFSS (Company Social Benefits Fund) Regulations;
8. Internal Control Regulations;
9. Quality, Environmental, Occupational Health and Safety Management Policy and ISO Procedures;
10. Internal Regulations on Occupational Health and Safety.

Training at ZUE S.A. is regulated by the Training and Development Manual. The procedure concerns human resource management and is part of ISO Procedures. Training plans are prepared annually by individual organizational units of the Company, in accordance with needs. All employees are informed of internal regulations following their adoption via official e-mail. In the case of employees who have no access to official e-mail (which applies to most working positions), the said document is brought to their attention by their official superior. After their adoption and publication these internal regulations are available on the Company's network drive. In connection with the adoption of certain regulations, internal training is organized for employees or educational materials are prepared and made available.

One chapter in the organization's Ethical Management Policy concerns Human Rights Policy. The purpose of the Human Rights Policy is to promote respect for human rights, provide effective protection, minimize the effects of violations and prevent such violations. The Human Rights Policy was prepared on the basis of, and in accordance with both national and international regulations, including:

- | OECD Guidelines for Multinational Enterprises on Responsible Business Conduct;
- | (UN) Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect, Remedy" Framework;
- | The principles and rights set out in the eight fundamental conventions featured in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work;
- | The principles and rights set out in the International Bill of Human Rights;

Respect for human rights is one of the foundations of ZUE's sustainable development. It is expressed, among other things, through the implementation and application of its Ethical Management Policy, in particular in the chapters entitled.:

- | Internal procedure for reporting irregularities and protection of whistleblowers;
- | Anti-mobbing Policy;
- | Anti-discrimination Policy;
- | Human Rights Policy.

All of the above provide protection and grant rights not only to persons employed in the Company under employment contracts, but also in non-standard forms of employment.

In its Ethical Management Policy, ZUE declares its commitment, among other things, to the following:

- | making decisions relating to the development and professional advancement of employees based on objective criteria;
- | preventing violations of human rights, including by respecting the dignity of each employee, and striving to create a diverse workforce;
- | providing employees with safe and hygienic working conditions;
- | respecting the rights of employees to form trade unions and freely associate in trade unions;
- | respecting employees' right to privacy;
- | taking care of the well-being of employees;
- | recognizing the right of employees to express their opinions on issues that concern them;
- | complying with generally applicable laws and internal regulations concerning employees' rights;

| complying with the principles of fair competition.

In its Human Rights Policy the company declares that it does not tolerate human trafficking or forced, compulsory or child labour.

In its Ethical Management Policy, ZUE S.A. recognizes its responsibility for shaping and fostering appropriate relationships in the workplace, based on mutual respect. The company supports activities that facilitate building positive relationships between employees.

The Company has a zero tolerance policy when it comes to mobbing (as expressed in its Anti-Mobbing Policy). Its Anti-Mobbing Policy contains, among other things, a definition of mobbing, establishes channels for reporting mobbing, specifies the procedure for identifying cases of mobbing, and also provides for the establishment of an Anti-Mobbing Committee, whose task is to conduct proceedings initiated on the basis of reports of mobbing. Its Anti-Mobbing Policy ensures that all anti-mobbing procedures remain confidential, provides protection against retaliatory measures for those reporting cases of mobbing, specifies the time frame for the proceedings, and in the event that an act of mobbing is confirmed, provides corrective actions and sanctions for those individuals guilty of mobbing. In addition, in 2024, the Company's employees were provided with training within the scope of the Anti-Mobbing Policy.

ZUE S.A. also has a zero-tolerance policy when it comes to discrimination (as expressed in its Anti-Discrimination Policy). The Group's Anti-Discrimination Policy includes a number of definitions regarding, e.g., discrimination (including direct and indirect discrimination), harassment and sexual harassment. The document is not limited to combating discrimination taking into account a closed list of discrimination criteria, but only lists examples of discrimination criteria. Its Anti-Discrimination Policy establishes channels for reporting discrimination, specifies the procedure for recognizing them, and also establishes an Anti-Discrimination Committee, whose task is to conduct proceedings initiated on the basis of reports of discrimination. The Anti-Discrimination Policy ensures the confidentiality of the procedure, provides protection against retaliatory actions for persons reporting discrimination, specifies the timeframe for the proceedings, and, in the event of a case of discrimination being confirmed, additionally provides corrective measures and sanctions for those persons guilty of discrimination. In 2024, the Company's employees were provided with training in the Company's Anti-Discrimination Policy.

Besides its Anti-Discrimination Policy and the Description of Values in the Company Regarding Relationships Between Employees and with Contractors (one of the chapters of its Ethical Management Policy), the Company has no other specific obligations with regard to the social inclusion of particularly vulnerable groups.

Under its Human Rights Policy employees, contractors and all other persons can report irregularities, including violations of human rights. Reports may be made anonymously. The principles of reporting irregularities and further procedures initiated on the basis of reports are regulated by the chapter of the Ethical Management Policy entitled 'Internal procedures concerning reports of irregularities and protecting whistleblowers.'

## S1-2 Processes for engaging with own workers and workers' representatives about impacts

The organization and procedures of work process with the related rights and obligations of the employer and employees are set out in an internal document, i.e. the Work Regulations, with which each newly hired employee of the Company is made familiar.

ZUE S.A. staff employed in non-manual positions as well as those holding managerial positions (foremen) have their own scope of official duties, both basic duties and more particular tasks, connected with their specific positions. To streamline and standardize the way employee matters are handled, in particular with regard to the hiring, onboarding and, dismissing of staff as well as changes in the terms of their employment, the Group introduced the Personnel Manual (Human Resources Management procedure). The purpose of the Personnel Manual is to ensure the efficient implementation of the company's tasks by defining and standardizing the rules for hiring and training newly hired staff.

As part of the onboarding process, each newly hired employee recruited for a non-manual position participates in training in the areas of occupational health and safety, personnel matters, environmental protection, the Group's IT system, personal data processing, and ethical management and is familiarized with their work station. Employees in manual positions receive training in occupational health and safety and personnel matters, and are likewise familiarized with their work station.

Changes in the terms of a staff member's employment are made on the basis of a completed change form, on which the applicant proposes alterations to the said terms of employment together with justification for them. The form is then approved by the divisional director, HR director, and the changes are finally approved by the CEO/Deputy.

A trade union operates in the Company, which employees can join and which represents their rights and interests. The trade union supervises compliance with labour law and participates in monitoring compliance with occupational health and safety regulations and principles. The employer cooperates with the company trade union in individual employment matters and consults with the union on planned changes to internal regulations, such as changes in the bonus regulations in the Collective Labour Agreement, changes to the Work Regulations, changes to the Rules of the Company Social Benefits Fund (ZFSS). The Group also consults the trade union on the content of its Internal Procedure for Reporting Irregularities and Whistleblower Protection, which is one of the chapters of the Ethical Management Policy.

The task of the appointed Occupational Health and Safety Committee is to review working conditions, periodically assess the state of occupational health and safety, issue opinions on the measures taken by the employer to prevent occupational diseases and accidents in the workplace, formulate conclusions regarding improvements in working conditions and assist the employer in implementing its obligations in the area of occupational health and safety. The appointed Social Labour Inspector represents the interests of all employees. The Inspector's role is to monitor working conditions, monitor compliance with labour law regulations, help ascertain the circumstances of any accidents in the workplace and take steps to improve working conditions.

The scope of the employer's cooperation with trade unions as well as the scope of all necessary consultations are regulated by the Labour Code. Such cooperation takes place according to the principles and in the manner specified by the regulations. The person responsible for ensuring cooperation between the trade union and ZUE S.A. is the HR director.

ZUE S.A. has a positive opinion of its cooperation with the trade union operating in the company.

### S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

ZUE employees have the opportunity to use internal procedures to report irregularities, including in the form of discrimination and mobbing.

The compliance officer is responsible for handling reports of irregularities, including mobbing or discrimination.

ZUE provides the following channels for employees to report complaints of mobbing, discrimination or other violations :

- | in writing (in traditional form) to the company's registered office address;
- | or via e-mail, to [etyka@zue.krakow.pl](mailto:etyka@zue.krakow.pl);
- | via the contact form on the company's website, which also allows for reports to be made anonymously. It is also possible to contact the compliance officer directly at the company's registered office (by prior appointment).

One of the topics discussed during employee training in connection with the Group's Anti-Discrimination Policy, Anti-Mobbing Policy and Internal Procedure for Reporting Irregularities and Protecting Whistleblowers was the available channels for reporting violations within the procedures in question. On their first day of employment, the Company informs new staff members about the available channels for reporting irregularities and the procedures governing their clarification. The employer has not received any objections regarding the solutions it provides.

The rules for protecting persons reporting irregularities are disclosed in part G1-1.

Furthermore, in accordance with the Work Regulations of ZUE S.A. employees may submit their complaints, requests and proposals regarding employee matters directly to the HR Director. Within the scope of their duties, one of the basic duties of employees (in the case of persons in non-manual or foreman positions) is to immediately report any problems, including cases of abuse.

The Company has a positive opinion of the effectiveness of its corrective measures.

### S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The most important steps taken by the ZUE Group to achieve its business goals include ensuring human potential, i.e. recruiting personnel with the required qualifications, optimizing existing human resources, providing employees with stable and safe employment conditions - based on an employment contract and attractive remuneration terms, including incentive schemes. Much attention is paid to developing employee competences, including soft skills. In 2024, a number of training courses were organized at ZUE S.A. in the following areas: time management, effective communication in a team, emotions in business, managing emotions and conflicts, delegating tasks, training in critical thinking, and mental resilience. Employees rated the organization of such training courses very highly in terms of their usefulness.

They regarded the training courses as necessary, improving their competences in the areas of team communication, delegating tasks and critical thinking. They also positively assessed the trainer in terms of the knowledge he provided, his ability to raise awareness of the above topics, as well as the form of the workshops. The workshops also played an integrative role for members of the company's teams/departments, which helped improve cooperation within the framework of their current duties and the challenges of their everyday work.

Annual training plans are tailored to the needs of the organization and the capabilities of its employees. Training applications are submitted by the managers of organizational units (production directors, in the case of contracts) and apply to all employees. Training plans prepared within particular organizational units are sent to the HR office. Of importance here are an individual approach to employees, good communication and good relations with employees. Employees are offered a number of benefits: private health care, life insurance, multisport cards, tickets to cultural events, swimming pool passes, subsidized leisure, organized trips, housing loans, loans from the welfare and loan fund, holiday bonuses, and non-refundable allowances.

The Company strives at all times to improve working conditions. In order to achieve the above-mentioned goals, it constantly monitors the employment status of its employees in relation to the current needs of the contracts being implemented, analyses health and safety matters, employee turnover, remuneration issues and implements training plans. Additionally, from 2025, ZUE S.A. plans to introduce a periodical assessment of employee competences, the purpose of which will be to summarize work performed in a given year, appreciate the contribution and commitment of employees and plan how to develop certain activities where necessary.

The office building that also functions as the Company's headquarters has been undergoing modernisation for several years now. The changes being made are intended to increase the comfort of the workplace for employees, as well as raise the standard of the Group's office and social premises.

The Group has not identified any of its own practices that have had, or contributed to significant negative impacts on its own employee resources, including, where appropriate, practices connected with supply management, sales and the use of data.

### S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

At the time of the publication of this report, the ZUE Group had no formalized or set goals for managing material negative impacts, increasing positive impacts and managing significant risks and opportunities regarding its own employee resources. The priority of the ZUE Group is to achieve its business goals by preventing and mitigating negative impacts as much as possible, while at the same time increasing positive impacts. Its main priorities include: maintaining optimal employment levels, reducing employee turnover, recruiting employees with the required skills, ensuring continuous development of employee competences, implementing training plans, creating a friendly and safe work environment in which employees feel comfortable, appreciated and respected, and there is open communication, cooperation and a healthy work-life balance.

The Company is considering adopting a policy for managing material impacts, risks and opportunities connected with its own workforce, after conducting the necessary analyses.

The Company monitors remuneration levels by gender and aims to reduce the pay gap. In 2024, the equal pay ratio was 7%, compared with 11% in 2023.

The Company also monitors the implementation of its training plans.

The Company monitors employee safety. Each year, it incurs expenditure on actions aimed at increasing safety levels. The goal is to improve occupational safety and reduce hazards. These objectives are to be achieved by:

introducing preventive measures for the organization's workforce.

ensuring more effective supervision of its workforce when the latter are performing hazardous work.

## S1-6 Characteristics of the undertaking's employees

Own resources consist mostly of employees (people employed under an employment contract) and to a lesser extent, people working under mandate contracts and cooperating on the basis of B2B contracts.

As at 31 December 2024, the Group employed 792 employees (together with 15 Romanian employees), including 163 women and 629 men, under an employment contract.

Out of the total number of employees, 410 individuals hold white-collar positions while 382 are employed in blue-collar roles.

It is not the company's policy to use forms of employment other than employment contracts. Mandate contracts and cooperation agreements are concluded occasionally and pertain to specific situations. The Group does not employ any temporary workers. The information presented in this report includes the data for the entire Group (ZUE S.A., Energopol, Railway gft) or ZUE S.A.

Number of employees by type of employment contract at the end of the reporting period (in persons):

Type of contract	Sex	ZUE S.A.		Group	
		2024	2023	2024	2023
employment contract for indefinite period	F	113	111	134	132
	M	513	547	555	594
<b>Total</b>		<b>626</b>	<b>658</b>	<b>689</b>	<b>726</b>
employment contract for definite period (including trial period contracts)	F	27	48	29	49
	M	65	119	74	132
<b>Total</b>		<b>92</b>	<b>167</b>	<b>103</b>	<b>181</b>

Number of newly hired employees/employees who left the company (in persons):

Item	Sex	ZUE S.A.		Group	
		2024	2023	2024	2023
Number of newly hired employees	F	14	44	16	53
	M	30	100	38	122
<b>Total</b>		<b>44</b>	<b>144</b>	<b>54</b>	<b>175</b>
Number of employees who left the company	F	33	27	34	31
	M	116	88	132	107
<b>Total</b>		<b>149</b>	<b>115</b>	<b>166</b>	<b>138</b>

Age structure of newly hired employees:

Item	ZUE S.A.		Group	
	2024	2023	2024	2023
20-30	17	66	19	74
31-40	15	31	18	38
41-50	5	36	6	45
51-60	3	3	6	8
61+	4	8	5	10
<b>Total</b>	<b>44</b>	<b>144</b>	<b>54</b>	<b>175</b>

Age structure of employees who left the company:

Item	ZUE S.A.		Group	
	2024	2023	2024	2023
20-30	35	33	38	35
31-40	45	30	47	35



41-50	29	31	33	37
51-60	17	5	20	12
61+	23	16	28	19
<b>Total</b>	<b>149</b>	<b>115</b>	<b>166</b>	<b>138</b>

Employment structure within the ZUE Group by category of activity:

Item	ZUE S.A.		Group	
Category	2024	2023	2024	2023
Management and administration	183	196	199	212
Sales marketing	23	23	32	32
Production	331	375	372	423
Engineers and technicians	181	231	189	240
<b>Total</b>	<b>718</b>	<b>825</b>	<b>792</b>	<b>907</b>

Education structure within the ZUE Group by education:

Item	ZUE S.A.		Group	
Education	2024	2023	2024	2023
Elementary	67	86	69	91
Vocational	148	165	178	198
Secondary	168	189	185	208
Higher	335	385	360	410
<b>Total</b>	<b>718</b>	<b>825</b>	<b>792</b>	<b>907</b>

Employment structure within the ZUE Group by age:

Item	ZUE S.A.		Group	
Age	2024	2023	2024	2023
20-30	98	140	107	152
31-40	235	263	246	272
41-50	195	216	216	243
51-60	120	131	144	155
61+	70	75	79	85
<b>Total</b>	<b>718</b>	<b>825</b>	<b>792</b>	<b>907</b>

Throughout 2024, the companies within the ZUE Group were parties to civil law contracts concluded with 38 individuals. The aggregate gross remuneration paid under these contracts was PLN 452 thousand.

No temporary employees were hired by the companies within the ZUE Group.

At the end of 2024, ZUE S.A. employed six disabled persons who accounted for 1% of the Company's employment.

An average monthly salary at ZUE S.A. (including Romanian employees) for employees employed under employment contracts in 2024 was PLN 12.5 thousand; PLN 11.8 thousand for women and PLN 12.7 thousand for men. An average monthly pay of blue-collar workers in 2024 was PLN 9.4 thousand.

The ratio of the average wage in manual positions to the minimum wage in 2024 – 220% (220% in 2023).

The ratio of the average wage in manual positions to the average wage in the business sector in 2024 was 114%.

At the end of 2024, the Group companies employed 34 foreigners (excluding Romanian employees employed with the Romanian branch). An average monthly pay of the foreign employees was PLN 9.9 thousand.

The ratio of the average gross salary of women to the average gross salary of men at ZUE S.A. in 2024 was 93%.

The total amount of contributions to the State Fund for Rehabilitation of Disabled Persons (*PFRON*) in 2024 amounted to PLN 1,418 thousand (including PLN 1,331 thousand for ZUE S.A.).

There were no cases in 2024 in which a woman returned to work after childbirth and resigned within 12 months after the return.

The average length of service in the ZUE Group was 11.05 years in 2024 (10.83 years in ZUE S.A.) compared to 10.1 years in 2023.

In 2024, ZUE S.A. paid salaries under employment contracts in the gross amount of PLN 108,340 thousand (including individuals employed in Romania).

No penalties were imposed on ZUE S.A. in 2024 in the area of employee-related matters.



### Staff turnover at ZUE S.A.:

Staff turnover 2024	Average headcount	Number of departures	Turnover %
ZUE Management Board	6	0	0
regular non-manual	211.89	45	21.24
regular manual	357.95	62	17.32
senior management staff	46.9	6	12.79

Staff turnover 2024	Total	manual positions	non-manual positions	Women	Men	Fixed-term contracts	Open-ended contracts	Employees aged 40 or under	Employees aged 40 or above
Staff turnover 2024	Total	Manual positions	Non-manual positions	Women	Men	Fixed-term contracts	Open-ended contracts	Employees aged 40 or under	Employees aged 40 or above
Average headcount	765.07	357.95	407.13	148.99	616.08	128.17	636.90	367.51	397.57
Number of departures	149.00	62.00	87.00	33.00	116.00	65.00	84.00	82.00	67.00
Turnover %	19.48	17.32	21.37	22.15	18.83	50.71	13.19	22.31	16.85
middle management staff		50		8		16.00			
low level management staff		92.35		28		30.32			
Staff turnover 2023		Average headcount		Number of departures		Turnover %			
ZUE Management Board		5		0		0			
regular non-manual		212.05		40		18.86			
regular manual		395.18		50		12.65			
senior management staff		50.64		2		3.95			
middle management staff		52.81		4		7.57			
low level management staff		106.36		19		17.86			

We calculated staff turnover by dividing the number of departures in a given period (a given calendar year) by the average number of employees in the same period, and then multiplied this figure by 100.

### S1-7 Characteristics of non-employee workers in the undertaking's own workforce

As of 31.12.2024, the ZUE Group employed 13 people who did not conduct any business activity under civil law contracts (contracts of mandate), which constitutes 1.6% of the total number of the undertaking's employees (792 employees).

The subject of these contracts was mainly cleaning services in office buildings within the scope of construction contracts, consulting services, services supporting the preparation and completion of construction contract documentation, as well as inspections and maintenance of equipment.

### S1-8 Collective bargaining coverage and social dialogue

A Collective Labour Agreement has been in place at ZUE S.A. since 2016 and covers all employees of the Group., i.e. those employed under employment contracts, excluding the Management Board and the Chief Accountant. It also does not cover people employed under contracts of mandate. It covers Polish employees delegated to work in Romania, but does not, as a rule (does not result from the regulations), cover Romanian employees employed in Romania. However, the Company has decided that the rules regarding bonuses and motivational awards shall also apply to the latter. The Collective Labour Agreement for employees of ZUE S.A. also does not extend to its subsidiaries. Since the Agreement came into force, no individual/collective lawsuit has been filed. There is no financial risk. The parties to the agreement are the employer, ZUE S.A., and the trade union operating in the company.

Within the scope of collective rights and interests, trade unions represent all employees, regardless of their union membership. In particular cases involving employment relations, trade unions represent the rights and interests of their members, although additionally, at the request of a non-member, the trade union may also undertake to defend their rights and interests against the employer.

### S1-9 Diversity indicators

Information about male and female representation at the Company's Management and Supervisory Boards (the end of 2024):

Item	2024				2023			
	Management Board		Supervisory Board		Management Board		Supervisory Board	
	Number of people	%	Number of people	%	Number of people	%	Number of people	%
Women	2	33%	3	60%	1	20%	3	60%
Men	4	67%	2	40%	4	80%	2	40%
<b>Total</b>	<b>6</b>	<b>100%</b>	<b>5</b>	<b>100%</b>	<b>5</b>	<b>100%</b>	<b>5</b>	<b>100%</b>

\*The Management Board is the Company's top-level executive body.

Participation of men and women in the Company's managerial staff (the end of 2024):

Breakdown	Women	Men	Total
<b>Managerial staff by headcount*</b>	<b>39</b>	<b>133</b>	<b>172</b>
<b>breakdown of managerial staff (in %)</b>	<b>22.67%</b>	<b>77.33%</b>	<b>100.00%</b>
<b>% of managerial staff in a group</b>	<b>27.86%</b>	<b>23.01%</b>	<b>23.96%</b>
rank-and-file blue collar position	4	338	342
rank-and-file white collar position	97	107	204
<b>Total number of employees</b>	<b>140</b>	<b>578</b>	<b>718</b>
* site/construction manager, org. unit director/deputy director, department/division manager/deputy manager			

### S1-10 Adequate wages

The ZUE Group adheres to the principle that all employees are entitled to fair working conditions. Every employee has the right to working conditions that respect their health, safety, and dignity, as well as the right to gender equality in all areas, including employment, work, and remuneration. The Company guarantees the payment of a decent wage for work performed. Remuneration is determined in a manner that corresponds to the type of work performed, the qualifications required for its execution, as well as taking into account the quantity and quality of work provided. The conditions of remuneration and the granting of other work-related benefits are specified in the Corporate Collective Labour Agreement applicable to employees of ZUE S.A., in the Remuneration Regulations applicable to employees of Energopol, and in individual employment contracts applicable to employees of Railway.

The ZUE Group makes every effort to ensure that employee remuneration levels are high and therefore attractive compared to market salaries, which the Group continuously monitors. No employee receives compensation below the legally established minimum wage.

Remuneration levels in ZUE is discussed in S1-6.

The ratio of the average salary at ZUE S.A. to the minimum wage / the average salary in the business sector / the average salary in the construction sector is presented in the table below:

Average remuneration	2024	
	Including Management Board	Excluding Management Board
average remuneration in ZUE S.A.	12,501	11,943
minimum wage	4,271	
average salary in ZUE S.A. in relation to the minimum wage	292%	279%
average salary in the business sector	8,265	
average salary in ZUE S.A. in relation to average salary in the business sector	151%	144%
average salary in the construction sector	8,998	
average salary in ZUE S.A. in relation to average salary in the construction sector	139%	132%

### S1-11 Social protection

The ZUE Group employs staff solely on the basis of the qualifications and competencies required for a given position, regardless of age or gender. Social protection is provided to employees of the Group, i.e. individuals employed under an employment contract. Employees who take care of small children are offered flexible work arrangements, which help them balance caregiving responsibilities with professional duties. Such measures help eliminate occupational exclusion among young individuals enabling them to remain active in the labour market and continue their professional and personal development. The Company also employs many individuals of retirement age, which contributes to increased activity among this group and supports their well-being and mental health. The Company guarantees the payment of a decent wage for work performed. In caring for the health and overall well-being of its employees, the Company offers private medical care to both employees and their family members. Employees facing difficult life situations may apply for non-refundable financial assistance from the Company Social Benefits Fund. In addition, employees may apply for housing loans and loans from the employee assistance and loan fund. The ZUE Group provides all benefits guaranteed by the Employment Code and other social insurance regulations. For periods of employee absence due to illness, the need to take care of a family member, or an accident at work or on the way to or from work, the employee is entitled to sick pay, sickness benefits, or rehabilitation benefits. Employees have unrestricted access to parental benefits such as maternity, parental, childcare, and paternity leave. During these periods of absence from work, they are entitled to receive maternity or caregiving benefits. Employees also receive support in navigating procedures related to retirement, disability pensions, or rehabilitation benefits. Those whose employment contracts are terminated due to retirement or transition to a disability pension are granted a one-time severance payment. Employees who have joined a voluntary life insurance plan receive appropriate compensation from the insurer in the event of illness, accident, or death in the family. The HR department provides assistance by facilitating the necessary formalities in such situations.

### S1-13 Training and skills development metrics

In 2024, the Company began to work on the employee evaluation process. The foundations for the assessment were developed, including the identification of competencies to be evaluated and the criteria for their assessment. An employee appraisal procedure was also prepared, which, according to the plan, will come into effect in 2025. The evaluation will apply to non-blue-collar employees and will be conducted to summarize their work over the calendar year, assess their contribution and engagement, and, where necessary, plan development actions. The competencies subject to evaluation include: openness to change, independence, timeliness, cooperation, and responsibility.

	ZUE	Group
Trainings	2024	2024
Number of external trainings (training topic)	104	113
Number of trained people - external trainings	351	415
Language courses	48	54

In 2024, the ZUE Group conducted 113 training topics, of which 104 were carried out within ZUE S.A. A total of 415 employees (52.4%) across the ZUE Group participated in training sessions, including 88 women (54%) and 327 men (52%). On average, each employee received 6 hours of training, equally for both women and men. In total, 54 individuals participated in language courses across the ZUE Group, including 48 in ZUE S.A. The total cost of trainings in ZUE S.A. in 2024 amounted to PLN 419,600.

#### Comments:

Trainings were organised for employees to update their knowledge (in such topics as personnel and payroll, taxes, accounting, railway safety, transport laws or time of work for drivers). Mandatory periodic training with a train ride simulator was provided for the staff directly involved in railway operations - controllers, train managers, and engine drivers). Employees also had an opportunity to upgrade their skills and extend the validity of their licenses.

The training workshops gave employees the opportunity to acquire such new skills and qualifications as licence for operating compactors and vibrating tampers, licence for operating aerial lift platforms, traffic control, EU Taxonomy - environmentally sustainable activity - in line with the new regulation, training on the construction and operation of brake systems, rail vehicles, training for members of railway commissions – SEP E and D certifications. One employee obtained thermite welder certification. Employees participated in the training courses including: first aid, mobile and truck-mounted crane (HDS) operation, all classes of concrete saws, and claims management. Dedicated employees took part in the national conference for SMS and MMS representatives and railway siding managers. Other trainings included: company vehicles – VAT, CIT, and PIT tax settlements; Microsoft Excel for the accounting department; and advanced corporate income tax – selected topics.

Between June and September 2024, ZUE employees participated in a series of soft skills training courses co-financed by EU funds. The following trainings were conducted: Time Management, Effective Team Communication, Emotions in Business, Managing Emotions and Conflicts, Intercultural Business Communication with Elements of International Negotiation (case studies: Bulgaria, Romania, Turkey), Task Delegation, Critical Thinking Training, and Mental Resilience.

In 2024, ZUE S.A. took part in the Engineering Job Fair held at the Kielce University of Technology.

### S1-14 Health and safety metrics

An occupational health and safety management system consistent with OHSAS 18001:1997 was implemented by ZUE in 2003 to ensure the maximum safety of the Company's employees. In 2020, the occupational health and safety management system OHSAS 18001:2007 was audited and the audit result was positive.

At the end of 2020, the Company launched the process of recertification and transition from OHSAS 18001:2007 to ISO 45001:2018. Following the recertification, ZUE Spółka Akcyjna was issued ISO 45001:2018 occupational health and safety management system certificate no. 253873-2018-AQ-POL-RvA on 15.02.2024. The certificate issued to the Company is valid until 15.02.2027.

The system is supervised, improved and corrected on an ongoing basis by regular inspections, audits and records of the controlled activities made by the management of ZUE S.A. The effectiveness of the Integrated Management System was confirmed by the certificates awarded in February 2024 for the next three years by DNV GL.

Positive effects of occupational health and safety at the Group have been produced by:

- | A systemic approach to quality, environment and occupational health and safety management;
- | Regular occupational health and safety trainings for employees;
- | Preventive measures and risks monitoring;
- | Regular assessment of workplace and contract risks; and
- | Provision of proper facilities and resources to improve work conditions.

There is a Social Work Standards and Safety Inspector at ZUE whose role is focussed on the three areas, namely occupational safety, occupational health and legal protection of employees. Detailed tasks of the Inspector are defined by the applicable laws.

There is a five-member Occupational Health and Safety Committee at ZUE comprising Manager of the Occupational Health and Safety Section, Company Social Work Standards and Safety Inspector, Occupational Medicine Doctor, Social Committee Representative and the Committee Chairperson.

100% of the Group's employees are covered by the occupational health and safety management system.

Work conditions are inspected by the Occupational Health and Safety authority and the abovementioned Occupational Health and Safety Committee. Inspections are concluded with relevant inspection protocols. In 2024, about 165 work safety inspections were carried out at the sites where construction works were performed by the Company. The inspections covered both the employees of ZUE and subcontractors delivering their services in connection with certain projects. The inspection results are entered into protocols and the register of near misses. The conditions of work are inspected to prevent accidents and their frequency depends on the risk relating to particular jobs. If any irregularities are detected, motions and recommendations are submitted to the company's managing personnel in order to remove them and take appropriate measures against people responsible for occupational health and safety.

No fatal accident within the Group was reported in 2024. The inspections carried out in 2024 by the National Work Standards and Safety Inspectorate (two inspections at ZUE S.A.) did not reveal any major deviations from the applicable laws.

Item	2024
Total accidents, including:	10
Fatal	0
Serious	0
Minor	10

Accidents took place in 2024 only at the Parent Company (9 minor accidents) and Energopol (one minor accident).

The most common reasons for accidents at work in 2024 included human error, technical factor, inattention, carelessness, haste and insufficient focus on a task.

Accident frequency rate (accidents at work per 1 million hours worked) was 7.36 for ZUE and 7.53 for the Group.

The total number of days of the Group employees' incapacity for work due to accidents was 306. Accident seriousness rate (number of days of incapacity for work / 1 accident) was 30.60.

Trainings in occupational health and safety organised for the Group's employees are important preventive measures. The table below sets out the number of trainings at the Group in 2024.

	2024
Occupational health and safety trainings for employees, including:*	552
ZUE	495
Railway GFT	1
Energopol	56

\* Periodic trainings + trainings for new employees.

No fines relating to occupational health and safety were imposed on the companies within the Group in the period 2019-2024. Regardless of this, a fine of PLN 1.2 thousand was imposed by the National Labour Inspectorate on an employee of the Company (a natural person) in 2020 in relation to a work organisation issue. No on-the-job illnesses were reported in 2024. In 2024, the number of employees working in the conditions where maximum admissible concentration (MAC) or maximum admissible intensity (MAI) values are exceeded was 127.

### S1-16 Compensation metrics (pay gap and total compensation)

The compensation level at ZUE was discussed in S1-6:

An average monthly salary at ZUE (including Romanian employees) for employees employed under employment contracts in 2024 was PLN 12.5 thousand; PLN 11.8 thousand for women and PLN 12.7 thousand for men. An average monthly pay of blue-collar workers in 2024 was PLN 9.4 thousand.

An average monthly pay of blue-collar workers in 2024 was PLN 9.4 thousand.

The ratio of the average wage in manual positions to the minimum wage in 2024 – 220% (220% in 2023).

The ratio of the average wage in manual positions to the average wage in the business sector in 2024 was 114%.

The ratio of the average gross salary of women to the average gross salary of men at ZUE S.A. in 2024 was 93%.

The ratio of the average gross salary of women to the average gross salary of men employed in the following groups/categories:

Item	2024	2023
Engineers and technicians	73%	64%
Management and administration	56%	50%
Production	92%	96%
Sales and marketing	115%	97%

The total annual compensation of the highest-paid individual to the median total annual compensation of all employees (excluding the highest-paid individual), excluding the Management Board:

Total annual compensation of the highest-paid individual	731,296.00
Median total annual compensation of all employees (excluding the highest-paid individual)	108,334.74

### S1-17 – Incidents, complaints and severe human rights impacts

In 2024, no penalties were imposed on any company within the ZUE Capital Group for non-compliance with regulations regarding labour issues (including mobbing or discrimination), respect for human rights, nor were any legal proceedings initiated in 2024 with regard to potential violations of regulations in these areas.

### S1-15 – Work-life balance metrics

In the event of the birth of a child, an employee is entitled to childcare leave. Both parents who are employees are entitled to childcare rights.

All employees of the unit can take advantage of the parental benefits to which they are entitled.

Employees can benefit from parental leave and additional rights arising from the work-life balance directive::

- | maternity leave
- | parental leave
- | paternity leave
- | a parent raising at least one child under the age of 8 may apply for flexible working time arrangements
- | employees are entitled to 2 days of leave per year due to force majeure with the right to 50% of their remuneration
- | employees are entitled to 5 days of unpaid carer's leave to care for family members
- | an employee raising at least one child under the age of 14 is entitled to 16 hours or 2 days of leave from work during a calendar year, while retaining the right to remuneration.

In 2024, eligible employees of the ZUE Group benefited from the following:

- | maternity leave
- | parental leave (33.3% of women and 66.7% of men)
- | extended parental leave (67% of women and 33% of men)
- | paternity leave
- | child care under art. 188 of the Labour Code (22.9% of women, 77.1% of men)
- | unpaid care leave (50% of women and 50% of men)

Employees raising a child up to 8 years of age who applied for flexible working time arrangements obtained approval from their employer.

## 53. S2 Employees in the value chain

### SBM – 3 Material impacts, risks and opportunities and their interaction with strategy and business model

The services provided by ZUE consist in carrying out construction work (based on the 'build' or 'design and build' conventions). The product of these services are constructed or modernized infrastructure.

As a general contractor ZUE is dependent in its business processes on human resources, both in terms of its own employees and the employees of its subcontractors. To provide services, and to ensure high quality constructed or modernized infrastructure as well as meet the deadlines for completing projects expected by contracting authorities ZUE needs access to a qualified, professional workforce.

Located at a higher level of the ZUE value chain are subcontractors of construction works engaged by ZUE, who employ staff for the needs of the services provided to ZUE. The double materiality assessment conducted by the Group indicates that its negative material impacts may affect employees from the value chain who perform work at the entity's workplace, i.e. on contracts implemented by the Company. The task of ZUE as a general contractor is to provide them with safe working conditions and, consequently, prevent accidents at work involving them. The above applies equally to employees of sub-subcontractors.

During the reporting period, the Company provided services in Poland, Romania and Latvia. The company did not identify any geographic areas, at country or any other level, nor any goods or products, in relation to which persons performing work in the Company's value chain were at significant risk of being forced into child labour or any other coerced or compulsory labour.

Negative impacts in the form of accidents at work are possible in individual cases.

As a general contractor ZUE has the potential to have a positive material impact on employees in the value chain. This is due, firstly, to its ability to ensure a high level of occupational health and safety on construction sites, and secondly, to its ability to contract services out only to subcontractors and suppliers who undertake to respect employee rights (both with regard to employees at the group's workplace and those employed on a subcontractor's or supplier's premises and subject to the subcontractor's or supplier's own work systems and methods). The material risks that the Group faces in connection with employees in the value chain (engaged in construction work under contracts implemented by ZUE) are associated with possible consequences of accidents at work, including:

- damage to ZUE's reputation as a general contractor that ensures a high level of occupational health and safety as well as in the working conditions it provides in accordance with labour law, and the resulting risk of subcontractors deciding to choose companies competing with ZUE as preferred partners, which may in turn lead to a smaller



number of subcontractor offers being obtained by the Group and the reputation of subcontractors cooperating with ZUE also being damaged, which in turn may lead to an increase in the prices of subcontracting services and/or higher costs of supervising subcontractors;-

- the risk of fines for possible violations being imposed by contracting authorities or controlling bodies.

In turn, the Group's assurance of a high level of occupational health and safety and providing the appropriate conditions for ensuring this level enhances its reputation as a general contractor and a desirable business partner, which in turn enables it to attract a higher number of bids from subcontractors and on better commercial terms, and, consequently, lower the costs of subcontracting services.

Based on an analysis of current legislation and an occupational risk assessment, the Company endeavours to identify those employees who may be exposed to an increased risk of accidents (categorized as medium risk - acceptable). These persons are employed in the following positions: track worker; electrical fitter; electrician; electronics engineer; electro-mechanic; track emergency service employee; mechanic/diagnostician; driver; warehouseman; construction machine operator; department manager; construction manager; divisional director; engineering worker; technical worker; gas welder; electric welder; thermite welder; network train driver; steel fixer; motor truck operator; forklift operator; dispatcher.

In the case of employees at lower levels of the value chain, i.e. employees of infrastructure managers (including PKP PLK S.A., the City of Szczecin, Tramwaje Warszawskie Sp. z o.o., the City of Cracow, C.F.R. S.A.), who are contracting entities for services offered by ZUE, the double materiality assessment does not indicate any possible negative or positive material impacts on the Group's side. These persons, if they are on the ZUE construction site, are subject to similar rules of protection against possible threats as employees at a higher level of the supply chain or end users. At the same time, due to the tender procedure for public contracts, the Group has no possibility of exerting a positive material impact on the employees of contracting entities, due to the systemic impossibility of imposing on public contracting entities the standards applied by ZUE, included in the ZUE S.A. Contractor's Code. However, it should be emphasized that in the case of public contracting entities the risk of non-compliance with national and international standards of labour law and occupational health and safety regulations is very low.

When it comes to the employees of the Group's suppliers responsible for providing construction materials for the needs of the contracts performed by the Group, owing to the fact that the production of these materials is located in the supplier's plant and carried out in accordance with the supplier's work methods, these employees are not exposed to the risk of potential accidents at work on ZUE construction sites. Nevertheless, as was noted earlier, the Group is capable of having a positive impact on the situation of the employees of construction material suppliers simply by concluding supply contracts with suppliers that undertake to respect employee rights.

The material risks and opportunities of the Group outlined above may affect its financial situation in the short, medium and long term by increasing or decreasing the cost of subcontracting services.

## S2-1 Policies related to value chain workers

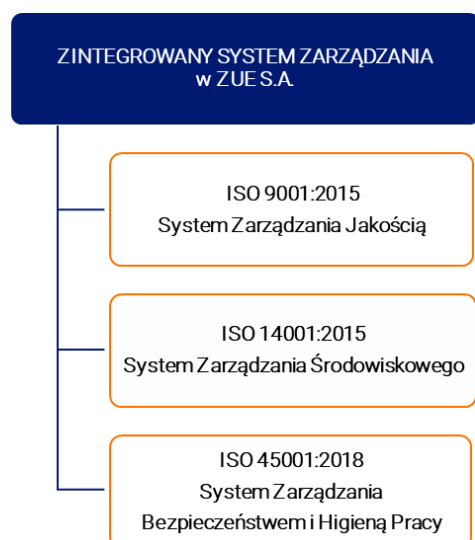
The management of material impacts, risks and opportunities in the case of people performing work in the ZUE value chain is based primarily on the Integrated Management System.

ZUE's Integrated Management System was developed and implemented on the basis of the principles of process management, understood as a set of interconnected activities that transform an input state into an output state. A specific person (the process owner) is responsible for each process, monitoring whether activities are performed correctly within this process. This person is responsible for the organizational units or employees of a given organizational unit responsible for the correct performance of the activities that make up the process. The Integrated Management System covers all processes in the Company, including the starting bid, the performance of construction works, the final acceptance and handover of the constructed or modernized infrastructure, and the final assessment of the task performance.

ZUE's Integrated Management System is based on the following standards:

- | PN-EN ISO 9001:2015-10 Quality management systems – Requirements;
- | PN-ISO 45001:2018 Occupational health and safety management systems - Requirements and guidelines for use;
- | PN-EN ISO 14001:2015 Environmental management systems - Requirements and guidelines for use





The PN-ISO 45001:2018 [Occupational health and safety management systems] standard is of key importance for managing the safety of employees of subcontractors and sub-subcontractors involved in ZUE contracts during the performance of construction work.

The system is described in the Integrated Management System Book and is documented in accordance with system procedures and instructions.

The Integrated Management System includes the design, construction, operation and repair of the following:

- | tram and railway tracks, streets and roads together with infrastructure,
- | tram, trolleybus and railway traction power networks,
- | steel and reinforced concrete structures,
- | lighting, control and signalling systems,
- | cable and overhead power and telecommunications equipment and networks,

as well as the repair and rental of vehicles, machines and construction equipment.

The geographical scope of the policy outlined above covers all contracts implemented by the Company.

To fully determine the context in which it operates, ZUE has identified a number of external and internal factors that are important to its strategy and business model, and those that affect its ability to achieve the intended result of its system of quality management, environmental management and occupational health and safety management.

The company considered these factors, taking into account in particular its environment - legal, technological, competitive, market, cultural, social, economic, national, regional, local and international - which facilitated its understanding of the external context, while its understanding of the internal context was facilitated by its analysis of issues connected with the values, culture, know-how and activities of the organisation.

The company has prepared a process risk assessment based on the requirements of certain standards, including ISO 45001:2018, which takes into account the risks and opportunities present in the organization, in relation to ongoing processes, in accordance with the adopted assessment methodology, i.e. the 'risk matrix'. The risk and opportunity assessment provided information on what to do so that the entity operates and develops without disruptions, providing its services in a safe manner (including in a safe manner for employees of the value chain) and delivering quality and safe products to customers and end users.

The adoption of the Integrated Management System reflects the Company's constant efforts to reduce the potential negative impact of its services on the environment and the local community, as well as comply with rigorous occupational health and safety rules established by law, industry standards, and the Company itself.

The policy is implemented by the Integrated Management System Representative and the CEO – the president of the unit's board. It is the subject of consultations with employee representatives, including the trade union operating in the Company.

The implementation of the Group's strategy regarding the safety of value chain workers is supported by the Ethical Management Policy in place in the Group. The Group adopted the Ethical Management Policy to identify and manage the risk of non-compliance with laws and regulations, the Group's own internal regulations and generally applicable customs and ethical rules. The Ethical Management Policy was also adopted by the Company's subsidiaries, after taking into account changes resulting from the distinct characteristics of these companies and the specific nature of their activities. The Policy applies to the entirety of the Group's activities, including employees engaged by subcontractors and sub-subcontractors of the Group. It regulates the system for preventing

irregularities, reporting irregularities, explaining reports and taking follow-up action, as well as ensuring protection for whistleblowers against retaliatory actions.

One component of the Ethical Management Policy is the Group's Human Rights Policy. The purpose of introducing the Human Rights Policy was to promote respect for human rights and provide effective protection for them, as well as to minimize the effects of violations and prevent such violations, both those occurring within the entity's own operations as well as in its value chain. The Human Rights Policy was developed on the basis of and in accordance with national laws and international regulations, i.e. the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct; the UN Guiding Principles on Business and Human Rights - Implementation of the United Nations Framework Document "Protect, Respect and Remedy"; the principles and rights set out in the eight fundamental conventions included in the International Labour Organization Declaration on Fundamental Principles and Rights at Work; the principles and rights set out in the International Bill of Human Rights.

The policy is based on ZUE's commitment not to undertake actions that would provide it with business benefits at the expense of violating human rights. ZUE is committed to preventing human rights violations both directly and indirectly by the following means: respecting the inalienable dignity of each employee; creating decent working and remuneration conditions; striving to create a diverse workforce; ensuring systemic prevention of mobbing and combating mobbing; providing employees with safe and hygienic working conditions; respecting the rights of employees to form trade unions and freely associate in trade unions; respecting the right to privacy of employees; taking care of employee well-being; recognizing the right of employees to express their opinion on matters that concern them; refusing to consent to child labour, slave labour, forced labour or human trafficking; striving to ensure human rights are respected by ZUE's contractors, including primarily subcontractors and suppliers.

The Group pays particular attention to the health and safety of its employees and makes every effort to ensure safe and hygienic working conditions. Given that the life and health of employees are a priority for the Group it requires all entities present in its places of operation to comply with health and safety regulations. This requirement applies not only to ZUE itself as an employer, but also to ZUE employees and, where possible, contractors.

The Company has expressed its categorical opposition to child labour, i.e. the employment of persons who, under generally applicable law, have not yet reached the legal working age. In particular, ZUE supports a ban on, and the eradication of the "worst forms of child labour." Minors, if they do undertake employment in the Company, may do so only in cases and under conditions specified by law (e.g. within the framework of vocational training), and are also subject to special protection.

ZUE also expresses its categorical opposition to forced labour, human trafficking and all other forms of modern slavery, considering them to be a gross violation of human and workers' rights, as well as a denial of decent work. In order to eliminate forced labour, human trafficking and other forms of modern slavery, the Group is building an organizational culture free from all types of threats (both physical and psychological), intimidation, psychological and physical violence. In the event of being notified of the occurrence of circumstances contrary to this commitment, ZUE is obliged to take immediate steps to clarify them (initiate appropriate internal explanatory proceedings) and, if necessary, implement corrective actions. ZUE strongly opposes practices that involve the confiscation of an employee's identity card, the use of physical or psychological violence, restriction of an employee's freedom of movement or a failure to pay the employee's remuneration. The Group strongly opposes practices that require employees to pay high recruitment and transportation fees or fees for accommodation, food or work tools, which are then deducted from the employee's wages. ZUE considers deductions from an employee's salary to be possible only according to the principles and within the limits specified by law, and that employees are only paid in monetary form. The Group opposes granting employees loans or paying advances that prevent them from leaving the employer. The Group believes that by signing an employment contract without being coerced into doing so, an employee also has the right to terminate that contract. The Group takes the position that the recruitment process and the employment relationship throughout its duration should be based on the voluntary agreement of the parties. ZUE respects the right of employees to terminate or terminate their employment relationship without losing their privileges as employees guaranteed by law.

To observe and promote ethical business practices, ZUE wishes to cooperate with contractors who comply with the law and conduct business in an honest manner. The Company has formulated its expectations in Chapter XIII of its Ethical Management Policy, i.e. the Code of ZUE S.A. Contractors (see: point S2-4 of this report).

During the reporting period, the Company did not record 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, which apply to employees in the value chain.

## S2-2 Processes for engaging with value chain workers about impacts

The opinions of any worker in the Group's value chain can be heard via an internal investigation procedure regulated by its Ethics Management Policy. In accordance with this procedure a report of a violation is submitted either anonymously or with the name of the worker disclosed. In such a case, the Company is willing to cooperate with interested workers from the value chain either directly or through their credible representatives with insight into their situation (e.g. authorized attorneys or legal advisers). After conducting an internal investigation, the Compliance Officer prepares a final report in which the Officer describes the evidence presented as well as the findings made on

its basis; assesses the veracity of the information contained in reports of irregularities; and may propose recommendations and follow-up actions. The Compliance Officer then sends the final report to a member of the management board - the Director of Corporate Affairs.

In addition, ZUE takes into account opinions regarding occupational health and safety on construction sites under its management as general contractor as part of its inspections of ongoing construction work conducted by the OHS section. In the event of any violations, the OHS specialist issues recommendations to the construction manager regarding corrective or preventive actions, indicating the person or entity responsible and the deadline for their implementation.

In other cases, the opinions of workers in the value chain are not taken into account, while any decisions and actions of the Group aimed at managing actual and potential material impacts on such workers are taken as part of its Integrated Management System.

The person responsible for conducting OHS inspections on ZUE construction sites is the OHS section manager, and the person holding the highest position in the unit responsible for ensuring both the above-described cooperation with value chain employees and that its results influence the Group's approach is the CEO – the President of the Board. The person responsible for handling reports and conducting preliminary investigations within the framework of the Ethical Management Policy is the compliance officer, while the highest ranking person in the Company responsible for ensuring both the above-described cooperation with value chain workers and that the results of such cooperation influence the Group's approach is the corporate affairs director – vice president of the board. The effectiveness of this cooperation is assessed by analysing the number and type of accidents in the workplace as well as recorded violations of labour law by subcontractors and sub-subcontractors.

The entity has not concluded any global framework agreements or agreements with global trade union federations regarding respect for the human rights of its workers in the value chain.

To understand the perspective of employees who may be particularly exposed to impacts, the Group analyses industry-specific labour laws, performs occupational risk assessments and conducts consultations with the trade union operating in the Company. It does not single out workers in the value chain who are at risk of being marginalised.

### S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

ZUE's approach to remediation and the processes involved in providing or contributing to remediation, in the event that the Group determines that it has had or has contributed to a negative material impact on value chain workers, is based on established practices and know-how. In accordance with the results of the double materiality assessment, the Group has commenced work on codifying them into a separate policy. The Group plans to adopt this policy in the 2025 financial year (see section S4-5 of this Report).

In the event that a person performing work in the value chain files a claim against ZUE for compensation for damage or injury, such a report is forwarded to insurance and claims settlement specialists who determine the circumstances of the event. If the Company is held liable these specialists then settle the damage or injury reported by the injured party. In the event that another participant in the investment process is liable, they will provide the injured party with information about the entity responsible for providing compensation for the damage. Insurance and claims settlement specialists cooperate with representatives of the insurers and the broker and the Group's legal department. Insurance and claims settlement specialists are supervised by the Vice President of the Management Board – Corporate Affairs Director, who is operationally responsible for ensuring that cooperation with workers in the value chain takes place and its results have an impact on the approach of the Company. The effectiveness of remedial measures is assessed by monitoring the progress of ongoing settlement proceedings and the amount of compensation paid, as well as the content of decisions regarding appeals and lawsuits filed. Cases in which the injured party does not question the manner in which the settlement proceedings are concluded or the amount of compensation received are treated as having been satisfactorily resolved. Injured parties have the opportunity to express their opinion by filing a formal complaint, for example in the form of an appeal, or by filing a lawsuit, as well as by sending letters in ongoing cases. They also have the opportunity to contact the person responsible for handling their case by e-mail or telephone.

The Group has civil liability insurance for business activities and/or property ownership, along with civil liability insurance for the products and services it provides. Additionally, the Company takes out insurance on individual construction projects in accordance with the requirements of the contracting authority. The content of insurance contracts is analysed and negotiated with the participation of specialized lawyers and in consultation with the broker cooperating with the Group. In order to ensure mechanisms for repairing damage occurring within the value chain, the Company also covers its subcontractors with civil liability insurance as part of a given contract or requires its subcontractors to have and maintain civil liability insurance in contractual clauses.

ZUE provides workers in the value chain with the following channels for reporting any damage or injury directly to the company: telephone numbers located on information boards placed on construction sites; correspondence via its construction site offices; correspondence via the company's headquarters; correspondence via the company's email; telephone calls taken at the company's secretariat; contact forms placed on the company's website, which also allow reports to be made anonymously. The Group promotes accessible channels of communication by transparently posting contact details on the company's website and enabling direct contact between injured parties

and employees of the Group. ZUE also allows injured parties to contact them through their authorized representatives, e.g. appointed legal representatives. The company does not have and does not plan to adopt a codified policy for assessing whether people performing work within the value chain are aware of and trust the structures or processes through which they can report their concerns or needs and have them addressed. In the company's opinion, these structures and processes are easily accessible and ensure that concerns or needs can be addressed in a reliable manner. The Group ensures accessible channels for reporting concerns in workplaces, understood as construction sites, but does not support such channels in workplaces understood as the headquarters of a subcontractor employing a given worker.

The Group's current Ethics Management Policy includes regulations providing persons using channels to report concerns or needs (see: point G1-1 of this Report) against any retaliatory actions.

#### 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

The Company conducts the following activities aimed at preventing, mitigating and reducing negative material impacts, achieving positive impacts, and exploiting material opportunities for workers in the value chain:

- | it operates on the basis of an Integrated Management System compliant with the PN-ISO 45001:2018 standard [occupational health and safety management systems] – see: point S2-1 of this report;
- | it undertakes systematic actions aimed at fostering a culture of safety in the workplace, monitors existing hazards and minimises the risk of accidents in the workplace, including by ensuring appropriate resources and means, conducting regular inspections of contracts implemented by the Group via its health and safety unit, covering both its own operations and those of its subcontractors, and methodically assessing the occupational risks connected with its implemented contracts;
- | it operates on the basis of an Ethical Management Policy, including the ZUE S.A. Contractor Code applied to contractors, the purpose of which is (among other things) to ensure observance of human rights, including the employee rights of workers in the value chain;
- | in the event of any injury or damage for which it is liable, the Group ensures that workers in the value chain have the opportunity to report such injury or damage and obtain compensation – see: point S2-3 of this report;
- | it concludes and maintains civil liability insurance contracts within an appropriate amount and scope – see: point S2-3 of this report;
- | with regard to supplies – it installs only safe products (including for the company's employees and workers in the value chain), approved for use on the relevant market, with all the required approvals and certificates;
- | with regard to data processing – it enforces the Company's current Personal Data Security Policy.

The actions outlined above also serve the purpose of mitigating material risks the Group faces in connection with its impact, and dependence on, workers in the value chain.

During the reporting period, the OHS service carried out a total of 165 work safety inspections on the premises of implemented contracts. As part of these inspections, particular attention was paid to the following: the use of temporary and permanent fencing around dangerous places as well as the fencing off of works in progress; the use of warning signs; securing dangerous elements in pedestrian traffic areas, such as with mushroom heads for reinforcing bars; exercising constant supervision of works being carried out; providing OHS training for persons visiting construction sites; using safe protective covers for sewage manholes. At the request of the OHS section, it was decided to purchase, among other things, a multi-gas detector, an anemometer and medical bags. During the reporting period, one accident at work involving a value chain worker was reported in the capital group. The OHS services of ZUE, as the general contractor, immediately carried out an inspection, as a result of which the course of the event was explained, the entity responsible identified and post-inspection recommendations made. As it was the entity responsible for the event and at the same time also the employer of the injured party the subcontractor initiated a damage settlement procedure. As part of this process, remedial action was taken in the form of compensation awarded to the injured party. After undergoing treatment and rehabilitation, the injured party underwent medical check-ups to confirm their return to health.

In its relations with its contractors the Group applies the ZUE S.A. Contractor Code. The Code sets certain requirements for the Company's contractors with regard to respecting human rights, working conditions, environmental protection and honest business practices. ZUE is committed to highlighting the importance of human rights and promoting them wherever it conducts business, expecting all cooperating entities to comply with these rights. One important factor that the Group takes into account when establishing mutual relations and cooperation with another entity is the latter's observance of human rights. The ZUE S.A. Contractor Code imposes on the Group the obligation to analyse and evaluate the policies and practices of its contractors in the field of human rights as part of the processes preceding the conclusion of contracts with them, in particular subcontracting contracts, supply contracts, and service contracts. ZUE expects its contractors to respect and protect human rights, including in accordance with the fundamental principles set out in the following: the OECD Guidelines for

Multinational Enterprises on Responsible Business Conduct; the UN Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" framework; the conventions set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work; the International Bill of Human Rights. The Group requires its contractors to exercise due diligence in the area of human rights, and also specify requirements regarding human rights for their partners. Under the ZUE S.A. Contractor Code, the entity may monitor contractors' compliance with human rights throughout the period of their cooperation. To this end, the Group requires its contractors to cooperate in mitigating effects and applying possible remedies and, after obtaining prior written notification, present credible evidence of due diligence in terms of respect for human rights, if necessary. The Group avoids cooperating with entities that violate human rights or who fail to respond to such violations or other unethical activities. For this purpose, the entity uses contractual clauses, in which a contractor declares that it observes human rights and the principles of environmental protection, in accordance with the standards adopted in its Ethical Management Policy. A template of contractual clauses concerning protection of human rights and the principles of environmental protection in the supply chain is included as an annex to its Ethical Management Policy. Any changes to clauses are drafted or approved by the Compliance Officer.

ZUE evaluates subcontractors, suppliers and service providers with a view to selecting and working with those whose policies and practices are consistent with the standards in force in the Group. The Group requires subcontractors, suppliers and service providers to respect human rights both in the context of the working conditions of their employees as well as in the rest of their business activities. In particular, ZUE expects contractors to meet the following requirements at every stage of the performance of contracts concluded with ZUE::

- | the contractor respects the dignity of its employees, as well as persons cooperating with the contractor on the basis of contracts other than an employment contract;
- | the contractor does not practice and does not tolerate discrimination, either indirectly or directly, in particular with regard to gender, age, disability, race, religion, nationality, political beliefs, union membership, ethnic origin, denomination, sexual orientation, employment for a fixed or indefinite period, full-time or part-time employment (this applies to decisions regarding the recruitment and employment of staff, the course of an employment relationship, as well as its termination, which should result from objective and substantive criteria);
- | the contractor takes consistent steps to prevent mobbing and does not practice mobbing;
- | the contractor provides a safe workplace, meeting the requirements of occupational health and safety standards and regulations, in particular in the case of laws regulating on-the-job training; after taking into account information on health and safety conditions and requirements, the contractor introduces appropriate protective measures and carries out health and safety training;
- | the contractor respects freedom of association and ensures protection of trade union rights, as well as the right to organize and bargain collectively; the contractor respects the rights of employees to establish and join trade unions or employee organizations of their choice; the contractor declares that employees will not suffer negative consequences as a result of their actions;
- | the contractor does not prohibit employees from participating in political and social life, and does not take into account such factors as religion, worldview, membership of political parties and non-governmental organizations, or participation in informal movements when hiring, firing, deciding on working and pay conditions, or ensuring access to promotions and training;
- | the contractor punctually pays employees and other persons cooperating with the contractor in contracts other than employment contracts; the contractor applies at least the minimum rates of remuneration required by law and covers all labour costs required by law, in particular those concerning social security and taxation. The Contractor also complies with laws regulating employment conditions, such as working hours, annual leave, childcare leave, sick leave and any other provisions arising from labour law;
- | the contractor guarantees an employee's right to express an opinion on matters that concern them;
- | the contractor does not make use of child labour either in Poland or abroad; the contractor opposes child labour, i.e. persons who, under generally applicable law, have not yet reached the legal working age; minors, if they undertake work for the contractor, may do so only in cases and under conditions specified by law (e.g. as part of vocational training), and are also subject to special protection;
- | the contractor does not use forced labour, either in Poland or abroad; work performed for the contractor or its subcontractors and suppliers is undertaken voluntarily;
- | the contractor does not engage in such practices as confiscating an employee's identity card, using physical or psychological violence, restricting an employee's freedom of movement (e.g. forcing them to sleep in the workplace, or remained locked up in the workplace), or failing to pay the employee's remuneration;
- | the contractor does not engage in practices that require employees to pay high fees connected with recruitment, transport, accommodation, meals or work tools, which are then deducted from the employee's remuneration;



- | the contractor does not engage in practices that involve granting employees loans or paying advances that prevent them from leaving the employer;
- | the contractor only makes deductions from the employee's salary in accordance with the rules and within the limits specified by law, and employees are paid in monetary form;
- | the contractor does not enter into business relations with entities, territories or organizations subject to sanctions imposed by the European Union, the United Nations, Great Britain, the United States, Canada, and Poland;
- | the contractor does not in any way support or benefit from war crimes, crimes against humanity or genocide;
- | the contractor strives to ensure respect for human rights from its business partners, including primarily subcontractors, suppliers, and service providers.

In the event of any doubts or violations of these provisions, the Company will engage in talks with the aim of clarifying such doubts, or take corrective measures to eliminate or remove the effects of such violations. During the reporting period, no violations of the ZUE S.A. Contractor's Code were reported with respect to employees in the supply chain.

The Company's OHS section monitors and assesses the effectiveness of activities and initiatives aimed at achieving the intended results for workers in the value chain. The OHS section prepares both reports on inspections and an annual report on the state of occupational health and safety.

The processes by means of which the Group determines what types of actions are necessary and appropriate in response to specific negative material impacts, either actual or potential, on workers in the value chain primarily involve recertification and periodic audits of the Integrated Management System.

From January 16, 2024 to January 19, 2024, a recertification audit of the Integrated Management System was carried out to determine compliance with ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. The audit is connected with the formal process of maintaining the management system certification as well as providing an assessment of the effectiveness of the management system in ensuring that the Group is capable of achieving defined goals and meeting its legal and contractual requirements. In connection with the extended audit, i.e. the recertification audit, two contracts were included in the Group's audit plan:

- implementation of the following urban construction investment : *"Modernization of the tramway track along the municipal road - Zwierzyniecka Street, and the county road - Kościuszki Street in Cracow, together with modernisation of the adjacent intersections and the overhead contact lines, drainage, lighting, modernisation of conflicting technical infrastructure, renovation of the Salwator tram terminus, as well as construction of the heating network together with connections and construction and modernisation of the water supply network,"* and
- implementation of the railway construction project entitled: *"Implementation of construction works and execution of the detailed design and execution of construction work connected with the installation of railway traffic control devices, railway telecommunications network devices, a real-time passenger information system on the Będzin - Katowice Szopienice Południowe section as part of the project "Works on basic passenger routes (E 30 and E 65) in the Silesia region, stage I: line E65 along the Będzin - Katowice Szopienice pld. - Katowice - Katowice Piotrowice section."*

In addition, the audit covered organizational units which also engage in operational activities, including its infrastructure maintenance plant, implementation and innovation department, transport and special equipment units and auxiliary units.

Implementation of the management system and compliance with the requirements of the reference standard were assessed by DNV auditors after conducting numerous interviews with management staff and employees, reviewing documents and documented information and by observing different areas of the system and implemented processes.

As a result of the audit, auditors of DNV Business Assurance Poland Sp. z o.o. identified one case of non-compliance category 2 [minor] as well as 29 cases under observation.

A number of actions aimed at eliminating non-compliance were proposed: corrective measures, an analysis of the causes of non-compliance as well as remedial measures, which were approved by the audit team leader. These led to a recommendation to re-grant certificates for another 3 years, and the functioning of the system was assessed as effective and compliant with ISO standards.

In the first quarter of the 2025 financial year, the Company will conduct the first periodic audit of its Integrated Management System.

Recertification and periodic audits of the Integrated Management System and reviews of the policies and procedures in force in the Group make it possible to determine what type of actions are necessary and appropriate in response to specific actual or potential negative impacts on workers in the value chain.

ZUE's Occupational Health and Safety Section performs a detailed risk assessment for each of its implemented contracts. Based on each risk assessment, a work safety manual is prepared for a particular contract, with which employees involved in the performance of the work under the contract are familiarized. Additionally, job-specific occupational risk assessment sheets are prepared, on the basis of which a risk assessment is made for employees holding specific professional positions in the contract. The latter are made familiar with occurring hazards, methods of reducing risk and the safety measures applicable to the positions they occupy. Additionally, a risk assessment is

also made for each type (industry) of work performed under a particular contract, including identifying possible hazards and recommending preventive measures. The conclusions resulting from the above risk assessments are taken into account in the health and safety plans (BIOZ) prepared for the needs of individual contracts.

To ensure or enable accessible and effective remedies in the event of significant negative impacts, the Group provides injured parties with channels for submitting compensation claims, concludes and maintains third party liability insurance policies and conducts claim settlement procedures (see section S2-3 of this report). The effectiveness of actions taken is assessed by tracking the number of accidents at work involving value chain workers and the number and value of compensation claims submitted against the Group by value chain workers.

During the reporting period, no serious issues or incidents involving violations of human rights of employees at lower and higher levels of the value chain were identified.

The means employed by the Company to manage material impacts include:

- | maintaining an Integrated Management System in accordance with the PN-ISO 45001:2018 standard [Occupational health and safety management systems];
- | employing insurance and claims settlement specialists (two full-time positions) in the company, whose task is to handle reports of personal injury or property damage;
- | employing a compliance officer (one full-time position) in the company, whose task is to handle reports of irregularities and conduct internal preliminary investigations;
- | employing a representative of the Integrated Management System in the company (one full-time position), who is responsible for cooperating with the management board and managers of organizational units in the implementation of its adopted quality, environmental and health and safety policy;
- | employing health and safety specialists in the company (three full-time positions), responsible within the unit for occupational health and safety matters;
- | concluding and maintaining civil liability insurance contracts.

## S2-5 Targets related to managing material impacts, risks and opportunities related to value chain workers

The Company's targets for managing negative material impacts, increasing positive impacts and managing significant risks and opportunities include the following:

- | conducting the first periodic audit of the Integrated Management System within the scope of the PN-ISO 45001:2018 standard in the first quarter of the 2025 financial year;
- | continuing actions taken so far (described in point S2-4 of this report), aimed at preventing fatal and serious accidents in the workplace in the value chain, and minimizing the number of minor accidents (less than three accidents).

How effectively the above targets were achieved within the framework of the periodic audit of the Integrated Management System will be assessed by analysing the audit results, in particular any cases of non-compliance or observations reported by the auditors and the auditors will meet with the Company's management board members to discuss the results. The extent to which targets have been met in terms of preventing fatal and serious accidents at work in the value chain and minimising the number of minor accidents (less than 3 accidents) will be assessed on the basis of an annual report, which will be prepared by the Occupational Health and Safety section and analysed by the Company's management board members.

Value chain workers are not directly involved in setting objectives, monitoring the Group's performance set against its targets, identifying lessons learned or any improvements based on the results of the Group's performance.

## 54. S4 Consumers and end users

### S4.SBM – 3 Material impacts, risks and opportunities and their interaction with strategy and business model

The services provided by ZUE consist in the performance of construction work (in 'build' or 'design and build' conventions). The product of these services is constructed or modernized infrastructure.

At the lower end of the ZUE value chain are the following:

- | infrastructure managers (including PKP PLK S.A., the City of Szczecin, Tramwaje Warszawskie Sp. z o.o., the City of Cracow, C.F.R. S.A.), who are the contracting authorities for the services provided by ZUE; and
- | end users of ZUE products, who are the natural persons that ultimately use the infrastructure built by ZUE, primarily natural persons using rail or tram transport (passengers), but also employees of companies providing rail transport or those responsible for maintaining rail infrastructure.

ZUE products, understood as built or modernized infrastructure (in particular railways and tramways together with accompanying infrastructure such as stops, underpasses, overpasses, etc.) affect the level of safety (life and health) of its end users.

In addition, the Group, through its own operations or value chain, i.e. when carrying out construction work, as well as through its own resources and those of its suppliers, may have an impact on persons who are not end users of its products. The construction process affects the safety (life and health) of individuals who are on construction sites. This applies in particular to cases where work is being carried out "under traffic," i.e. in close proximity to open railway tracks along which rail traffic passes or on open streets along which vehicular and pedestrian traffic pass. The potentially negative impacts of ZUE services and products may include individual incidents, e.g. damage or injury caused on a construction site. Given that ZUE concludes appropriate civil liability insurance contracts, these incidents would have a neutral impact on the current and anticipated financial situation of the entity, as well as its financial results and cash flows in the short, medium and long term.

At the same time, there are material opportunities for ZUE to have a positive impact on the safety of its end users by offering high-quality products. This is due to the fact that ZUE products are not by their nature harmful to end users (among other things, they do not increase the risk of chronic diseases) – on the contrary, if properly implemented, they ensure a high level of safety in accordance with laws, regulations and standards. ZUE services do not have a potential negative impact on end users' right to privacy, personal data protection, freedom of expression and non-discrimination. End users do not need access to accurate information about ZUE's products or services, such as user manuals and product labels, to avoid potentially harmful use of these products or services. ZUE does not single out certain types of end users who are particularly vulnerable to violations of their privacy or to the impacts of marketing and sales strategies.

One specific category of end users distinguished by ZUE are people with disabilities, who may be at greater risk of harm. This risk is identified on the basis of an analysis of laws, regulations and industry standards carried out as part of the Company's Integrated Management System. Any assessment of the aforementioned risk takes into account the impacts made by the Group through its own operations and its value chain. In this case the risk assessment does not involve consultations with interested parties or external experts. Appropriate consultations (including with specialist entities such as the European Railway Agency or the Office of Rail Transport) are conducted as part of legislative procedures at both European Union and national levels, and their results are taken into account in adopted laws and standards that the Group identifies and undertakes to comply with as part of its Integrated Management System. At the same time, ZUE has the capacity to include people with disabilities in society. Actions that can have a positive impact include the following: designing or constructing infrastructure in a way that makes it more accessible for people with disabilities, e.g. sufficient and adapted reserved parking spaces, visual and audio information systems, ensuring the shortest possible routes without obstacles, the installation of devices as an alternative to stairs in underground passageways as well as a number of other solutions.

ZUE's strategy in the area of end-user safety focuses on providing services in a manner consistent with the ISO PN-EN ISO 9001:2015-10 and ISO PN-ISO 45001:2018 standards, as well as in a manner consistent with the requirements of the Safety Management System (SMS) of the Railway Carrier ZUE S.A., which aims to minimize the risks associated with the work it carries out and to ensure high quality and a high standard of product safety for end users, including persons with disabilities. In the event that risks do materialize, the ZUE business model provides for measures to be taken to repair any damage caused. In order to neutralize the financial consequences that may result from the materialization of risks, the entity concludes appropriate insurance contracts.

The material opportunities and potential negative impacts outlined above are neutral for the entity's current and anticipated financial position, financial results and cash flows in the short, medium and long term.

#### S4-1 Consumer and end-user related policies

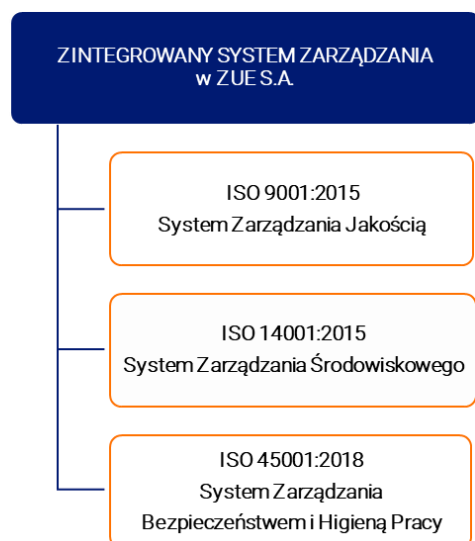
While the Group has not adopted a separate policy dedicated solely to end users, significant impacts, risks and opportunities related to end users are handled by its Integrated Management System.

The Integrated Management System at ZUE was developed and implemented on the basis of the principles of process management, understood as the set of interconnected activities that transform an input state into an output state. A specific person (process owner) is responsible for each process, and monitors whether activities are performed correctly within this process. This person is responsible for the organizational units or employees of a given organizational unit responsible for the correct performance of the activities that make up the process. The Integrated Management System covers all processes in the Company, including the starting bid, the performance of the construction works, the final acceptance and handover of the constructed or modernized infrastructure, and the final assessment of the task performance.

The Integrated Management System is based on the following standards:

- | PN-EN ISO 9001:2015-10 Quality management systems - Requirements;
- | PN-ISO 45001:2018 Occupational health and safety management systems - Requirements and guidelines for use;
- | PN-EN ISO 14001:2015 PN-EN ISO 14001:2015 Environmental management systems - Requirements and guidelines for use.





The PN-EN ISO 9001:2015-10 [Quality management systems] standard enables management of the service implementation process as part of the Company's own operations and its value chain, in a manner focused on high quality and product safety.

The PN-ISO 45001:2018 [Occupational health and safety management systems] standard enables management of the service implementation process as part of the Company's own operations and its value chain in a manner focused on the safety of employees and third parties.

The system is described in the Integrated Management System Book and is documented in accordance with the provisions of system procedures and instructions.

The Integrated Management System includes the design, construction, operation and renovation of the following:

- tramway and railway tracks, streets and roads together with infrastructure,
- tram, trolleybus and railway traction power systems,
- steel and reinforced concrete structures,
- lighting, control and signalling systems,
- cable and overhead power and telecommunications equipment and networks,

as well as the repair and rental of vehicles, machines and construction equipment.

The geographical area of the above described Integrated Management System includes all contracts implemented by the Company.

To fully determine the context in which the organization operates, ZUE identified those external and internal factors that are important for its strategy and business model, and those that affect the entity's ability to achieve the intended results of its system of quality management, environmental management and occupational health and safety management.

The Company considered a number of factors, taking into account in particular its legal, technological, competitive, market, cultural, social, economic, national, regional, local and international environment, which facilitated understanding of its external context, while an analysis of issues related to the Group's values, culture, know-how and activities facilitated understanding of its internal context.

The Company has developed a process risk assessment in accordance with the requirements of ISO 9001:2015 and ISO 45001:2018, which takes into account the risks and opportunities occurring in the Company, in relation to the ongoing processes, in accordance with the adopted assessment methodology, i.e. "risk matrix." The risk and opportunity assessment provides information on what to do so that the organization can operate and develop without disruptions, and thus provide its services in a safe manner and provide customers and end users with quality and safe products.

The adoption of the Integrated Management System reflects the Company's constant efforts to reduce the potential negative impact of its services on the environment and the local community, as well as ensure compliance with rigorous occupational health and safety rules, set both by regulatory requirements and industry standards, as well as by the Company itself.

The Integrated Management System Representative and the CEO – the President of the Company's Board - are responsible for implementing the Integrated Management System. The process also involves consultations with employee representatives, including the trade union operating in the unit.

In addition, in view of the fact that ZUE's services include support for rail transport construction, as well as work performed using specialized rail machines, the Company has 17 Safety Management System (SMS) procedures in place together with the Safety Management System Book of the Railway Carrier ZUE S.A. The Company also possesses a Rail Carrier license, which has been issued for an indefinite period of time, as well as Safety

Certificates Parts A and B. Safety Certificate Part A recognises its safety management system throughout the European Union in accordance with Directive 2004/49/EC and the relevant national regulations. Safety Certificate Part B recognises the regulations adopted by a railway undertaking in order to meet national safety requirements set for freight transport at a given station in the network in accordance with Directive 2004/49/EC and the relevant national regulations.

The Company's strategy for ensuring the safety of its services and products for end users and other persons exposed to negative impacts is indirectly supported by the entity's Ethical Management Policy (see point G1-1 of this Report), as well as by other regulations applying in the Company, such as the Work Regulations.

ZUE's commitments in the field of human rights policy as they apply to end users focus on compliance with workers' rights, including, in particular, provisions regulating maximum working hours and minimum vacations, as well as provisions on mandatory medical examinations for employees. According to Article 24 of the Universal Declaration of Human Rights: "Every person has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay." ZUE's compliance with the above regulations is reflected in its appropriate standards of work, which is performed by, and under the supervision of employees whose mental fitness for work has been verified in accordance with the applicable regulations and is not impaired by, for example, fatigue. Another area of compliance is regular employee training, including training enabling staff to obtain or updating essential professional qualifications. All this translates into the provision of high quality services and a minimal risk of potential errors during the performance of construction work. ZUE complies with both applicable labour law and internal regulations, including its Work Regulations, in the above areas. Any violations of human rights may be reported in the manner specified in the Company's current Ethical Management Policy (Chapter XIII: Human Rights Policy). In accordance with its Ethical Management Policy, ZUE enables employees, contractors and all other persons to report irregularities, including any violations of their human rights. The Company provides both personal (in written or electronic form) and anonymous (via the contact form on the Company's website) channels for submitting reports. The compliance officer is responsible for receiving reports of irregularities and conducting preliminary investigations. In the event of a violation being identified, the compliance officer may recommend appropriate corrective measures to the Management Board as part of the final report. The Company's policies are consistent with internationally recognized instruments regarding end users, including the UN Guiding Principles on Business and Human Rights. During the reporting period, there were no instances in either the Company's own operations or within its upstream or downstream value chain 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 concerning end users.

#### S4-2 Processes for engaging with consumers and end-users about impacts

ZUE performs services in accordance with the requirements of public procurement contracts signed with contracting entities. Consultations taking into account the opinions of end users are generally organized by contracting entities during the pre-implementation phase. After signing a public procurement contract, ZUE is obliged to perform the contract in accordance with the requirements of the functional-utility program, which is made available by the contracting authority at the public tender stage. The requirements of the functional-utility program are analysed in detail by the Company both at the tender stage and during the performance of the order itself. Such analyses include, among other things, compliance of the functional-utility program with current legislation and standards, including those concerning safety and facilities for people with disabilities. In the event of a change in the relevant regulations during the performance of the order, ZUE will notify contracting authorities of its proposals for appropriate changes to the public procurement contract. In the event that any risks to the safety of end users are identified during the analysis of the functional-utility program, ZUE will present to the contracting authorities any questions as part of the tender procedure, aimed at drawing their attention to the need for appropriate corrections to be made. If such risks are identified at the execution stage, ZUE will request that the contracting authority make appropriate changes to the public procurement contract.

Therefore, given that any decisions regarding the shape or form of implemented solutions in built or modernized infrastructure are taken by its managers, whose decisions within this scope are binding, ZUE has not implemented a general procedure regulating its cooperation with end users during the course of public tenders and the provision of services within the scope of applied construction solutions. Any opinions of end users submitted to ZUE (submitted either directly or through their authorized representatives, e.g. attorneys or legal advisers) are of an incidental nature. On each occasion they are analysed by contract directors and when justifying actions that affect the safety of constructed or modernized infrastructure, they are translated into appropriate measures, including primarily in the form of requests submitted to the contracting authority regarding proposed changes to the functional-utility program.

The Company does not take any steps to gauge the views of end users who may be particularly vulnerable or marginalized. The Company does not have a general process in place for engaging with end users.

#### S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

In light of the fact that the direct recipients of the services provided by ZUE are public procurement contracting authorities, including infrastructure managers, any communication regarding reports of defects in its products

received by ZUE as well as any responses to those reports are primarily handled directly by their representatives, based on and in accordance with the relevant clauses of the contracts (clauses regarding quality guarantees and warranties, warranty cards). In the event of receiving a report of a defect, ZUE takes action in accordance with the contract, with the aim of removing such a defect as soon as possible, no later than within the deadlines set by the infrastructure manager. Potential incidents that may affect the safe use of infrastructure are treated as a priority. Within the Company itself, there is a separate unit - the environmental protection and guarantee department - which employs staff with the appropriate knowledge and experience, who, with the participation of employees from production units, cooperate with contracting authorities in preventing defects and removing any that occur.

ZUE's approach to corrective measures as well as the procedures for providing or supporting such remedies, in cases where the Group determines that it has had, or contributed to, a material adverse impact on end users, is based on long-standing practice and know-how. In accordance with the results of its double materiality assessment, the Group has begun codifying them into a separate policy. The Group plans to adopt this policy in the 2025 financial year (see paragraphs S4-5 of this Report).

In the event that an end user files a claim against ZUE for compensation for personal injury or property damage, their report is forwarded to insurance and claims settlement specialists, who determine the circumstances of the event and oversee the settlement process for the reported damage or injury. Insurance and claims settlement specialists cooperate with representatives of insurers and brokers and the Company's legal department. In the reporting year, the following training courses were conducted in the area of insurance and claims settlement: "Third-party liability insurance in business practice," and "Insurance for contract works and property in the Munich system (CAR/EAR/CPM)." Insurance and claims settlement specialists are supervised in the Company by the Vice President of the Management Board - Director for Corporate Affairs, who is operationally responsible both for ensuring cooperation with end users and that its results have had an impact on the approach of the Group. The effectiveness of any corrective measures is assessed by monitoring the progress of ongoing claims settlement procedures and the amount of compensation paid out, as well as monitoring decisions regarding appeals and any lawsuits filed. Cases in which the injured party does not question the manner in which the settlement proceedings are concluded or the amount of compensation received are treated as having been satisfactorily resolved. End users have the opportunity to express their opinion by filing a formal complaint, such as submitting an appeal or filing a lawsuit, as well as by submitting official documents and letters in ongoing cases. They also have the opportunity to contact the person responsible for handling their case by e-mail or telephone.

The Company possesses civil liability insurance for its business activities and/or property ownership, along with liability insurance for the products and services it provides. Additionally, the Company takes out insurance on individual construction projects in accordance with the requirements of the contracting authority. The content of insurance contracts is analysed and negotiated with the participation of specialist lawyers and in consultation with the broker cooperating with the Company. In order to ensure mechanisms for rectifying any damage within the value chain, the Company also covers its subcontractors with civil liability insurance in a particular contract or requires its subcontractors to have and maintain civil liability insurance in contractual clauses.

ZUE provides the following channels for end users to report any damage directly to the company: via telephone numbers posted on notice boards placed on construction sites; correspondence via construction offices; correspondence via the company's headquarters; via correspondence sent through the company's e-mail; via telephone calls made to the company's secretariat; via the contact form on the company's website, which also allows cases of damage or injury to be reported anonymously. The Group ensures accessible channels of communication by transparently posting contact details on the company's website and ensuring direct contact between end users and the Group's employees. ZUE also enables end users to contact the Company through their authorized representatives, e.g. appointed legal representatives. Reports are forwarded to insurance and claims settlement specialists for consideration. The company does not have and does not plan to adopt a codified policy for assessing whether end users are aware of the structures or processes in place and trust them as a means of reporting their concerns or needs or of taking them into account. In the company's assessment, based on cases conducted to date (including the number of reports made), the available channels and method of communication are easily accessible to users and are used in practice.

The Group's current Ethics Management Policy includes regulations providing protection against retaliatory actions for persons who use channels to report concerns or needs (see: point G1-1 of this Report).

#### S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions

The Company initiates and takes actions to prevent, mitigate or remediate significant negative impacts on end users in the manner described in section S4-3 of this Report. In particular:

- | to mitigate its material risk arising from its impacts on end users and its dependence on them the Company conducts its activities on the basis of its Integrated Management System;
- | the Company monitors the level of damage and assesses the risk resulting from its business activity, and based on the results of this assessment and the requirements of the contracting authorities establishes and maintains third party liability insurance at the appropriate level;

- | in the event of any damage the Company ensures end users have the possibility to report them and obtain compensation.

During the reporting period a total of 5 cases of personal injury were reported by end users or other persons present on a construction site. Four of them received compensation, while in one case no grounds for liability for were found. The total sum paid out in compensation amounted to PLN 10,800.00. During the financial year of 2023 a total of 4 cases of personal injury were reported by end users or persons present on construction sites, 3 of whom received compensation, while one case is still in progress. A total of PLN 5,767.00 was paid out in compensation. Cases of personal injury increased by 20% in 2024 compared with 2023. During the reporting period no decisions were legally challenged in the courts.

During the reporting period, steps were taken to codify the Company's claims settlement policy. The Company prepared a draft of the document in question based on its many years of experience and know-how, as well as in consultation with the broker's representatives. In the 2025 financial year, the Company plans to continue work on the policy, which will eventually lead to its adoption. Following the adoption of its claims settlement policy, the Company plans to provide internal training for contract directors in the 2025 financial year. The aim of these actions was to increase the awareness of contract directors of damage prevention issues and, consequently, improve safety for end users and people on construction sites (measured as the number of reported cases of personal injury) in relation to the 2024 reporting period.

Between January 16, 2024 and January 19, 2024, the Group conducted a recertification audit of the Integrated Management System to verify its compliance with the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards. The audit is connected with the formal procedure for maintaining management system certification, but also provides an assessment of the ability of the management system to ensure that the Company is capable of achieving its set goals and meeting its legal and contractual requirements.

Two contracts were to be covered in the extended audit, i.e. the recertification audit. In addition, the audit covered organizational units also engaged in operational activities, including the infrastructure maintenance plant, the implementation and innovation department, transport and special equipment units, as well as units performing auxiliary tasks.

The implementation of the management system and its compliance with the requirements of the reference standard was assessed by DNV auditors after conducting numerous interviews with management staff and employees, reviewing documents and documented information and after observing areas of the system and implemented processes.

.As a result of the audit, DNV Business Assurance Poland Sp. z o.o. auditors identified one case of non-compliance category 2 [minor], which occurred on a construction site and 29 cases under observation.

The Company presented a number of steps aimed at eliminating non-compliance i.e. corrective measures, an analysis of the causes of non-compliance and the implementation of remedial actions. These were then approved by the leader of the audit team, on the basis of which it was recommended that the Company be reissued certificates for another 3 years, and the functioning of the system was assessed as effective and compliant with ISO standards.

In the first quarter of the 2025 financial year, the Company conducted its first periodic audit of the Integrated Management System.

Recertification and periodic audits of the Integrated Management System and reviews of the Company's policies and procedures make it possible to determine what types of actions are necessary and appropriate in response to specific actual or potential negative impacts on end users.

During the reporting period, the Company worked intensively on occupational health and safety issues, with the aim of ensuring the safety of construction work for employees and third parties. The OHS Section conducted a total of 165 inspections. During the course of these inspections, particular attention was paid to the following: the use of temporary and permanent fencing around dangerous areas and fencing off works in progress; the use of warning signs; securing dangerous elements in areas of pedestrian traffic, such as the use of mushroom heads for reinforcing bars; exercising constant supervision of works in progress; providing OHS training for persons visiting construction sites; and using protective covers for sewage manholes. At the request of the OHS Section, purchases were made, among other things, of a multi-gas detector, an anemometer and medical bags.

The company is an active participant in industry and trade associations, including the Land Transport Chamber of Commerce. The statutory activities of the Chamber include, among other things, acting as a consultant on laws and contract templates, including matters related to rail transport safety.

During the reporting period, the Group also participated in numerous events (such as training, forums, symposia, conferences) related to safety issues, such as:

- | training in practical aspects of the organization and methodology of railway accident investigation committees examining the circumstances and causes of serious accidents, other accidents and incidents on railway lines and conducting accident investigations from scratch;
- | participation in the Polish Forum of Transport, Logistics and Forwarding Science, Education and Economy, organized by the WSB Academy in Dąbrowa;
- | participation in the 4th National Symposium on Rail Transport Safety and Engineering organized by the Institute of Rail Transport;

- | participation in the "Shared Risk" forum organized by PKP PLK S.A., aimed at promoting information exchange in the area of rail safety between the rail carrier and PKP PLK S.A.;
- | participation in the "Shared Risk" forum with contractors, organized by PKP PLK S.A., aimed at promoting an exchange of information on the safety of implemented investments between service contractors and PKP PLK S.A.;
- | participation in training in the operation of OSS and the safety certification process, organized by the Office of Rail Transport.
- | participation in a conference of the signatories of the Safety Culture Declaration, organized by the Office of Rail Transport.

During the reporting period the Company also organised training for pre-school children on the safe use of pedestrian crossings, explained from the perspective of the priority given to trams in road traffic.

The Company's activities, designed to ensure that its own practices do not cause or contribute to negative material impacts on end users, also include the following:

- | on the supply side – only building products approved for use on the relevant market, and possessing all the required approvals and certificates;
- | on the construction side – conducting the production process in accordance with the requirements of the Integrated Management System;
- | in the area of data processing – ensuring compliance with the Company's current Personal Data Security Policy.

No serious human rights issues or incidents involving end users were observed during the reporting period.

The resources employed by the Company to manage material impacts include:

- | maintenance of an Integrated Management System;
- | maintenance of a Rail Carrier Safety Management System (SMS);
- | employment of insurance and claims settlement specialists in the company (two full-time positions), whose task is to handle submitted claims;
- | employment of a compliance officer (one full-time position), whose task is to handle reports of irregularities and conduct preliminary investigations;
- | employment of a representative of the Integrated Management System (one full-time position), responsible for cooperating with the management board and managers of organizational units in the implementation of the Company's adopted quality, environmental and health and safety policy;
- | employment of a rail transport safety representative in the Company, whose task is to monitor compliance of rail freight transport organized by the Company with laws, regulations and procedures.

#### S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Company's target related to managing significant material impacts, increasing positive impacts and managing material risks and opportunities for end users is to be achieved by improving safety for end users and people on construction sites (measured as the number of reported cases of personal injury) compared with the 2024 reporting period.

- | conducting the first periodic audit of the Integrated Management System in the first quarter of the 2025 financial year;
- | adopting a claims settlement policy in the 2025 financial year, providing training for contract directors and improving safety for end users and persons on construction sites (measured as the number of reported cases of personal injury) compared to the 2024 reporting period.

The extent to which the above-mentioned target has been achieved will be assessed by the Corporate Director – Vice President of the Management Board of the Company. For this purpose, the Corporate Director will conduct a comparative analysis of the number of reported cases of personal injury in 2025 in relation to the reporting period of 2024.

End users are not directly involved in setting its targets, monitoring the Group's performance set against its targets, presenting conclusions or suggesting improvements based on the results of the Group's performance.

To achieve its target, the Group plans, among other things, to adopt a claims settlement policy in the financial year 2025 and to provide training for contract directors.



## MANAGEMENT-RELATED ISSUES

### 55. G1 Business practices

#### G1-1 Corporate culture and business conduct policies

The values observed by the Company are codified in its Ethical Management Policy. The most important of these values are professionalism and respect. The document emphasizes the fact that they apply not only in relations with contractors, but also in internal relations.

Internal regulations are introduced by the Management Board, which is the executive body of the Company. The Management Board manages the Company's affairs and represents it, subject to the competences granted to the General Meeting or the Supervisory Board. The role of the administrative, management and supervisory bodies is described in point ESRS 2 GOV-1 of this report on page 51.

A description of the processes involved in identifying and assessing material impacts, risks and opportunities is included in part ESRS 2 IRO-1 on page 80.

The Company's business activities and corporate culture are regulated several internal rules and procedures.

The most important of these are:

**ZUE S.A. Organizational Procedures** – describe in detail the manner in which particular processes are organized in ZUE S.A., e.g. the bidding process, preparation of production, purchasing of materials, implementation of production, organization of materials, management of equipment, budgeting, circulation of correspondence and agreements, circulation of accounting documents, as well as HR processes. Templates of the documents used are included in the annex to ZUE S.A. Organizational Procedures.

**ZUE S.A. Organizational Regulations** – define the organizational structure and basic processes in ZUE S.A., among other things, organizing the Company into divisions, and within these divisions into smaller organizational units, establish the principles of cooperation between these organizational units, the duties, rights and responsibilities of employees, as well as the general principles of management.

**Work Regulations** – organize and structure work processes, determine the rights and obligations of both employees and the employer, regulate, among other things, employee responsibility, as well as improvements in professional qualifications.

**Personal Data Security Policy** – regulates the general requirements and principles regarding safe and lawful processing of personal data by the Company. Part of the document includes Instructions on the management of IT systems used to process personal data in the Company.

**Retention policy for correspondence sent via work email** – establishes, among other things, the rules both for archiving work email correspondence and managing employees' personal work email boxes.

**Social Media Policy** - specifies the rules for the use of social media by ZUE S.A.

**Internal control regulations** – regulates the method used to assess compliance of employee conduct with the law and the internal regulations of the Company, examines the activities of employees in terms of their cost-effectiveness and efficiency, and evaluates the implementation of official tasks.

**Remuneration Regulations/Company Collective Labour Agreement**

**Remuneration Policy for Members of the Management Board and Supervisory Board of ZUE S.A.**

**Integrated Management System Procedures, including:**  
**ZUE S.A. Railway Carrier Safety Management System**  
**Railway Vehicle Maintenance Management System**

**Ethical Management Policy**, which up until 2024 regulated the following areas of activity:

- Principles of ethical management;
- Corruption risk management;

- Protection of whistleblowers and procedures for reporting irregularities;
- Conflict of interest management;
- Values observed in the Company;
- Rules for giving and receiving gifts in business relations;
- Sponsorship and donations;
- Anti-corruption control procedure;
- Anti-mobbing policy.

In 2024, ZUE S.A. expanded its Ethical Management Policy. New chapters were added, devoted to the following topics:

- Fair Competition;
- Anti-Discrimination Policy;
- Human Rights Policy;
- ZUE S.A. Contractor Code;

It is worth pointing out that ZUE S.A.'s Human Rights Policy and Contractor Code were prepared on the basis of such national and international regulations as:

- | OECD Guidelines for Multinational Enterprises on Responsible Business Conduct;
- | UN Guiding Principles on Business and Human Rights: implementing the United Nations "Protect, Respect and Remedy" framework;
- | The principles and rights set out in the eight fundamental conventions identified in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work;
- | The principles and rights set out in the International Bill of Human Rights.

The policies implemented by the Company are announced in the customary manner (sent to all employees via company e-mail). Employees who do not have access to company e-mail are informed about the document by their direct superiors. All employees have access to the Company's internal regulations via its network drive. Important internal regulations are also discussed during regular operational meetings with employees.

The ZUE S.A. Contractor Code states that the company requires its contractors to exercise human rights due diligence, but also to set conditions for our contractors' partners regarding human rights. Moreover, ZUE S.A. indicates that it may monitor compliance with human rights throughout the period of its cooperation with contractors. To this end, the Company obliges its contractors to cooperate in mitigating effects, applying possible remedies and, after prior written notice, present credible evidence of human rights due diligence, if such a need arises.

The ZUE S.A. Contractor Code regulates the following issues and is divided into the following parts:

- Human rights;
- Environmental protection;
- Fair competition;

Within the framework of establishing and developing its own corporate culture, the Company adapts its own internal regulations to the changing legal environment. In addition, the Company makes known the internal regulations shaping its corporate culture through both internal and external channels. One example of external communication is the creation and implementation of Anti-Corruption Rules as an integral part of its contracts with suppliers, contractors, those making deliveries, those engaged in works and those providing other services to ZUE S.A. in Cracow. Another example is the ZUE S.A. Contractor Code. This document is also available on the Company's website.

### **Training**

In connection with the adoption of its Ethical Management Policy, the Company has implemented training courses (online) on the following topics:

- Ethical management policy in ZUE S.A.;
- Principles of criminal liability for corruption-related crimes;
- Rights when searched and questioned by the police;

The above training was provided to all employees of the Company with access to company e-mail. They were also mandatory for newly hired employees in the form of onboarding training. Additionally, in 2024, all members of the management and supervisory bodies underwent on-site anti-corruption training. In 2024, due to a change in the Company's Ethical Management Policy, a new training cycle for employees was initiated. In 2024, online training was provided on the following issues regulated in the Ethical Management Policy:

- Internal procedures for reporting irregularities and protecting whistleblowers;
- Anti-mobbing policy;

- Anti-discrimination policy;

Such training is also mandatory for all employees with access to company email. To successfully complete training, participants must not only familiarize themselves with the content of the training materials (in the form of presentations and recordings posted on the training platform), but also pass a test summarizing the training. On average, approximately 330 people (employees) passed each of these training courses. They were included as part of onboarding training, replacing previous training connected with the Company's Ethical Management Policy.

As part of its internal training entitled 'Internal Procedures for Reporting Irregularities and Protecting Whistleblowers,' the Company addresses, among other things, the possibilities of reporting violations and the protection to which whistleblowers are entitled.

Further training for employees on ethical management issues is planned for 2025.

### **Animal welfare**

The company does not have any animal welfare policies in place.

### **Reporting violations**

One of the chapters in the Company's Ethical Management Policy is entitled 'Internal Procedure for Reporting Irregularities and Protecting Whistleblowers'. The purpose of this procedure is to prevent corruption and other transgressions of the law, as well as violations of the internal regulations and ethical standards in place in the Company. As part of its Internal Procedure for Reporting Irregularities, the Company has developed a system for reporting such violations, investigating reports and taking follow-up actions, as well as providing protection for whistleblowers against retaliatory actions.

The company does not have any animal welfare policies in place.

The compliance officer, who reports directly to the Company's management board, is responsible for handling reports of irregularities (both internal and external). The employee acting as the compliance officer has a degree in law and is a public trust professional (legal adviser). In addition, he has completed postgraduate studies on the subject of compliance, and has also obtained the title of internal auditor of anti-corruption management systems in accordance with the PN-ISO 37001: 2017/05 standard (anti-bribery management system) as well as the title of internal auditor of a compliance management system in accordance with the ISO 37301: 2021 standard (compliance management system).

The Company's Ethical Management Policy also allows for irregularities to be reported and investigated anonymously.

The Company provides several channels for reporting irregularities. They include the following:

- in traditional (written) form sent to the Company's address accompanied by the annotation "Compliance Officer,"
- in electronic form sent to [etyka@zue.krakow.pl](mailto:etyka@zue.krakow.pl) (e-mail address intended specifically for such reporting),
- via the contact form on the Company's website ("anonymous reports" tab),

and also orally (in a direct meeting between the person reporting a violation and the compliance officer). The choice of which form to choose lies with the person reporting the violation.

It is also the task of the Compliance Officer to examine any intention to report irregularities by employees or other individuals who may be considered whistleblowers. All information regarding persons intending to report irregularities, whistleblowers as well as persons who are victims of such violations, is confidential. Such confidentiality applies to any information that can be used directly or indirectly to determine the identity of such people.

Upon receiving a report of a violation the Compliance Officer is required to initiate a preliminary investigation by means of an initial analysis of the violation being reported. Within 7 days of receiving a report, the Compliance Officer shall confirm its receipt to the party reporting the violation. If clarification of a report requires special information, those specific issues that require clarification may be forwarded to persons authorized to do so within the Company.

The preliminary investigation is conducted by the compliance officer. The purpose of the preliminary investigation is to assess the veracity of the information contained in the report.

Any report of irregularities will be considered without undue delay, as a rule, no later than 2 months from the date the preliminary investigation was initiated.

As part of the preliminary investigation, the compliance officer provides the whistleblower with feedback (information on follow-up actions planned or already undertaken as well as the reasons for taking such steps) within a period not exceeding 3 months from the date of the confirmation of receipt of the internal report.

During the preliminary investigation, the compliance officer hears evidence. As part of this process, the Compliance Officer may, among other things, hear evidence from witnesses. The Compliance Officer prepares a final report on the preliminary investigation in written form, which is presented to the Management Board. The compliance officer keeps a register of reported violations.



Annually, the Compliance Officer prepares a report on the implementation of the Ethical Management Policy (which includes a chapter entitled Internal Procedure for Reporting Irregularities and Protecting Whistleblowers). The report is addressed to the Management Board and the audit committee of the Supervisory Board of the Company.

### **Protection of whistleblowers**

The Company has implemented regulations ensuring protection for the identity of persons reporting violations as well as protection against retaliatory actions (Chapter V of the Ethical Management Policy entitled Internal Procedure for Reporting Irregularities and Protecting Whistleblowers). More information on employee training can be found in Parts S1 -1 and S1-3.

The identity of persons intending to report violations, as well as of whistleblowers and persons who are victims of violations is protected in particular by the following:

- a) ensuring secure reporting channels;
- b) excluding from normal office channels correspondence addressed to the compliance officer regarding matters relating to violations;
- c) restricting the circulation of documents containing information about a whistleblower to persons participating in the investigation of the report;
- d) ensuring that the Compliance Officer and the person involved in the preliminary investigation into the reported violation sign a confidentiality agreement;
- e) safeguarding documents connected with the preliminary investigation into a reported violation, including after its completion, and restricting access to the aforementioned documents solely to authorized persons involved in the aforementioned proceedings.
- f) access to the information covered in a report is only available to designated persons.

### **Functions most at risk of corruption and bribery**

The positions most exposed to the risk of corruption and bribery are those connected with the following activities in the Company:

- purchases,
- selection of contractors (subcontractors, suppliers),
- settlements with contractors.

All of the above positions are covered in training programs dealing with the topics of corruption and bribery.

### **G1-3 Prevention and detection of corruption and bribery**

The Company has a zero tolerance policy for corruption, as is expressed in its Ethical Management Policy, which in terms of preventing corruption and bribery is consistent with the United Nations Convention against Corruption. To prevent corruption and bribery, the following actions, among others, have been taken:

- internal procedures for reporting irregularities have been implemented, via which employees can (including anonymously) report cases of corruption or bribery;
- persons employed by the Company are informed of the principles of criminal liability for corruption offences;
- employees are obliged to promote and apply in practice the provisions of the Ethical Management Policy, as well as participate in anti-corruption training organized by the Company;
- the Company prohibits any retaliatory actions against persons who refuse to accept, or give, undue benefits;
- acceptance of the fact that contacts with persons performing public functions require extraordinary diligence and consistency and are subject to more rigorous principles;
- preventing situations in which a conflict of interest may occur;
- applying uniform and transparent principles when selecting contractors and business partners, and basing such selection on objective criteria, including quality, price, reliability and compliance with the principles of ethical business conduct;
- requiring the Company's contractors to act in accordance with the principles set out both in the law currently in force and in the Company's Ethical Management Policy;
- when signing an employment contract, employees of the Company are required to sign a statement in which they declare they are against corruption and are committed to combating corruption;
- employees are obliged to perform their professional duties in a manner consistent with the Organizational Regulations of the Company, which define the scope of tasks, competences and responsibilities of the bodies and employees of the Company, as well as in accordance with the Organizational Procedures of the Company, which describe in detail the manner in which the basic processes operating in the Company are implemented;
- employees are obliged to strictly comply with the rules governing the circulation of financial and accounting documents. Employees should pay special attention to the fact that the circulation of financial and accounting documents is based on transparent procedures regulating the verification and acceptance of costs and expenses.

For its suppliers and contractors the Company has developed and implemented both its own anti-corruption rules and the ZUE S.A. contractor code. They are included as an integral part of any contract. The full text of the document entitled ANTI-CORRUPTION RULES FOR SUPPLIERS, CONTRACTORS providing deliveries, engaging in

works and providing other services to ZUE S.A. in Cracow and the ZUE S.A. CONTRACTOR CODE is also available on the Company's website [www.grupazue.pl](http://www.grupazue.pl) on the Investor Relations subpage in the Corporate Documents tab.

The ANTI-CORRUPTION RULES FOR SUPPLIERS, CONTRACTORS providing deliveries, engaging in works and providing other services for ZUE S.A. in Cracow include:

- an anti-corruption clause;
- a declaration against corruption;
- a commitment to combatting corruption;
- ZUE S.A. standards of conduct towards persons reporting violations in connection with the contracts performed – within the framework of which, among other things, a dedicated e-mail address [etyka@zue.krakow.pl](mailto:etyka@zue.krakow.pl) is provided for reporting irregularities.

In the event of a corruption incident being disclosed (reported), the Company has a procedure in place to investigate the incident to determine whether any corruption has occurred, and also takes appropriate follow-up actions in connection with such a disclosure. The procedure ensures confidentiality for the person reporting such an incident, as well as for the person who has been accused of violating generally applicable law or the internal regulations of the Company. The employee designated to investigate reports or disclose incidents occupies an independent position, reporting directly to the Company's management. In addition, the Company has an internal control system in place, the purpose of which is, among other things, to assess compliance with the principles of ethical conduct and ensure that the obligation to report any irregularities via internal channels is observed.

#### G1-4 Incidents of corruption or bribery

During the reporting period, no incidents of corruption or bribery were identified in the ZUE Group. No convictions were issued and no fines were imposed on companies in the ZUE Group.

#### Relations with contractors, taxes

Our organization focuses on its long-term relationships with contractors. The stability of the supply chain depends on the transparency achieved as a result of long-term, proven contacts based not only on trust, but also on compliance with the principles resulting from the ZUE S.A. Contractor Code. We also settle our liabilities in accordance with contractual provisions. The Group builds long-term relationships with trusted suppliers who meet the highest standards we require of delivered products and services. In the case of new contractors, we carry out verification procedures, which consist in checking the contractor's financial data and reputation from available sources.

Accurate and honest tax assessments and tax returns are important not only for tax security reasons, but also from the perspective of the principle of social justice and corporate social responsibility. Tax procedures in the Company are described and handled in such a way as to ensure all taxes are settled correctly. We have a tax strategy in place, and information regarding the strategy is posted annually on the corporate website.

ZUE's standard deadline for payments is 30 days from the receipt of an invoice, which represents approximately 31% of all the Company's invoices. Invoices with a deadline of less than 30 days, i.e. mainly 7, 14 or 21 days, account for 34.2% of the total, while those with a payment deadline of over 30 days - 2.5%. Approximately 32.3% of all invoices are settled upon receipt of the invoice - in cash or by payment card.

Payment practices	2024
Average time to settle an invoice	25 days
Standard payment terms	30 days
Number of pending court proceedings for late payments (as of 31.12.2024)	1

\* average difference between the invoice issue date and the payment date in 2024.

#### G1-5 Political influence and lobbying activities

The ZUE Group does not engage in any lobbying or political activities. In 2024, no financial or in-kind contributions were made to political organizations.

## STATEMENTS BY THE MANAGEMENT BOARD OF ZUE S.A.

### 56. Statement of compliance

The Management Board of ZUE S.A. state that according to their best knowledge, the annual separate and consolidated financial statements of ZUE for 2024 and the comparative information have been prepared in accordance with applicable accounting principles and give a true and fair view of the economic and financial position of the Company and the Group and their profit or loss. The report on the activities of the Group contains a true view of the development and achievements of both the Company and the Group and their standing, including the description of fundamental risks and threats.

### 57. Statement of appointment of an auditor

*(Prepared according to § 70.1.7 and § 71.1.7 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent)*

On the basis of the statement by the Company's Supervisory Board on the appointment of the audit firm to audit the annual separate and consolidated financial statements of ZUE and the Group, respectively, the Management Board of ZUE S.A. inform that:

— Acting pursuant to the applicable laws and ZUE's internal regulations; i.e. relevant policies and procedures governing the appointment of an audit firm, the Supervisory Board of ZUE resolved, based on the recommendation of the Audit Committee, to appoint Nexia Pro Audit Kancelaria Biegłych rewidentów sp z o.o. with registered office in Cracow, the Edmunda Wasilewskiego Street no. 20, 30-305 Cracow (Pro Audit), to:

a) audit the separate and consolidated financial statements of the Company for 2024;

b) review the half-yearly separate and consolidated financial statements of the Company for the first half of 2024.

— Pro Audit and members of the team involved in the audit of the separate and consolidated financial statements of the Company and the Group, respectively, for 2024 have met the requirements necessary to prepare an unbiased and independent audit report in accordance with the applicable laws, professional standards and professional ethics;

— ZUE observes the laws relating to the rotation of audit firms and key auditors and mandatory grace periods; and

— ZUE has the policy concerning the appointment of an audit firm and the policy concerning the provision by an audit firm or entities related to the firm or the firm's network member of additional non-audit services, including services conditionally exempt from the ban.

## 58. Signatures of the management personnel

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Wiesław Nowak	Management Board President
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Magdalena Nowak	Management Board Vice-President
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Anna Mroczek	Management Board Vice-President
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Jerzy Czeremuga	Management Board Vice-President
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Maciej Nowak	Management Board Vice-President
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Marcin Wiśniewski	Management Board Vice-President
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Cracow, 10 April 2025