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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.

