



ONDE GROUP SUSTAINABLE DEVELOPMENT REPORT

■ 2021

(This report represents a statement on non-financial information drawn up in accordance with the requirements of Articles 49b.2 to 49b.8 of the Accountancy Act)



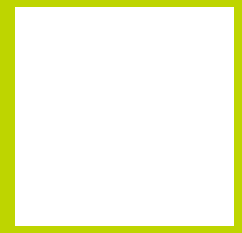
 **FONDE**





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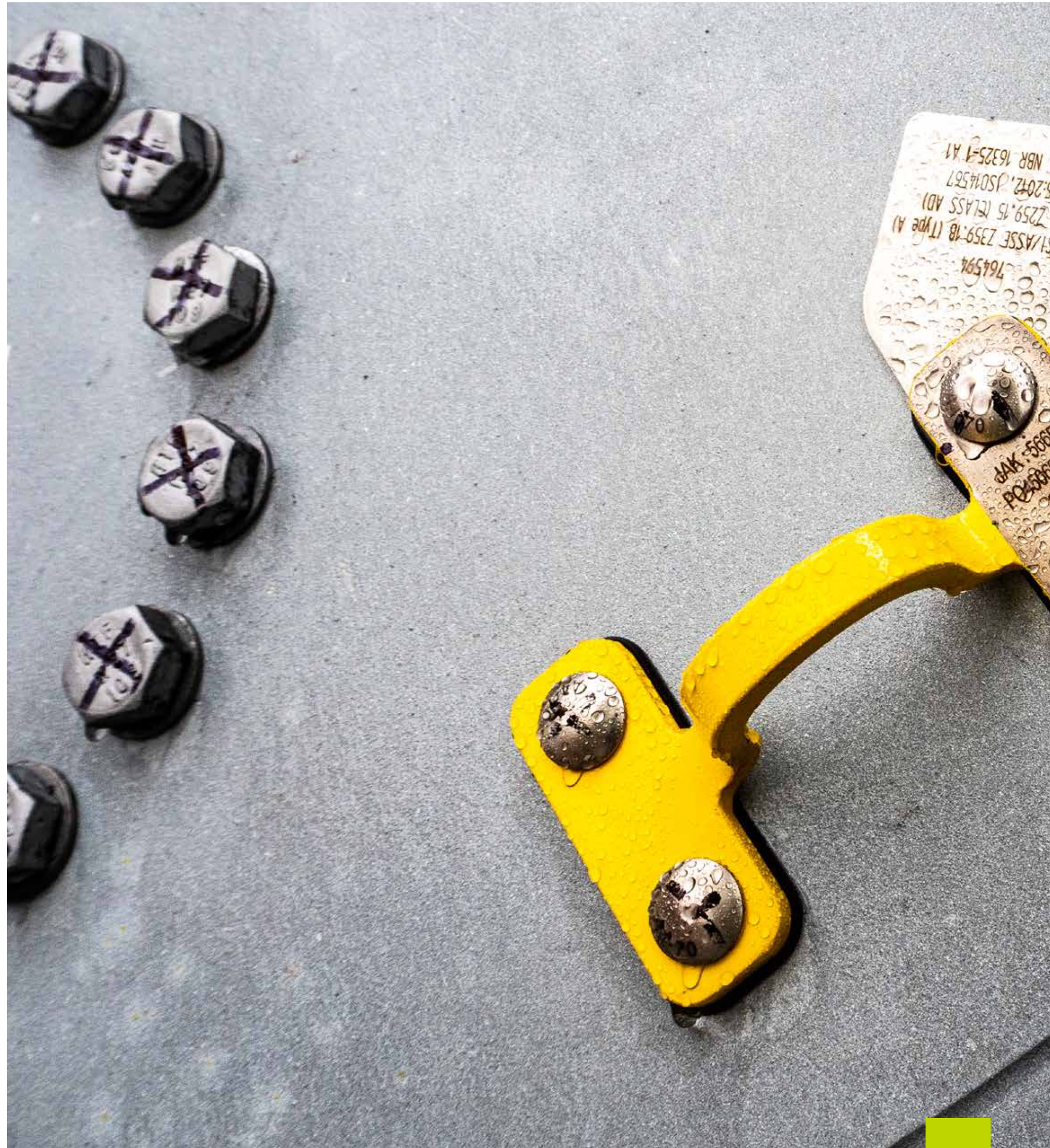
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INTRODUCTION

01





1 | 1

FOREWORD

In Italian ONDE means waves, which symbolise energy, the power of the nature, vitality and force. We consider the environmental protection and commitment to the climate change issues not only a trend, but also a pillar of our activities, on which we base the future of our company.

Our ambition, as a leader of constructions in the RES segment and an ambitious investor involved in development of the renewable energy generation in Poland, is to support the energy transition in Poland with simultaneous creation of the value for shareholders by strengthening the ONDE Group position. We want to contribute significantly to execution of the vision of the climate-neutral economy, and at the same time, to develop responsibly and respecting the principles of sustainable development.

At ONDE we undertake a number of initiatives to implement and promote positive solutions in the area of environmental and climate protection. We believe that together we can develop the world further and be a wave of clean, green change by generating energy needed for living in a harmony and agreement with the nature. For us all, but also for the future generations.

To implement this mission, we performed enormous work in recent years. Let the numbers speak for us. Our portfolio includes over 350 projects concerning wind and photovoltaic farms (either completed or in progress), of a total power exceeding 3 GW. We also actively operate within our organisation. We are the first RES company in Poland that received the EMAS certificate - the highest EU environmental recognition and the most reliable of all environmental management standards in the European Union. Furthermore, we set an ambitious goal for ourselves, to reach the climate neutrality within 2 to 3 years.

Of course, sustainable development would not be possible without cooperation with our stakeholders. Therefore, we are very glad of truly partner relations that we have managed to develop throughout the years, and would like to thank our employees, customers, subcontractors, suppliers, participants of the capital market, members of the scientific milieu and local communities, as well as all other people we come into contact with in our daily activities, for an open and candid dialogue.

And it is to you, our stakeholders, that we mainly dedicate this sustainable development report of the ONDE Group, first in our history. We hope that it will help you to even better understand our business,

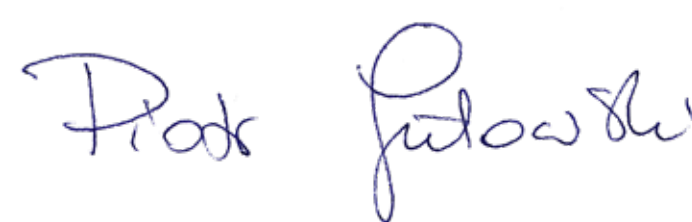
environmental and social activity, as well as our ambitions, priorities and plans for coming years. We believe that with your contribution our development in the nearest future will reflect the name of ONDE, the waves representing the energy coming from the nature that has a power to change the world.

Toruń, 06 April 2022



Paweł Średniawa

President of the Management Board



Piotr Gutowski

Vice-president of the
Management Board

Marcin Szerszeń

Vice-president of the
Management Board

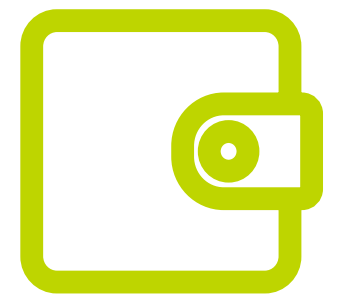




HOW THE ONDE
GROUP CREATES
VALUE FOR
STAKEHOLDERS

02





PLN

1217 million

Income on sales in 2021
(+108% YOY)

PLN **46** million
Net profit in 2021
(+40% YOY)

77%
income
on RES

PLN **32** million
dividend paid
(for 2020)

PLN **925** million
of Group backlog at the
end of 2021



594
(+139 YoY)
employees
at the end of
2021

0 accidents
severe, fatal,
collective

2|1

HOW THE ONDE GROUP CREATES VALUE FOR STAKEHOLDERS

GRI 102-7



3+ GC
from over
350 projects
(completed or in
progress)

836 MW
From own projects



-29.23%
reduction in GHG
emissions 2021/2020
(Scope 1 and 2)

-44.5%
reduction in electric
power consumption
2021/2020

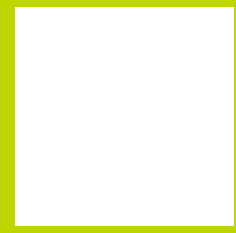
-25%
reduction in
electric power and
heat consumption
2021/2020

-55.5%
reduction in the total
energy (electricity, heat
and fuels) consumption
2021/2020

EMAS
European
Eco-Management and
Audit Scheme

An aerial photograph of a Siemens wind turbine in a vast, golden-brown agricultural field. The turbine's three blades are prominent, with the "SIEMENS" logo visible on the hub. In the background, several other wind turbines are scattered across the landscape under a clear sky. A small farmstead with buildings is visible in the lower right quadrant.

■ A MAN CAN OBTAIN **ENERGY**
NECESSARY FOR LEAVING IN
HARMONY WITH THE **NATURE**



MOST IMPORTANT
EVENTS

03





3|1

THE LARGEST STARTED OR COMPLETED INVESTMENTS

CONSTRUCTION OF THE BIAŁY BÓR WIND FARM



It is one of the largest wind farms, executed so far by ONDE, of the total power of 144.9 MW. The works required extensive competencies, as they included preparing of foundations, construction of roads, routing of medium and high voltage lines and construction of the substation MRP.

CONTRACT VALUE PLN 154.6 MILLION

CONSTRUCTION OF THE DĘBSK WIND FARM

CONSTRUCTION OF THE DĘBOWA ŁĄKA WIND FARM



The farm represents one of the largest ONDE projects executed so far in terms of the number of wind turbines - 55 turbines will be installed, of the total power reaching 121 MW. The works conducted by the Company included construction of a network of roads, and construction of platforms and foundations for the wind turbines.



The system will consist of 14 turbines, of the total power exceeding 33 MW. Although the works were conducted during the COVID-19 epidemic, they were completed on time.

CONTRACT VALUE
PLN 79.8 MILLION

CONTRACT VALUE
PLN 57 MILLION

CONSTRUCTION OF THE BIAŁOGARD WIND FARM

CONSTRUCTION OF PHOTOVOLTAIC FARMS TO ORDERS OF COMPANIES FROM THE RPOWER GROUP



The total power of the constructed wind farm will amount to 125 MW.



The system will consist of 14 turbines, of the total power exceeding 33 MW. Although the works were conducted during the COVID-19 epidemic, they were completed on time.

CONTRACT VALUE
PLN 75 MILLION

TOTAL CONTRACT VALUE
PLN 164 MILLION

CONSTRUCTION OF PHOTOVOLTAIC FARMS TO ORDERS OF COMPANIES FROM THE QAIR GROUP (FORMER QUADRAN GROUP)

CONSTRUCTION OF A TRAM TRACK ALONG KUJAWSKA STREET FROM THE KUJAWSKIE ROUNDABOUT TO THE BERNARDYŃSKIE ROUNDABOUT IN BYDGOSZCZ, TOGETHER WITH EXPANSION OF THE ROAD SYSTEM



Solma 2 PV Farm will have a power of 12 MW.



Construction of nearly 2 km of tram tracks. An increase in availability of public transport, reduction in noise contamination, construction of "Park&Ride" car parks and of over 4.5 km of cycling tracks with city bike stations, elements preventing access of small animals. Innovative use of solar energy to power active road signs with solar energy.

INVESTMENT VALUE
PLN 16 MILLION

CONTRACT VALUE
PLN 134 MILLION



CONSTRUCTION OF THE S3 DUAL CARRIAGEWAY BETWEEN LEGNICA AND LUBAWKA



This construction, executed by ONDE as a member of a consortium, is the largest in Poland and one of the largest in Europe in terms of the number of bridge structures, as it includes 10 overpasses. The works will also include environmentally friendly components, in form of passes for small and medium animals; additionally, nearly 6 km of cycling tracks will be constructed in the territory of two communes.

CONTRACT VALUE
PLN 154.6 MILLION



3|2

ACHIEVEMENTS AND INITIATIVES RELATED TO SUSTAINABLE DEVELOPMENT



OBTAINING OF A PRESTIGIOUS ECO- MANAGEMENT AND AUDIT SCHEME EMAS

EMAS is an environmental certification system operating under the Regulation of the European Parliament and of the Council (EU) No. 1221/2009 of 25 November 2009. Currently, it is the highest EU environmental recognition and the most reliable of all environmental management standards in the European Union. Registration in the system means that ONDE meets the most restrictive environmental protection requirements. We are the first RES company in Poland that obtained this certificate.

START OF EMISSIONS CALCULATIONS IN THE VALUE CHAIN (SCOPE 3)

GRI/OWN RATIO

Calculations of greenhouse gases (GHG) emissions enable informed management of own impact on the climate and is the first step to reduction in the carbon footprint. Currently, we are calculating our direct (Scope 1) and indirect (resulting from consumption of purchased energy - Scope 2) emissions. At the beginning of 2022, we started to calculate the CO2 equivalent emission levels under Scope 3. It covers emissions generated in the entire value chain, e.g., resulting from production of raw materials or semi-products, waste management, transport services provided by external operators, or the use of products by end users.

ESTABLISHING OF THE ONDE FLOW SCHEME

ONDE Flow is our flagship CSR scheme which foundation is education on renewable energy sources and related subjects. It is mainly addressed to youth, students and young scientists from universities. Apart from the educational aspects, we plan to bring to light and provide funding for their innovative ideas, to offer them a chance to expand their research, as well as to increase the social awareness of renewable energy sources and ensure their further development. Currently, the scheme is at its development stage that will last until the end of 2022.





3|3

OTHER IMPORTANT EVENTS

CHANGE OF THE NAME FROM PRZEDSIĘBIORSTWO BUDOWNICTWA DROGOWO-INŻYNIERYJNEGO (PBDI) TO ONDE

With the increase in the number of photovoltaic and wind farms in our portfolio, an idea emerged of changing our name to the one better reflecting the profile of our activities. In Italian “ONDE” means waves, which symbolise energy, the power of the nature, vitality and force. It is also a wave of solar energy or the power of the wind, and a “new wave”, i.e., something new, young, innovative. However, for us environmental aspects are not a new trend, but a real thing and the future of our company, as for many years we have been specialising in renewable energy sources that represent the main component forming a part of our long-term development strategy.

LISTING ON THE WARSAW STOCK EXCHANGE

As a leader of the RES sector in Poland we made a strategic decision to list the shares of our company on the Warsaw Stock Exchange. In the IPO process, we sold all offered shares at their maximum price, and obtained PLN 214.5 million gross (PLN 202.6 million net) from issuing of new shares. We used those funds mainly to obtain new projects concerning wind and photovoltaic farms. In IPO, ONDE’s estimated value was ca. PLN 1.43 billion, and the first listing took place on 19 July 2021.

PURCHASE OF IDE PROJEKT

In 2021, our Group was expanded with the design agency IDE Projekt Sp. z o.o., an experienced, proven and reliable team of highly qualified engineers and designers. Their specialist knowledge, experience and competences in selection of the best design solutions enabled us to increase effectiveness and achieve savings, while maintaining the highest standards for RES systems designed and constructed by us.

A photograph of three wind turbines silhouetted against a bright, hazy sunrise sky. The turbines are positioned in a field with a layer of mist or fog on the ground. The sun is low on the horizon to the right, creating a warm, golden glow.

■ LEADER IN THE
RENEWABLE ENERGY
SOURCES SEGMENT



BUSINESS MODEL
DESCRIPTION

04





4 | 1

THE ONDE GROUP IN BRIEF

The ONDE Group (GRI 102-1) is a leader in the sector of constructions for RES in Poland - the largest in the country general contractor of onshore wind farms in terms of the total size of the executed projects, a leading executor of photovoltaic farms with an extensive portfolio of farm designs ready to be developed independently, and a portfolio of executed road construction contracts.

The Group (GRI 102-45) consists of a parent company ONDE S.A. (The Company) with an extensive experience in execution of road construction and modernisation projects, and of energy projects for the RES sector, together with 23 subsidiaries: IDE Projekt Sp. z o.o. specialising in design services, and 22 special purpose vehicles, established to execute projects. The registered office of the Company is located in Toruń, at Wapienna 40 (GRI 102-3). Furthermore, ONDE S.A. maintenance service, the Bitumen Mass Manufacturer, and IDE Projekt Sp. z o.o. are also located in Toruń. The Company also has a bitumen mass manufacturer in Koszalin. 2021 was a record year for ONDE in terms of contracts for RES. The Company completed execution of 13 wind farm projects and 64 solar farms for its customers, of a total generated power at a level of nearly 0.4 GW. In its portfolio ONDE has over 350 RES projects (completed or in progress) and exceeded a historical threshold of

3 GW of power of devices at all WF and PVF executed from the beginning of the company operations (GRI 102-7).

At the end of 2021, the ONDE Group employed 594 employees, mainly in north-west Poland.



4 | 2

ONDE GROUP OPERATIONS

GRI 102-2

The Group operates a diversified business model, having a well-established position in the wind and photovoltaic farms construction market, and positions itself as the largest contractor for RES investment in terms of the total size of the executed wind farm projects in the Polish market (GRI 102-4).

The Group conducts its activities in the following business sectors (GRI 102-6):

- Renewable Energy Sources” segment, which comprises of three areas:
 - execution of contracts for the wind farms sector;
 - execution of contracts for the photovoltaic farms sector;
 - maintenance and servicing of photovoltaic farms;
- Road and Engineering Constructions” sector;
- "Other Activities” sector (sale of aggregates, construction materials and auxiliary production).

The Group range is supplemented with design services in the renewable energy sources sector, as well as in the road infrastructure, power generation, and accompanying sectors, performed by the agency IDE Projekt Sp. z o.o.

In 2021, the ONDE Group executed projects concerning construction and modernisation of roads, and projects concerning comprehensive execution of construction investments in the sector of Renewable Energy Sources (GRI 102-7), including in particular:

- wind farms: in 2021, 15 contracts on comprehensive execution of wind farms of a total power of ca. 454 MW and the total contract value exceeding PLN 422 million came into force. Furthermore, in 2021, 13 projects of the total power of 289 MW were also completed. At the end of 2021, 30 projects of the total power of 1260 MW were still in progress.
- photovoltaic farms: in 2021, 76 contracts concerning execution of PV investments were concluded, of the total power of 310 MW and the value exceeding PLN 530 million. Furthermore, in 2021, 64 projects were completed of the total power of 64 MW. At the end of 2021, 109 projects of the total power of 277 MW were still in progress.

In the sector of constructions for RES, the Group offers and obtains contracts for comprehensive contracting for construction of wind and photovoltaic farms. Our specialisation in this area, combined with our experience in performance of contracts for construction of roads, is one of competitive edges of the Group, because such investments are

predominantly located in areas without necessary road infrastructure. In the area of construction of photovoltaic systems and wind farms, the Company can provide services of the construction process selected by a customer, execute projects in the BoP and BoS form, or execute the entire investment on the basis of entrusted documentation in the EPC (turn-key) option. Furthermore, the operation and maintenance (O&M) services for photovoltaic systems were added to our range. The projects obtained by the Group may include greenfield investments on previously undeveloped lands without necessary infrastructure, as well as projects with a building permit or which won a RES auction for a foreseen power of the system. Then the Group strives to effectively execute the project and obtain necessary administrative decisions. In the consequence of the conducted investment process, finished systems are transferred under management or shares in special purpose vehicles executing the project. In 2021, 22 such projects were won, of which one has already entered into the construction stage.

The main area of the ONDE Group operations/ activities:

- in the wind power area, our activities focus on execution of projects according to the Balance of Plants (hereinafter: BoP) option. The performed works include all construction works, excluding the delivery and installation of wind turbines. ONDE is responsible for electric works, including designs and construction of substations and of medium and highvoltage lines. It designs and constructs foundations, access roads, or manoeuvring yards. The

Company has also completed “turn-key” projects for wind farms, which

additionally included delivery, installation and start-up of a power plant;

- in the area of photovoltaic farms, the scope of works covers all stages of the construction process, from drawing up of an execution design, through construction of access roads, up to delivery and installation of photovoltaic modules, construction of a cable connection, and start-up of a photovoltaic farm. The Group executes the majority of the photovoltaic projects as the turn-key option, as well as prepares system designs;
- in the road and engineering constructions sector, ONDE executes comprehensive investments associated with construction and refurbishment of roads, lanes, and accompanying infrastructure, as well as performs paving works, constructs sewage systems, and installs signs and lighting systems on the grounds. The Company also has competences to execute projects in the Design and Construct mode. The services in this area are supplemented with own production of bitumen masses used during constructions.

Additionally, at the beginning of 2021, the Group started operations in the area of construction of own Renewable Energy Sources in the develop, build and sell model. Such activities are based on a purchase, development and construction of photovoltaic and wind farm projects, which are then planned to be sold.

However, the current situation in the market encourages us to keep the constructed projects, or at least a part of them, in our portfolio and gaining income on sale of electricity. The Group obtains projects at an early development stage (greenfield), as well as those with agreed conditions for connection to the grid or a building permit, and this means an





option for faster commercialisation. In November 2021, the Company started construction of the first own photovoltaic project “Cyranka”, located in the Mazursko-Warminskie Voivodeship. The plant of 18 MW is to be put into operation by the end of 2022.



AWARDS AND RECOGNITIONS FOR ONDE RECEIVED IN 2021:

3rd place for the Banie III WF in the “Buduj bezpiecznie” competition

A recognition for the Szymankowo WF in the “Buduj bezpiecznie” competition

1st place in the Kujawsko-Pomorskie Voivodeship and 15th place in Poland among companies with income above PLN 250 million in the Forbes Diamonds

Diamond Certificate for the Reliable Company

An award for the “Company of the Year” awarded by the Polish Wind Energy Association

Masterpiece of the Construction Work 2021 - Engineering and road constructions, the Pomorsko - Kujawska Construction Chamber



4|3

VALUE CHAIN

The ONDE Group comprehensively executes investment projects in the RES sector, from the design stage, through the construction works up to the system management. It also has necessary competences to execute road and engineering projects, including according to the Design and Construct method. With our long-term experience, well-qualified personnel, and cooperation with proven partners we may offer the highest standard of services to investors, while having necessary resources to execute the projects.

The vertical integration allows us to create value at successive stages of the execution of investment projects. IDE Projekt Sp. z o.o. is a competence centre for design services in the renewable energy sources segment. This company executes comprehensive construction and execution projects for photovoltaic and wind farms, and a large part of its orders are formed by projects concerning road and energy infrastructure, and accompanying sectors. IDE Projekt develops construction and execution designs for construction of new and modernisation, expansion and refurbishment of existing components of the road systems and power supply structures. Furthermore, it can design routes for transport of large-size goods and forecasts for traffic and capacities, as well as

offers support in environmental proceedings and obtaining of building permits for investments from the renewable energy sector. Having the design agency within the Group eliminates a need to outsource this service, ensures its reliable performance and does not generate additional costs.

Our knowledge of a specific nature of execution of the RES projects offers a competitive edge for the Group in evaluation of the actual potential of the investment, and this translates into a reliable price quotation and assessment of a level of difficulties in performance of energy projects. This contributes to the Group's ability to selectively choose projects with the highest economic and technical potential for its portfolio designated for development. In the road and engineering constructions and renewable energy projects, the Group uses its assets in form of its own bitumen mass manufacturers located in Toruń and in Koszalin, and specialist construction equipment used in executed projects.

Furthermore, our experience in construction of roads is important for execution of projects from the RES sector, especially in locations without necessary infrastructure for efficient transport of large-size components used for construction projects. Well-qualified and experienced personnel are a significant part of the value construction in the ONDE Group. The diversity of executed projects contributes to

comprehensive experience of the personnel and our ability to execute customised projects within established dates and budgets. The implemented environmental management and OHS systems conforming to ISO 45001:2018 and ISO 14001:2015 additionally support efficient performance of construction works.

Additionally, in 2021, the Group implemented the environmental management standard EMAS, confirming that it meets the most stringent environmental protection requirements in Europe. As a part of the EMAS declaration, during its verification by the third party auditor it was found that the ONDE Group had necessary resources, knowledge, competences and attitude, dynamically and extensively contributing to processes of replacing sources used for production of electricity, heat and cold in Poland and Europe with low and zero emission energy sources. It was decided that the Group itself, in its internal processes, conducts activities minimising its carbon and environmental footprints.

The Group cares for its image of an attractive future employer, for example, by providing a programme of practical training and internship for students, to ensure it has access to ambitious and well-educated staff. Our human resources are one of the distinguishing factors supporting the strong position of ONDE in the market.

Throughout over a dozen years of its activities, the Group also assembled a group of proven, reliable subcontractors delivering the complementary services of the highest standard. This increases the flexibility and the scale of the Group operations, while ensuring

a required level of performed services. For its subcontractors, the Group has

policies specifying requirements for subcontractors in the environmental and safety area.

Furthermore, the offered O&M services based on the best market practices, experience, well-qualified personnel and modern measuring and diagnostic equipment allow ensuring high reliability of operation of photovoltaic farms entrusted to ONDE.





MISSION

Provision of construction services of the highest quality and development of activities in the construction market for RES to support the energy transition in Poland and, in consequence, participation in execution of a vision of the climate neutral economy respecting principles of sustainable development.

STRATEGIC OBJECTIVE

Creating value for shareholders by ensuring further growth of the Group, strengthening its position as a leader in environmentally friendly and modern construction solutions for the renewable energy and road sectors in Poland, as well as further expansion of conducted activities with purchase and construction of photovoltaic systems, and then sales according to the develop, build and sell method, or operation of the installation by the Group within this model.

The ONDE Group bases its strategy on three pillars:

1. its position as a leader in construction of wind farms and a leading position in a dynamically developing sector of photovoltaic farms construction in Poland;

2. the foreseen increase in the green energy generation sector, especially in production of wind and photovoltaic energy in Poland by 2040, in relation to implementation of the European Green Deal policy and the Energy Policy for Poland until 2040, which provide for the increase and support for development of wind and photovoltaic farms in Poland;
3. maintaining and further use of own resources and cooperation with the ERBUD Group.

The current strategy provides for continuing of a business model based on rendering construction services within the RES sector in areas of photovoltaic and wind energy generation as basic activities. The Group will also conduct its activities in the road and engineering constructions by selectively choosing and executing projects. The Group provides for further acquisition of projects at various stages of progress, to expand its activities in the RES sector with performance of the RES projects according to the develop, build and sell method. To supplement its range, the Group intends to provide operator and maintenance services for farms constructed by it, as well as for other wind and photovoltaic farms.

On the long-term basis, the strategy provides for further expansion of activities in construction and operation of photovoltaic farms and undertaking

further works in other construction sectors associated with production of green power. The Group plans to construct a system for electricity storage and its operation on a basis on its experience and design and engineering competencies. Furthermore, ONDE will compete for contracts for execution of wind and photovoltaic energy systems in foreign markets, especially in the European Union Member States implementing the European Green Deal policy.

In the future, the Company will also aim at developing a strategy covering the ESG issues, including social and employee areas.





4 | 5

DESCRIPTION OF SECTORS AND MARKETS IN WHICH THE ONDE GROUP OPERATES



Companies from the ONDE Group operate in the Polish construction market for the renewable energy and the road and engineering constructions sectors.

The RES sector is a dynamically developing area of energy generation in Poland - according to the Energy Market Agency, in 2021 it represented 12.3% of energy generated in Poland, with 9.4% being the production of wind farms, and 2.9% generated by PV farms. In the view of regulatory changes, the rate of increase in wind farms power dropped significantly in last five years, with a simultaneous increase in the dynamics of putting new photovoltaic systems into operation. In 2021 alone, generation of energy from PV farms nearly doubled versus 2020.

At the end of October 2021, the estimated installed PV capacity reached 6,688 MW, while in 2020 it amounted to 3,936 MW. At the end of November 2021, the installed capacity of wind farms amounted to ca. 7,185 MW (6,350 MW at the end of 2020). In 2020, generation of energy from wind represented over 9% of the total volume of energy generated in Poland. The National Energy and Climate Plan provides for the increase in RES systems power in Poland to 24 GW by 2030 and to 37 GW by 2040 (from the level of 9.5 GW in 2020), as well as an increase in production

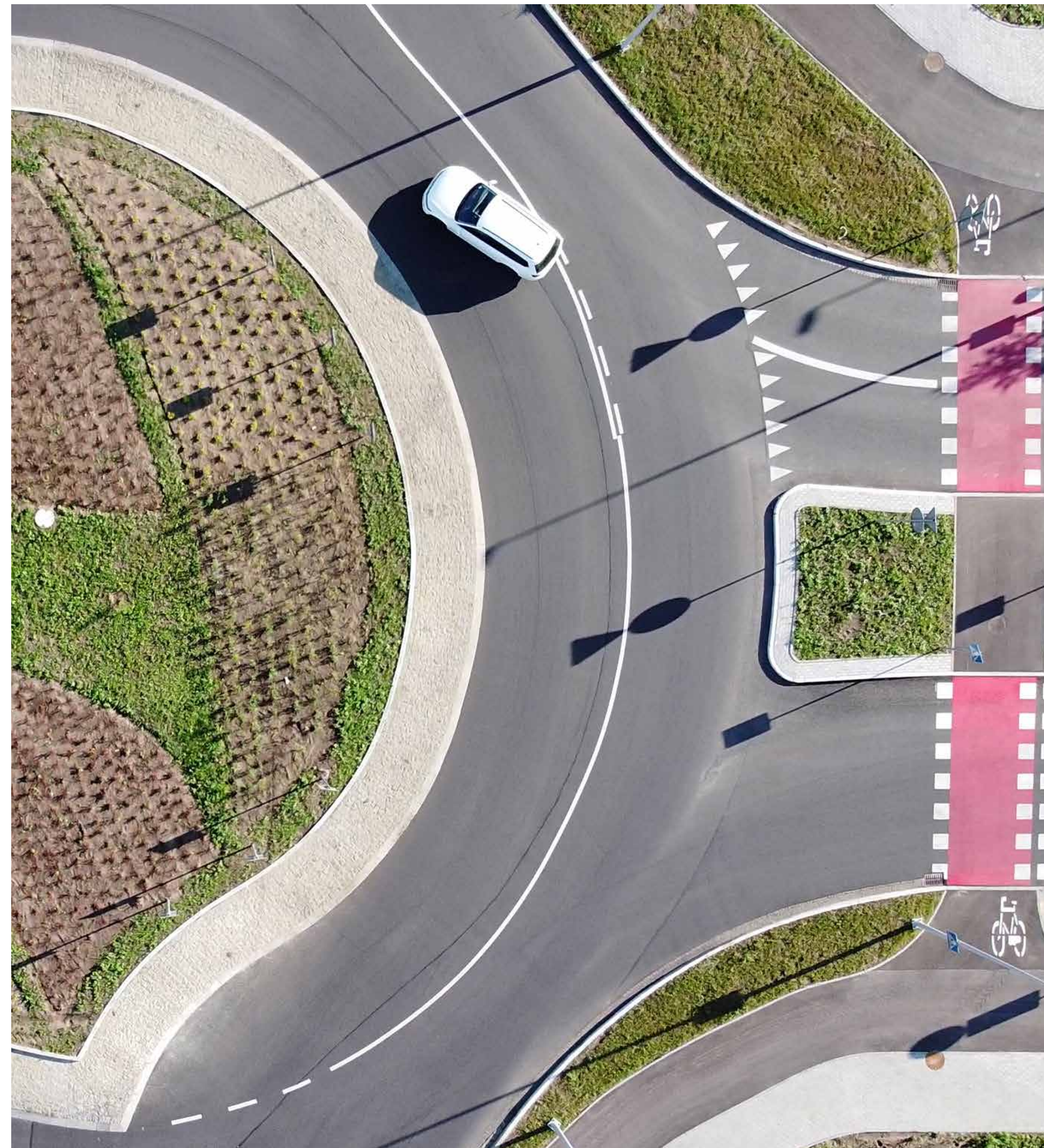
of electricity from RES to 32% and 40% (by 2030 and 2040, respectively). As the WindEurope report Wind energy in Europe: 2021 Statistics and the outlook for 2022-2026 shows, investments in the wind energy sector in Europe reached EUR 52 billion in 2019, and in 2021–2025, 105 GW of new wind power capacity will be installed. With its investments at the level of EUR 1.6 billion in 2020, Poland is among five countries with the highest expenditures on onshore wind farms in the European Union. According to data presented in the URE report, in 2020 the total power generated by RES systems reached 9979 MW, versus 6970 MW in 2015 (an increase by over 43%), of which 63.6% came from wind power generation. During last 10 years, the capacity of Polish wind farms has increased over five times.

Of all RES sectors, in Poland the solar energy generation (“PV”) is developing at the fastest rate. According to SolarPower Europe, in 2021, with installation of about 3.2 GW of new photovoltaic capacity, Poland took the fourth place in Europe in terms of the increase, following Germany (5.8 GW), Spain (3.8 GW) and the Netherlands (3.3 GW). In 2021, over 1.1 TWh of electricity generated in Poland was supplied from PV microsystems, over three times more than in 2019. According to

the data of the Energy Market Agency, at the end of June 2021, the installed photovoltaic capacity in Poland amounted to 5,357 MW, 117.4 percent more when compared to June 2020. The average size of a PV system is 10.3 kW. The stability of the supply chain for crucial components and cost optimisation of orders are factors of crucial importance. For that purpose, in the period of 4Q21–2Q22 ONDE executes one of the largest deliveries of modules in Poland, ordering 440 marine freight containers with modules of a power of ca. 140 MWp. This large volume ensures not only a comfort of performance of ordered works, but also secures construction of farms for own use and a stable price of an important component.

Reasons for fast development of the renewable energy sector in last years include market fragmentation and easy access to funding for projects. In consequence, the majority of Polish investments in wind and photovoltaic farms are executed by smaller, private investors, despite the presence in the market of large energy companies with the largest share in the total energy production and sales. This situation increases a demand for specialist construction services among investors, and has an advantageous influence on improvement in efficiency in project execution, due to a more flexible approach to the contractor selection. The comprehensive nature of services offered by contractors, enabling an investor to order the largest scope of works possible, represents one of competitive edges of the ONDE Group.

The market of road construction services is dominated by the largest construction companies operating in Poland, which execute (as a general contractor) the investments of the greatest value, concerning mainly construction of dual carriageways and



motorways. The Company has noted an increasing competition between contractors. In this sector of the market, the main selection criterion is the price, and thus, the company ability to reduce costs. For this reason, the ONDE Group maintains a selective approach to selection of contracts.



4 | 6

MAIN TRENDS AND FACTORS INFLUENCING DEVELOPMENT OF THE SECTOR AND THE GROUP



As noted by the Institute of Renewable Energy, in 2021 the national demand for electricity increased by 5.7 percentage points versus 2020. In December, the largest share in energy production had coal-fired power plants (76%), and wind farms were the third source of energy, with a share of 11.6%.

Poland has good conditions for construction of wind farms. On average, the wind speed at the height of 100 m reaches about 6.5 m/s, and is even higher in the seaside region. Wind turbines can generate energy already when the wind speed is between 3 and 4 m/s. A barrier to a more robust development of this sector is the 10H Distance Act, which limited possibilities for construction of farms in the vicinity of residential areas. For this reason, the investments moved to the off-shore area, where the development of wind farms will be dominated by the largest energy holdings. Nevertheless, a liberalisation of provisions of the 10H Distance Act, a draft of which is currently a subject of legislative works, may have a positive influence on dynamics of the increase in onshore capacities.

The photovoltaic sector, on the other hand, is currently developing at the fastest rate of all RES sectors in Poland, in the microsystems segment, and this reflects a significant activity of individual

and business prosumers. The further increase of the photovoltaic market, observed recently and forecast for the coming years, creates an increased demand for services of installation and EPC companies, as well as suppliers of equipment, and their development creates new jobs and generates added value. We expect slowing down in this segment from April 2022, due to a change in settlements with prosumers.

The Energy Policy for Poland until 2040 (hereinafter: PEP 2040) is an impulse for further development of the market, and its proposed scenario. It is one of nine integrated sector strategies resulting from the Strategy for Responsible Development, and it is also consistent with the National Energy and Climate Plan for 2021–2030. Among others, PEP 2040 provides for an increase in the RES share in all sectors and technologies, from the increased RES share in the final gross energy consumption to at least 23% and no less than 32% in power generation (mainly through wind and solar energy) and an increase in installed capacities in photovoltaic sector to at least 5–7 GW in 2030 and ca. 10–16 GW in 2040. At the current rate of capacity increase, these objectives can be reached much earlier.

For development of the road infrastructure in Poland, the rate of execution of large infrastructural projects and the effectiveness of the use of

the EU funds will be of importance. These investments are mainly executed in accordance with the 2030 Programme for the Construction of National Roads (with a forecasts until 2023) (hereinafter: the Programme for the Construction of National Roads) The original budget of the earlier Programme for the Construction of National Roads from 2019 amounted to PLN 142.2 billion. In 2021, a new programme was announced, providing for expenditures in the amount of ca. PLN 292 billion, and including construction of ring roads for 100 towns.

In the renewable energy sectors, the construction market will be shaped in the future by the European Union policy concerning the environmental protection and striving for sustainable development. It should be perceived as further stimuli for development of both the renewable energy sector, as well as infrastructural investments associated with modernisation of the public transport infrastructure. On the other hand, consequences of the military conflict in Ukraine, currently impossible to estimate, should be noted (more in Chapter 6 describing risk factors).





■ WE CREATE
ENERGY OF
THE FUTURE



SUSTAINABLE
DEVELOPMENT OF
THE ONDE GROUP

05





In ONDE we believe that the man can obtain energy necessary for living in a way that is in harmony and agreement with the nature. Therefore, we created an organisation that does not perceive renewable energy sources as a fashionable alternate solution, but uses them as a basis for a philosophy for considering the future, both our own and the future generations. A real influence that each person on Earth can have when choosing a type of the energy. Regardless of whether they consider their home or business.

The ONDE Group, being aware of its impact on its environment, conducts its activities in a responsible and sustainable way. The significant objective of ONDE, both in the area of its main business activity, and in actions implemented in the corporate business responsibility (CSR) area, is to prevent adverse climate changes. As a responsible leader in the RES sector, we feel a need and a moral obligation to develop a social awareness of a need for the sustainable development of the energy sector.

Our ambition is a real participation in dissemination and development of projects with the use of renewable energy sources, to which our previous executions of wind farms and photovoltaic systems contribute.

A predominating component of DNA and the competitive advantage of the ONDE Group is its holistic approach to executed investments, while maintaining the highest standards of safety and care for the environment, and cooperating with a local community.



5 | 1

RELATIONSHIPS WITH STAKEHOLDERS



GRI 102-40

To us, sustainable development means, among others, that we form relations with all crucial stakeholders and, by responding to their needs and expectations towards our organisation, we create a value for them. We believe that such partner approach based on understanding, honesty and trust, allows us to create a long-term value, both business and social.

Our crucial stakeholders include our employees, customers (investors), subcontractors, suppliers, and shareholders, but also members of local communities or beneficiaries of CSR activities. The stakeholders map was drawn up as a part of a strategic workshop held at the end of 2021 with the crucial management personnel and the Company Management, which aims included a discussion of a project for implementation of sustainable development reporting in the ONDE Group and identification of ESG issues of the greatest importance for the Group.

During the said workshops, the Group relations with all groups of stakeholders were also discussed (taking into account the most important subgroups within them) and the stakeholders were mapped in terms of their influence on the organisation and their interest in it. On this basis, the most crucial stakeholders of

the ONDE Group were identified, where the decisions about the form of involvement of individual groups are related not only to current Company operations, but also to its CSR activities (e.g. the ONDE Flow scheme), as well as the specific character of a given stakeholders group (GRI 102-42).

Chart 1 The ONDE Group stakeholders map



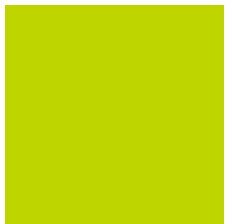
A	Majority shareholder (ERBUD)
B	Institutional and individual shareholder
C	Stock market analysts and ESG
D	Beneficiaries of ONDE CSR schemes
E	Journalists and opinion leaders
F	Financial institutions (e.g. banks providing loans and insurance companies)
G	Capital market institutions and organisations
H	Public (central and local) and infrastructural institutions
I	Market competitors
J	Suppliers
K	Subcontractors
L	Business partners: customers
M	Employees (and potential employees)
N	Sector organisations
O	Local communities (in areas of investments executed by ONDE)
P	Scientific milieu
R	Management board and crucial managers

5.1.1 DESCRIPTIONS OF MANAGEMENT OF RELATIONS WITH KEY STAKEHOLDERS

We consider each group of stakeholders individually, developing communication adopted to their needs. The feedback received plays a very important role and we treat it as guidelines enabling regular verification of activities undertaken for development of durable and transparent relations with stakeholders. Their development represents a value for the Group.

Table 1. Main methods for dialogue and communication with stakeholders and for involving them

Stakeholders (GRI 102-40, GRI 102-43)	Main methods for dialogue, communication and involvement
Business partners (customers) <ul style="list-style-type: none"> • investors • potential customers 	<ul style="list-style-type: none"> • We meet in person and online. • We ensure regular written and oral communication. • We increase customers' awareness of OHS and environmental protection by communicating our IMS Policy. • We update our website and are active in social media.
Subcontractors	<ul style="list-style-type: none"> • We meet in person and online. • We ensure regular written and oral communication. • We increase our business partners' awareness of OHS and environmental protection by communicating our IMS Policy. • We provide briefings on OHS and environmental protection, as well as participation in additional initiatives (e.g. the Safety Week). • We consult functioning of the ONDE Integrated Management System with our subcontractors and are always open to proposed improvements. • We provide our subcontractors with additional information materials concerning correct attitudes and safety at the construction site. • On our websites, we provide information on standard of cooperation with subcontractors. • We update our website and are active in social media.
Employees <ul style="list-style-type: none"> • current employees • managing personnel • potential employees 	<ul style="list-style-type: none"> • We ensure continuous two-way cooperation between the managing personnel, including the Management Board, and employees and have the "open door" policy, communicating regularly by phone and emails. • We organise internal and external training sessions, and are open to training courses suggested by our employees. We provide training courses in communication, especially for the managing personnel, to ensure good practices in a continuous dialogue with employees. • We organise integration events, for the entire company (at least once a year) or for teams. • We consult functioning of the ONDE Integrated Management System with our employees and are always open to proposed improvements. • We regularly evaluate the recruitment and onboarding processes, and analyse results according to quantitative and qualitative criteria. • We conduct development talks. • Every year, we offer places in an internship programme, with an option for employment. • We participate in job fairs, in person and online. • We publish current vacancies on our website and recruitment portals.
Suppliers	<ul style="list-style-type: none"> • We meet in person and online. • We ensure regular written and oral communication.
Local communities <ul style="list-style-type: none"> • direct neighbours of companies and investments executed by ONDE • representatives of local administration 	<ul style="list-style-type: none"> • We organise meetings with commune authorities and citizens. • We organise information points at construction sites. • We gather complaints and conclusions of citizens, if any appear, and handle them. • We conduct education activities, including those addressed to children and youth. • We update our website and are active in social media.



<p>Capital market environment</p> <ul style="list-style-type: none"> • shareholders • investors • analysts • capital market institutions, including GPW 	<ul style="list-style-type: none"> • We convoke General Meetings at least once a year. • We organise meetings discussing our performance at least once a quarter. • We meet individually and in groups, in person and online. • We prepare reliable and exhaustive current and periodic reports. • We ensure regular written and oral IR communication. • We update our website and are active in social media.
<p>Media (and opinion leaders)</p> <ul style="list-style-type: none"> • sector and subject • economic • regional and local 	<ul style="list-style-type: none"> • We prepare a quarterly information about the ONDE financial performance. • We ensure regular written and oral communication by telephone or email, including interviews with the Company representatives. • We provide the most important information from the Company life, e.g. about executed projects or new contracts, on a regular basis. • We update our website and are active in social media.
<p>Sector organisations (GRI 102-13)</p> <ul style="list-style-type: none"> • Construction Safety Partnership at the District Labour Inspectorate in Bydgoszcz (PBB) - an active member • Polish Wind Energy Association - an active member • Polish Energy Storage Association – a member • Polish Photovoltaics Association - an active member • Polish Association of Solar Energy – a member • Polish Chamber of Road Building - a Chairman of the Board of the Kujawsko-Pomorskie Chamber 	<ul style="list-style-type: none"> • We organise conferences with participation of representatives of those associations. • We participate in establishing joint OHS standards. • We exchange OHS knowledge and experience with other PBB signatories. • We provide and receive alerts concerning accidents and near misses. • We exchange knowledge and experience on RES with other members of associations and participate in sector initiatives.
<p>Beneficiaries of ONDE CSR schemes</p>	<ul style="list-style-type: none"> • We involve beneficiaries into activities as a part of ONDE Flow. • We participate in our own or top-down assistance initiatives. • We support sports teams, as well as sports and cultural events. • We support grassroots charity initiatives of ONDE employees. • We ensure regular written and oral communication. • We update ONDE and ONDE Flow scheme websites and are active in social media.
<p>Scientific milieu</p> <ul style="list-style-type: none"> • universities • students and PhD students • representatives of scientific milieu 	<ul style="list-style-type: none"> • Every year, we offer practical training and internship schemes for students, also as a part of regular cooperation with several Polish universities (see: Practical training and internship in the Report). • We organise conferences with participation of representatives of the scientific milieu. • We share our knowledge on RES on an invitation from student scientific clubs. • We participate in job fairs, in person and online.

5.1.2 ASPECTS CRUCIAL FOR STAKEHOLDERS

(GRI 102-44)

Being a leader in our sector requires from us to develop continuously. To ensure that this process is sustainable, we take into account the outlook and needs of our environment, both in our daily activities and in strategic plans. Opinions of key stakeholders of the ONDE Group are important guidelines for us when taking decisions.

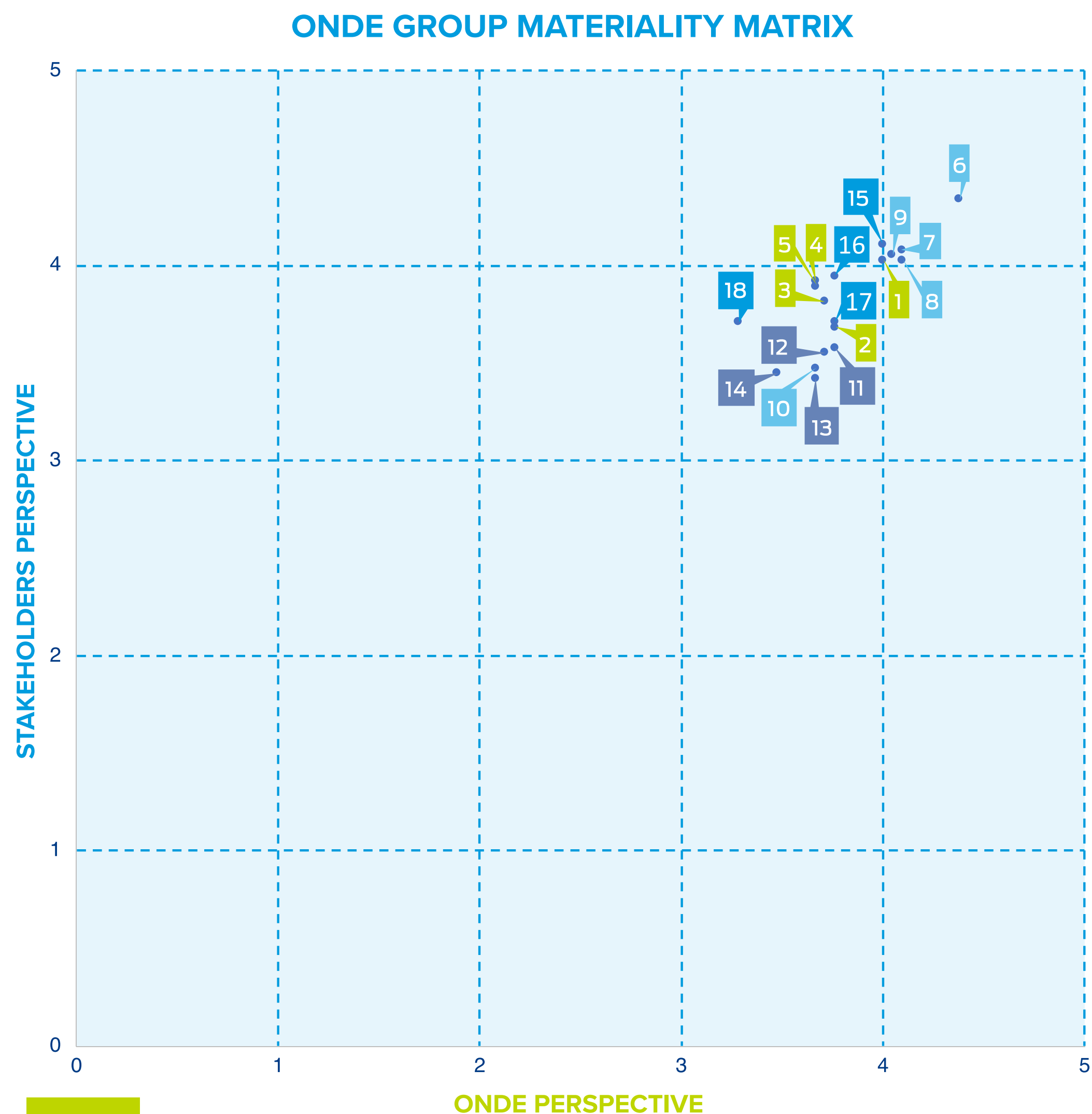
Preparing our first (this) sustainable development report, we conducted a survey amongst representatives of our stakeholders, both internal (employees) and external. In this survey, we asked them to indicate issues on which we should particularly focus in the future and to what extent, so the ONDE Group is perceived as a company that is responsible and developing in a sustainable way.

At the same time, we asked our managing personnel to evaluate materiality of issues included in the questionnaire related to sustainable development for our business, mainly for competitiveness and building long-term values by the ONDE Group.

On a basis of results of these two surveys, we determined materiality of various aspects of our activities for sustainable development of the ONDE Group. The combined perspectives of our stakeholders and of managing personnel responsible for shaping and execution of the ONDE business strategy resulted in the following materiality matrix.



Chart 2 ONDE Group materiality matrix



		STAKEHOLDERS	ONDE
1	Responsibility for RES systems life cycle	4.03	4.00
2	Reduction in greenhouse gases (e.g. carbon dioxide, nitrogen oxides and other) emissions	3.68	3.76
3	Environmental education of employees and subcontractors and members of local communities in regions where ONDE investments and constructions are executed	3.82	3.71
4	Reduction in consumption of natural resources, and waste management	3.92	3.67
5	Minimising of environmental impact (biodiversity)	3.89	3.67
6	Ensuring occupational health and safety (OHS) of employees and subcontractors	4.34	4.38
7	Equality of remuneration and a clear career path	4.08	4.10
8	Training and professional development of employees	4.03	4.10
9	Mental and physical health of employees	4.05	4.05
10	Diversity	3.47	3.67
11	Implementation of own projects and support for RES-related social and educational projects	3.58	3.76
12	Minimising the impact of ONDE business activities on a local community	3.55	3.71
13	Support for local initiatives and involvement of local communities	3.42	3.67
14	Dialogue with a local community	3.45	3.48
15	Business ethics: fair competition practices and prevention of corruption and malpractices	4.11	4.00
16	Transparency	3.95	3.76
17	Communication with stakeholders	3.71	3.76
18	Verification of suppliers for the use of sustainable development principles	3.71	3.29

We grouped aspects presented in the materiality matrix into four key areas:

- environmental and climate,
- human capital,
- social responsibility and commitment
- corporate governance and management.

The table below highlights those aspects that scored at least “4” in the assessment of both our stakeholders (including employees) and the managing personnel. On the scale applied, this means “high materiality” of a given issue for the sustainable development of the ONDE Group.

Item	Area	Sustainable development aspect
1	ENVIRONMENT AND CLIMATE	Responsibility for RES systems life cycle
2		Reduction in greenhouse gases (e.g. carbon dioxide, nitrogen oxides and other) emissions
3		Environmental education of employees and subcontractors, and members of local communities in regions where ONDE investments and constructions are executed
4		Reduction in consumption of natural resources, and waste management
5		Minimising of environmental impact (biodiversity)
6	HUMAN CAPITAL	Ensuring occupational health and safety (OHS) of employees and subcontractors
7		Equality of remuneration and a clear career path
8		Training and professional development of employees
9		Mental and physical health of employees
10		Diversity
11	RESPONSIBILITY AND SOCIAL INVOLVEMENT	Implementation of own projects and support for RES-related social and educational projects
12		Minimising the impact of ONDE business activities on a local community
13		Support for local initiatives and involvement of local communities
14		Dialogue with a local community
15	CORPORATE GOVERNANCE AND MANAGEMENT	Business ethics: fair competition practices and prevention of corruption and malpractices
16		Transparency
17		Communication with stakeholders
18		Verification of suppliers for the use of sustainable development principles

At the same time, it is worth noting that distribution of scores for individual aspects was similar in the group of stakeholders (internal and external) and of ONDE managing personnel, i.e., we did not note any significant disparity in assessments of both surveyed groups.

The Report takes into account the needs and expectations of our stakeholders, referring to all aspects considered material by them:

- we refer to the responsibility for RES systems life cycle in section 6.3 (Risk associated with a potentially negative impact on the climate, and the influence of climate changes on the Group);
- we described our approach to development of human capital and to OHS in sections 5.2 Employees, 5.3 Occupational health and safety, and 5.5 Subcontractors;
- our approach to relations with customers, subcontractors, and suppliers (also concerning business ethics) is described in sections: 5.4 Customers, 5.5. Subcontractors and 5.6 Suppliers;
- our approach to fair competitive practices and prevention of corruption is presented in section 5.11 Sustainable corporate governance.

The Report also includes the majority of other aspects specified by our stakeholders during the survey.

Regardless of the conducted survey, issues of the highest importance for our stakeholders, their needs and expectations towards our organisation, are determined on a basis of regular meetings and discussions. Development of durable and good relations with our stakeholders is a part of our DNA, and the constant dialogue allows us to believe that the ONDE Group develops in a sustainable way.





5|2

EMPLOYEES



Kamila Kużaj-Karaszewska

HR Manager in ONDE

support at difficult times. Our aim is to maintain that trust.

Kamila Kużaj-Karaszewska,
HR Manager w ONDE



KEY FACTS AND INDICES FOR 2021:

- **594** employees (520 employment agreements + 74 civil law contracts)
- Robust development of the ONDE Group: +30.6% of people employed YoY
- **1 024** – number of participations in external and internal trainings
- **5.7/6** – an average score in an assessment of candidate satisfaction with the recruitment process in 2021
- **5.3/6** an average score in an assessment of candidate satisfaction with the onboarding process in 2021

At the ONDE Group, we maintain a long-term tradition of transparent communication that we created during over a decade of our operations under the brand Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego SA. good atmosphere at work



In our work, we ensure respect and care for well-being of our employees as people who require a well-considered individual approach. It is our guiding concept, starting at the initial stage of recruitment and maintained throughout employment with the ONDE Group. Employees are aware that they can turn to us not only for a training support to develop their competencies, but also for psychological



Anna Ostrowska-Wegenke

Personnel Department Manager in ONDE



We managed to create a family atmosphere and good relations between employees, which translate into efficient and effective performance of tasks and facing challenges. We are distinguished by our care for the culture of transparent communication on a daily basis and the emphasis on the value of a dialogue, also with our managers. We nurture a tradition of direct contacts, openness and empathy. We also always maintain that a good work and life balance is important for health, peace of mind and good work

Anna Ostrowska-Wegenke,
HR Department
Manager in ONDE



combined with the trust and respect between team members are values that we cultivate in our daily activities. Bonds between the members of our organisation and continuous dialogue translate, among others, into effectiveness of our organisation and good employer and employee relations. The values strictly associated with the above issues include care for development and openness to needs of others. They enable employees to use competences of other team members, and share knowledge and support between themselves in their daily activities. This care for development translates into provided internal and external training sessions, and the openness is reflected in continuous expanding of their range according to current needs.

5.2.1 Description of due diligence policies and procedures in the employee area

The adopted documents and good practices developed on their basis shape the work environment, and, apart from values forming the foundation of our organisation, support its development and business performance.

The ONDE S.A. structure includes two separate departments with competencies focusing on the employees: Personnel Department and HR Department. The Personnel Department of the ONDE Group is responsible for creating, supervision of the implementation, and updating of applicable policies, regulations and procedures. Furthermore, the Personnel Department of the ONDE Group supervises job descriptions of all employees specified and approved in the organisational regulations.

The ONDE Group conducts its operations in accordance with applicable Polish legislation shaped by the Labour Code, as well as the European legislation governed by the Charter of Fundamental Rights of the European Union and conventions of the International Labour Organization ratified by Poland.

The Company also ensures that human rights are respected without any exceptions on a basis of the above documents, the Constitution of the Republic of Poland, the International Charter of Human Rights together with the Universal Declaration of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work.

The ONDE Group did not adopt a formal policy on respecting the human rights, however, documents from

the employee area shaping the development of the human capital in the entire ERBUD Group are in force in it.

- The policy for management of diversity resulting from sex, age, disability, health condition, race, nationality, ethnic origin, religion, believes or lack of religious believes, political views, union membership, psychosexual orientation, gender identity, family status, lifestyle, and all other factors.
- A procedure preventing unequal treatment, aiming at implementation of Article 183a and Article 943 of the Labour Code, addressing cases of discrimination, indirect discrimination, direct discrimination, mobbing, harassment, and sexual harassment. When any such undesirable events occur, a Committee for Unequal Treatment is appointed, authorised to proceed in such case, including intervention activities.

Furthermore, an internal informal procedure was adopted at ONDE S.A. for proceeding in conflict situations outside the scope covered by the Procedure for preventing unequal treatment. It is used in conflict situations, when an employee notifies their dissatisfaction with cooperation with their manager or remarks concerning specific behaviour of their manager.

The procedure for solving conflict situations notified by an employee involves;

- an interview with the employee by the HR Department representative;
- an interview with the relevant manager by the HR Department representative;
- a discussion of the HR Department representative with a manager at a higher level, to whom the relevant employee reports;





- preparing a proposal of remedies by the HR Department representative.

Apart from legal regulations, formal frameworks for activities and due diligence procedures in the human resources management (including personnel and payroll area) at the ONDE Group are mainly ensured by:

- Work Regulations of Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego SA¹, They specify responsibilities and authorities of every employee.
- The Remuneration Rules of Regulations of Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego SA². They specify rules for paying the remuneration, including allowances to remuneration for work (work in overtime and at the night-time, appreciation bonuses and awards) and for calculating amounts of severance payments. Furthermore an informal procedure on granting appreciation bonuses, including annual bonuses, is in force at ONDE S.A. Members of managing personnel inform directors of their departments about bonuses granted, who in turn provide that information to the personnel department. The procedure requires acceptance of the awarded bonus by the Company Management Board.
- Occupational Health and Safety procedures and instructions.

The previous robust development of activities and HR needs of ONDE S.A., especially in 2020–2021, as well as preparations to the Company listing on the Warsaw Stock Exchange made recruitment in the HR area of specialised employees and their additional training

¹ In 2021, Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjne SA changed its name to ONDE S.A.

² As above.

a priority in the HR area. Therefore, formalisation of procedures functioning in the Company in the HR and personnel area, as well as updating of current regulations is planned in coming years.

Furthermore, it is also planned to prepare pay (remuneration) spines showing various levels of remuneration at various positions in the organisation. They aim at organising remuneration rules, both for salaries, and for hourly remuneration for blue-collar workers.

5.2.2 Most important information on employment

(GRI 102-8)

With a robust development of its activities, at the end of December 2021, the ONDE Group employed 594 people, both under employment agreements and civil law contracts, i.e., 139 people more (+30.6%), when compared to the end of 2020. Also a year ago the Company noted a high increase in the number of new employees, exceeding 100 people.

17 people in the Company, including 3 women, were employed part-time. This form of employment is used mainly for those positions, for which full-time employment would not be compatible with the Company need (too large number of hours in relation to performed obligations).

At the end of 2021, the ONDE Group employed 42 women and 97 men more than one year earlier. In relation to previous year, the percentage ratio of women increased by 1.4 percentage points. The ratios of women and men employed at the ONDE Group (ca. 25/75) do not differ from similar ratios of employees employed in the sector, reflecting the higher number of men of qualifications required in the sector in the current labour market. The largest group of employees were people between 30 and 50 years of age, representing 58.3% of all employees.

In the reported period, the majority (64%) of employees of the ONDE Group were people employed under an employment agreement for an indefinite period of time.


 People employed under civil law contracts, including managerial contracts, represented 12.5% of all employees.

Table 2. Employment in the ONDE Group

Employees	As of Dec 31, 2021	As of Dec 31, 2020
Grupa ONDE	594	455
ONDE S.A. (parent company), including:	565	444
• employment agreements (full-time)	474	384
• employment agreements (part-time)	17	12
• civil law contracts	74	48
ONDE S.A. (as FTEs)	482.6	390.2
IDE Projekt	29	11*

* IDE Projekt Sp. z o.o. joined the ONDE Group in 2021

* A method for head count calculation

Table 3. Employment at the ONDE Group broken by sex and age

Number of people employed at ONDE Group companies Project broken by sex (at the end of the period)	ONDE Group		ONDE S.A.		IDE Projekt	
	2021	2020	2021	2020	2021	2020
Women	152	110	140	105	12	5
Men	442	345	425	339	17	6
Total	594	455	565	444	29	11
• including employees below 30 years of age	161	95	143	89	18	6
• including employees from the age group of 30–50 years	346	286	336	281	10	5
• including employees over 50 years of age	87	74	86	74	1	–



Table 4. Employment of women and men, broken by the agreement type

Number of people employed at ONDE Group companies broken by the agreement type (at the end of the period)	ONDE Group		ONDE S.A.		IDE Projekt	
	2021	2020	2021	2020	2021	2020
Employment agreement for an indefinite period of time – women	99	65	92	62	7	3
Employment agreement for an indefinite period of time – men	281	258	269	254	12	4
Employment agreement for a definite period of time – women	41	29	37	27	4	2
Employment agreement for a definite period of time – men	91	37	88	35	3	2
Civil law contract – women	9	6	9	6	-	-
Civil law contract – men	65	42	65	42	-	-
Agreement for a trial period – women	3	10	2	10	1	-
Agreement for a trial period – men	5	8	3	8	2	-
Total	594	455	565	444	29	11

* A method for head count calculation

Table 5. ONDE Group employees, with listing of managerial positions

Number of people employed with managerial positions listed (at the end of the period)	ONDE Group		ONDE S.A.		IDE Projekt	
	2021	2020	2021	2020	2021	2020
Employees at managerial positions - women	20	16	17	14	3	2
Employees at managerial positions - men	112	85	109	85	3	-
Employees at non-managerial positions - women	132	94	123	91	9	3
Employees at non-managerial positions - men	330	260	316	254	14	6
Total	594	455	565	444	29	11

No trade unions or a collective bargaining agreement function in the ONDE Group (GRI 102-41).

In 2021, 132 people were employed at managerial positions in the ONDE Group. 15.2% of these employees were women. A higher number of men on managerial positions results from the significantly larger percentage of men among all people employed in the Group, and this results from the current situation in the labour market and a higher number of men with qualifications required in the sector.

Turnover

In 2021, the turnover ratio (as a number of employees who left the company during the year referred to the average number of employees employed at the company during the year) in the ONDE S.A. was 22.53, while in 2020 it reached 12.15.

The increased turnover ratio results, among others, from an increased employment of employees with foreign citizenship, including Ukrainian and Belarusian, in the reported period. At the end of 2021, the Company employed 42 such employees.

5.2.3 Recruitment and onboarding

In the ONDE Group, the focus on employee needs and shaping of respect-based relations with them begins already at the recruitment stage. The recruitment process is conducted by HR Department specialists on a basis of objective criteria and good practices used in the market, to meet the highest standards. The supreme objective of the ONDE Group in the recruitment area is to employ valuable candidates whose competencies and experience build the ONDE value in the competitive market.

The emphasis is on achievement of short-term objectives associated with recruitment of the agreed number of people at vacant positions. The procedures applied during the recruitment include a complete respect for candidates diversity and evaluation of potential of future employees solely on a basis of their competencies. We also pay a lot of attention to protection of personal data of potential employees, by choosing relevant software used by the ONDE Personnel Department.

Due to the COVID-19 pandemic and wishing to ensure the safety of our employees and the candidates alike, in 2021 the recruitment interviews were mainly conducted using online communication solutions. In ONDE, the recruitment process is divided into two to three stages, depending on the position. Each time, it includes verification of qualifications and an oral interview checking competencies, during which the candidate's knowledge and skills are confirmed by a HR employee and a manager of a relevant department.

The third recruitment stage concerns practical tasks. The advertisements on vacancies are published on the ONDE S.A. website (<https://onde.pl/o-firmie/kariera/>) and on external recruitment portals. Furthermore, as a part of employer branding activities, the Company representatives participate in students fairs, and in sector and students' events.

Onboarding of each new ONDE S.A. employee is conducted with a continuous support of an experienced member of a relevant team. On the onboarding day, new employees are provided a training about the organisation and receive a package of instructions. They are also shown the main departments of the Company. Already on the first day, employees receive a clear message that the



Company employees are open to a dialogue, and to seeking answers to possible doubts. Furthermore, an access to professional psychological assistance available at the HR Department, if necessary, is also emphasised. The recruitment and onboarding process in IDE Projekt is the same as the process adopted at ONDE S.A.

Assessment of satisfaction with recruitment and onboarding processes

Each time, the Company HR Department assesses new employees' satisfaction with the recruitment process. During this assessment, qualitative and quantitative data is collected.

Table 6. Assessment of candidate satisfaction with the recruitment process in 2021

Recruitment process components	Average score (on a scale from 1 to 6)
Preparation of people conducting the recruitment process to the interview	5.7
Creation of a comfortable atmosphere during the interview by people conducting the recruitment process	5.8
Providing exhaustive answers to questions asked	5.7

The assessment of satisfaction also includes the onboarding process.

Table 7. Assessment of candidate satisfaction with the onboarding process in 2021

Onboarding process components	Average score (on a scale from 1 to 6)
Support in formal issues related to starting work/cooperation (examinations, agreement)	5.7
Onboarding – 1st day of work	
Organisation of the first day at work	5.4
General information about the company	5.5
Induction OHS training	5.5
First contact with a manager or a person appointed to provide induction	5.4
Providing information about the induction into responsibilities at a position by a manager or an appointed person	5.1
Onboarding – during first 3 months of work	
Atmosphere at the company	5.3
Contact with people from the department/team	5.6
Contact with a manager	5.3
Induction into responsibilities at a position	4.8
Satisfaction with starting work at ONDE	5.2

The conducted assessments and analyses of scores resulted in improvements in the onboarding process implemented at the end of 2021 and the beginning of 2022. As a part of them, in teams in ONDE S.A. people were appointed who are responsible for facilitating induction of new employees (so-called buddies) and training sessions were conducted for managing personnel and buddies.

Practical trainings and internships

Every year, ONDE S.A. provides students and graduates with an option to begin an active professional work through participation in its current projects. This way, it can start a regular cooperation with talented personnel with an innovative approach. In this area, since 2021, the Company has been regularly cooperating with the Academy of Energy organised by A. Paga Foundation, as well as with Warsaw University of Technology, Bydgoszcz University of Science and Technology, and AGH University of Science and Technology. They act as informal ONDE S.A. ambassadors among potential employees.

Internships and practical trainings in the ONDE Group usually last 1 to 3 months, according to time available to students; usually, they are organised during the holiday season. Each intern undergoes a recruitment interview, during which we verify their motivation to start the internship. The aim of the Company is both to share its knowledge, but also to gain inspiration from the young generation - so the element of student's motivation and commitment is necessary. Internships and practical trainings are either paid or unpaid, depending on individual arrangements with the

Candidate; unpaid practises are most often the obligatory ones, required by the university; although the student does not receive remuneration,

we provide them with internship/practical training conditions as for our employees - so during business trips we pay for their accommodations, provide lunch, etc. A trainee/intern has a chance to feel like a regular member of the Group team, and people who are committed and available, are offered employment.

5.2.4 Work conditions and benefits

Satisfying work conditions in the ONDE Group are ensured through cultivation of company values, care for safety and a high level of care for employees' well-being, including an emphasis on reducing their stress levels. In this respect, the Company is distinguished by providing employees with a continuous access to necessary psychological support ensured by Kamila Kużaj-Karaszewska, HR Manager. Her competences, gained during her psychological studies, studies at the psychotherapy school and at courses at the mindfulness school offer an option of a soothing conversation to people employed at the Company, when they need it. Furthermore, in response to current needs, individual or group mindfulness training sessions are also held. The good cooperation within the entire organisation is supported by the team-building meetings. They are organised twice a year, and have a form of a ball during the carnival season, and a training and team-building meeting. Due to the pandemic, in 2021 one meeting of the entire company was organised at the time of a drop in the COVID-19 infection levels in Poland. Instead, team-building events were organised for smaller groups of employees, usually within departments. ONDE S.A. employees also participate in charity activities as a part of grassroots initiatives, including preparing of Szlachetna Paczka every year or additional actions initiated by them (e.g. delivering meals to elderly people in a neighbourhood



of construction works executed by the Company in 2021). Some ONDE S.A. employees also participate in activities of the ERBUD Foundation Wspólne Wyzwania, supporting teenagers from orphanages in becoming independent and entering the labour market. Several Company employees are mentors for the Foundation charges. Of former participants in this scheme, two are employed at ONDE S.A. The positive assessment of work conditions at the Company also results from lack of cases of mobbing or discrimination.

Benefits

Apart from the remuneration and allowances to the remuneration, ONDE Group employees are also entitled to other benefits:

- language courses - depending on the course type, the employer covers the entire or part of fees for the course;
- reimbursement of university courses associated with the sector in which ONDE operates;
- MultiSport cards – the employer provides them on an employee request, the cards are paid by employees (additional people can be entitled to use the card);
- private healthcare at a basic level;
- insurance - employees can use a paid PZU insurance;

Employees employed under civil law contracts have access to the MultiSport cards and the basic healthcare package on the same conditions as those employed under employment agreements.

The Group has also concluded an agreement on management of Employee Capital Plans (ECP) and finances basic contributions in the amount of 1.5% of a remuneration.



5.2.5 Training and development in the ONDE Group

The most important numbers in 2021:

- training value: 408,092.21 (an increase by 168,159.92 throughout the year);
- number of training sessions/courses: 295
- number of training hours: 11,332
- participation in internal and external trainings: 1,024
- an average number of training hours in 2021 per one employee: 20.3

Training sessions organised at the ONDE Group include induction, periodic and improvement training sessions, according to current needs of the organisation.

At the ONDE Group, we consider participation in training sessions and continuous development of competencies as one of the pillars guaranteeing satisfaction from cooperation of employed people and supporting continuity of employment, as well as a factor improving effectiveness of performed tasks. For this reason, every year we offer our employees an option to participate in a number of external and internal training sessions, focusing on development of hard subjective competences and of soft skills alike.

We are also open to proposed trainings notified by employees themselves, within the scope exceeding that base. After being informed about such need, HR Department employees verify the proposed subject, and when a training cost estimate is approved by the Company Management Board, they start to organise it. ONDE S.A. also finances the entire or the part of costs of, e.g. post-degree studies or language courses. We consider as particularly

important development of competences in the area of communication, in accordance with values cultivated in the Group. At ONDE S.A., the development of skills in correct formulation of contents and in being mindful of the needs of others in that regard also forms a part of prevention of undesirable behaviours. We strive to minimise the number of conflicts between employees and their managers. For this reason, the entire managing personnel of ONDE S.A. are sent to training courses improving communication and conflict solving skills. Being a part of the ERBUD Group is an advantage when organising training courses in ONDE S.A., because we can use the extensive knowledge and skills of its personnel.

Employees employed both under employment agreements and civil law contracts are entitled to participate in training courses. No additional actions are required from employees to participate in the training sessions; but some training courses require signing of loyalty agreements. In 2021, evaluation and development talks were also conducted with some employees at ONDE S.A. They were preceded by separate:

- training courses for employees and for managing personnel,
- to explain the purpose of those interviews. Then we focused on reducing stress levels in people who were to receive a development feedback, caring for well-being of each employee as adopted in our organisation.

Table 8. Subjects of main training sessions in the ONDE Group in 2021.

Subject	Description
GWO training	Training courses for technicians concerning, among others, inspections and repairs of wind turbines.
SEP training	Training for electricians in operation and inspection of electrical devices.
English	A one-year course repeated every year, of a form that can be selected from group classes, individual classes with a teacher or studying with a paid application.
Communication	Soft skills training in conducting communication of a correct form and content.
Construction	Courses on technical aspects or construction law.
OHS	Obligatory OHS courses with environmental protection aspects.
Excel	Training in operation of the program at several levels of advancement.
Ram	Work with specialist machines.
First aid	Obligatory training.
Team management	Training for managing personnel.
GDPR	Training in personal data protection.

Information concerning time after the period covered in the Report

2022 in the ONDE Group is dedicated to expanding of communication competences among employees at all levels in the organisation. In February of this year, a cycle of soft skills training courses started, together with associated initiatives entitled “Mowy Rok” (Year of Talk). This project was created to improve employees satisfaction with communication patterns used in the group through development of skills in that area.

The robust development of the organisation resulted in a need for further expanding of employee competences, to adjust them to a new scale of the ONDE Group operations. In response to this demand, a training matrix was developed at the beginning of 2022, replacing the previously used matrix of the ERBUD Group.

The subjects of trainings provided include:

- work with a calculation application at several levels of advancement;
- downloading data from databases and work with them;
- work with project management applications
- at several levels of advancement;
- financial issues;
- IT;
- labour law for managing personnel;
- language courses.



5|3

OCCUPATIONAL HEALTH AND SAFETY



Bartosz Wiśniewski

OHS Department Director in ONDE



Our mission is to strive to limit our negative environmental impact as far as possible, and the supreme aim concerning the safety is to maintain zero severe, fatal and collective accidents

**Bartosz Wiśniewski,
Dyrektor Działu BHP w ONDE**





KEY FACTS AND INDICES FOR 2021

- **0** severe, fatal and collective accidents on all construction sites of ONDE S.A.
- **3rd** place and a recognition in the Safe Construction competition
- **464** participants in the Safety Week

5.3.1 Description of due diligence policies and procedures in the OHS area

As a part of the Integrated Management System operated in ONDE S.A., corresponding to the requirements of ISO 45001:2018, ISO 14001:2015 and EMAS according to the Regulation of the European Parliament and of the Council (EU) No. 1221/2009, as amended, in the Integrated Management System Policy (IMS Policy) was adopted. According to this policy, the Company Management Board adopted as its superior objective, provision of competitive services in the RES, power lines, engineering and roads construction sectors, while fully observing all legal and other requirements associated with OHS

and environmental protection. The assumptions of this policy are translated into principles of the ONDE Group operation in the document called ONDE S.A. Integrated Management System Manual (IMS Manual), containing objectives related to environmental and OHS management, established as guidelines for management of the organisation. According to the IMS Manual, maintaining of the highest OHS standards and provision of services according to the principle of minimising the negative environmental impact are priorities in daily functioning of ONDE S.A. The IMS Manual covers a number of detailed instructions and guidelines concerning due diligence procedures and responsibilities for their observance, as well as establishes a hierarchy of control over those areas. The ambition of ONDE, as one of the RES sector leaders, is to actively participate in promotion and development of projects using the renewable energy sources while maintaining the highest standards of safety during their execution. This approach to OHS is achieved through an uncompromising observance of regulations and development of a high safety culture. We feel responsible not only for what we do and how, but also for the environment in which we operate. We actively shape, among others, awareness of our suppliers of services and customers, through communicating to them principles of our IMS Policy. Our mission is to strive to limit our negative environmental impact as far as possible, and the supreme aim concerning the safety is to maintain zero (severe, fatal and collective) accidents.


DOKUMENTACJA ZINTEGROWANEGO SYSTEMU ZARZĄDZANIA GRUPY ERBUD


POLITYKA ZSZ

POLITYKA ZINTEGROWANEGO SYSTEMU ZARZĄDZANIA

Polityka ONDE S.A. realizowana jest zgodnie z wymaganiami: ISO 45001:2018, PN-EN ISO 14001:2015 oraz EMAS wg. Rozporządzenia Parlamentu Europejskiego i Rady (WE) Nr 1221/2009 ze zmianami. Zarząd ONDE S.A. przyjmuje jako cel nadrzędny świadczenie konkurencyjnych usług inżynierskich, budowlano – drogowych, w zakresie remontów i modernizacji dróg i mostów oraz w energetyce przy pełnym respektowaniu wszelkich wymagań prawnych i innych związanych z BHP i ochroną środowiska. Zarząd ONDE S.A. jest zaangażowany w doskonalenie w zakresie BHP, w celu zapewnienia bezpiecznej organizacji pracy wszystkim swoim pracownikom, pracownikom firm współpracujących oraz innym osobom trzecim przebywającym na terenie firmy, w tym na placach budów realizowanych przez Spółkę.

Podejście w ONDE S.A. do kwestii BHP i OŚ oparte jest na zaangażowaniu w przestrzeganie przepisów i tworzenie wysokiej kultury bezpieczeństwa.

Tak określone podejście realizowane jest poprzez:

- systemowe podejście do zarządzania BHP i środowiskiem,
- utrzymanie wysokiej jakości wyrobu/usługi przy zachowaniu stabilnego poziomu finansowego
- ustanawianie zadań dotyczących poprawy stanu BHP i oddziaływania na środowisko oraz organizowanie okresowych przeglądów oceniających skuteczność systemu zarządzania w osiąganiu tych celów,
- proces monitorowania przestrzegania przepisów na realizowanych inwestycjach,
- systematyczne szkolenie pracowników, podnoszące ich kwalifikacje i poczucie satysfakcji z pracy,
- spełnienie wymagań prawnych oraz innych przepisów dotyczących działalności Spółki,
- zapewnienie bezpiecznych i zdrowych warunków pracy w celu zapobiegania urazom i złemu stanowi zdrowia,
- eliminowanie zagrożeń i redukcja ryzyka BHP,
- ciągłe doskonalenie działań w zakresie zarządzania środowiskowego i BHP,
- konsultowanie i uczestnictwo pracowników ONDE S.A. w problematyce ZSZ
- wywieranie wśród pracowników własnych oraz podwykonawców poczucia wzajemnej odpowiedzialności za bezpieczeństwo oraz podnoszenie kultury BHP i OŚ
- zarządzanie ryzykiem w obszarze BHP za pomocą hierarchii nadzoru,
- propagowanie Polityki ZSZ wśród podwykonawców oraz klientów ONDE S.A.,
- ciągłe doskonalenie standardów pracy (zabezpieczeń) wpływających na poprawę środowiska pracy,
- ciągłe doskonalenie efektów działalności środowiskowej,
- minimalizowanie niekorzystnych wpływów na środowisko poprzez zapobieganie zanieczyszczeniom

Zarząd ONDE SA zapewnia, że Polityka Zintegrowanego Systemu Zarządzania poprzez wysoką świadomość pracowników jest zrozumiała, wdrożona i realizowana na wszystkich szczeblach przedsiębiorstwa przy zachowaniu zgodności ze strategicznymi celami Spółki oraz publicznie dostępna dla wszystkich Zainteresowanych na naszej stronie internetowej www.onde.pl.

Toruń, dn. 07.04.2021 r.

Prezes Zarządu
Paweł Sredniawa
Paweł Sredniawa

Wiceprezes Zarządu
Martin Szeresz
Martin Szeresz

Zarząd ONDE S.A.
Wiceprezes Zarządu
Piotr Gutowski
Piotr Gutowski

Wydanie IV Księgi ZSZ z dn. 07.04.2021
Strona 1 z 1

Thinking about safety of all people involved in works on projects executed by ONDE, their health and safety, we created our OHS strategy, called 7 safety pillars:

1. Development of procedures and occupational safety scenarios.
2. Disqualification of all compromises concerning safety.
3. Education and awareness building showing that construction investments can be accident free.
4. Development of standards and continuous building of safety standards among contractors.
5. Promoting of positive attitudes of OHS leadership, regardless of a position.
6. Continuous improvement of standards of work organisation for teams, technological training courses, and processing of technical solutions.
7. Implementation of adopted safety standards at each level of the organisational structure.

All ONDE S.A. employees and the Company Management Board are involved in implementation of the OHS strategy, and main areas of these activities cover:

- commitment and leadership,
- adherence to the highest standards of safety,
- planning and monitoring,
- training,
- internal consultations.

Occupational Health and Safety Management System and certification



To ensure the highest standards of safety at ONDE S.A., we implemented the Occupational Health and Safety Management System conforming to ISO 45001:2018 (HSMS). The certificate of conformity was awarded following the external audit conducted by the Quality Certification Centre of the Military

Technical Academy.

The scope of this certification covers:

- General contractor services in the construction sector for RES, power lines, and engineering and road building sector.
- Construction of wind and photovoltaic farms, engineering and technical facilities, including for the power supply sector and the industry, large-size structures with accompanying infrastructure, and maintenance, overhaul and refurbishment works.

Functional limits of the environmental, occupational health and safety management system cover all contractors, subcontractors and organisational units within physical limits, and temporary construction, bitumen mass manufacturers (WMB), refurbishment and storage facilities and other auxiliary processes and subprocesses, as well as business cars used.

Planning and monitoring (including annual OHS status analyses)

The achieved success motivates us for further improvement of our procedures and to raise the bar in the OHS area. Every 12 months we perform a comprehensive review of the effectiveness of the OHS management system, including levels for achieving objectives and challenges.

This analysis is a basis for establishing measurable general company objectives and specific objectives for three main segments of ONDE activities: wind farms, photovoltaic systems, and road construction. Once a year, the documentation containing the analysis together with relevant conclusions is submitted to the ONDE S.A. Management Board.

The document from the OHS status review contains, among others:

- ONDE S.A. code of order performance;
- evaluation of risks specific for the OHS area;
- objectives card (containing an action plan, resources necessary for its implementation, responsibilities, performance dates, and objective performance ratios).

The due diligence procedures include confirmation of consistence of work conditions at our construction sites with strict OHS standards in force at ONDE S.A. as a part of:

- inspections of OHS Specialists, covering operations of the Company and subcontractors;
- supervisors inspections at construction sites
- internal audits;
- monitoring of OHS coordinators, who coordinate works at a given construction site. Those coordinators are appointed by construction site managers and perform their activities in their name.

A regular analysis of accident causes, implementation of preventive actions at all construction sites of the Company, and an analysis of potentially hazardous events also represent an important part of actions supporting due diligence.

The Company Legal Department ensures conformance to legal requirements concerning OHS. When regulations governing its activities change, procedures in force at ONDE S.A. are analysed for their compliance with newly implemented regulations. The Company documentation is adjusted to them following consultations with the Management Board, with an emphasis on current communication with employees.





OHS trainings

We regularly focus our activities on education of our personnel and subcontractors in OHS regulations and our additional obligations in this area. Information training sessions cover all employees without any exceptions, so we maintain a high culture of care for safety at ONDE S.A. Apart from induction training, we also provide periodic training. The visitors to our construction sites are also required to acquaint themselves with applicable OHS rules. Additionally, we verify whether all subcontractors have necessary licenses as required by relevant legislation.

In consequence, we create a deep awareness of significance of OHS and environmental protection issues among our employees, and a high sense of responsibility for their own safety, and safety of their environment. The continuous dialogue ensures that people employed at the Company construction sites know OHS risks and are informed on a regular basis about near misses and accidents at the Company, and the Construction Safety Partnership alerts are communicated to them.

We believe that issues of safety at construction sites concern people executing a given investment, as well as the land on which the works are conducted. This is manifested by combining OHS and environmental protection issues within tasks of one department of ONDE S.A.

OHS status consultations with employees

We ensure that our employees are involved in improvement of OHS conditions. Their participation in the decision-making process at its various stages represents one of the forms for building their

high commitment and an attitude of adherence to OHS procedures in force at ONDE S.A.

Consultations with employees cover several stages:

- employees representatives participate in the Occupational Health and Hygiene Committee at the central level, and in OHS risk assessments at construction sites;
- representatives of employees or subcontractors also participate in regular OHS inspections and meetings;
- construction site managers consult subcontractors on risks and work methods covered by Method Statements.

Apart from described procedures, we provide employees with an option to notify current remarks, their ideas and reservations by electronic mail.

5.3.2 Accident ratios in the ONDE Group

In consequence of continuous activities focusing on maintaining and improving safety of ONDE S.A. employees, the accident ratios - accidents number, frequency and severity - are maintained at low levels. A fast increase in employment motivates us to specific care ensuring that new employees are aware of the OHS culture in our Company from the very beginning and learn standards in force in this area while being induced into their responsibilities.

In 2021, we achieved our main OHS objective: we did not record any collective, fatal or severe accident. 5 individual, minor accidents occurred at the Company. In their consequence, our employees were incapable to work for 170 days in total.

In 2021, the accident frequency ratio in the ONDE Group dropped by 2.5 times versus the previous year and amounted to 4.15. The accident severity ratio was at a level of 34.0, remaining at the same level as in 2020.

Table 9. Accident ratios at ONDE S.A.

Year	Number of manhours	Number of accidents	Frequency rate*	Number of days lost	Severity**
2021	1 203 456	5	4.15	170	34.00
2020	893 872	10	11.19	332	33.32

* Calculated according to the formula: number of accidents at work x 1,000,000 / number of manhours worked.

** Calculated according to the formula: number of lost days / number of accidents at work.

The table below shows accident rates including the subsidiary design agency IDE Projekt – operating in the photovoltaic farms sector. The lack of comparative data results from the fact that

this company joined the ONDE Group only on 19 April 2021 (date of purchasing 100% shares in the company).

Table 10. Accident ratios in the ONDE Group in 2021

Year	Number of manhours	Number of accidents	Frequency rate*	Number of days lost	Severity**
2021	1 263 936	5	3.96	170	34.00

* Calculated according to the formula: number of accidents at work x 1,000,000 / number of manhours worked.

** Calculated according to the formula: number of lost days / number of accidents at work.

No occupational diseases were reported in the ONDE Group.





The most important objectives of ONDE are maintaining the severe and fatal accidents and further

work on improving safety at ONDE S.A. construction sites

Table 11. Table with accident ratios for subcontractors

Year	Number of manhours	Number of accidents	Frequency rate*	Number of days lost	Severity**
2021	4118472	2	0.49	---	---

Table 12. Table with accident ratios for subcontractors and employees of the ONDE Group

Year	Number of manhours	Number of accidents	Frequency rate*	Number of days lost	Severity**
2021	5382408	7	1.30	---	---

** Calculated according to the formula: number of lost days / number of accidents at work

Table 13. Accidents in the ONDE Group broken by the injury type

Item	Injury type	ONDE Group
1	Amputation	1
2	Sprain	0
3	Shock	0
4	Crush	0
5	Burn	0
6	Cut	1
7	Punch	0
8	Fracture	1
9	Fracture of fingers	0
10	Bruising	0
11	Other injury	1
12	Dislocation	1
13	Crack	0
14	Poisoning	0
15	Irradiation	0
16	Drowning	0

Injuries types are listed according to guidelines for completing a statistical ZKW GUS sheet.



Due diligence procedures in analyses of accident and near misses

At ONDE S.A. all accidents at work are subject to an extensive analysis. When any occurs, a post-accident documentation is drawn up and primary causes are determined. To prevent occurrence of such events in the future, corrective actions are initiated within the entire Company.

Managers of all construction sites, contract managers, directors and OHS specialists are involved in their performance. A register of accidents is maintained within the ONDE Group.

Furthermore, alerts with information about hazardous situations, their causes and methods to avoid risks are created not only for accidents, but also for near misses. Alerts are sent not only to the Company employees but also to all companies being members of the Construction Safety Partnership (PBB). Information to PBB is provided immediately after the accident is reported or in a collective list, no less than once a month.

The same people who participate in corrective actions after accident are involved in corrective actions concerning near misses from main risk groups and other situations hazardous to life or which may result in significant environmental losses. Active preventive actions and education contribute to shaping of the highest OHS standards in the Company.

A list of main risks concerning accident rates is drawn up in ONDE, and it is verified during annual verification of the OHS status. The list is created

using conclusions from analyses of accidents that occurred.



Principal categories of risks with potentially severe consequences

In the ONDE Group, 6 main principal risk categories with the largest potential for severe consequences (severe and fatal accidents) were identified for conducted constructions. The said risks result from statistics of previous accidents at the ERBUD Group, statistical data collected for years by the Construction Safety Partnership, and results of statistical data presented in reports of the National Labour Inspectorate. We believe that by eliminating risks in those main categories we will be able to avoid severe and fatal accidents.





5.3.3 Initiatives in the OHS area

Construction Safety Partnership

(GRI 102-12)

The signatories of the Construction Safety Partnership (PBB) are 15 general contractors. The Partnership activities focus on reduction of accident rates at construction sites by sharing safety standards and awareness of OHS rules among construction site workers, as well as striving for observance of relevant procedures - also by subcontractors. This way, it contributes to reduction in risks and to prevention accidents.

The PBB activities translate into:

- common OHS standards;
- common contractual OHS requirements for subcontractor companies;
- database for sharing OHS knowledge and experience for signatories;
- organisation of actions improving employee awareness - including actions being a part of the Safety Week;
- organisation (together with the National Labour Inspector) a national edition of the Buduj Bezpiecznie (Safe Construction) competition;
- coordination of talks with public entities (GDDKiA, PIP, local governments) and legislators concerning systemic changes to improve safety at construction sites.

The ONDE Group, as a part of the ERBUD Group, shares the PBB values and observes OHS standards in force in it. Furthermore, the Company is a member of Construction Safety Partnerships at two District Labour Inspectorates,

in Bydgoszcz and in Szczecin. The details of obligations undertaken under PBB are also included in the internal standards of ONDE S.A. As a part of joint care for safety and sharing of OHS knowledge and experience, the companies associated within PBB pass to each other alerts concerning accidents that occurred at them. ONDE S.A. belongs to the PBB notification system and provides received data to managers of its construction sites on a regular basis, to use them as a basis for improving procedures for preventing hazardous situations.

Safety Week

The Safety Week is a cyclic PBB initiative aiming at improving OHS awareness of employees and subcontractors. Furthermore, according to our own priorities, since 2019 we have been presenting environmental protection issues to its participants. Personnel of each ONDE construction site plan its own practical activities for the Safety Week, including training courses in works on height, first aid, or readiness to respond to incidents. Frequently, other partners are involved in those actions and organisation of the events, for example, the National Labour Inspectorate, fire brigades, or units of the voluntary fire brigade.

In 2021, as a part of construction projects executed by ONDE S.A., 464 employees and subcontractors, including 199 own employees, participated in the Safety Week. Employees of 43 subcontractor companies were engaged in these activities. In total, 42 events, presentations and training sessions were organised at all construction sites, during which extensive practical education actions were conducted

They concerned, for example, fire prevention, and evacuation from a construction site when a hazard occurs, and involved rescue activities and first-aid training courses.

"Buduj Bezpiecznie" Competition

The Buduj Bezpiecznie (Safe Construction) competition is a competition organised by the National Labour Inspectorate at the national level, of which PBB is a partner. It recognises companies caring for high OHS standards during construction. It is organised centrally, as well as at local levels, by District Labour Inspectorates. ONDE S.A. (earlier as PBDI SA) has been successfully participating in it since 2014.

In 2021, the Company took the 3rd place in the Buduj Bezpiecznie competition of the District Labour Inspectorate in Szczecin for execution of the Banie III Wind Farm project, and was awarded a recognition of the District Labour Inspectorate in Gdańsk for construction of the Szymankowo Wind Farm.

In total, since 2014 we have won eight awards and recognitions

5.3.4 Protection of employees health and life

Our care for health and life of our employees is reflected from the very beginning of our cooperation, in confirmation of their required background (education and training), validity of their medical screening certificates, and the OHS knowledge required by law together with knowledge of additional

procedures in force at the Company. Apart from training provided, we make employees aware of their responsibility

for observance of the OHS standards at construction sites.

We provide all employees at construction sites with working and protective clothes, and with necessary personal and collective protective equipment, and we monitor their obligatory use. We provide machines and other equipment necessary to execute the construction projects that meet legal requirements and safety standards.

All our employees are covered by private healthcare at TU Zdrowie at the basic level (occupational medicine), and for additional fee this cover can be expanded with additional packages. The conducted tests and examinations also include psychometric tests for drivers exceeding the scope required by the legislation.

We also care for health and safety of our subcontractors (more in section 5.5 of the Report).

Protection of employees against accidents at work, occupational disease and other diseases associated with work environment at ONDE S.A. is a part of responsibilities of directors and managers of production units.

Emergency situations and prevention

As a part of preventive OHS activities, we identify potential emergency situations and methods to prevent them, which we include in documents such as HASP (Health and Safety Plan) and Method Statements (instruction for safe performance of construction works). We are also ready to quickly respond to emergencies. In this regard, we conduct periodic drills, train employees in first aid and inform them about procedures to follow in the event of an emergency, accident or a fire. If any crisis situation or an incident hazardous to employee health occurs, we

undertake remedy actions necessary to avoid them. They are extensively communicated to managing personnel and employees.

Safety procedures during the COVID-19 pandemic

During the COVID-19 pandemic, at the ONDE Group we implemented safety measures in force in the entire ERBUD Group and the Construction Safety Partnership. They were also used in the reported period. They allowed us to maintain a low infection rate among the Company employees and to complete executed construction projects without downtime.

The safety standards covered, among others:

- protective measures and devices used to monitor employees' health;
- procedures to follow when an employee developed COVID-19 symptoms;
- recommendations for safe organisation of work in the office and an option for remote work for offices;
- recommendations for safe organisation of work at construction sites,
- limiting the number of people working at the same time at a construction site to a necessary minimum by introducing a shift work and rotation of breaks,
- preparing graphic instructions on safety standards and displaying them at appropriate, well-visible places in offices and at construction sites,
- disinfection of rooms,
- COVID-19 tests for employees,

Furthermore, in 2020 managers of construction sites and contract participated in remote training sessions covering planned actions when a COVID-19 infection was discovered or suspected.





5|4

CUSTOMERS (INVESTORS AND EMPLOYERS)

GRI 102-6

ONDE GROUP CUSTOMERS INCLUDE THE FOLLOWING ENTITIES:

- private (both Polish and foreign);
- public (The General Directorate for National Roads and Motorways, local governments at the voivodeship and city level).

Our partnership cooperation with investors is based on strong foundations of our experience and established reputation, comprehensive range of services, well-qualified personnel, and support of the ERBUD Group. They are decisive for our competitiveness as the Group in the growing market of the RES construction projects. During nearly 15 years of its operations in the RES sector, the Group gained expert experience by executing investments of different scales and complexity, and this has translated into Investors' trust. Thanks to that, ONDE is the largest general contractor for wind farms in Poland, robustly expanding its position also in the sector of large-scale photovoltaic, which is

characterised by the investor base similar to wind farm projects, facilitating winning of new contracts.

- In 2021 alone, 15 agreements came into force in the RES segment, concerning comprehensive execution of wind farms of a total power of ca. 454 MW and a total value of contracts exceeding PLN 422 million. Furthermore, in 2021, 13 projects of the total power of 289 MW were also completed. At the end of 2021, 30 projects of the total power of 1260 MW were still in progress. Furthermore, we concluded 76 agreements concerning execution of PV investments of the total power of 310 MW and a value exceeding PLN 530 million. Furthermore, in 2021, 64 projects of the total power of 64 MW were also completed. At the end of 2021, 109 projects of the total power of 277 MW were still in progress.

Our share in the market of wind and photovoltaic farms construction under RES auctions conducted in 2019 was 61.75% (1358.4 MW) and 10.3% (93 MW) respectively.

In total, our portfolio includes over 350 RES projects (completed or in progress), of a total power of 3 GW. Throughout the time of our presence in the market, we gained an opinion of a reliable and trustworthy contractor, and this facilitates for us winning of new

contracts. Our good practices, such as the emphasis on a dialogue with the investor, observance of specified deadlines and reliable performance of works, resulted in our good opinion. In our sector, fulfilling your obligations is the best form of marketing and in consequence, customers are willing to cooperate with ONDE again at increasingly complex levels. Servicing of different groups of investors is possible due to synergies: between ONDE S.A. and IDE Projekt, and within segments of our operations. With them, we are able to manage complex projects independently, from the moment of their creation up to construction and power lines laying works. We are also distinguished by the focus on safety of our employees and subcontractors, confirmed by our membership in the Construction Safety Partnership. In crisis situations, including during the COVID-19 pandemic in recent year, it guaranteed punctual performance of contracts and no downtime caused by personnel absence.

SELECTED ONDE CUSTOMERS





5|5

SUBCONTRACTORS

KEY DATA FOR 2021:

- **2357** – the number of subcontractor companies with which we cooperated in 2021 during execution of investments
- **0** severe, fatal and collective accidents among subcontractors at our construction sites
- **43** subcontractor companies engaged in the Safety Week at ONDE construction sites

Good cooperation with subcontractors is one of the foundation of reliable project execution and investor's satisfaction. Therefore, in the ONDE Group we rely on truly partner relations based on loyalty, honesty and trust. Our subcontractors also know that we put safety first, of our and of their employees alike. To ensure the highest OHS standards, information training with aspects of environmental protection are obligatory for all employees at our construction sites. As an experienced and reliable business partner, we present terms and conditions of cooperation in a clear way already at initial stages of discussing them, and we never use any legal tricks in settlements with our partners, and we do not exploit our business advantage. The relations, on which we have worked for years, paid off in the period when we had to abandon direct meetings due to the COVID-19 pandemic. We were able to smoothly transfer our relations to the

online environment, without losing high effectiveness of meetings with our partners. This allowed us to limit the number of business trips, and thus, to reduce our environmental impact.

The most important principles guiding us in our relations with subcontractors, can be summed up as follows:

- as a responsible contractor, we protect our subcontractors against external risks: turmoil in the market or, like in 2020, the pandemic that was impossible to foresee;
- we develop win-win relations: we act ethically, support our partners being guided by our superior objective - the successful execution of the project;
- we constantly search for new organisational solutions advantageous for all parties involved in the project (e.g., relieving subcontractors of financial burdens by taking over from them purchases of some materials);
- we share our know-how with our partners – joint performance of complex projects is a chance for continuous development of specialist competences and popularisation of good practices of business ethical, social and environmental responsibility.

ONDE construction site managers are responsible for regular relations with subcontractor companies, including their contracting. In the case of crucial subcontractors, directors supervising individual areas of investments executed by ONDE: wind farms, photovoltaic farms, and engineering and road constructions, are involved in those activities.

5.5.1 Standards of cooperation and due diligence procedures

At ONDE S.A., standards of cooperation with subcontractors and due diligence procedures in this area are specified in the IMS Manual together with IMS documentation, and in particular, an instruction defining requirements concerning them and rules for cooperation with them. This instruction covers all ONDE S.A. organisational units that may employ subcontractors.

ONDE S.A. requirements for subcontractors concerning OHS and environmental protection are generally available¹. They are described in detail in relevant forms and instructions:

- “Contractors”;
- “Environmental requirements for subcontractors - appendix to the agreement”;
- “OHS requirements for an agreement on subcontracting of construction works”;
- “OHS requirements for a transport agreement”.

In accordance with the IMS Manual they must be included in every order or agreement. Additionally, instructions for defining of risk and opportunities, emergency responses and OHS training also apply to subcontractors.

¹ For example, at the Company website (<https://onde.pl/systemy-zarzadzania/wymagania-dla-podwykonawcow/>).



To guarantee a smooth communication, correct fulfilment of our standards and procedures, and to supervise relevant OHS and environmental protection aspects, we put a significant emphasis on verification of subcontractors. At ONDE S.A., it covers four stages:

- **offer submission: we provide OHS and environmental conditions, and draw up an analysis of works with a time schedule**

When protection of health and life is concerned, we never distinguish between own and subcontractor employees. All people employed at our construction sites are covered by uniform OHS standards and training system. We also have a very strict approach to environmental protection. We ensure full transparency in this regard, and inform our subcontractors about this before we initiate any cooperation.

We reward those contractor companies that have implemented the standards that are at least as strict as those in force at ONDE S.A.

- **negotiations and agreement: we discuss qualifications of employees, technologies, social facilities, etc**

As we expect bilateral high commitment, at the stage of negotiations we evaluate whether a given subcontractor company has capacities to meet OHS management standards in force at ONDE S.A. We also aim to increase awareness in OHS and environmental protection from the beginning of the cooperation, so during negotiations we discuss environmental issues and present our efforts to minimise negative environmental impact. We also take into account allocation of costs of infrastructure that will protect

life and health of employees and the nature within the investment site.

- **preparing for execution: we develop HASP (health and safety plan), draw up a method statement (instruction for safe performance of works) and ORA (Occupational Risk Assessment), verify medical screening certificates, and provide information training**

We also monitor whether our subcontractors correctly prepare their employees for performance of tasks for the duration of cooperation, including provision of necessary protective measures, equipment, and materials enabling safe work.

The execution is planned comprehensively - at ONDE S.A. we implement reliable planning at all planes. This way, we define requirements in advance, organise work, and effectively complete it.

- **execution: we update documentation whenever necessary, respond to accident notifications, organise coordinating meetings, etc.**

Unit managers are responsible for implementation of prepared assumptions. Their scope of duties also includes providing training in OHS and environmental protection management system, as well as in risks associated with a given contract or facility and ways for reacting to emergencies. The ONDE S.A. Legal Department constantly verifies legal requirements, including those concerning subcontractors. If any changes are identified in this area, the procedure is the same as for all other aspects of the Company operations.



5.5.2 Occupational health and safety and environmental protection in cooperation with subcontractors

Subcontractors are not only covered by a information training system equally with ONDE own employees, but also participate in additional initiatives of ONDE S.A. focusing on spreading the safety culture at construction sites, including the Safety Week, in accordance with the same principles.

We also provide subcontractors with additional materials on OHS and environmental protection in accordance with our commitment to education - they include an animated video or a leaflet on environmental protection at the investment site. Our care for OHS translates into maintaining zero ratio of severe, fatal and collective accidents at all ONDE construction sites, including also among subcontractors. To continuously improve OHS processes, we require immediate reporting not only of accidents, but also of near misses, and react to them efficiently, to ensure protection of health and life of employees at construction sites.

In the area of environmental protection, we oblige our contractors to adhere to regulations and to own ONDE S.A. standards, so the investments are executed with protection of environment ensured and prevent negative environmental impact. Subcontractors communicate relevant arrangements to their employees, and their implementation is monitored and controlled, as care for protection of health, life and environment is a necessary element of every ONDE investment.





5|6

SUPPLIERS



Piotr Kociucki

Trade Director at ONDE

and services possible, and involving local enterprises in the project. All these activities contribute to the final outcome of our investments

Piotr Kociucki,
Trade Director at ONDE



KEY FACTS AND INDICES FOR 2021

- **160** – the number of key suppliers with whom we cooperated in 2021
- We cooperated with **1907** companies in total, supplying us with materials and other components.
- We execute one of the largest deliveries of PV modules among RES contractors in Poland – we ordered **440** marine freight containers in total



Starting any project with an assumption that the entire infrastructure will grow spontaneously appears to be as misleading as a belief that Apollo 13 returned to the Earth from the Moon itself. Our strategic approach to relations with business partners is a basis for development of long-term value of our Company. At ONDE, we put a great emphasis on selection of appropriate components for the executed project, cooperation with best suppliers of goods

Our high position and renown in the RES and the road and engineering sectors in Poland obliges us to perform all contracts at the highest level. We do not allow for compromises - also in terms of raw materials, materials and other components used by us. Therefore, we rely mainly on large and renowned suppliers, which can meet our requirements in terms of the volume and quality of delivered items (GRI 102-9).

In 2021, the ONDE Group cooperated with 1907 suppliers in total (both manufacturers and distributors), of which 160 were our key suppliers, executing very large deliveries for us. At ONDE, we also use local suppliers (i.e., those related near areas of our operations), e.g. when purchasing concrete which is not transported over large distances due to its characteristics.

The majority of our suppliers are companies operating in Poland (including representatives of European corporations). Apart from PV modules, as we discuss below in more detail, we purchase directly abroad only some of the components, usually, because they are not available from domestic distributors.

In 2021, payments made by us to suppliers amounted to ca. PLN 410 million (the value established on a basis of invoices registered in the accounting system). For large contracts, we negotiate individual payment terms and conditions.

Changes in the supply chain (GRI 102-10)

In 2021, one important change occurred in the ONDE Group supply chain, in form of expanding sources of deliveries to foreign markets, precisely, China.

This change in the supply chain was caused by expansion of the Group activities in the area of photovoltaic farms (modules), i.e., moving from being only a general contractor to the role of an investor executing projects for its own needs. At the same time, a need to ensure supply of PV modules required to execute some investments for external investors emerged, although for the majority of projects currently executed by us, PV components are supplied by investors ordering construction of RES farms. As the stability of the supply chain for crucial components and cost optimising of orders are important factors for us, as of a day of publishing this Report we are executing one of the largest deliveries of modules among RES contractors in Poland, spread over the period from 4th quarter of 2021 to 2nd quarter of 2022. This order concerns 440 marine freight containers with modules of a power of ca. 140 MWp. This large volume ensures for us not only a comfort of performance of ordered works, but also secures construction of farms for own use and a stable price of an important component.

Discussing the future, it is worth noting that the further increase of the photovoltaic market, observed in recent years and foreseen for the future, generates an increased demand for PV components, and this is a positive trend from the Group point of view. It results in the increase in the scale of operations of the existing suppliers of photovoltaic components, and start of production by new entities, and this

contributes to availability of components, their prices, and possibilities for diversification of sources of supply.

As ONDE faced a need to purchase directly from China, we expanded our contacts with manufactures in that country and developed new competencies of our team employed at the Trade Department, concerning trading with China.

5.6.1 Supplier selection and assessment criteria

The ONDE Group does not have a formal purchase policy in form of a separate document (including additional appendices to it, like supplier assessment sheets), but it has strictly defined supplier selection rules. In 2021, there were no significant changes in them - we have been using the current model successfully for several years, with some minor adjustments.

In the ONDE Group, we consider the following criteria in selection of suppliers:

- **quality system criterion** - assessment of the quality system in force at the supplier or components of the quality system, e.g. internal control, licenses and certificates held (including recognition of classification associations);
- **market assessment criterion** - this criterion concerns the market position of the supplier, the technical level of offered deliveries or services, significance for the company;
- **commercial criterion** - this criterion concerns commercial factors, prices of deliveries or services offered, delivery dates, payment methods and terms, options for deferring payments, according to information included in the negotiations report;





- **criterion of deliveries or services quality** – the suppliers are assessed on a basis of executed deliveries or services (or provided samples), evaluation of cooperation, and of complaints and their handling.

Our strict approach to quality is confirmed by the fact that we always require our suppliers to grant a 5-years guarantee for supplied components, counted as of the end of the investment project. This is a prerequisite for including a given supplier among strategic/crucial partners of the ONDE Group.

When selecting suppliers, we also pay a significant attention to location of their production plants or warehouses, from which the orders are delivered to us. Due to their large volume, the logistics and costs of transport are a very important factor considered when making decisions.

As of a day of publication of this Report, we did not took ESG (Environmental, Social and Governance) criteria into account during selection of suppliers, but we have undertaken works to implement a system for verification of our suppliers also in terms of these aspects.

Our **methods of supplier** assessment include:

- analyses of offers, information and advertising materials;
- evaluation of material samples;
- delivery inspections;
- supplier audits;
- analyses of previous cooperation;
- other activities assumed for a given supplier.

The detailed selection methods and criteria are established individually for each contract, depending on expectations of our customer (investor) ordering execution of the RES project from us, employer (in

the case of public entities) or our own, when the investment project is executed for our own needs.

The essential aspect of the supplier selection process is a balance between the requirements and the interests of involved parties, and a fair allocation of risks, hazards, and responsibilities.

5.6.2 Purchase process organisation

At the ONDE Group, the ONDE S.A. Trade Department plays a crucial role in purchases and cooperation with suppliers. It is responsible for commercial and logistic services for the Group, including finding suppliers of materials and services/subcontractors, planning and execution of purchases, obtaining offers from suppliers, or collecting information about quality of suppliers' materials and works. At the same time, due to the business model adopted, the purchase process in the ONDE Group is not fully centralised and it is organised as follows:

- Mass/large scale purchases are executed solely by the ONDE S.A. Trade Department - these are mainly purchases performed for execution of RES projects and of raw materials used by bitumen mass manufacturers in their production.
- Additional purchases associated with current needs resulting from execution of projects belong to responsibilities of construction site/contract managers.
- The remaining purchases not associated with main operating activities (e.g. for office needs) are performed directly by other appointed organisational units.

We consider this purchasing flexibility (contrary to those performed only centrally) as one of our competitive advantages, visible during contract performance.





5|7

SOCIAL
STAKEHOLDERS



Daniel Mackiewicz
Marketing and PR Manager at ONDE

our operations. Others, that is, especially young people, who are very sensitive, and have the increasing awareness that the green change is unavoidable.

Daniel Mackiewicz,
Marketing & PR Manager at
ONDE



KEY FACTS AND
INDICES FOR 2021

- We provided an air purifier for Toruń citizens.
- We also established the ONDE Flow scheme.
- We conducted an active dialogue with local communities living near sites where we executed our investments.

We conduct socially-oriented activities both at the national, bringing together enthusiasts of clean green energy and related subjects, and the local levels. At the local levels, our activities include sharing our knowledge and regular support for social communities, which we encounter during execution of successive investments. At the same time, we feel a particular bond with Toruń, so every year we also act



The strength of our Group relies on people, and in particular, their passion, ability to cooperate and belief in innovative force of ideas. We are also united by values: the desire to protect the natural environment and safe future for the generations to come. Thus, we want to ensure that sharing of these values and inspiring others through relevant education becomes an integral part of

for our local homeland, supporting local initiatives and executing our own projects.

The ONDE Group does not have a formal social commitment policy (to which the Accountancy Act refers), which would describe our approach to the corporate social responsibility (CSR) and sponsoring, including priorities and principles guiding us in creation of our own social initiatives and deciding about support for external or grassroots (employee) activities. In our opinion, at the current stage of our organisation development, creation of such policy was not required for effective implementation of activities in CSR and sponsoring areas, due to naturally established areas of our involvement (described above) and the scale of those activities and expenditures on them in relation to business and financial performance of the ONDE Group.

At the same time, we treat corporate social responsibility (CSR) and sponsoring activities as important elements for the long-term strategy of the ONDE Group development. We also consider development of a social commitment policy that would include the area of a dialogue with local communities.

5.7.1 ONDE Flow



ONDE Flow is our flagship CSR scheme created from our internal need and conviction that as a leader in the RES sector we have a moral obligation to share our knowledge and long-term experience. Its subjective foundation is formed by education on renewable energy sources and associated subjects, like, e.g. physics. Currently, the scheme is at its development stage that will last until the end of 2022. We want ONDE Flow to become a platform for sharing knowledge on new trends in RES and innovative solutions for the community of people interested in these subjects, and – youth, students and young scientists at universities in particular. With it we plan to bring to light and provide funding for their best ideas, to offer them a chance to expand their research, as well as to increase the social awareness of renewable energy sources and ensure their further development.

The ONDE Flow scheme is based on 4 pillars:

- creating a community of people looking for information about RES and those who want to share it;
- a platform of knowledge about RES that would facilitate organisation of educational classes and workshops;
- a scheme supporting innovative and scientific projects;
- educational competitions at the national level.



Three scientific institutions: AGH University of Science and Technology, Bydgoszcz University of Science and Technology, and Warsaw University of Technology are partners of this scheme. Furthermore, we invited Mr Mateusz Kuznierewicz, the Olympic and the world champion in sailing, to cooperate with us as the scheme ambassador, as in our opinion he personifies the ambition and the ability to inspire others, as well as easily establishes a relationship with young people. The Association “Z energią o prawie” (With energy about law), associating students and people interested in power generation, and in particular zero and low-emission energy sources, also joined the ONDE Flow scheme.

Implementation plan

We treat our scheme for sharing knowledge in the same way as execution of investments - we operate within our specialisations, plan thoroughly, and implement gradually and paying attention to the best final outcome possible. Thus, we divided the yearly development of the scheme into quarterly stages. For the 1st quarter of this year, until publication of this Report, our plans include setting up of the ONDE Flow portal (<https://www.ondeflow.pl>) and initiation of the grant-awarding competition SOFIA (Science ONDE Flow Innovation Academy) addressed to people who would like to transform their knowledge and energy into scientific and research projects concerning RES issues. PLN 200 thousand has been allocated for subsidies.

5.7.2 Local communities

As a responsible organisation, we believe that the dialogue with a local community is an extremely important part during execution of any investment, learning their needs and shaping of their environmental awareness. In our opinion, the size of our investment sites is an advantage in terms of development of socially-oriented initiatives, and we consider establishing relations with local citizens as an opportunity to support them on an ad hoc basis but in a very constructive form. We strive to ensure that our activities generate many tangible advantages for citizens, such as improvement in the quality of access roads to their fields and residential plots, construction of additional exits, broadening or repairs of local roads, or planting of trees.

Our most important information and operational activities concerning local communities:

- We always strive to establish contact with local community and authorities to learn the needs and the problems associated with execution of a given investment.
- We organise meetings with commune authorities and citizens.
- We also organise information points at construction sites, where every citizen can learn about turbine locations, routing of roads and cable lines, and transport rules.
- Furthermore, we gather complaints and requests of citizens, if any appear, and manage them.
- We care about safety and comfort of citizens (e.g. by providing appropriate signs at areas covered by construction works, limiting noise and dust formation).





- If we interfere with lands and plots of farmers, we always ensure that they are restored to their initial condition or agree possible compensations.

Furthermore, we increase awareness of citizens of our operations concerning works undertaken at a given construction site, and the RES construction sector in general. In accordance with the Company values, we focus on education of youth - we are open to the cooperation with schools or visits of students to construction sites, when we show them our pro-environmental actions. We also focus initiatives in this area on increasing awareness in OHS and environmental protection.

Our CSR activities have a more extensive range. We support the Polish Red Cross, as well as, during seasonal actions, youth from orphanages, seniors, and charity institutions addressing needs of citizens of local communities. We also support sports teams like Koszalin Football Team Bałtyk and Unisław Team, and a cyclic event Henryk Pawłowski Memorial Duplicate Bridge Tournament. We are of the opinion that creating of good energy with these initiatives is consistent with ONDE business mission.

Additional socially-oriented initiatives executed by our employees-volunteers with the support of the Company for members of local communities in need are described in section 5.2.4 of this Report: Work conditions and benefits

5.7.3 Toruń community

Toruń is an area close to our hearts, in which ONDE S.A. has been operating since its very beginning, and where many Group employees live. Thus,

in Toruń we conduct socially-oriented activities in many areas, implementing educational initiatives and supporting financially local athletes and cultural projects.

In May 2021, we organised in Toruń a RES conference New Trends, in which representatives of the Warsaw University of Technology, AGH University of Science and Technology, Polish Wind Energy Association, Toruń City Office, and experts from the ONDE Group participated. The socially-oriented aspect of that event, addressed to the city community, was a start-up of the Air Filtration Device ATANOX financed by ONDE S.A. and installed at Plac Rapackiego in Toruń. The device is used to clean air in urban spaces, to reduce levels of suspended particulate matter (PM). The device is equipped with a specially designed filter that will remove from the air even 5 kg of contaminations a year, filtrating over 17,200,000 m³ of air during that time (working 12/24 on every day: 4000 m³/h), giving 17,280,000 m³ a year, and this corresponds to 345,600 marine freight containers (when a CBM container volume of 67 m³ was assumed). The filter used in the filtration device is 100% biodegradable, so it is environmentally friendly and does not become a solid waste after the end of its use. Furthermore, the filter is secured against development of fungi and moulds inside, which can be very dangerous.

The purchase of the device with the high performance filter reduces the smog levels in the ONDE hometown - this was the first private initiative of this kind in Poland. It aims at highlighting a problem of civilisation-related contaminations, promotion of modern solutions used in care for the urban environment, and indirectly, also promotion of RES as a source of energy neutral to the quality of air.





Sponsoring

For many years, we have sponsoring agreements with two clubs: speedway riders from the Sport Club Toruń and with basketball players from the sport club Twarde Pierniki Toruń. We also support the Toruń Hokey Club. In 2012–2019, and again in 2021, we were awarded a title of Mecenaz Toruńskiego Sportu (Patron of Toruń Sports).

Furthermore, for many years we have been a sponsor of the International Tofifest Film Festival, organised in Toruń and popular among its citizens. The Festival presents independent film productions and this year will be held for the 20th time.

5.7.4 Expenditures on support of initiatives outside the range of ONDE S.A. basic activities

According to principle 1.5 of the Best Practice for WSE Listed Companies 2021 (DPSN 2021), below we present ONDE S.A. expenditures on support of initiatives not related to the range of the Company basic activities.

The greatest part of that amount were expenditures on sponsoring of sport, especially the Sport Club Toruń and the sport club Twarde Pierniki Toruń. The CSR initiatives include mainly expenditures related to meeting the needs of local communities, also in the areas of investments executed by ONDE.

Table 14. Expenditures on support of initiatives outside the range of ONDE S.A. basic activities.

Project type	Expenditures (as PLN thousand)
Sponsoring of sport and cultural initiatives	600
Initiatives of corporate social responsibility (CSR)	160
Total	760



SHAREHOLDERS AND PARTICIPANTS IN THE CAPITAL MARKET

5|8

Since 19 July 2021, our company shares are listed on the Warsaw Stock Exchange. In the IPO process, we sold all offered shares at the maximum price, and obtained PLN 214.5 million gross (PLN 202.6 million net) from issuing of new shares. We used those funds mainly to obtain new projects concerning wind and photovoltaic farms. During IPO, the Company was valued at ca. PLN 1.43 billion.

Information policy

We consider our presence on the Stock Exchange as a privilege, but also as an obligation, especially towards investors who entrusted their capital to us. Therefore, on the one hand, we undertake continuous efforts to create the value of the ONDE Group for shareholders, while on the other, we maintain a transparent communication with participants in the capital market (investors and analysts). We use various tools to perform our responsibilities as a publicly listed company, i.e., to provide stakeholders with an easy and equal access to disclosed information.

In 2021 (from our first listing):

- we published 37 regular reports and 4 periodic reports (individual and consolidated);
- we met online with managers and analysts (buy side) and with analysts of brokerages and investment banks (sell side); - including after publication of results for the first six months and the 3rd quarter;
- we regularly updated contents (including news) published on our website www.onde.pl;
- we prepared presentations with results;
- we participated in events and meetings organised online by brokerages and other institutions of the capital market;
- we provided information on our operations in sector and economic media, for example in interviews and statements for journalists.

Apart from an extensive range of communication activities directed to the market participants, the ONDE Group strives to ensure that it observes other rules included in the document the Best Practice for WSE Listed Companies 2021 (DPSN 2021) to the greatest extent possible. When we do not apply a certain rule, we provide the reasons for that situation.

Our shareholders

The dominant shareholder of the Company remains ERBUD S.A., currently holding 60.7% of ONDE S.A. shares. At the same time, since the first listing at the Warsaw Stock Exchange, institutional (general pension management companies and investment

fund companies) and individual investors joined our shareholders. The ONDE S.A. share capital consists of 55,030,000 shares (corresponding to the same number of voting rights at the General Meeting) of a total nominal value of PLN 1,100,600.

Table 15. Shareholders structure at ONDE S.A.

Shareholder	Number of shares as of 31 December 2021	% share in the capital stock as of 31 December 2021	Number of voting rights at GM as of 31 December 2021	% share in voting rights at GM as of 31 December 2021
ERBUD S.A.	33 400 800	60,70%	33 400 800	60.70%
Jacek Leczkowski	3 565 625	6.48%	3 565 625	6.48%
Nationale-Nederlanden PTE S.A ¹	2 587 155	5.53%	2 587 155	4.70%
• including: Nationale-Nederlanden OFE ¹	2 342 155	5.01%	2 342 155	5.01%
MetLife PTE S.A.	2 752 000	5.00%	2 752 000	5.00%

¹ On 14 July 2021, the Company was notified by the Nationale-Nederlanden General Pension Management Company (hereinafter “NN PTE”) the only information as of this moment about the purchase by the Open Pension Fund (hereinafter “NN OFE”) of 2,342,155 shares of the company (5.01% of the capital stock and voting rights at the Company General Meeting at that time), as well as about the joint purchase by funds managed by NN PTE: i.e., by NN OFE and Nationale-Nederlanden Open Pension Fund, Nationale-Nederlanden Voluntary Pension Fund, Nationale-Nederlanden Voluntary Pension Fund Nasze Jutro 2025, Nationale-Nederlanden Voluntary Pension Fund Nasze Jutro 2030, Nationale-Nederlanden Voluntary Pension Fund Nasze Jutro 2035, Nationale-Nederlanden Voluntary Pension Fund Nasze Jutro 2040, Nationale-Nederlanden Voluntary Pension Fund Nasze Jutro 2045, Nationale-Nederlanden Voluntary Pension Fund Nasze Jutro 2050, Nationale-Nederlanden Voluntary Pension Fund Nasze Jutro 2055, Nationale-Nederlanden Voluntary Pension Fund Nasze Jutro 2060 and Nationale-Nederlanden Pension Fund Nasze Jutro 2065 of 2,587,155 company shares (5.53% of the capital stock and voting rights at the Company General Meeting at that time). In relation to obtaining this information before obtaining a status of a publicly listed company (and associated shareholder’s obligations concerning purchase/disposal of so-called large packages of shares), the Company did not disclose this information publicly in form of a report. Additionally, on 20 August of that year, the court registered changes in the Company Articles of Association, and the capital stock was increased to 55,030,000 stocks in total, following registration of additional 8,250,000 series E shares.



Dividends policy

In accordance with the policy adopted by the Management Board concerning payment of dividend, the Management Board intends to recommend to the General Meeting (GM) - after this recommendation is evaluated by the Supervisory Board - to pay dividends amounting to 40–70% of the net profit obtained in a preceding financial year. In its recommendation, each time the Management Board takes into account, among others:

- current and foreseen financial situation, including the amount of accounts payable concerning current operations and debt servicing of the Company
- prospects for further operations;
- opportunities for implementation of new investment projects in the RES construction segment that would ensure an attractive return for shareholders;
- liabilities resulting from concluded agreements on financing Company operations, and loan agreements in particular;
- current investment needs;
- applicable legal regulations.

A decision on payment of the dividend and its amount each time depends on a decision of shareholders present at the General Meeting, who are not bound by the Management Board recommendation in any way.

At the same time, the Management Board is authorised (under terms specified in the Commercial Companies Code), on the consent of the Supervisory Board, to pay the shareholders a prepayment to dividend foreseen at the end of a financial year,

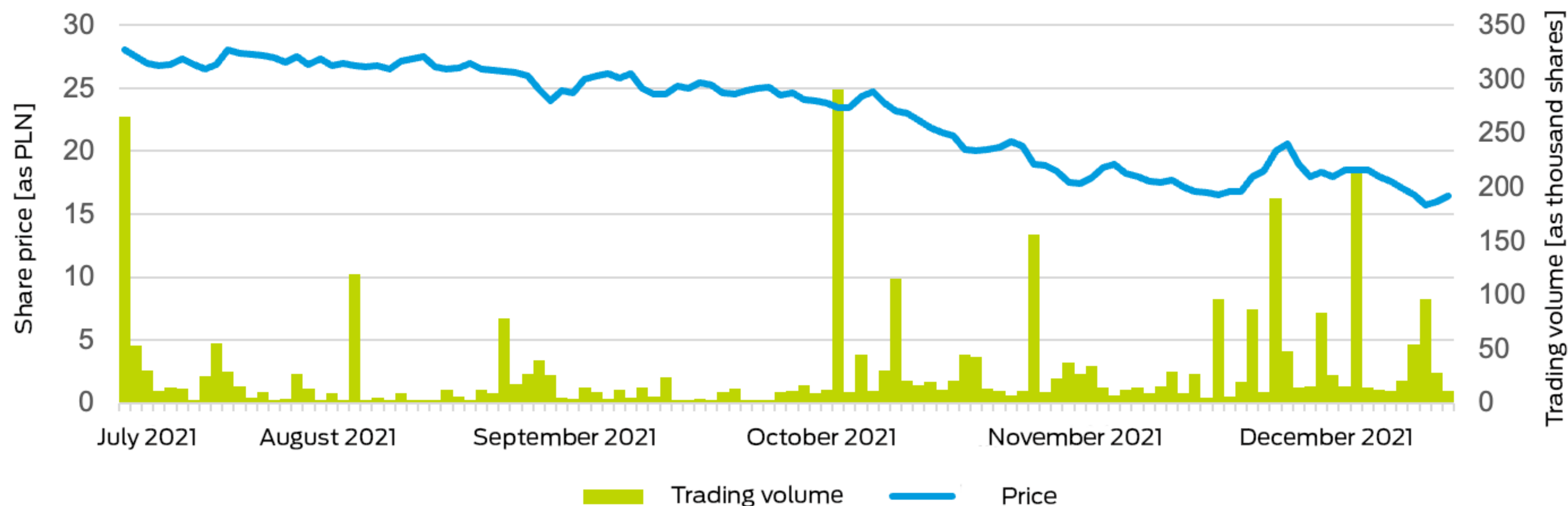
when the Company has sufficient resources for such payment. All shares have an equal right to dividends

(and prepayments to dividends) and authorise their holders to a share in the Company profit as of a day of their purchase, provided that the GM passes a resolution on profit appropriation (or, accordingly, in the case of prepayment to the dividend, resolutions of Management and Supervisory Boards) and a date for dividend payment is specified. In 2021, the Company paid to its shareholders a dividend from the profit for the year ended on 31 December 2020 in the amount of PLN 32,429 thousand, i.e., PLN 0.71 per one share in the Company. The remaining part of the profit (PLN 351.2 thousand) was transferred to the supplementary capital of the Company.

ONDE at GPW

ONDE SA shares are listed on the regulated market of the Warsaw Stock Exchange from 19 July 2021 and are included in WIG-ENERGIA, WIG-Poland, InvestorMS and WIG indices. At the closing of the session on the first day, the share price was PLN 28.08. At the end of the session on 31 December 2021, the closing price was PLN 16.4 - 41.6% less than on the first day, and the capitalisation (GRI 102-7) amounted to PLN 902.5 million. In 2021, the average daily trading volume was 29.2 thousand shares.

Chart 3 ONDE share prices until 31 December 2021





5 | 9

KEY FACTS AND INDICES FOR 2021:

- We received a prestigious eco-management and audit scheme (EMAS) certificate.
- We implemented **6/7** environmental objectives that we established for 2021.

5.9.1 Description of due diligence policies and procedures in the environmental area

As a part of the Integrated Management System (IMS) operated in ONDE S.A., corresponding to the requirements of ISO 45001:2018, ISO 14001:2015 and EMAS according to of the Regulation of the European Parliament and of the Council (EU) No. 1221/2009, as amended, the Integrated Management System Policy (IMS Policy) was adopted. According to this policy, the Company Management Board adopted as its superior objective, provision of competitive services in the RES, power lines, engineering and roads construction sectors, while fully observing all legal and other requirements associated with OHS and environmental protection.

The environmental management (EM) system is a part of IMS and one of the tools to improve environmental performance of the ONDE Group. It was implemented in the company in 2019. A model of the management system, including environmental management, is based on the Deming cycle (Fig. 1). The Company continuously improves its EM system, which takes into account the most important stages of the PDCA cycle, i.e., Plan, Do, Check, and Act. An Environmental Review conducted at the company forms a basis for correct designing and functioning of the environmental management.

At the EM planning stage at ONDE S.A., environmental aspects based on legal requirements are mainly identified. At the operations stage, required structures and responsibilities are assumed, instructions and documentation for readiness and reaction to emergencies are developed, competences are specified and training sessions are organised. The next stage in this improvement cycle is checking that is manifested, among others, as monitoring and measurements, conducting of conformity assessments and internal audits, and undertaking corrective actions. The last stage covers actions associated with preparing a management review.

Rules of the ONDE Group functioning, also within the environmental area, were defined in the ONDE S.A. Integrated Management System Manual (IMS



Manual). Basic elements of the EM system are: organisation context, needs and expectations of the interested parties, risks and opportunities, continuous improvement. The IMS Manual covers a number of detailed instructions and due diligence procedures. It also specifies responsibilities for their observance, as well as specifies a hierarchy of control over individual areas.

We consider aspects of occupational health and safety management and environmental management at each level of the organisation, understanding them as fundamental management processes. This is reflected in relevant provisions of internal acts (resolutions, organigrams assigning OHS and environmental protection responsibilities, company policy and mission, regulations, contractual provisions).

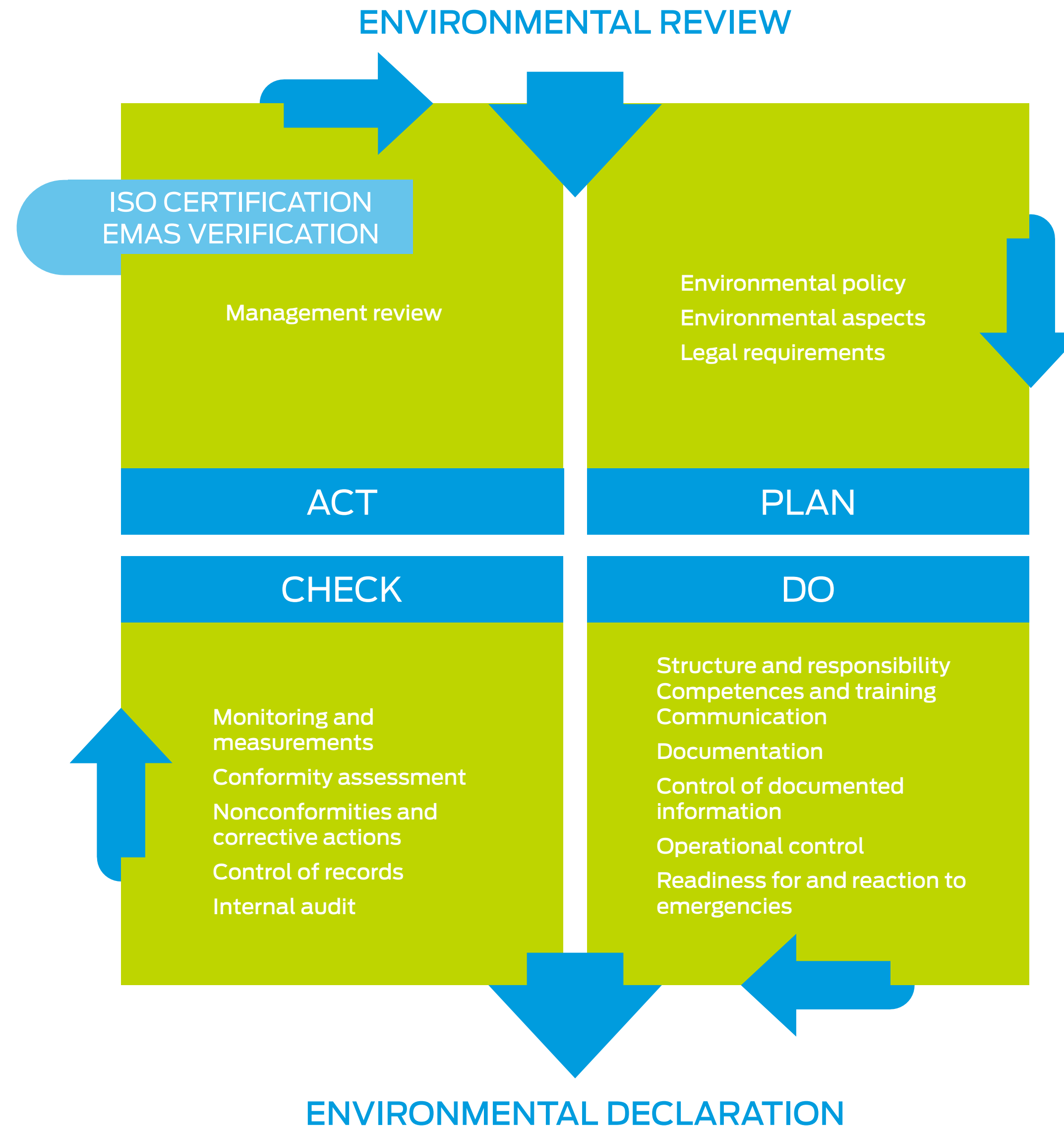
Operational activities at ONDE S.A. involve management of main processes concerning identified and important environmental aspects. The aim of these activities is to ensure that the negative environmental impact of manufacturing processes is controlled and limited. Our mission is to strive to limit our negative environmental impact as far as possible.

Certificates and internal audit

Correct operation of EM system was confirmed with a certificate concerning conformance to the requirements of ISO 14001:2015. ONDE S.A. is the first company from the RES sector in Poland which received the EU EMAS certificate according to the Regulation of the European Parliament and of the Council (EU) No. 1221/2009, as amended. The entry

in the EMAS registers by the General Director for Environmental Protection was confirmed in the Polish register and the corresponding one maintained

Figure 1 A model of management system at ONDE S.A.



by the European Commission. The effectiveness of the environmental management system functioning in the ONDE Group is regularly verified during internal audits. The Management Representative, who also is the OHS Department Director, has experienced internal auditors of the environment management system according to ISO 14001 and EMAS in their team. The auditors cyclically, in accordance with the developed schedule, conduct audits of the environmental management system and EMAS in individual departments and production units of the company. In case of nonconformities found, we undertake relevant corrections and corrective actions.

Environmental declaration

The complete picture of the environmental influences and a catalogue of our experiences and knowledge are presented in the ONDE S.A. environmental declaration (Declaration). We believe that we can be a wave of clean, green change, and generate energy needed for living in a harmony and agreement with the nature. For us all, but also for the future generations.

The aim of the Declaration is to present to our stakeholders - the society, cooperating companies, shareholders, institutions and other interested parties - an exhaustive information on our environmental performance, achieved objectives for environmental aspects, continuous improvement, and ensuring conformance with applicable legal requirements and other concerning environmental protection.

The Declaration considers, among others, basic information on ONDE S.A. operations, the environmental management system policy and structure, environmental aspects and objectives, and environmental performance. The main part of the

document focuses on reporting, presented in a clear, concise, and reader-friendly way. It covers information about the environment being a consequence of the environmental performance in relation to objectives and tasks consistent with legal requirements, in the area of significant environmental impact.

The Declaration was reviewed by a certified environmental verifier from the Quality Certification Centre of the Military Technical Academy in Warsaw. Its complete text is available at: https://onde.pl/wp-content/uploads/2021/11/onde_deklaracja-23.pdf

Conformance to requirements, decisions and guidelines

An element of observance of due diligence in environmental protection and biodiversity is ensuring that all our investments are executed in accordance with:

- Requirements of generally applicable regulations.
- Requirements of environmental decisions issued for execution of the construction.
- Provisions of building permits.
- Customer requirements concerning environmental protection.
- Decisions of local authorities.
- Guidelines of environmental authorities.
- Guidelines of regulatory authorities appointed to control environmental protection.
- Guidelines resulting from environmental management systems in force at the Company and a policy established in this area.

5.9.2 Main environmental aspects

In accordance with the requirements of the integrated management system operating in ONDE S.A., all direct and indirect environmental impacts, i.e., environmental aspects, were defined at the central level of the organisation. These aspects were classified as:

- direct aspects resulting from the organisation operations;
- indirect aspects, on which the organisation has an indirect influence as a part of cooperation with other organisations.

Evaluation of importance of environmental aspects considers potential benefits or damages to the natural environment, the condition of the environment and local conditions, the size, the number, the frequency, and reversibility of the aspect or the impact, legal acts, including acts of local legislation, opinions of company employees and interested parties.

At ONDE S.A., the list of environmental aspects is regularly updated, and the periodic review, analysis and assessment of those environmental aspects is performed once a year at the integrated management system review. All aspects, both direct and indirect, which were considered important, are monitored on a regular basis at manufacturing units and documented. Environmental aspects are identified already at a moment of the offer preparing a bid and during designing activities (when performing “design and construct” investments), as a part of estimations of other risks and opportunities. These actions aim at facilitating planning of activities related to the environmental protection during



contract performance. Records in form of risks and opportunities cards are filed.

Environmental programmes

On a basis of specified aims and allocated tasks, the management of organisational/production units identifies, evaluates and monitors environmental aspects, and establishes and implements “The environmental programme”. In the case of construction projects, responsibilities for defining environmental aspects, establishing objectives, preventive actions planning, and appointing people to implement them during the construction were entrusted to the construction site manager.

Creation of the Programme involves identification of risks, including determination of a hazard degree, as well as an assessment of opportunities and benefits possible to achieve. The environmental management programme takes into account:

- environmental objectives based on environmental aspects;
- defining of tasks to minimise significant risks and use the opportunities;
- specification of responsibilities for performance of these tasks;
- monitoring of environmental aspects;
- preventive actions.

5.9.2.1 Important direct aspects

Under Annex IV (Commission Decision of 19 December 2018, OJ EU 2018/2026), at ONDE S.A. crucial areas for direct environmental aspects were determined in the organisation.



When identifying those aspects, the type and the nature of conducted ONDE activities were taken into account, including:

- performance of construction works during execution of wind farms;
- design and execution of photovoltaic farms;
- design and execution of road works;
- conducting production processes at bitumen mass manufacturers in Koszalin and in Toruń;
- conducting activities at the refurbishment and storage facilities in Toruń concerning equipment maintenance and storage of materials for the needs of construction sites.

All direct environmental aspects, together with an information about the source of their origin, influence/hazard, and undertaken preventive actions, were described in the ONDE S.A. Environmental Declaration.

5.9.2.2 Important indirect aspects

The environmental review also takes into account the environmental impact of products, services, suppliers, and subcontractors. They were considered indirect environmental aspects. Using several dozen subcontractor companies and material suppliers during the production process, ONDE S.A. conducts regular actions to qualify them, to minimise the negative environmental impact of their activities.





These actions include:

- verification whether a potential supplier/service provider has decisions of administrative bodies required for the offered service;
- introduction of necessary provisions into agreements;
- training all employees before they start perform work at premises of manufacturing entities.

After conducting the analysis and evaluation of importance of environmental aspects at the level of the entire organisation, no important indirect aspects were identified.

All indirect environmental aspects, together with information on their source of origin, impact/hazard, and undertaken preventive measures - were described in the ONDE S.A. Environmental declaration.

Table 16. Important direct environmental aspects

Important environmental	
during construction of wind and photovoltaic farms, and roads	for bitumen mass manufacturer and refurbishment and storage facilities
Fuel consumption	Emissions to the air caused by the technological process of the bitumen mass manufacturer
Biodiversity	Consumption of materials/raw materials
Land contaminations caused, e.g. by penetration of fuel or other substances used at the construction site into the ground	Non-hazardous waste
Non-hazardous waste	Hazardous waste
Hazardous waste	Electric power consumption
Electric power consumption	
Consumption of materials/raw materials	

5.9.3 Environmental objectives and their performance

For issues considered important in the ONDE Group, objectives and tasks are established, resulting in minimising of the negative environmental impact of the organisation. The level of performance of the objectives assumed for 2021 is shown in the table below.

Table 17. Achievement of ONDE S.A. environmental objectives in 2021

Item	Objective	Task	Indicator	Was it achieved
1.	Improvement in management of earth masses at conducted investments: 30% of earth masses reused or transferred in relation to the quantity of earth masses produced	Monitoring of percentage of earth masses reused or transferred to natural persons	Percentage ratio of masses reused or transferred to natural persons/quantities disposed of as waste	YES
2.	Reduced consumption of electricity at units manufacturing mineral and bitumen masses	Electric power consumption monitoring	Reduction in energy consumption in 2021 versus 2020 by 1% Reduction in the energy consumption per production unit (Mg) company by 1% in 2021 versus 2020	YES
3.	Reduction in energy consumption at construction sites by at least 1%	Monitoring of energy consumption for each construction site	Reduction in energy consumption in 2021 Reduction in the energy consumption per income by 1% in 2021 versus 2020	YES
4.	Improvement of the environmental situation (including waste management, secondary emissions, noise) for environmental aspects associated with execution of construction projects	Including environmental aspects into information training at construction sites	100% employees at construction sites trained	YES
5.	Improvement of the environmental situation by increasing environmental and ecological awareness of employ-ees and subcontractors	Development of an environmental protection guide and its implementation at ONDE	Preparing and providing a guide in an electronic form to all ONDE S.A. recipients	YES
		Preparing an animated video on basic environmental principles in force at construction sites	Preparing and providing a guide in an electronic form to all ONDE S.A. recipients	YES
		Visualisation, labelling, OHS/EP information boards	100 % of construction sites with installed boards, visualisations	YES
		Execution of environmental activities for individual executing departments	At least 1 environmental activity executed by each executing department	YES
6.	Reduction in emissions of contaminations into the air at WMB Toruń and Koszalin by at least 1%	Maintaining operating parameters of the system and consumption of raw materials, materials and energy below the level declared in a decision for emission of gases.	A ratio for results of emissions measurements/ acceptable values resulting from the decision. Comparing the ratios versus 2019/2020	YES
7.	Reduction in the use of natural resources by increasing the quantity of reprocessed and reused waste	Processing of larger quantities of waste (17 01 08, 17 01 01 at WMB versus the previous year)	Quantities of waste processed/max. quantity of waste approved for recovery in accordance with the decision. An increase in quantity of processed waste to 30% of that resulting from the decision.	NO



In 2021, we managed to implement the majority of assumed objectives and tasks:

- Comment to achievement of objective No. 1: In 2021, the Company produced 33,087 Mg of waste with code 17 05 04, i.e., soil and earth, including stones (other than those mentioned in code 17 05 03). 100% of the generated waste was transferred to natural persons (data from the BDO register). The remaining produced earth masses were used within conducted investments.
- Comment to achievement of objective No. 2: In 2021, electricity consumption at bitumen mass manufacturers was reduced by 1.6% for WMB Koszalin and 11.58% for WMB Toruń. Its consumption was 403.47 MWh at WMB Koszalin (versus 410.05 MWh in a previous year, and 599.90 MWh at WMB Toruń (versus 678.45 MWh in a previous year).
- Comment to achievement of objective No. 3: Energy consumption in the ONDE Group in 2021 dropped by 44.5% YoY and the energy consumption ratio per income by 72.3%. More information on this issue is provided in 5.10.4. Key climate-related performance indices for the ONDE Group.
- Comment to achievement of objective No. 5, task 4: environmental objectives for wind farms were executed - 27 bird feeders were installed and feeding areas for amphibians and reptiles were created (Dębsk WF).
- An environmental objective in the road construction sector was implemented: fences of PVC meshes were installed, protecting amphibians and reptiles against the impact of the construction project (construction of a tram route in Bydgoszcz).
- Comment to achievement of objective No. 6: For the majority of parameters specified in the permit for emissions of dusts and gases to

the air, emissions were reduced versus 2020. The individual emissions of dusts and gases to the air are below the maximum quantity accepted for emissions.

- Comment to achievement of objective No. 7: In 2021, wastes with codes 17 01 08 and 17 01 01 were not processed at WMB, as there was no need to use the said waste at the executed investments.

5.9.4 Environmental impact of activities in respect to important aspects

In relation to important environmental aspects, the ONDE Group prepares consumption ratios in individual areas, and ratios for the total income and production, forming a basis for calculation of individual environmental efficiency ratios.

In the case of the Company the main, and taking into account the scale it can be said that practically the only source of emission of contaminations into the air are bitumen manufacturers (in the report also abbreviated to WMB), and discussed emissions are associated with production of mineral and bitumen mixes (abbreviated to MMA).

Data for crucial environmental aspects presented below concerns 2020, and this results from the cycle of work on the update of the ONDE S.A. Environmental Declaration, which is a precondition for EMAS certification. Data for 2021 will be published at the end of the 2nd/beginning of the 3rd quarter of this year in the updated version of the Declaration that will be available at the Company website and in EMAS registers:

- <https://www.gov.pl/web/gdos/rejestr-emas>
- https://ec.europa.eu/environment/emas/emas_registrations/register_en.htm

Table 18. Materials consumption for production

Year	Materials	Unit	A ratio - consumption	B ratio - production	R=A/B
2020	Total consumption of materials for MMA production at WMB	Mg	518232.91	133397.48	3.88

Table 19. Quantities of waste generated

Year	Waste	Unit	Ratio A – Quantities of waste generated	Ratio B – income (as PLN thousand)	R=A/B
2020	Hazardous waste	Mg	2.49	586 315	0.0042
2020	Non-hazardous waste	Mg	2072.87	586 315	3.53
2020	Total quantities of waste generated	Mg	2075.36	586 315	3.54

Table 20. Use of land in relation to biodiversity

Year	Use of land in relation to biodiversity	Unit	Ratio A – surface area of the land used	Ratio B – income (as PLN thousand)	R=A/B
2020	Total surface area of grounds used under wind farm foundations	m ²	129600	586 315	221.05
2020	Use of developed areas for MMA production	m ²	1950.81	586 315	3.33
2020	Total surface area of grounds used for refurbishment and storage facilities	m ²	3625.8	586 315	6.18
2020	Total surface area	m ²	135176.61	586 315	230.56

Table 21. Construction materials consumption

Year	Construction materials consumption	Unit consumption	A ratio – consumption	Ratio B – income (as PLN thousand)	R=A/B
2020	Concrete consumption	Mg	11772.86	(as PLN thousand)	20.08
2020	Steel consumption	Mg	414.32	586 315	0.71
2020	Aggregate consumption	Mg	1798069.78	586 315	3066.81
2020	Total material consumption	Mg	1810256.96	586 315	3087.59

5.9.5 Pro-environmental initiatives

To a large extent, the effectiveness of our IMS Policy and the environmental management system are based on knowledge and awareness of our employees, subcontractors and suppliers. Therefore, we put a great emphasis on education. Furthermore, we inform our business partners about our policy and environmental requirements already at the stage of the contract negotiation, and appendices to agreements contain specific environmental requirements taking into account specific conditions of work at a given construction site.

Educational activities in environmental protection addressed to employees and subcontractors are implemented in the following way:

- The environmental issues form an integral part of information trainings provided at each construction site, to every person working on a given investment project.
- Each new employee at ONDE S.A. is provided a training in the applicable environmental management system and EMAS.
- We include subjects related to systems functioning in our company, including environmental management and EMAS in the obligatory OHS training.
- Every year we organise the Safety Week, at which for last 2 years activities related to the environmental education process have also become a regular part.
- We prepare environmental videos and leaflets presenting basic aspects having an operational importance at the construction site.

- We organise drills in procedures of handling environmental incidents, like failures and leaks.

To limit our environmental impact, before ONDE S.A. starts construction of wind and photovoltaic farms, we thoroughly analyse our potentially negative impact on people and the nature (including natural animal habitats, ecosystems) both at the investment site, and in its vicinity. To prevent it, we conduct preventive actions, secure, inform and train local citizens. If necessary, we perform environmental compensations preventing destruction of the natural environment. During execution of every investment, a dialogue with the local community and shaping its environmental awareness are also important (more information can be found at in the Report section concerning social commitments of ONDE).

At the same time, to continuously limit ONDE S.A. environmental impact, the Company currently is conducting numerous modernisation and investment projects moving the environmental management system in the Company to increasingly higher levels.





5|10

COMMITMENT TO LIMITING NEGATIVE CLIMATE CHANGES



KEY FACTS AND INDICES FOR 2021:

- We reduce greenhouse gases emissions (Scope 1 i 2) by **29.2%**.
- We decreased consumption of electricity by **44.49%**, and the majority of energy used by us is generated from RES.
- For the first time, we prepared disclosures required by the EU Taxonomy.
- We started to calculate GHG emissions in the value chain (Scope 3).
- 1000 MWh of RES energy generated by a hydro power plant (with a guarantee of origin) was associated with reduction in CO2e by 698 Mg (tonnes).

The ONDE Group as a leader in renewable energy sources segment in Poland conducts its business in a responsible and sustainable way. Care for the environment is one of our priorities. Therefore, since 2019, initially together with the ERBUD Group of which we are a part, and for some time individually, our efforts are focused on limiting negative climate changes. We consider limiting of the negative impact on the climate both at a level of a subject of our operations (RES), and of a widely understood operating activities.



We decided to achieve the climate neutrality within 2–3 years, mainly by reducing consumption of electricity, and by purchasing it from environmentally-friendly sources. Already in 2021, we ensured guarantees that energy was generated from RES for 1000 MWh. In coming years, we will increase those amounts, until we achieve complete neutrality in this area. We also implement solutions to manage our carbon footprint and impact on the climate to the full extent, i.e., including Scope 3

Bartosz Wiśniewski,
OHS Department Director in
ONDE



5.10.1 Importance of climate changes for the ONDE Group

For some time the ONDE Group has noticed occurrence of significant climate changes on the Earth, caused by an increase in the average temperature on our planet observed from the beginning of the industrial era. It is also aware that

the main cause of this process is the increasing emission and too high accumulation of greenhouse gases (GHG) in the Earth atmosphere (e.g. the Sixth Assessment Report Intergovernmental Panel on Climate Change from 2021), which disrupted natural circulation of these gases observed earlier in the human era and analysed for periods proceeding it, based on balancing their emission levels with the levels of assimilation. This leads to, especially recently, the increase in the dynamics of so-called greenhouse effect generated by those gases. At latitudes where the ONDE Group conducts its operations, it is manifested, for example, as a significant increase in temperatures during the year, leading to occurrence of dynamic weather events (tempests, storms, hurricanes, droughts), as well as climate changes (an increase in an average yearly temperature, a reduction of an average precipitations, and further decrease in surface waters and groundwater levels, and progressing steppe-formation of the land).

The significance of the above issues is of critical importance for the ONDE Group, as projects related to the renewable energy sources represent a core of its business activities, and in 2021 brought nearly 80% of its income. The ONDE Group has executed and is still executing some of the largest wind farms in Poland. Its portfolio includes projects of capacity of 2777 MW for the wind and 454 MW for the solar energy. The Group gained expert experience by executing investments of different scales and complexity, and this has translated into Investors' trust. This way, ONDE is the largest general contractor in Poland for wind farms (87 projects) dynamically building its position also in a sector of large-scale photovoltaic (272 projects)

characterised by the investors base that is very similar to that for the wind projects, and this facilitates winning of new orders. The purchase of IDE

Projekt in 2021 added design services in this area to the ONDE Group competences.

Reduction in climate changes and adaptation to them

In 2021, the ONDE Group, as a responsible and sustainably developing organisation, continued (successfully) activities aiming at decreasing the rate of adverse climate changes, initiated in 2019 together with the ERBUD Group. This way, it joined global efforts implementing resolutions of successive Global Climate Summits:

- European Union (to be a global leader in reduction in GHG emissions until a complete climate neutrality is achieved, as provided for in the European Green Deal strategy);
- Poland (change in the energy mix in the country and development of low-emission economy included in the Energy Policy for Poland until 2040, as well as development of the passive construction engineering)
- individual foreign and Polish enterprises implementing goals 12 (Sustainable consumption and production patterns) and 13 (Actions to combat climate change and its impact) of the UN sustainable development included in the Agenda 2030.

These actions are conducted systemically by the ONDE Group. In 2019, the Group structured its approach and a way of qualifying activities associated with production of clean energy, and the climate policy and climate risks and opportunities of the ERBUD Group, of which ONDE is a part, were signed and adopted, together with a system for their management (more information on the climate policy is provided further in this Report). This was based on the European Commission Communication

- Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01) together with an appendix in form of Recommendations for the Task Force on Climate-related Financial Disclosures (TCFD) in its part concerning Materials and Buildings Group, and treating these documents as expansion of provisions of the Directive of the European Parliament and of the Council on Non-Financial Reporting (2014/95/EU) implemented in Poland on 1 January 2017 (by changing provisions of the Accountancy Act).

In 2020, works were initiated, concerning final implementation in ONDE S.A. (PBDI at that time) and in the ERBUD Group provisions of the Regulation of the European Parliament and of the Council No. 2020/85, implemented into the European Union, and thus Poland, legislation, establishing rules for defining and implementing sustainable investments (Taxonomy).

An important step in increasing professional character of activities focusing on environmental and climate protection was to create an Integrated Management System at the ONDE Group conforming to ISO 45001:2018, ISO 14001:2015 and the EU eco-management and audit scheme EMAS. The EMAS environmental management system is based on the ONDE S.A. Environmental Declaration.

As a part of the EMAS declaration, through its verification by a third party auditor it was found that the ONDE Group had necessary resources, knowledge, competences and attitude, dynamically and extensively contributing to processes of replacing sources used for production of electricity, heat and cold in Poland and Europe with low and zero emission energy sources. It was decided that also the Group itself, in its internal processes, conducts activities minimising its carbon footprint and environmental footprint.

5.10.2 Business model and the climate, climate policy

To determine the business model resistance to the climate on a medium and long-term basis, the ONDE Group (as the entire ERBUD Group) uses the Intergovernmental Panel on Climate Change model for Poland based on scenarios RCP 4.5 and RCP 8.5, presented on the official websites Klimada (the Ministry of Environment - until 2019) and Klimada 2 (the Ministry of Climate and Environment - since 2020).

On a basis of scenarios different dynamics of changes in the Earth temperature by 2050, the ONDE Group, as a part of its individual works, as well as works conducted at the ERBUD Group level, in 2019 thoroughly analysed its resistance to climate changes. The analysis for every scenario was conducted following four stages: establishing a model of the company-climate impacts, calculation of associated costs of security, a safety analysis for the current portfolio of the Group products and services, and proposals for additional securities for the Group products and services.

The conducted analysis shows that the current business model of the ONDE Group, business operations and projects conducted within it, and budgets assigned to them (a short-term perspective) are sufficiently resistant to climate changes. In fact, they meet the needs associated with implementation of the decision provided above, according to which the ONDE Group is to join actions aiming at limiting adverse climate changes and effectively prevent risks in this aspect. A high resistance of the Group business model to climate changes, and the quality of the management of those aspects within a short-term perspective are additionally confirmed by the certificate of conformance with EMAS.

Opportunities associated with the climate changes

The ONDE business model is a part of global actions aimed at reducing the pace of adverse climate changes. Therefore, the use of associated market opportunities and competences in designing and creation of environmentally friendly systems, mainly photovoltaic and wind farms and their infrastructure, are priorities for ONDE S.A. companies and IDE Projekt Sp. z o.o.

These solutions are directly associated with two main directions included in goals specified in the European Union strategy of the European Green Deal, which concern:

- reduction of the carbon footprint to ensure that Europe remains a continent that is climatically neutral;
- reduction in environmental footprint (life cycle assessment) aiming at implementation of the resource efficiency concept through implementation of principles of the circular economy.

The first of these elements is associated with dangerous climate changes generating the greenhouse effect, which result from the increasing levels of greenhouse gases (GHG) in the atmosphere). This phenomenon is also associated with human activities. Power, construction and transport sectors belong to the main industries where emissions of greenhouse gases are being reduced. Services offered to them by ONDE S.A. are directly and fundamentally related with the above climate goals.

The second of strategic directions of the European Green Deal are goals and actions related to resource efficiency. They result from the



limited character of the resources, and thus from implementation of solutions optimising their management, as well as from the need to care for the natural environment by reducing contamination and waste, so eventually they are limited to residual waste. The main mechanism implemented in this respect are principles of the circular economy. The activities associated with implementation of the circular economy within services offered by ONDE S.A. and into internal processes of the company represent another fundamental element of the Company approach and plans. In relation to its products and processes, the ONDE Group works to limit a negative impact of its customers and itself on the climate (by reducing emissions of greenhouse gases) and to reduce the risk related to climate changes by proposing solutions for adaptation.

Risks associated with the climate changes

On a basis of conducted analyses it was established that in 2021 and in the future periods, the ONDE Group did and will not have a significant direct impact on the climate. Nevertheless, indirectly this effect can be adverse and noticeable. Basic materials used by the Group are products from sectors with a significant impact on the climate (production of bitumen and fuels, electricity and heat generation, production of cement, steel works). Therefore, pro-climate changes in those sectors, possible changes in regulations, and additional legislative burdens for them related to greenhouse gases emissions may adversely impact the Group costs.

It was also indicated that when climate changes are analysed within a broader context, the observed intensification of weather anomalies may affect

the process of execution of the Group projects. However, during workshops conducted in 2019 for managing personnel from individual companies of the Group, on a basis of climate forecasts of the Intergovernmental Panel on Climate Change for Poland, based on scenarios RCP 4.5 and RCP 8.5, no climate or weather-related risks to assets held and managed by the Group were found within the long-term perspective.

Climate priorities and objectives

On the basis of the above analysis, the ONDE Group decided to increase the number of its pro-climate activities in 2020–2030, and this is reflected in the Group priorities and objectives. Priorities and objectives aiming at reduction of the negative environmental and climate impact were also implemented in 2021. The effects of these activities are presented in sections 5.9.3, 5.9.4 and 5.10.4 of this report.

5.10.3 Climate policy

Current ONDE Group activities related to involvement in reduction of negative climate changes are based on the ERBUD S.A. Climate Policy for 2020–2050 (the Climate Policy), which was also adopted by the Management Board of ONDE S.A. It is an independent internal document ensuring that due diligence processes of the ERBUD Group, including the ONDE Group, are applied for issues associated with limiting climate changes. The Climate Policy includes, among others, goals for reduction of GHG emissions

(short-, medium-, and long-term perspective) and improvement in energy efficiency, as well as ways for implementation of those goals.

Implementation of the Climate Policy by the ONDE Group brought further significant quantitative results in 2021, translating mainly into the decrease in greenhouse gases emissions and a significant share of executed projects qualifying to Taxonomy. Their details are presented in 5.10.4. Key climate-related performance indices for the ONDE Group. At the same time, the ONDE Group, by focusing in its activities on RES constructions (wind and photovoltaic farms), contributes to reduction in climate changes on a daily basis. With the robust development of the RES market in Poland, implementing successive provisions associated with the European Green Deal strategy (including the climate package “Fit for 55”), and the announced coming into force of the Corporate Sustainability Reporting Directive (CSRD), another package of documents for ONDE development is being developed. Some of the largest initiatives in this area include:

- expanding calculation of the Group carbon footprint with emissions in the entire supply chain (Scope 3) - the data covering this scope will be reported for the first time in the report for 2022;
- works on developing a climate policy of the ONDE Group, which will be a guideline for further robust development of the organisation.



5.10.4 Key climate-related performance indices for the ONDE Group

From the perspective of the ONDE Group business model and for measuring of our own carbon and environmental footprint, taking into account guidelines provided in the Supplement on reporting climate-related information (2019/C 209/01) together with the appendix in form of Recommendations for the Task Force on Climate-related Financial Disclosures (TCFD) in its part concerning Materials and Buildings Group, we considered as crucial the following climate-related performance indices:

- greenhouse gases (GHG) emissions
- energy consumption (including from renewable energy sources)
- percentage of income, investment expenditures and operating costs consistent with the UE Taxonomy.

5.10.4.1 Greenhouse gases (GHG) emissions (GRI 305-1, GRI 305-2, GRI 305-5)

Emission levels were calculated on a basis of the GHG Protocol – Revised Edition methodology, supported

Table 22. Emission levels for greenhouse gases (GRI 305-1 i 2)

	for 2020	for 2021	Change 2021 vs 2020
TOTAL DIRECT CO ₂ EMISSIONS (SCOPE 1) [Mg]		5318.51	-16.60%
TOTAL INDIRECT CO ₂ EMISSIONS (SCOPE 2) [Mg] (market-based method)	1937.613	565.93	-70.79%
TOTAL INDIRECT CO ₂ EMISSIONS (SCOPE 2) [Mg] (location-based method)	–	1263.93	–
TOTAL CO ₂ EMISSIONS (SCOPE 1 + SCOPE 2) [Mg] (market-based method)	8314.933	5884.43	-29.23%
TOTAL CO ₂ EMISSIONS (SCOPE 1 + SCOPE 2) [Mg] (location-based method)	–	6582.43	

Methodology for calculation of GHG emissions is presented on page 97

with the additional guidelines of ISO 14067:2018, and individual indices the National Centre for Emissions Management (KOBiZE) and the Energy Regulatory Office (URE). All indices and calculations used to calculate carbon footprint were taken only from the resources specified above.

The data for Scopes 1 and 2 are presented below. In 2021, the total greenhouse gases emissions generated by the ONDE Group in Scope 1 and Scope 2 amounted to 5884.43 kg CO₂e (carbon dioxide equivalent) This means a drop in the emission levels versus 2020 by 29.23%. The total GHG emissions according to the location-based method were higher and amounted to 6,582.43 Mg, as this method does not take into account guarantees that energy comes from RES or differences in emission levels of individual suppliers .

A comment to changes in greenhouse gases (GHG) emission levels year over year:

- The decrease in direct greenhouse gases emissions of the ONDE Group in 2021 (by 16.60% YoY) is mainly a result of actions focusing on reduction in the use of high carbon-emitting vehicles, machines and devices powered by

diesel engines and replacing them with devices with lower carbon emissions and devices powered by the electricity from the grid, as well as a reduction in carbon emissions from fuels used in vehicles - the emission converters of the National Centre for Emissions Management (KOBiZE) have changed. It is also an effect of a lower production of mineral and bitumen masses (bitumen mass manufacturers generate a large part of direct emissions). It is worth noting that the ONDE Group achieved reduction in its emissions despite increasing its income on sales, and therefore, higher dynamics of market activities, and despite including a new company, IDE Projekt, in the Group and adding its emissions. This additionally confirms a high pro-climate efficiency of activities in the ONDE S.A. Group.

- A decrease in levels of indirect greenhouse gases emissions (by 70.79%) results mainly from two factors. First, the use by the ONDE S.A. in its operation 1000 MWh of RES energy generated by a hydro power plant (with a guarantee of origin),

which was associated with reduction in CO₂e by 698 Mg. Second, the increase in the energy efficiency on construction projects conducted by the ONDE Group (as a part of internal processes), based on activities concerning energy saving and management within systems owned or managed by the Group. It is also an effect of increasing the number of photovoltaic and wind farms executed, which do not generate such consumption (of energy) as traditional (stationary) consumption due to their specific nature.

The size of emissions were referred to the ONDE Group revenues for 2021 (PLN 1,217,445 thousand) and 2020 (PLN 586,315 thousand) accordingly. The emission rate per revenue unit was reduced by 65.9% versus the previous year, which on the one hand results from reductions in CO₂e emissions, and on the other from more than double increase in revenues.

Table 23. Emission levels for greenhouse gases (GHG) versus revenues

	for 2020	for 2021	Change 2021 vs 2020
Direct emission levels (Scope 1) per unit of income on sales [Mg eCO ₂ /PLN thousand]	0.011	0.004	-59.84%
Indirect emission levels (Scope 2, market-based method) per unit of income on sales [Mg eCO ₂ /PLN thousand]	0.003	0.005	-85.93%
Indirect emission levels (Scope 2, location-based method) per unit of income on sales [Mg eCO ₂ /PLN thousand]	no data	0.001	–
Direct and indirect emission levels (Scope 1 and 2, market-based method) [Mg eCO ₂ /PLN thousand]	0.014	0.005	-65.92%
Direct and indirect emission levels (Scope 1 and 2, location-based method) [Mg eCO ₂ /PLN thousand]	no data	0.005	–

Methodology for calculation of GHG emissions is presented on page 97



In the ONDE Group, emission levels are calculated on a basis of the GHG Protocol – Revised Edition methodology.

Additionally, we are supported by guidelines of ISO 14067:2018 and individual KOBIZE indicators. These emissions are defined as follows:

- Direct emissions of greenhouse gases from sources being owned by an enterprise submitting the report or managed by it. In 2021, the calculations of direct greenhouse gases emissions of the ONDE Group included emissions of CO₂, CH₄ and N₂O using calculations to CO₂e in accordance with the standard AR5 Global Warming Potential Values.
- Indirect greenhouse gases emissions from generation of obtained and consumed electricity, steam, heat or cold (jointly called “electricity”). In 2021, calculations of indirect greenhouse gases emissions of the ONDE Group included CO₂ emissions calculated using location-based and market-based methods. The emissions were calculated on a basis of purchase invoices concerning purchased electricity, heat and cold.

No biogenic emissions occurred in 2021. 2020 was adopted as a base year. This is associated with gathering data required for carbon footprint within Scope 1 and Scope 2, and undertaking activities related to implementation of the eco-management and audit scheme EMAS. The emission values were included in the tables above. The financial controlling was selected as a consolidation criterion.

Target absolute values of greenhouse gases emissions

As there is no significantly negative impact of internal actions of the ONDE Group, while on the other hand, the Group products have a positive impact on the climate, as of a day of publication of this report, no target values for emissions of greenhouse gases were established in the Group. At the same time, the ONDE Group aims at achieving the climate neutrality as soon as possible. Assumptions and guidelines to achieve this purpose will be presented in the ONDE Group climate policy planned for 2022.

5.10.4.2 Energy consumption and energy efficiency

Total energy consumption or energy generation from renewable and non-renewable sources

In the reported period, the ONDE Group had very good results in terms of achieving an improvement in the energy mix, to increase the share of renewable sources, as well as in terms of reduction of the total energy consumption, even in the situation of an increase in its market activity and of the Group development.

In 2021, the total consumption of electricity and heat from renewable and non-renewable energy sources by the ONDE Group was 22,307.61 MWh, and this means a drop by a quarter versus the previous year. In 2021, consumption of electricity alone was 1,541 MWh, and this means a drop by 44.5% versus the previous year. Simultaneously with the demonstrated reduction in the energy consumption, the ONDE Group significantly increased its use of the renewable energy. In the reported period, it increased by 62.1% (to 1,260.03 MWh) - mainly due to purchase of 1000 MWh of energy from a hydro power plant. During this

time, the share of energy from renewable energy sources in the energy mix of Poland in 2021 increased by just 0.2% YoY. The percentage ratio of renewable energy sources referred to the total energy used by the Group is 5.64%. When consumption of 1000 MWh of energy from renewable sources was included (without including consumption of renewable energy

being a part of the energy mix of Poland), the ratio of the RES energy consumption amounted to 4.48%.

The fact that in 2021 the majority of energy (over 60%) used by the ONDE Group came from the renewable energy sources, indicates that the Group is on a fast track to achieving climate neutrality.

Table 24. Energy consumption in the ONDE Group

	Unit	2020	2021	Change 2021/2020
Electricity				
The level of the total electricity consumption from renewable energy sources	MWh	777.27	1260.03	62.11
The level of the total electricity consumption from non-renewable energy sources	MWh	1998.68	280.97	-85.94
Total electricity consumption	MWh	2775.95	1541.00	-44.49
Heat energy (electricity, heat and from fuel burning)				
The level of the total electricity consumption from renewable energy sources	MWh	777.27	1260.03	62.11
The level of the total energy consumption from non-renewable sources	MWh	23363.30	21047.58	-9.91
Total energy consumption	MWh	24140.57	22307.61	-7.59

Energy efficiency was calculated in the ONDE Group, taking into account: electricity, energy from fuels burned by vehicles and machines (gasoline, diesel oil, gas), energy from natural gas, energy from coal dust, and heating oil. Data on consumption was referred to the ONDE Group revenues for 2021 (PLN 1,217,445 thousand) and 2020 (PLN 586,315 thousand). The results indicate that when energy from burning fuels

was taken into account, a slight increase in consumption calculated as MWh occurred, with simultaneous doubling of income. This led to an improvement in the total energy efficiency by 55.5%. In case of the use of electricity alone this ratio decreased by 72.3% - from 0.0047 in 2020 to 0.0013 this year. The Group sees opportunities for optimising consumption of energy from fuels in vehicles and machines.

Table 25. Electric power consumption in the ONDE Group referred to its income (GRI 302-3)

	Unit	Rok 2020	Rok 2021	Change YOY
Total electricity consumption per revenue unit	MWh/PLN thousand	0.0047	0.0013	-73.27%

Energy efficiency was calculated in the ONDE Group (Table 23), taking into account: electricity, energy from fuels burned by vehicles and machines (gasoline, diesel oil, gas), energy from natural gas, energy from coal dust, and heating oil.

Results show that a slight drop in MWh occurred with the doubled income. This led to a reduction in the total energy efficiency ratio by 55.50%. The Group sees opportunities for optimising consumption of energy from fuels in vehicles and machines.

Table 26. Energy efficiency in the ONDE Group, including energy from fuel burning:

Energy source	MWh 2020 – A	B ratio - income as PLN thousand for 2020	Ratio A/B 2020	MWh 2021 – A	B ratio - income as PLN thousand for 2021	Ratio A/B 2021	Change 2021–2020
Electricity	2775.95	586315	0.0047	1541	1217445	0.0013	-73.27
Heat	brak danych	586315	---	542.06	1217445	0.0004	---
Fuel in vehicles and machines (including):	9287.01	586315	0.0158	11019.38	1217445	0.0091	-42.86
• Diesel oil	6742.73	586315	0.0158	7238.28	1217445	0.0091	-42.86
• Gasoline	2544.27	586315	0.0158	3781.10	1217445	0.0091	-42.86
Natural gas	5316.41	586315	0.0091	5787.13	1217445	0.0048	-47.58
Dust coal	6318.91	586315	0.0108	3069.41	1217445	0.0025	-76.61
Heating oil	442.29	586315	0.0008	348.63	1217445	0.0003	-62.04
Total	24140.57	586315	0.0412	22307.61	1217445	0.0183	-55.50

Methodology for calculation of GHG emissions is presented on page 97

5.10.4.3 Compliance with the UE taxonomy

In this Report, which formally meets an obligation imposed by the Accountancy Act transposing the Directive of the European Parliament No. 2014/95/ EU of 22 October 2014 on disclosure of non-financial and diversity information - the ONDE Group for the first

time disclosed information to which degree and how its operations quality as sustainable, i.e., is consistent with the Taxonomy.

The Taxonomy is a common name for the 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

(hereinafter: “Taxonomy” or “Regulation 2020/852”). This Regulation establishes six goals and a number of detailed criteria that enable determining whether a given conducted operation is environmentally sustainable. The Taxonomy is a crucial instrument for assessment of sustainable development of business activities in terms of their environmental impact.

According to Article 8 of Regulation No. 2020/852, the environmentally sustainable activities:

- makes an important contribution in performance of at least one of environmental goals specified in it;
- does not negatively affect other environmental goals;
- meets minimum guarantees, including those concerning human rights;
- meets requirements of technical screening criteria.

Regulations concerning the Taxonomy are currently intensively developed at the level of the EU legislation and specified in detail. In the first year of being in force, in accordance with contents of the Commission Delegated Regulation (EU) 2021/2178 (Regulation 2021/2139) that supplements Regulation 2020/852, the ONDE Group is obliged to disclose only a percentage of:

- turnover;
- investment expenditures (CAPEX);
- operating expenditures (OPEX);

for systematics (Taxonomy) in disclosure of first two environmental goals, for which technical screening criteria were established:



- Climate change mitigation, specified in Annex I to the Regulation No. 2021/2139;
- Adaptation to climate change, specified in Annex II to the Regulation No. 2021/2139.

At the same time, it is not obligatory to verify in the report for the financial year 2021 whether turnover, investment expenditures, and operating costs can be considered as related to the environmentally sustainable activities according to technical screening criteria or not. This means that for the purposes of this Report, only percentage of activities that are covered and not by technical screening criteria.

The ONDE S.A. Management Board also states that the data disclosed below:

- were prepared according to the Company’s best knowledge;
- have not been audited.

Main assumptions

To calculate the percentage of turnover, investment expenditures (CAPEX); and operating costs (OPEX) qualifying for the Taxonomy, it was assumed that:

- Net turnover means amounts obtain on sales of products and providing services, after discounts on sales and the value added tax and other taxes directly related to turnover were deducted. The total turnover corresponds to the consolidated revenue of the Group presented in the consolidated statement on the total income in the item “Income on sales of goods and services”. The turnover from activities qualifying for systematics was estimated by detailed identification of individual projects executed by the Group during the year.





- For **investment expenditures (CAPEX)**, the basis is formed by investment expenditures of the Group, disclosed as the whole in the consolidated statement on the financial situation in the item “Fixed assets”, i.e., fixed assets under construction, and purchase of the fixed assets and of intangible assets. The part of CAPEX assigned to the calculation concerns the types of activities that qualify for systematics.
- In relation to **operating expenditures (OPEX)**, the basis is formed mainly by costs related to construction of photovoltaic and wind farms. At the same time, it should be noted that in 2021, different interpretations of regulations concerning the Taxonomy functioned, in particular, concerning calculations of operating expenditures. Therefore, the presented analysis results may change in the coming years, when interpretations are defined and the market practice becomes clear.
- Calculations for numerators and denominators concerning Turnover percentage, CAPEX percentage and OPEX percentage were based on the EU Commission interpretation presented in the Complementary Climate Delegated Act of 02 February 2022 under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets.

Disclosures required by the Taxonomy

• Turnover

The ONDE Group obtains income mainly on performance of contracts for the photovoltaic sector and wind farms. These activities are included in Annexes I and II to the Regulation 2021/2139, containing technical screening criteria for the Taxonomy classification. In both of those annexes, the mentioned activities are included in item 7.6 Installation, maintenance and repair of renewable energy technologies. Following the analysis it was identified that over three-quarter of the revenue achieved by the Group qualifies for the systematics. For the identified activities being subject to the Taxonomy it was confirmed that they are conducted in a way ensuring conformance to the minimum guarantees specified in Regulation 2021/2139.

A large part of products and services offered by the ONDE Group has a positive environmental impact by reducing direct and indirect emissions of greenhouse gases in various sectors, including power generation and manufacturing industry sectors, especially heavy and energy intense.

At the same time, according to the Company assessment, some revenues obtained in 2021 do not qualify for the Taxonomy according to the Annexes and the Climate Delegated Act. They include revenues obtained in “road and engineering construction” and “other” (sale of aggregates, construction materials and auxiliary production) sectors.

31 December 2021		
	Turnover (as PLN thousand)	Part of the turnover
The ONDE Group turnover qualifying for systematics	946 121	77.7%
Turnover not qualifying for systematics	271 258	22.3%
Total income on sales	1 217 380	100%

- **Investment expenditures (CAPEX)**

Following the analysis it was identified that over three-quarter of the Group investment expenditures qualify for the systematics. Mainly investments in shares in special purpose vehicles (i.e. ONDE S.A. subsidiaries established to execute wind and photovoltaic farms)

and in vehicles, machines and equipment with lower emissions were classified as covered by the Taxonomy. Due to their nature - use during execution of the RES projects - the identified investment expenditures of the Group can be described as contributing significantly to mitigating climate change.

31 December 2021		
	CAPEX (as PLN thousand)	Part of CAPEX
ONDE Group operating expenditures related to activities that qualify for systematics	4 209	77.7%
Other investment expenditures	1 257	22.3
Total CAPEX	5 466	100%

Operating expenditures (OPEX)

In 2021, only a very small part of OPEX were identified as qualifying for the EU Taxonomy, and to the large extent, this results from problems with the register of the implemented Taxonomy. Therefore, in 2021 OPEX data qualifying for the EU Taxonomy were not disclosed. At the same time, it should be noted that in

2021, there were different interpretation of regulations concerning the EU Taxonomy, in particular, concerning calculation of operating expenditures. Therefore, the presented analysis results may change in the coming years, when interpretations are defined and the market practice becomes clear.

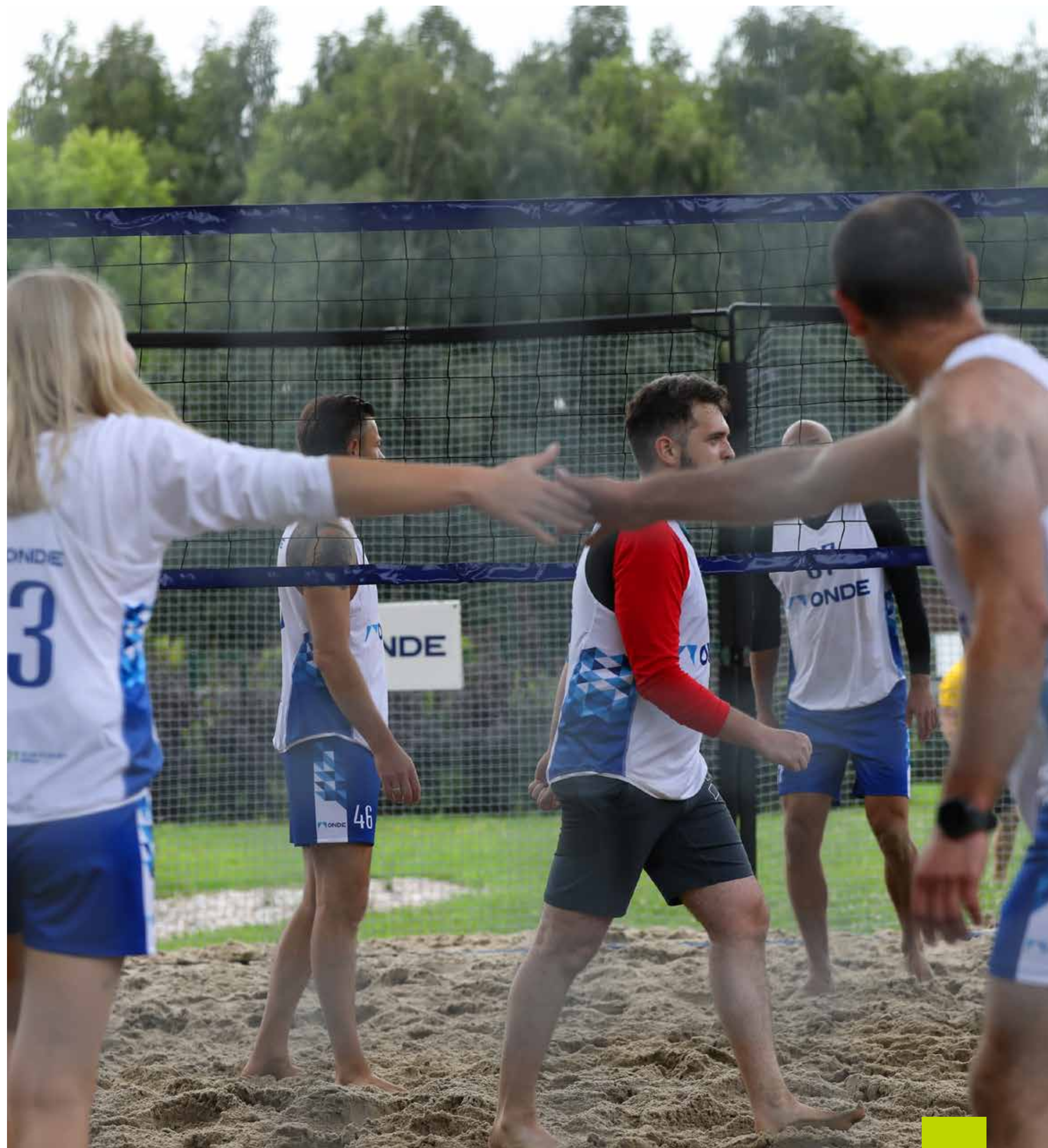
31 December 2021		
	OPEX (as PLN thousand)	Part of OPEX
ONDE Group operating expenditures related to activities qualifying for systematics	0	0
Other operating expenditures	5060	100%
Total OPEX	5060	100%

Due to a small scale and the nature of activities, the data for the subsidiary IDE Projekt were not presented separately.

Green financing

At the end of 2021, the ONDE Group did not have any climate-related environmental bonds in circulation, as well as no other environmental debt instruments.





5|11

SUSTAINABLE CORPORATE GOVERNANCE



The corporate governance is a set of standards and principles of conduct referring to widely understood management of the organisation. Recently, the perception of the role of the corporate governance has been evolving, especially in the EU, where discussions concerning improvements of legal framework for company legislations and corporate governance are held

The top priority is the departure from “shareholders’ capitalism” and transition to “stakeholders’ capitalism”, which provides for mutual interactions between stakeholders and enterprises, which, as entities operating in the market, are held socially responsible for their activities.

This means striving for fundamental reorienting of the enterprises focus from achieving short-term advantages towards creation of long-term sustainable value for all stakeholders.

In accordance with the concept of sustainable corporate governance, the aim of professional management should be serving stakeholders - customers, shareholders, employees, or communities - and balancing interests of enterprises with their interests.

In the ONDE Group, we strive to ensure that our robust business development is achieved in a sustainable way and taking into account needs and expectations of our stakeholders. Apart from improving policies and procedures described in previous chapters of this Report, this also includes managing and control processes, as well as activities consistent with good practices and best market standards.

5.11.1 Management and supervision

The top management of ONDE S.A. is responsible for management in the ONDE Group, and it is understood as

- President and Vice-Presidents
- Directors and managers of production entities
- Directors and managers of functional units
- Contract managers and construction site managers,

The top management ensures that policies and procedures in force in the Group are observed - also those focusing on sustainable development, including concerning social involvement, employees, natural environment, respecting human rights, and corruption prevention (if relevant policies or procedures have been implemented).



Paweł Średniawa – President of the Management Board

Responsibilities:

- supervises functioning of the Financial Department and Controlling;
- supervises functioning of the Legal Department;
- supervises implementation of the financial policy;
- cooperates with financial institutions, banks, insurance companies;
- supervises the financial and non-financial reporting;
- obtains sources of financing;
- supervises functioning of the Personnel and Payroll Department;
- supervises functioning of the IT Department;
- supervises functioning of the HR Department;
- supervises functioning of the OHS Department;
- supervises functioning of the Plant Production Control;
- supervises functioning of the Maintenance Service and Equipment Facilities;
- supervises functioning of the Head Office;
- supervises functioning of the Internal Audit and Control Department;



Piotr Gutowski – Vice-President of the Management Board

Responsibilities:

- supervises functioning of the Development Department;
- supervises functioning of the Marketing Department;
- supervises functioning of the Trade Department;
- supervises functioning of the Production Preparation Department;
- supervises functioning of the Wind Farms Execution Department;
- supervises functioning of the Photovoltaic Execution Department;
- develops and supervises functioning of the Operation & Maintenance Department;
- purchase and development of PV projects;
- winning partners for cooperation, relations with investors in the sector, support in winning construction contracts.



Marcin Szerszeń – Vice-President of the Management Board

Responsibilities:

- supervises functioning of the Large Projects Execution Department (including construction of S3);
- supervises functioning of the Road Building Department (Koszalin and Toruń);
- supervises functioning of the Guarantees and Complaints Department;
- supervises functioning of the Bitumen Mass Manufacturing Department,
- WMB Koszalin,
- WMB Toruń,
- supervises the company IDE Projekt,
- coordinates and supports areas of operations related to constructions;
- receives anonymous notifications of breaches of law, procedures, and ethical standards in ONDE S.A

5.11.1.1 ONDE S.A. Management Board

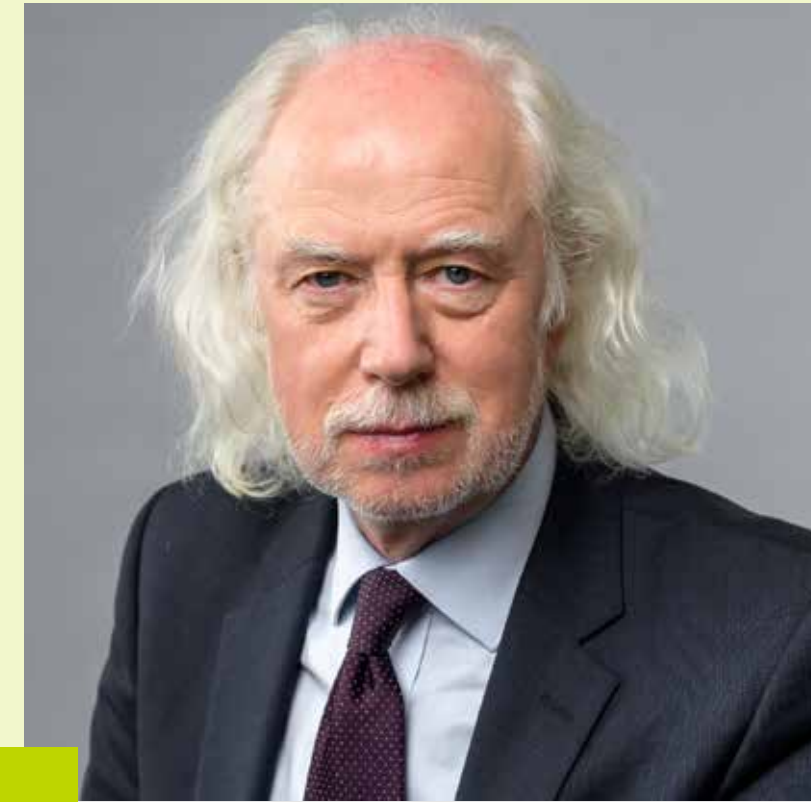
The Management Board consists of three people, i.e., President of the Management Board and two Vice-Presidents.

In 2021, no changes occurred in the Management Board composition. The current term of the office of the Management Board started on 31 May 2019 and expires on 31 May 2022.



Jacek Leczkowski – Chairman

Jacek Leczkowski has been the Chairman of the Company Supervisory Board from 31 May 2019, and in 2010–2019 he was the President of the Company Management Board. Since January 2020, he has been a Vice-President of ERBUD S.A., the parent company of the Company, and in 2019 he was the proxy in that company.



Jacek Socha – Deputy Chairman

On 19 February 2021, Jacek Socha was appointed as Deputy Chairman of the Supervisory Board.



Agnieszka Głowacka

From 19 June 2008, Agnieszka Głowacka has been a members of the Supervisory Board, during that time, she was the Deputy Chairman of the Supervisory Board in 2008–2021, and since 2019 she has been a Vice-President of the Management Board of ERBUD S.A.



Mirosław Godlewski

From 19 February 2021, Mirosław Godlewski has been a member of the Supervisory Board.



Michał Otto

Michał Otto has been a members of the Supervisory Board since 19 February 2021, and since May 2012 he has been a members of the Supervisory Board of ERBUD S.A.

5.11.1.2 Supervisory Board

The Supervisory Board consists of five people, i.e., the Chairman, Deputy Chairman and three members.



Of members of the Supervisory Board, the condition of independence, as understood by the Expert Auditors Act, is met by: Michał Otto, Mirosław Godlewski and Jacek Socha.



From 1 January 2021 to 19 February 2021, the Company Supervisory Board had the following composition:

- Jacek Leczkowski – Chairman of the Board
- Agnieszka Głowacka – Deputy Chairman of the Board
- Joanna Piersa – Secretary of the Board

With the resolution of the Extraordinary Shareholders Meeting of 19 February 2021, the composition of the Supervisory Board was changed, and from 19 February 2021 it has consisted of:

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

The current term of the office of the Supervisory Board started on 31 May 2019 and expires on 31 May 2022.

A permanent audit committee established by the Supervisory Board operates in the Company, of a composition consistent with the Act of 11 May 2017 on expert auditors, auditor companies and public supervision. The Supervisory Board can also establish other committees, in particular, a nominations and compensations committee.

In 2021, four meetings of the Audit Committee of the Supervisory Board were held. The composition of the Committee is as follows:

- Michał Otto – chairman of the audit committee,
- Agnieszka Głowacka – member of the audit committee
- Jacek Socha – member of the audit committee.

Of the members of the audit committee, the criteria of having knowledge and skills in sectors in which the Company operates and in accounting or financial statement auditing, provided for in Article 129 of the Expert Auditors Act, are met by Agnieszka Głowacka.

5.11.2 BIM in investment management

The ONDE Group has started works aiming at implementing the Building Information Modelling (BIM) system in the organisation, for managing information at every stage of the investment process, starting with the concept, through every stage of design and construction, up to later operation of the constructed facility. The centre of this system is information - or more precisely, continuous and immediate access to a uniform set of current information about the executed investment - its specifications, requirements, costs and schedule - for all project participants: architects, designers, contractors, and managers. Implementation of this system will further increase the professional execution of investments by the ONDE Group and will become one of our competitive edges in coming years.

Advantages of using the BIM system:

- shortening of the construction time - with more thorough planning of the execution, and a possibility to make decisions in advance;
- lower costs - less reworks, optimising of deliveries, and minimising of waste and consumed materials;
- easier management of (e.g. intended use of a room) and their consequences (adopting to changed technical requirements, etc.);
- improved safety - with the Safety by Design approach, i.e., considering safety measures already at the investment design stage, in cooperation with the OHS team;
- additional source of information for management – new options for data analyses and comparison, and in consequence, for process optimising.

As of a day of publishing the Report, we are at the stage of auditing our potential and preparing for the first pilot project. According to our plans, the BIM system should be fully implemented in the ONDE Group within 3 to 5 years.

5.11.3 Internal audit

To minimise operational risks in the ONDE Group, the parent company ONDE S.A. established the Internal Audit and Control Department, which continuously monitors projects and reports the results of the audits to the Management Board. This unit is responsible for the efficient functioning of the internal control, monitoring of legal compliance of the activities, and effective internal audit function.

The Internal Audit and Control Department is supervised by Paweł Średniawa, President of the Company Management Board.



The ONDE Group managers in charge of specific areas of operation are directly responsible for the risk management area.

5.11.4 Corruption prevention and protection of whistleblowers

One of elements of business ethics on which we at the ONDE Group put significant emphasis is prevention of corruption and bribery. Therefore, in our work we undertake various activities to prevent situations of corruptive nature.

As of a day of this report, in the area of corruption prevention we did not adopt any internal documents governing this area (e.g. a formal policy) or procedures in this area. At the same time, we have a communication channel for anonymous notification of breaches of law, procedures and standards of ethics. We are also working on implementation of the Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (protection of whistleblowers).

In the Management Board, a person responsible for receiving anonymous notifications of breaches of law, procedures, and ethical standards in ONDE S.A. is Marcin Szerszeń – Vice-President of the Management Board.

5.11.5 Good practices

Due to its status of a publicly listed company, the ONDE Group uses the corporate governance practices from the Best Practice for WSE Listed Companies 2021 containing, among others,




guidelines on sustainable development and reporting of ESG (environmental, social and corporate governance) areas. In our statement, we presented information which of them we disclose and which we do not, according to the comply or explain principle. As we are guided by rules of sustainable development on a daily basis, it is our intent to ensure that DPSN 2021 rules in this area are eventually observed to the greatest extent possible, especially, when this helps to build a long-term value for the ONDE Group and its stakeholders.

Our statement on the application of DPSN 2021 rules is available at: <https://onde.pl/relacje-inwestorskie/dokumenty-korporacyjne/>.

5.11.6 Business ethics - fair competition

Relations with our customers, subcontractors, commercial partners and employees form an important part of the ONDE Group value chain. We have developed and are still developing our market position on a basis of a fair play principle, i.e., observing both written and unwritten rules. This also concerns our approach to competing with our competitors in the market. All business decisions and actions are initiated and implemented in a fair way, in accordance with the Competition and Consumer Protection Act, and this attitude pays off in form of our reputation and reliability. Furthermore, together with our market competitors we engage in supporting and promotion of development of RES-based power generation, and ensure safety of our employees and subcontractors, setting OHS standards and sharing good practices in this area.

A large white wind turbine with three blades, set against a clear blue sky. The blades have red and white safety stripes near the tips. The tower is visible in the lower center.

■ OUR DREAM WAS TO BRING TOGETHER A TEAM OF EXPERTS, SPECIALISTS AND VISIONARIES



MANAGEMENT OF RISKS
ASSOCIATED WITH THE
GROUP ACTIVITIES
INFLUENCING
NON-FINANCIAL ISSUES
(GRI 102-15)

06





According to its best knowledge, the Company identified the following risk factors, which may adversely influence activities, situation, development opportunities, and performance of the Group should they materialise. The Company Management Board monitors the potential impact of risks on the Group activities and undertakes activities to alleviate their possible negative consequences for the Group, if they occur.

The assessment took into account the significance of a given risk in terms of its potential negative impact on activities, financial situation, performance and prognoses of the Group and prices of the Company shares, and a possibility of its materialisation. The Company also took into account other factors, including historical cases of materialisation of that risk and their consequences, as well as availability and effectiveness of remedies that may reduce consequences of materialisation of a given risk. The assessment was based on the best knowledge of the Management Board, supported by facts and circumstances known to the Management Board as of a day of drawing this Report up.

Additionally, the Company notes that:

- On 24 February 2022, the army of the Russian Federation crossed the borders of Ukraine, unilaterally starting a military conflict. Ukraine declared the martial law and general mobilisation. As of a day of publication of this Report, the fighting continues, mainly in the north, the east and the south-east of this country. Furthermore, many Ukrainian cities and infrastructure in the other parts of Ukraine are bombarded, and sabotage and diversion operations are being conducted. The political and economic situation in Ukraine is being continuously monitored by the ONDE Group in

terms of its actual and potential influence on the Group operations.

- As of a day of publication of this Report, the ONDE Group noted a direct impact of the described situation on its activities in form of changes in exchange rates, and changes in prices of raw materials and other materials used to execute investments and production of e.g. steel or bitumen. Furthermore, the Group employed about 30 employees from Ukraine (about 5% of the total employment structure, but this fact did not significantly influence its operating activities.
- The fight with global consequences of COVID-19 still continues, with new mutations of the COVID-19 virus appearing and new waves of disease occurring. Nevertheless, we still do not have access to reliable and complete information and data of its possible long-term effects, including possible permanent changes in the sector in which the Group operates and in financial situation of the Group business partners (suppliers and investors).

As of a day of drawing up this Report, in the Company Management Board opinion, it is not possible to present all potential long-term risk factors and threats to the Group operations resulting from the pandemic, however, the Company indicates that so far the Group did not note a direct significant influence of the pandemic on its activities. On the other hand, the Group noted some difficulties with conducting operations, for example, due to frequent changes in valid law regulations without a relevant period of *vacatio legis*. Numerous sanitary requirements periodically hinder office work, limit availability of hotels, and lead to observed excessive length of proceedings by public administration bodies. The Company undertakes actions to organise the work

in the way enabling reduction of the pandemic influence on employees health and life, such as organising a package of online sessions, developing and implementing safety and prevention guidelines both at construction sites and in offices, implementation of a system of shift/remote work for managing personnel.



6|1

6.1.1 Risk of losing managerial personnel

There is a risk that people from the managing personnel of the Group companies may decide to change the job or leave their positions for other reasons. In consequence, problems with obtaining or keeping of well-qualified personnel may occur, in particular, due to competition of other potential employers. The ONDE Group strives to maintain its crucial managing personnel by implementing an appropriate human resources management policy, competitive remuneration and engagement in ambitious projects.

6.1.2 Risk associated with fast development of the Group for the personnel

The Group executes an expansive business strategy resulting in the very fast development. In consequence, since 2020 the Group has been conducting an extensive recruitment process. It cannot be excluded that some of them will not be completed due to limited availability of employees with required qualifications, and this may influence operating plans of the Group (e.g., execution dates for certain projects).

As employers compete with each other in recruitment of well-qualified employees, during selection of a new employer, activities aiming at developing a consistent, positive, but first of all true image of the employer are important. Therefore, the Group conduct employer branding activities among potential employees.

The fast growth of the organisation may also contribute to a drop in employees motivation and commitment due to processes of changes in the organisation. The Group tries to conduct such personnel policy that would meet expectation of employees both in terms of finances and personal development, as well as associated with a sense of safety and recognition, quality of managers' leadership, or satisfaction with the place of work.

6.1.3 Risks associated with occupational health and safety

Main risks categories with potentially severe consequences:

In the ONDE Group, 6 main principal risk categories with the largest potential for severe consequences (severe and fatal accidents) were identified for conducted constructions. The said risks result from statistics of previous accidents at the ERBUD Group, statistical data collected for years by the Construction Safety Partnership, and results of statistical data presented in reports of the National Labour Inspectorate. We believe that by eliminating risks in those main categories we will be able to avoid severe and fatal accidents.

The main risk categories presented below do not include accidents of subcontractors.

Main categories				
Item	Main risks categories for conducted works with the highest severe and fatal potential	Number of severe injuries	Number of light injuries	Main directions for preventive actions in the organisation
1	Being buried/work in a trench	0	0	<ul style="list-style-type: none"> • Planning at each step, • Execution of works in accordance with implemented guidelines of systemic collective safety measures - selection of engineering safety measures eliminating human errors and extraordinary situations; • A thorough monitoring of performance of works in accordance with the plan and the guidelines
2	Fall from a height	0	0	<ul style="list-style-type: none"> • Planning at each step, • Execution of works in accordance with implemented guidelines of systemic collective safety measures - selection of engineering safety measures eliminating human errors and extraordinary situations; • A thorough monitoring of performance of works in accordance with the plan and the guidelines
3	Vertical/horizontal transport	0	1	<ul style="list-style-type: none"> • Correct planning of works in accordance with developed safety instructions for transport works; • A process for training signallers and riggers at construction sites, • Implemented transport rules consistent with the developed leaflet for vertical transport in the Construction Safety Partnership; • A close monitoring of works in accordance with developed instructions;
4	Work within machines and equipment zones	0	0	<ul style="list-style-type: none"> • Specifying methods and ways for execution of works in Method Statements for individual scope of works; • Eliminating a need for people to remain in the danger zone of machines and equipment work; • Establishing danger zones for machines, • Acoustic signals for working machines, • Monitoring of performed work,
5	Works under traffic	0	0	<ul style="list-style-type: none"> • Eliminating (if possible) works under traffic by separating a lane • Plans for traffic organisation taking into account a specific nature of conducted works. • Adhering to assumptions included in the project; • Monitoring of performed work,
6	Electrical works systems/electric shock	0	0	<ul style="list-style-type: none"> • Implementation of a procedure and an instruction for performance of electrical works, taking into account the specific nature of conducted works; • Technical measures preventing human errors; • Monitoring of implementation of the above in accordance with implemented solutions



6|2

AREA: NATURAL ENVIRONMENT



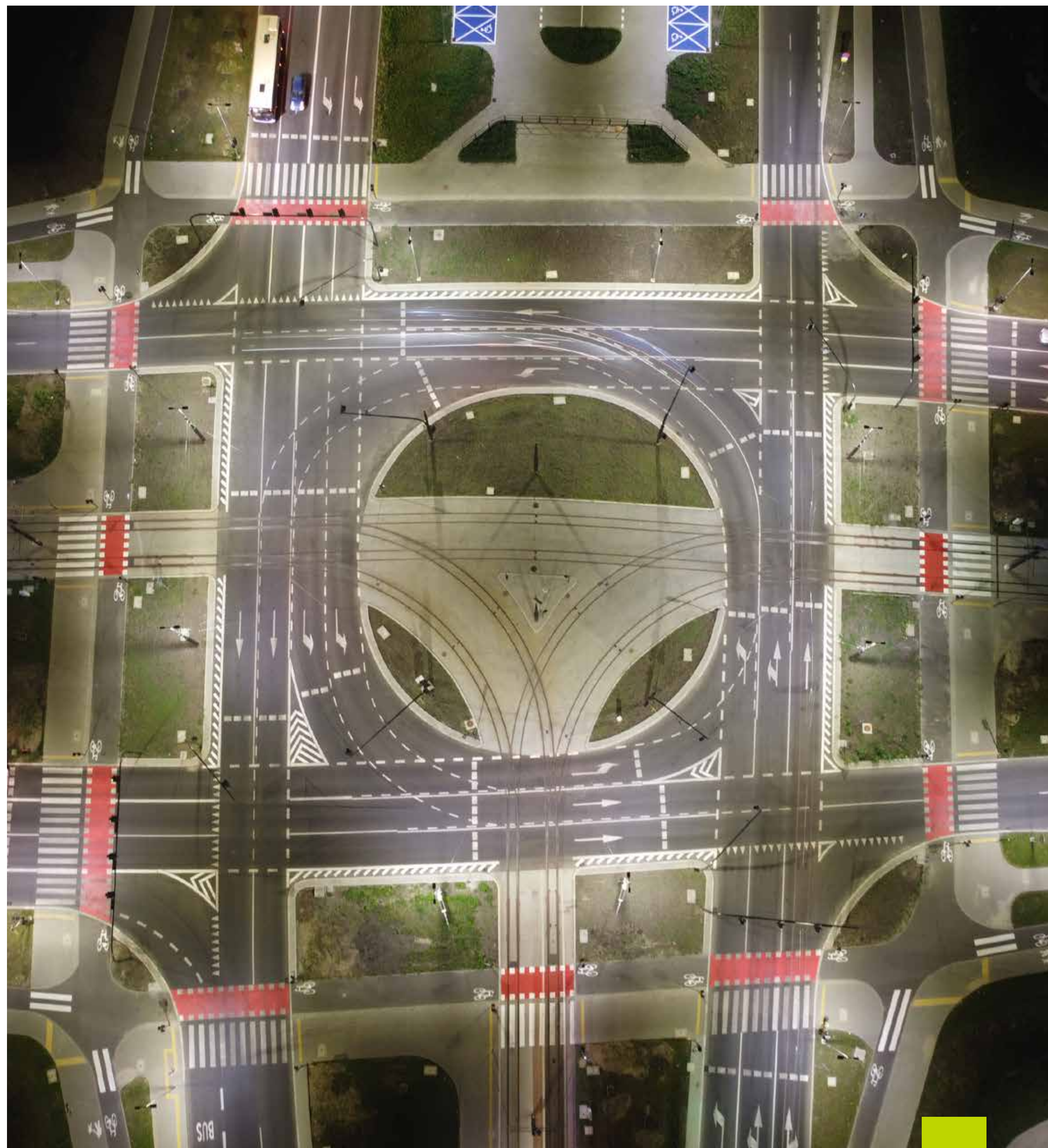
6.2.1 Risk associated with a potential adverse environmental impact (GRI 102-11)

The Group identifies a risk of its adverse environmental impact. For this reason, the environmental management (EM) system is a part of the Integrated Management System (IMS) implemented in the Group and is one of tools used to improve the environmental performance of the ONDE Group. The correct functioning of the EM system was confirmed with a granted certificate for conformance with the requirements of ISO 14001:2015 and the EU EMAS certificate in accordance with the Regulation of the European Parliament and of the Council (EC) No. 1221/2009, as amended.

The effectiveness of the environmental management system functioning in the ONDE Group is regularly verified during internal audits. In case of nonconformities found, we undertake relevant corrections and corrective actions.

Operational activities at ONDE S.A. involve management of main processes concerning identified and important environmental aspects. The aim of these activities is to ensure that the negative environmental impact of the Group is controlled and limited.

On a long term-basis, risks associated with RES life cycle and recycling of components represent an important environmental aspect for the ONDE Group, so the Group analyses issues and possibilities for optimum management of this process on a regular basis.



6|3

RISK ASSOCIATED WITH A POTENTIALLY ADVERSE IMPACT ON THE CLIMATE, AND IMPACT OF CLIMATE CHANGES ON THE GROUP



For a long time now, in the ONDE Group we have noticed occurrence of significant climate changes on the Earth. Therefore, we identify a risk associated with a potentially negative impact on the climate, and the influence of climate changes on the Group.

Bearing this in mind, we conduct our business in a responsible and sustainable way, and involvement in activities aiming at limiting negative climate changes is one of our priorities. We consider limiting of the negative impact on the climate both at a level of a subject of our operations (RES), and of a widely understood operating activities, limiting:

- a negative impact of our customers and of ourselves on the climate (by reducing greenhouse gases emissions) as a part of our products and business processes;
- risk related to climate changes by proposing solutions for adaptation.

As a part of the EMAS declaration, through its verification by a third party auditor it was found that the ONDE Group had necessary resources, knowledge, competences and attitude, dynamically and extensively contributing to processes of replacing sources used for production of electricity, heat and cold in Poland and Europe with low and zero emission energy sources. It was decided that the Group itself, in

its internal processes, conducts activities minimising its carbon and environmental footprints.

The significance of the climate-related issues is of critical importance for the ONDE Group, as projects related to the renewable energy sources represent a core of its business activities, and in 2021 brought nearly 80% of its income. For this reason, in 2019, we thoroughly analysed our resistance to climate changes on a basis of scenarios of various dynamics of changes in the temperature on the Earth by 2050. The analysis shows that the current business model of the ONDE Group, business operations and projects conducted within it, and budgets assigned to them (a short-term perspective) are sufficiently resistant to climate changes.

Commitment to limiting negative climate changes was described in detail in section 5.10 of this Report.

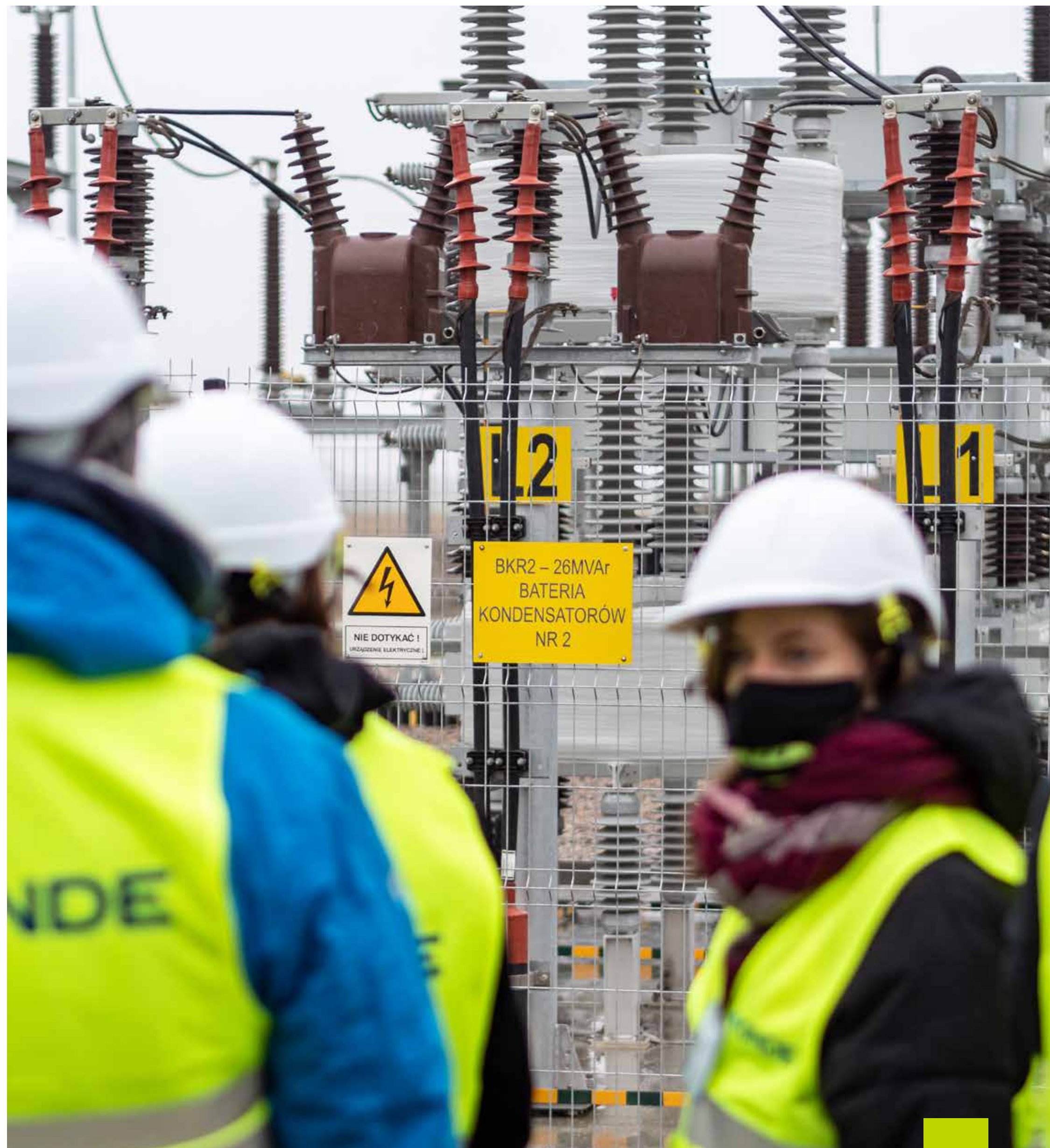


6|4

6.4.1 Risk associated with potential cases of discrimination and mobbing

There is a potential risk of an event that may constitute discrimination and/or mobbing. To prevent that risk, the ONDE Group adopted the Procedure for prevention of unequal treatment, in force in the entire ERBUD Group, which aims at implementation of Articles 183a and 943 of the Labour Code and referring to cases of discrimination, indirect discrimination, direct discrimination, mobbing, harassment, and sexual harassment. ONDE S.A. also adopted an internal informal procedure for handling conflict situations - it is applied in conflict situations, when an employee notifies their dissatisfaction with cooperation with their manager or remarks concerning specific behaviour of their manager.





6|5

AREA: SOCIAL ISSUES



6.5.1 Risk associated with social protests

At the beginning of 2021, the ONDE Group started operations in the area of construction of own photovoltaic and wind farms under the develop, build and sell model, i.e., from purchase, through development and construction, up to selling. With expanding of the Company activities with own project, new risk factors emerged for it, which previously concerned the investor (when ONDE S.A. was only a contractor).

The risk in the social area related to development of own RES projects is associated, among others, with protests of inhabitants in areas of potential investments against granting a building permit. The protests may result in delays in granting the permit, and in extreme cases, in a refusal to grant it.

To mitigate this risk, ONDE maintains a dialogue with local communities, conduct activities generating many tangible benefits for citizens (e.g. improvement in a quality of access roads to fields and residential plots, construction of additional exits, broadening or repair of roads in the area, or planting of trees), as well as protects the inhabitants as far as possible against an adverse impact of construction projects on their comfort and health (noise, generated dust, etc.).

6.5.2 Risk associated with an image crisis

Due to the scale and the nature of conducted business activities (execution of RES projects), to some extent the Group is exposed to a risk of various events that may result in a crisis situation affecting its reputation.

To mitigate that risk, the Group maintains a dialogue with its stakeholders, an active and transparent communication and implements educational initiatives concerning its activities.

At the same time, the Group has the certified Integrated Management System (covering environmental management and OHS), so it limits a risk of adverse events that may cause a reputation crisis.

The Group also initiated activities aiming at implementation of a systemic management of reputation related crises. The aim of this activity is to ensure effective mitigation of potential communication risks.

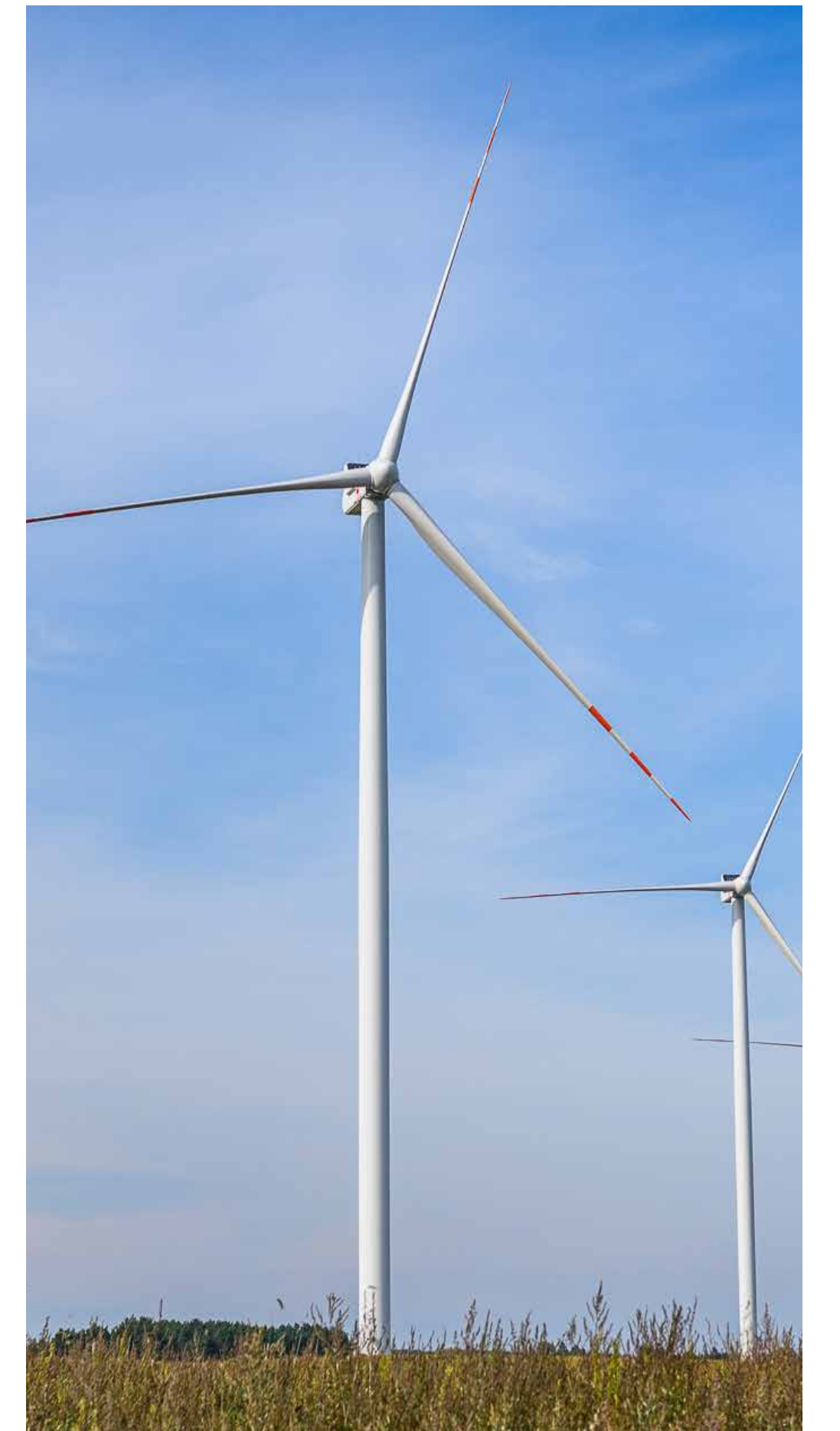


6 | 6 AND CORRUPTION PREVENTION



6.6.1 Risk associated with possible events of a corruptive nature

In the Group operations, there is a risk that events of a corruptive nature may occur. As of the date of this Report, no internal documents governing the corruption prevention area were implemented; however, it is planned to develop a corruption prevention policy by the end of this year. The Group has a communication channel for anonymous notification of breaches of law, procedures and standards of ethics. It is also working on implementation of the Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (protection of whistleblowers).





6|7

OTHER RISKS RELATED TO NON-FINANCIAL ISSUES, INCLUDING THE GROUP RELATIONS WITH ITS EXTERNAL ENVIRONMENT

GRI 102-11

6.7.1 Risk associated with potential ESG infringements in the supply chain

All breaches in the supply chain in areas associated with sustainable development, including ethical, environmental or social, may affect operations and the image of the Group. These aspects increasingly interest our customers (investors), who ask questions concerning, e.g. the origin of raw materials or modules used by ONDE during execution of projects (e.g. whether no human rights violations occurred during their procuring/manufacturing).

A potential failure to meet the ESG criteria, infringements in that area or a failure to provide required documentation on observance of ESG criteria by any of our suppliers may result in that supplier being rejected by our customer (investor) and in consequence, in a delay in the investment execution process. In extreme cases, a failure to ensure necessary verification of suppliers (also for ESG factors) may also result in us losing a contract or not being awarded a specific new contract.

To mitigate this risk, we have many different suppliers (diversification), so when such situation occurs, we are able to propose an alternative to the investor. Additionally, we initiated works to implement a system for verification of our suppliers also in terms of ESG

criteria - apart from already applicable criteria of the quality system, market assessment, commercial, and quality of deliveries or services provided.

6.7.2 Risk associated with a structure and number of Company shareholders

ERBUD S.A. is a majority shareholder of the Company, having 33,400,800 (60.7%) of the total number of voting rights at the General Meeting. Thus, ERBUD will have a decisive influence on resolutions adopted by the General Meeting on important issues such as dividend payment, change of Articles of Association, or an increase in the Company's share capital, as well as influence the pricing policy or issues of granting guarantees for ERBUD liabilities.

Considering the above, it cannot be excluded that current or future interests of ERBUD as the Company's majority shareholder will be divergent or opposite to interests of the remaining shareholders. If any such situation occurs, in particular, a dispute between shareholders, and its consequences for corporate decisions made by the General Meeting, may lead to actions inconsistent with interests of some shareholders.

Additionally, the Company notes that it pays to ERBUD S.A. a fee in the amount of 0.9% of its revenues

(calculated monthly depending on values of monthly sales invoices issued by the Company) for ERBUD as a payment for ERBUD involvement in implementation of business objectives of the ERBUD Group companies (including the Company). In return for the said fee, ERBUD provides to the Company support services that cover, among others, the following areas: (i) strategy and development (through e.g. support in the acquisition processes and support in control and induction of entities newly acquired by the Company into the ERBUD Group); (ii) HR (through e.g. support in recruitment or preparing and implementation of a training strategy); (iii) Management (through e.g. support in business management or in corporate governance); and (iv) marketing and PR (through e.g. coordination of marketing activities or of interviews and campaigns).

The Company indicates that in July 2021 it published a statement on “the Best Practice for WSE Listed Companies 2021” and declared to apply a number of institutions and activities that mitigate the risk factor described above.



■ OUR AMBITION IS REAL PARTICIPATION
IN PROMOTION AND DEVELOPMENT OF
PROJECTS WITH RENEWABLE ENERGY
SOURCES

 ONDE





INFORMATION
ON THE REPORT
(GRI 102-46)

07



The ONDE Group sustainable development report for 2021 (the Report) fulfils an obligation imposed on us by the Accountancy Act (hereinafter AA) which transposes the Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 as regards disclosure of non-financial and diversity information by certain large undertakings and groups. The Report was drawn up for the ONDE Group (under Article 55.2.c of AA).

The Report fulfils obligations imposed by Articles 49b.2–49b.8 of AA, including concerning a description of a business model and reporting of social, employee, environmental, respect for human rights, and prevention of corruption issues. Our climate-related disclosures are also based on the Supplement on reporting climate-related information (2019/C 209/01) together with an appendix in form of Recommendations for the Task Force on Climate-related Financial Disclosures (TCFD) in its part concerning Materials and Buildings Group, published by the European Commission.

For the purpose of drawing up this Report, policies and due diligence procedures (if the entity applies them as a part of the policies) of the Group were analysed, as well as activities conducted in the Group companies. When policies are not applied in the areas specified in AA, we indicated the reason for not applying them.

The scope of information and indices presented in the Report was established on a basis of internal evaluation of their importance for understanding of development, performance and situation of the Group.

For the needs of the Statement for 2021, we analysed whether business operations conducted by the Group qualify for systematics specified in

provisions of the 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 (so-called Taxonomy) to the extent required by the said regulation in annual statements for 2021.

We also took into account other guidelines on reporting, including the controlling position of ESMA (the European Securities and Markets Authority, an equivalent of KNF) concerning climate-related disclosures in reports for 2021, presented in the document with a reference number ESMA32-63-1186.





Other information

This is our first sustainable development report (GRI 102-51), which also includes disclosures of non-financial information required by AA. It contains information for the financial year 2021 (GRI 102-50) (e.g. from 1 January to 31 December), and we also presented information on important events after the balance sheet day, to enable better and more complete understanding of our activities concerning sustainable development and non-financial performance indicators achieved by us. Successive sustainable development reports of the ONDE Group will be prepared by us annually (GRI 102-52).

Drawing up of the first sustainable development report of the ONDE Group for 2021 was preceded by a professional preparation process. The first stage covered workshops with the Management Board and managing personnel. Then we conducted a survey among our internal and external stakeholders, on a basis of which we confirmed significance of sustainable development issues described in the report.

In the process of defining contents of this Report, – including defining of significant sustainable development aspects, we mainly took into account (GRI 102-47):

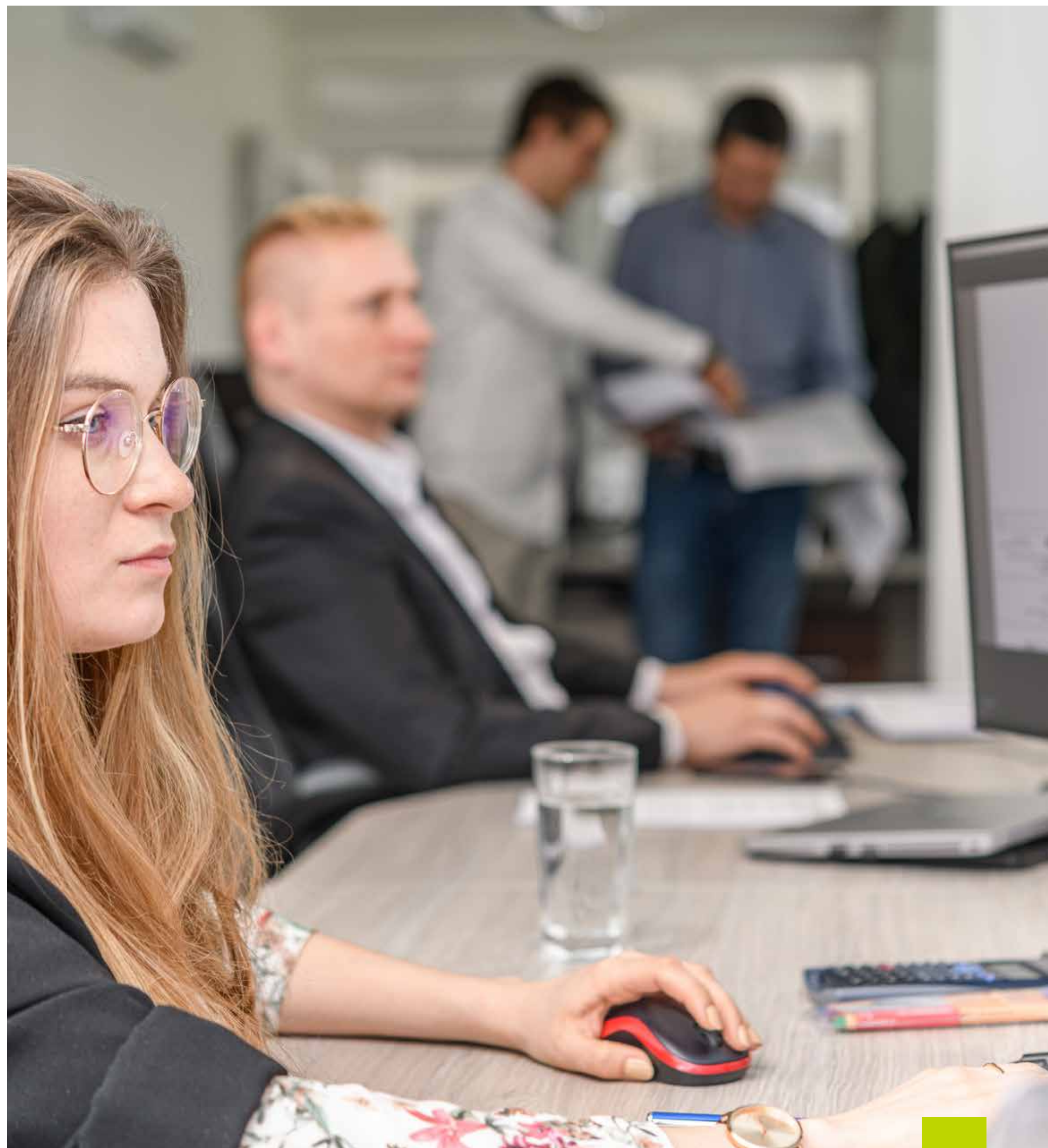
- ONDE Group's strategy;
- internal documents (environmental declaration, IMS Manual, policies, and procedures);
- conclusions from the strategic workshop with participation of the key managerial personnel, performed at the end of 2021;
- conclusions from the stakeholders survey (on their basis, we can state that contents of this Report to a large extent meet the needs and expectations of our stakeholders);

- conclusions from an analysis of trends in reporting of foreign and Polish companies from the RES and associated sectors.

As this is the first sustainable development report of the ONDE Group, we did not make any changes in it (GRI 102-48, GRI 102-49) or adjustments in relation to previous periods.

A part of the presented Report underwent an external verification. The certification covered selected GRI indicators listed in section 7.1 below.

Daniel Mackiewicz, Marketing & PR Manager w ONDE S.A., (+48 539 810 835, daniel.mackiewicz@onde.pl), is a person coordinating drawing up of the report on the part of the Company (GRI 102-53).



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APPLICATION OF GRI STANDARDS

GRI 102-54

We prepared this report on a basis of indicators specified in the international GRI Sustainability Reporting Standards. The disclosures concern selected indicators certified by the auditing company PricewaterhouseCoopers Polska Sp. z ograniczoną odpowiedzialnością Audyt S.k.

The complete list of indicators considered in the Report is provided in the table below.

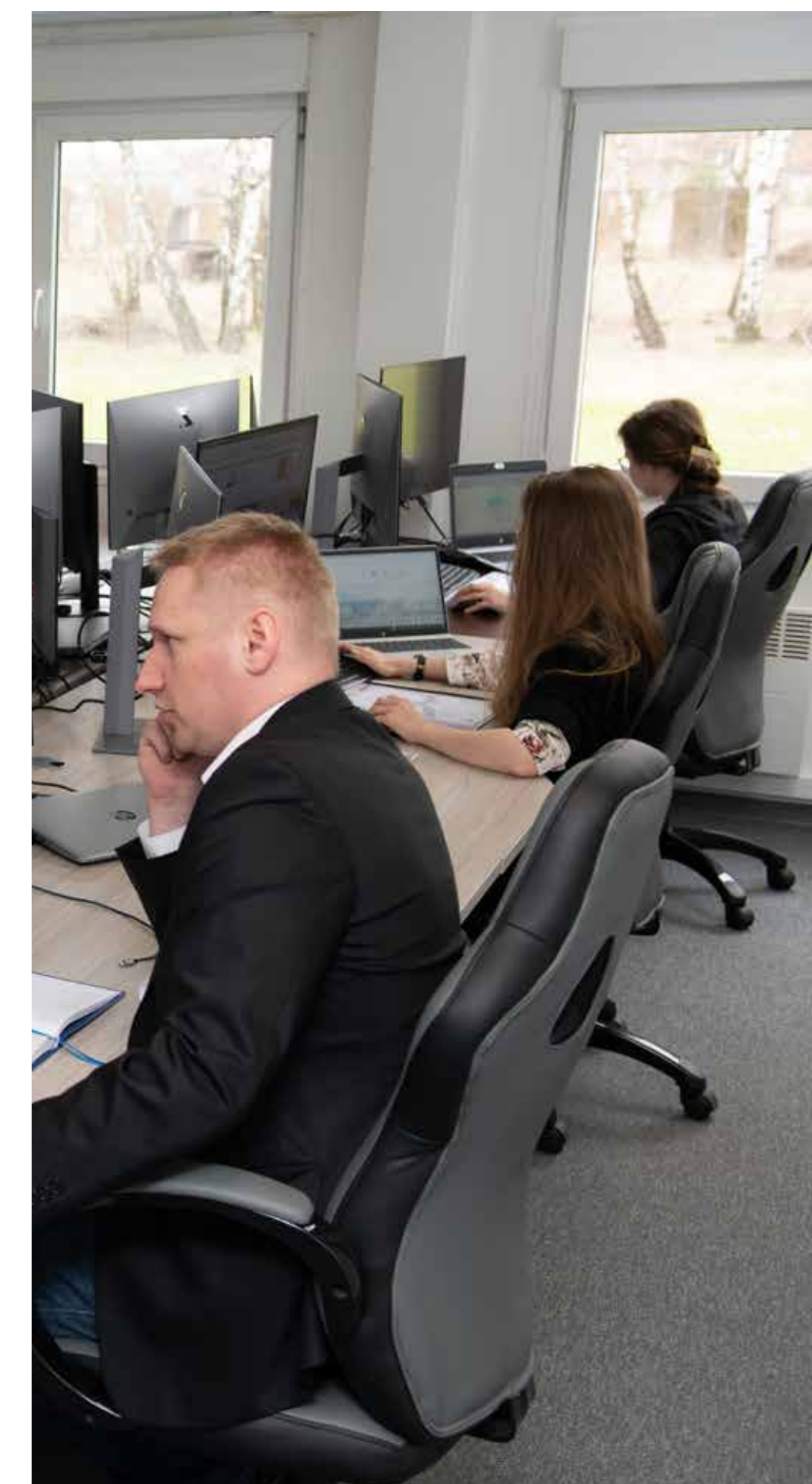


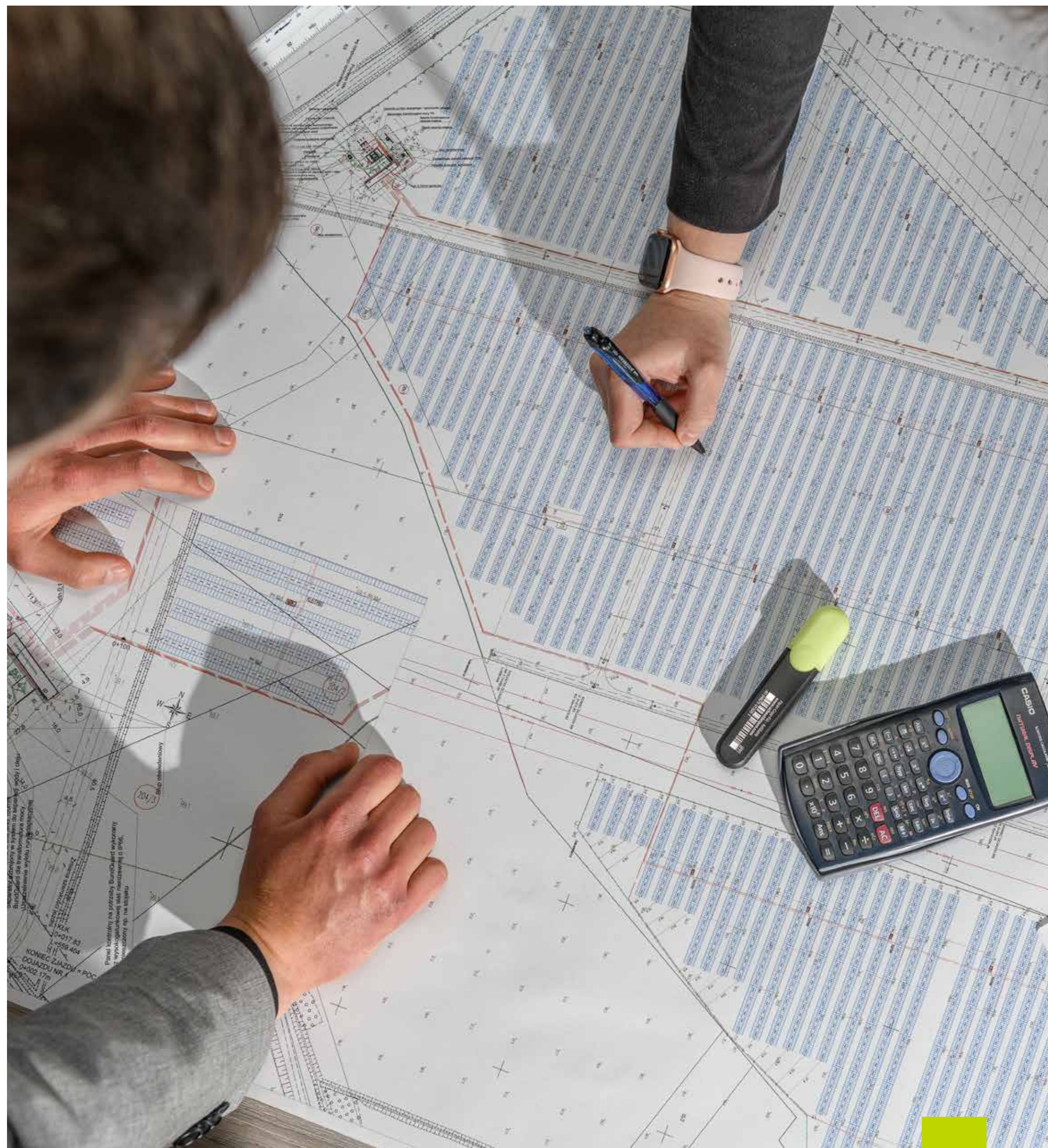


Table 27. List of GRI indicators

Indicator number	Indicator name	Page number in the Report	Certification (independent organisation)
102-1	Name of the organisation		
102-2	Activities, brands, products, and services		
102-3	Location of headquarters		
102-4	Location of operations		
102-5	Ownership and legal form		
102-6	Markets served		YES
102-7	Scale of the organization		YES
102-8	Information on employees and other workers		YES
102-9	Supply chain		YES
102-10	Significant changes to the organization and its supply chain concerning its size, structure, ownership form		YES
102-11	Precautionary principle or approach		YES
102-12	External initiatives.		YES
102-13	Membership of associations		YES
102-15	Key impacts, risks, and opportunities		
102-18	Governance structure		YES
102-40	List of stakeholder groups		
102-41	Collective bargaining agreements		YES
102-42	Identifying and selecting stakeholders		
102-43	Approach to stakeholder engagement		
102-44	Key topics and concerns raised		
102-45	Entities included in the consolidated financial statements		
102-46	Defining report content and topic boundaries		
102-47	List of material topics		
102-48	Restatements of information		
102-49	Changes in reporting		



102-50	Reporting period	
102-51	Date of most recent report	
102-52	Reporting cycle	
102-53	Contact point for questions regarding the report	
102-54	Claims of reporting in accordance with the GRI Standards	
102-55	GRI content index	
102-56	External assurance	
302-1	Total energy consumption or energy generation from renewable and non-renewable sources	YES
302-3	Energy intensity (energy consumption per income unit)	YES
302-4	Reduction of energy consumption	
305-1	Direct (Scope 1) GHG emissions	YES
305-2	Energy indirect (Scope 2) GHG emissions	YES
403-9	Work-related accidents	YES
Own input	Indirect (Scope 2) GHG emissions in the value chain	



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