Sustainability statement

This Sustainability Report is part of the PST Group AB Consolidated Management Report for the year ended on December 31, 2024. The full document, including the Limited Assurance Conclusion of the Sustainability Report, can be found at pst.lt. This version is intended only for easier access to the sustainability information.

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ESRS 2 General disclosures

About the report

This section presents the sustainability information (hereinafter - the Sustainability Report) of the joint stock company PST Group (hereinafter - the Company; PST Group) and its subsidiaries (company together with its subsidiaries hereinafter - the Group) prepared in accordance with the European Sustainability Reporting Standards (ESRS).

BP-1 – General basis for preparation of sustainability statements

Sustainability information presented in the report includes consolidated information for all Group companies. Separate sustainability reports are not prepared for the Group’s subsidiaries. The scope of consolidation of sustainability information is the same as that of financial statements, thus ensuring consistency and compatibility between financial and sustainability data (no group companies are exempt from reporting individual or consolidated sustainability information).

The Sustainability Report presents the Group's achievements and targets in environmental, social, and governance (ESG). The report is also prepared in consultation with external sustainability reporting experts.

In the assessment of the Company’s management, climate-related requirements do not raise concerns regarding the continuity of operations. The evaluations and assumptions made do not present significant risks that would require material adjustments to the carrying amounts of assets and liabilities, or lead to impairment of long-term assets and inventories.

BP-2 Disclosures in relation to specific circumstances

For the purposes of this report, the Group follows the definitions of short, medium, and long-term as set out in Part 1 of the ESRS (ESRS 1).

The Group includes information in its sustainability report in accordance with the Commission Delegated Regulation (EU) 2020/852 (the Taxonomy Regulation, hereinafter - Taxonomy).

1 Appendix C of the ESRS states that certain requirements are applied gradually and can, therefore, be omitted when preparing the sustainability report in the first year of application of the ESRS. In light of this provision, the Group does not report the disclosures in paragraphs 40.b and 40.c of SBM-1, 48.e of SBM-3, as well as disclosure requirements E1-9, E2-6, E3-5, E4-6, E5-6, which are subject to this phase-in.

In 2024, the Group's average number of employees did not exceed 750 and it was therefore subject to additional exemptions from the phased-in disclosure requirements. In taking advantage of these exemptions, the Group does not present in this report the information required by disclosure requirements E4, S1, S2, S3, and S4. However, in accordance with the disclosure requirement in BP-2, the Group continues to provide information in this report about the significant impacts, risks, and opportunities as set out in paragraphs 17.a-e of BP-2. The Group has also used the exemption to omit information under data points of E1-6, which request information on Scope 3 emissions and total GHG emissions.

Comparative information for previous reporting periods is not available, except for the Taxonomy indicators. Changes in the methodology for calculating the taxonomy indicators compared to 2023 are detailed in the section *EU Taxonomy Regulation Indicators*.

This is the first time that the Group has applied the ESRS standard, and therefore, all indicators have been presented in accordance with the requirements of ESRS. The Group's indicators that help to disclose additional information specific to the companies' activities are presented in the report under the heading **PST Indicators**.

There have been no other changes in the preparation or presentation of the sustainability report compared to the previous period. No quantifiable indicators with a high level of measurement uncertainty were identified, nor were there any material errors detected in the previous reporting period.

SUSTAINABILITY MANAGEMENT

GOV-1 – The role of the administrative, management, and supervisory bodies

The administrative, management, and supervisory bodies of the PST Group are responsible for the management and supervision of the Group's entities. The company's administration is composed of 5 top-level managers (top management): the CEO, the Technical Director (from 22 January 2025 - the Director of Quality and Innovation), the Commercial Director, the Financial Director and the Project Director (all members are executive, 100% male). The Board is composed of 5 members, of which 2 (40%) are females, and 3 (60%) are males; the gender balance on the Board is 0.67:1. All members of the Board are non-executive, and two members (40%) are independent. One member of the Board works for the Company as a consultant.

There are no designated employee representatives on the PST Group's administrative, management, and supervisory bodies. The Company has a Workforce Council with 7 members.

The members of the Board are qualified and competent to perform their functions and have many years of management experience. Although the Company's internal documents do not explicitly provide for evaluating the performance of the collegial body, care is taken to ensure that the members of the Board have a wide range of knowledge, views, and experience necessary for the proper performance of their functions.

As the Group does not have a Supervisory Board, the Board also performs supervisory functions. The Board also discusses and approves the Group's strategy, while analysing and evaluating information on the implementation of the operational plan. The Board - the Company's collegial management body - performs the functions of the Nomination Committee and the Remuneration Committee. The Board selects and approves the nomination of the Company's CEO and approves the nomination of the Directors of the Company proposed by the CEO. It regularly assesses their experience, professional abilities, and the achievement of the Company's strategic objectives. The Shareholders' Meeting also elects an Audit Committee for one year, composed of three members, two of whom meet the independence requirements. The Audit Committee recommends to the Board the appointment of the audit firm or auditor.

The Group's internal documents do not formally identify each body's or individual's responsibilities for sustainability-related impacts, risks, and opportunities. However, the Board is responsible for approving and overseeing the execution of the Company's strategy, operational policies and objectives, including sustainability and business ethics issues. This includes overseeing significant impacts, risks, and opportunities. This also includes approving related policies and action plans, as well as allocating resources.

Management is responsible for monitoring impacts and risks, adjusting the strategy in response to changing circumstances. Responsible managers monitor specific risks, take responsibility, and make decisions. Once a year, a management review is carried out and a report is prepared and presented to the Board. Management reports regularly to the Board and shareholders on the decisions taken, including decisions relating to the management of impacts, risks, and opportunities. Periodic performance and risk reports are presented to the Board quarterly, half-yearly, and annually. There are also meetings and briefings to hold management accountable for decisions which are taken.

The Company has integrated quality, environmental, occupational health, and safety management system procedures. A list of significant environmental aspects is being developed to manage impacts and risks effectively, while a report on implementing quality objectives and targets is prepared annually. The Board analyses the results achieved, assesses progress, and decides if further action is necessary.

The Company ensures that the administrative, management, and supervisory body members are competent and have a wide range of knowledge, views, and experience necessary for the proper performance of their tasks, including those related to business ethics. For example, members of management who are knowledgeable about the material impacts, risks, and opportunities of the Group's activities have obtained relevant certificates and qualifications.

The CEO of PST Group holds an Occupational Health and Safety Specialist Certificate and an Energy Worker Certificate. These accreditations provide him with the necessary competencies to identify, assess, and manage sustainability matters related to occupational health, safety, and energy.

The Technical Director is qualified as an Occupational Health and Safety Specialist. He also holds certificates of competence as a construction manager, allowing him to act as construction manager and construction maintenance manager to special construction projects. He has also completed first aid training and have a qualification as a crane operator, which ensures ability to properly supervise and organise the safe operation of dangerous machinery.

External experts and/or consultants are brought in as needed to help deepen the management team's expertise in specific areas, ensuring the highest standards of performance.

The background and experience of the members of the Board are described in more detail in the *Governance Report* section of the PST Group AB Company's and Consolidated Management Report 2024 (hereinafter – Management Report).

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

In the first year of the report, during the process of conducting and approving the double materiality assessment for 2024, the Board and management members considered all topics on the ESRS list as well as other sustainability topics of interest to the Group. The Group does not currently have a regular procedure for communicating material impacts, risks, and opportunities to its administrative, management and supervisory bodies. Monthly Board meetings are held to discuss significant matters and activity reports. As the Company is undergoing structural changes, there is currently a reallocation of responsibilities for the further development of the Group's strategy and processes related to sustainability.

GOV-3 – Integration of sustainability-related performance in incentive schemes

The Company does not currently have an incentive scheme or remuneration policy related to sustainability matters.

GOV-4 - Statement on due diligence

The Group is not subject to legal requirements for sustainability due diligence and currently the Group does not have a specific due diligence system in place. However, the Group continuously assesses and seeks to prevent potential negative impacts in its operations and value chain. There is also a commitment to cooperate in remediating any negative impacts it may cause or contribute to.

Separate elements of sustainability due diligence are applied throughout the Group's companies. The main aspects and steps of the due diligence process set out in Chapter 4, 'Due Diligence' of ESRS 1, relate to a number of horizontal and thematic disclosure requirements under ESRS.

A table showing how and where the application of the main aspects and steps of the due diligence process are reflected in this Sustainability Report and are provided in the section *Key Elements of Due Diligence*.

GOV-5 – Risk management and internal controls over sustainability reporting

The Company does not currently have formal sustainability reporting risk management, or internal control procedures in place. There also have not been any sustainability reporting risks identified and managed.

The Company's quality management (ISO 9001), environmental management (ISO 14001) and occupational health and safety management (ISO 45001) systems help to manage some sustainability-related processes and data.

Nevertheless, the Group makes every effort to ensure the quality, accuracy, and reliability of sustainability information. The Sustainability Manager coordinates the processes for collecting, analysing, and reporting on sustainability data. They also ensure that data is collected in a timely manner and meets the required standards. Data collected is reviewed by the Sustainability Group, which assesses the quality of the data and prepares preliminary drafts of the report. The CFO and the Economics Department contribute to the reconciliation of the financial aspects of any ESG indicators within the Group's accounts. Furthermore, external consultants help to ensure that the data meets the relevant standards, while providing methodological guidance.

In addition, various control measures are consistently applied, such as standardised data collection processes, clearly defined benchmarks and deadlines. Quality checks are also in place across individual areas (e.g. economics, occupational health and safety, quality and environment, and personnel departments). Such data harmonisation is essential for accuracy, compliance with legislation, and international obligations.

STRATEGY, BUSINESS MODEL AND VALUE CHAIN

SBM–1 Strategy, business model and value chain

PST Group, together with its subsidiaries, is one of the largest construction companies in Lithuania, operating in the construction sector for more than 70 years. The Group has completed many major and complex projects that have contributed to the country's economic growth, infrastructure development, and environmental goals. The Group operates in Lithuania, Latvia, Scandinavia, and Poland. The Group's activities include the construction and design of buildings, structures, facilities, communications, and other objects for various purposes in Lithuania and abroad. PST Group also designs and manufactures metal structures for construction, conducts sale of building materials, and development of real estate. Client groups include both private and public sectors, including municipalities.

At the end of the reporting period (31 December 2024), the Group employed **629 people** (626 in Lithuania, 1 in Latvia, and 2 in Poland).

During the reporting period, the Group implemented significant structural changes to improve efficiency and optimise the use of available resources. The operations of the Klaipstata, Genranga, and Konstrukcija branches were transferred to the parent company in order to reduce administrative costs, simplify processes, and ensure a higher quality of services to customers.

At the same time, UAB Alinita, a Group company facing financial difficulties due to market challenges, started a restructuring process to stabilise its operations and avoid negative consequences. These changes reflect the Group's strategic objective to ensure sustainability, efficiency, and long-term competitiveness.

Main directions and goals of the sustainability strategy

The Group is in the early stages of developing its sustainability strategy and is actively strengthening its sustainability-related processes. It also intends to refine and integrate the strategy into its long-term business plan. The table below sets out the main directions and targets for sustainable development up until 2027.

A more detailed description of the sustainability objectives is given later in this report, together with information on the topic-specific standards.

Scope	Directions	Targets 2025-2026	Results 2024
Environment	Reducing GHG emissions under the European Green Deal and the Paris Agreement.	Calculate Scope 1, 2, and 3 GHG emissions and set reasonable GHG reduction targets.	Calculated Scope 1 and Scope 2 emissions.
	Pollution prevention.	0 leakage incidents (annually).	0
	Reducing and sorting waste from operations.	Share of sorted waste ≥ 70% (annually).	66 %
Social area	Ensuring the health and safety of workers and subcontractors.	0 accidents (annually).	2[1]
	Promoting a culture of diversity, equality, and inclusion.	Conduct an employee satisfaction/engagement survey. Provide at least one training session on employee diversity, equality, and inclusion (annually).	*Not raised*
	Creating an internal culture of sustainability.	Provide at least two training sessions for employees on sustainability objectives (annually).	*Not raised*
		Achieve at least 70% of employees participating in sustainability training and/or at least one sustainability initiative[2] (annually).	*Not raised*
	Quality assurance of services and structures.	Warranty maintenance costs - < 0.27% of total construction revenue (annually).	0.27 %[3]

Scope	Directions	Targets 2025-2026	Results 2024
Governance	Fostering a culture of business ethics.	0 confirmed breaches of business ethics (annually).	0
	Promoting responsibility in the supply chain.	Develop a Supplier Code of Conduct integrating a supplier questionnaire on environmental and social issues. Ensure that at least **50%** of suppliers and subcontractors declare compliance with the Code and submit completed questionnaires.	*Not raised*

Notes:

[1] The number of accidents in 2024 includes only Group employees; data on subcontractor employees was not collected. It is planned to start collecting this data with the aim of achieving an overall zero accident rate.

[2] Sustainability initiatives are defined within the Group as a range of educational, sporting, environmental management and team building initiatives related to the promotion of environmental and social employee engagement and awareness.

[3] The target for 2024 was to ensure that the cost of after-sales care did not exceed 0.25%. Nevertheless, the target is considered to be very high. The overall trend shows that the Group is delivering an increasing quality of service over time and that the cost of after-sales service is gradually decreasing.

Value chain

Group Company	Field of activity	Upstream (supply chain)	Activities of group companies	Downstream
PST Group AB	**Construction**	- Subcontracting services - Raw materials, materials (from external companies), miscellaneous services - Renting machinery with services - Scaffolding, formwork rental - Design	- Construction - Subcontracting (some subcontractors are subsidiaries) - Construction work on own projects (small part) - Design services for external clients	- Use of buildings and structures - Warranty service - Construction waste management - End-of-life maintenance of a building or structure
Aliuminio fasadai UAB	**Production**	- Glass and aluminium - Other manufacturing materials (metal products, sealing, and fixing materials)	- Production of aluminium profile systems, aluminium windows and doors	- Use of products - Production waste management
Vekada UAB	**Services**	- Equipment, materials, and tools for the work - Hire of machinery and equipment - Subcontracting services	- Electrical installation work - Low-current work including CCTV, security and fire alarms, and engineering systems management	- End use - Management of waste generated by services

Group Company	Field of activity	Upstream (supply chain)	Activities of group companies	Downstream
UAB "Alinita"	**Services**	- Equipment and materials for services	- Installation of heating, ventilation and air-conditioning systems for buildings, installation of indoor plumbing, sewage and fire-fighting systems for buildings, design, commissioning and adjustment of engineering systems for buildings	- End use - Management of waste generated by the service
"Kingsbud" Sp.zo.o.	**Trade**	- Imported building materials (sandwich panels, load-bearing roof sheets, thermal insulation materials, facade and interior tiles, carpets, PVC vinyl flooring)	- Wholesale of building materials (Poland). "Kingsbud" has established a branch in Lithuania, which focuses on the wholesale of stoneware and glazed tiles for interior and exterior decoration - Most of the sales are made to Group companies (internally)	- Transportation (delivery) - Usage - Management of leftover building materials and packaging waste
UAB "Šeškinės projektai"	**Real Estate**	- Materials, equipment, energy required for building maintenance and operation	- Rental property (U219)	- Building use (tenants) - Managing waste from the use and maintenance of the building
Ateities projektai UAB	**Real Estate**	- Real Estate	- Real estate development and rental (sale of previously built buildings)	- Acquisition and use of real estate
UAB "Tauro apartamentai"	**Real Estate**	- Real Estate	- Development of real estate projects	- Acquisition and use of fixed property - Managing waste from the use and maintenance of real estate
Group companies that operate largely separately:				
Stadus UAB*	**Production**	- Wood - Other building materials, raw materials	- Manufacture, construction, and installation of prefabricated wood-panel structures, prefabricated houses (installation)	- End-use - Management of waste from production, construction, and installation - Transport (export)
Hustal UAB	**Production**	- Raw metal - Other production materials (welding wire, paints)	- Design, manufacture and installation of structural steelwork - Supply of metal structures to other industries	- Usage - Management of waste from manufacturing and installation

Note: *Former name - UAB "Skydmedis".

The Group also includes the companies PST Trests SIA (established to search for new markets and to carry out construction work in Latvia - but no longer active) and UAB “PST investicijos” (a liquidation decision has been taken as it does not carry out any business activity). As these companies are dormant, they do not have a material impact on the Group's operations and there are no additional material sustainability impacts, risks, and opportunities associated with them.

SBM-2 – Interests and views of stakeholders

The table below lists the Group's key stakeholders, the methods in which they are engaged, and the key topics raised. There is also a brief explanation of how the Group takes into account the views and interests of stakeholders in its business model and strategy. These aspects are described in more detail throughout the report in the relevant topic-specific sections.

Stakeholders are groups that are particularly relevant and/or significantly affected by the Group's activities, as well as individuals and organisations that have a significant influence on the Group itself. The content of the Sustainability Report is developed taking into account the views, needs, and expectations of key stakeholders.

Key stakeholder expectations, potential impacts, and strategic decisions within the area of sustainability are discussed at the Group's Board meetings. Such topics are also raised during management analysis reviews of the quality, environmental, and occupational health and safety (EHS) management systems, during EHS Committee and Labour Council meetings, as well as at weekly management meetings.

Stakeholder engagement

Key stakeholders	How they are engaged	Key topics of concern/inclusion outcomes	How the Group takes into account the results of the engagement
Clients (customers)	- Ongoing collaboration on services and products. - Stakeholder survey.	- Quality of services and buildings - Innovations - Sustainable solutions (environmental impact of buildings and services) - Safety and welfare of workers - Waste reduction and resource management - Employee training and education	- Customer requirements for the implementation of sustainable solutions (e.g. BREEAM, TIS2 or other standards) are met. - A Group Sustainability Strategy is planned. - The Group introduces innovative, environmentally friendly solutions, ensuring that projects meet the highest quality standards. - Continuous improvement of services and optimisation of processes to manage resources more efficiently and reduce environmental impacts. - Employees receive regular refresher training to ensure they are able to offer customers the most innovative and sustainable solutions. - Proactive communication with customers to understand their needs and ensure smooth cooperation.
Employees	- Stakeholder survey (employees with an email address). - Regular meetings with works council health and safety representatives, addressing quality, environmental, and OSH issues. - Meetings at construction sites and production facilities are held on an as-needed basis, but at least once a month (minutes taken). - The SAUGA.lt digital platform allows employees to comment and make suggestions at any time. - Involvement of employees in subsidiaries takes place through meetings, works councils, employee trustees, and DSS committees.	- Safety and welfare of workers - Employee training and education - Waste reduction and resource management - Quality of services and buildings - Innovations	- Working conditions are continuously improved, and preventive measures are taken to ensure the health and safety of workers. - The Group takes into account employees' experience and suggestions to improve work processes and optimise project delivery. - Internal and external training programmes, opportunities for further training, and professional development. - Employees are encouraged to propose new solutions to improve work efficiency and reduce environmental impact. - A Group Sustainability Strategy is being prepared and current actions are described in more detail within this report.

Key stakeholders	How they are engaged	Key topics of concern/inclusion outcomes	How the Group takes into account the results of the engagement
	- Internal and external exchanges of information are governed by the procedure "Exchange of Information. KADSSVP-007".		- A stakeholder survey is planned to involve all employees through the OSH management platform SAUGA.lt.
Shareholders	- General meetings of shareholders are organised. - Interim and annual reports on the Group's performance are published.	All material topics.	- A Group Sustainability Strategy is being prepared and current actions are described in more detail within this report.
Suppliers	- Constant communication in day-to-day operations. - Stakeholder survey.	- Safety and welfare of workers - Waste reduction and resource management - Quality of services and buildings - Business ethics - Innovations - Reducing CO2 emissions - Use of sustainable materials - Compliance with security requirements - GDPR Compliance - Digitalisation - Waste sorting - Using green energy - Integrating electric vehicles into operational processes	- The Group's processes, policies, and requirements are directly linked to the supply chain and have an impact from the design phase to the completion of construction. - More sustainable materials (e.g. EPD-certified) can be purchased from suppliers according to demand/customer requirements. - A Group Sustainability Strategy is prepared and the Sustainability Report provides more details on current actions.

Key stakeholders	How they are engaged	Key topics of concern/inclusion outcomes	How the Group takes into account the results of the engagement
Business partners (incl. subcontractors, consultants, and employees of subcontractors)	- Site meetings are held at construction sites. - Stakeholder survey. - Daily communication in direct activities.	- Safety and welfare of workers - Waste reduction and resource management - Business ethics - Water conservation and pollution reduction - Innovations - Reducing CO2 emissions and energy efficiency - Human rights - Creating an internal culture of sustainability - Diversity, equality, and inclusion	- The Group ensures that subcontractors and their employees are involved in occupational safety and sustainability initiatives through regular briefings and information meetings. - Safety inspections and periodic audits are carried out on construction sites to assess the compliance of subcontractors. - The Group supports innovative solutions in the construction sector by encouraging subcontractors to use advanced technologies and reduce their environmental impact. - A Group Sustainability Strategy is planned and current actions are described in more detail within this report.
Affected communities (people living near the territories of projects)	- Mandatory publicity is carried out during the initial stages of the design process to ensure that the community is informed about future projects. - Lively meetings are held with the community and residents in the vicinity of the sites, where relevant topics of concern, including sustainability, are discussed. - Presentations of the results of environmental impact assessments of projects.	- Preserving the quality of life of the population through projects - Availability of information on construction progress - Dust and noise during construction	- Noise and dust abatement solutions are being implemented during construction, including watering systems, working time limits, and other preventive measures. - Responding promptly to community comments on environmental impacts, as needed. - Ensuring consistent and open communication with local residents through meetings, announcements, and other information channels. - A Group Sustainability Strategy is prepared and current actions are described in more detail within the Sustainability Report.
Consumers and end-users	- The views of end-users are obtained through regular contact with customers. - Information on user experience is obtained during after-sales service, allowing the Group to assess the quality of service and improve solutions.	- Sustainable solutions that save resources and add value for all	- Ensuring high-quality products and services. - Investing in new technologies to improve energy efficiency. - A Group Sustainability Strategy is planned, the current actions of which are described in more detail within this report.
Supervisory authorities (Bank of Lithuania, State Tax Inspection, State Building Inspection, State Labour Inspection, Labour Disputes Commission)	- Continuous engagement with various government authorities to monitor regulatory developments and ensure compliance.	All material topics	- Responding promptly to complaints, institutional comments and recommendations, and ensuring that appropriate performance improvement measures are implemented. - Ensuring that legislation is constantly monitored and adapts quickly to changes. - A sustainability strategy for the Group is prepared and the sustainability report provides more details on current actions.

DOUBLE MATERIALITY ASSESSMENT

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

The table below shows the Group's material (ESRS) sustainability topics, sub-topics, and their link to material impacts, risks/opportunities. The topics have been grouped together to provide a comprehensive picture and to highlight any information that may be relevant to stakeholders. The assessment of the double materiality was carried out for the first time in 2024, so there have been no significant changes compared to the previous reporting period. The results of the Group's double materiality assessment are planned to be reviewed annually, and therefore, the material topics and sub-topics identified may change in the future.

Material sustainability impacts, risks and opportunities

Key:

➕ positive impact	● actual impact	❗ risks
⛔ negative impact	○ potential impact	🟡 opportunities

ESRS / Sustainability topic	Material sub-topics	Material impact	Material risks and/or opportunities	Value chain		
				Upstream	Group activities	Downstream
E1 Climate change	Climate change mitigation Adaptation to climate change Energy	⛔ ● Direct and indirect greenhouse gas (GHG) emissions along the value chain. ⛔ ● The CO_2 (GHG) footprint of buildings over the life cycle of the building.	❗ Risk of inaccurate GHG calculations due to difficult access to data from suppliers. ❗ Inadequate GHG footprint reduction, targets not met. ❗ Rising taxes on fossil fuels and GHG emissions and tightening legislation.	✅	✅	✅
		➕ ● Use of green electricity in the Group's activities to promote the transition to renewable sources. ➕ ○ Reducing energy consumption in the Group's operations through energy efficiency measures.	🟡 Decreasing operating costs as a result of clean technology adoption.		✅	
			🟡 The ability to offer more sustainable, lower GHG-emitting, energy-efficient measures in projects, helping clients achieve their sustainability goals.			✅
E2 Pollution	Air pollution Water pollution Substances of concern Substances of very high concern	⛔ ○ Improper, unsafe and ineffective use and handling of hazardous chemicals during construction. ⛔ ○ Particulate matter (dust), noise and dirt during construction. ⛔ ○ The project may have negative impacts on communities (noise, visual pollution). ⛔ ● Discharges of untreated sewage into storm sewer networks (including pollutants from construction sites).	❗ Environmental incidents on construction sites (reputational damage, EPA fines, loss of ISO certification). ❗ Public nuisance such as noise, dust, light pollution, and smoke emissions. ❗ Risk of non-compliance and inadequate management of water resources and wastewater. 🟡 Environmental projects that contribute to a positive image of the Group and improve the skills of professionals (e.g. participation in EU renovation projects).		✅	

ESRS / Sustainability topic	Material sub-topics	Material impact	Material risks and/or opportunities	Value chain		
				Upstream	Group activities	Downstream
	Air pollution Water pollution Soil pollution Pollution of living organisms and food resources	⛔ ● Environmental pollution of all kinds is likely to occur upstream in the value chain of raw material extraction and processing. ⛔ ● Water pollution in the supply chain is associated with the extraction of raw materials and the production of building materials, especially concrete and cement. ⛔ ○ Release of pollutants into water bodies and soil.		✅		
	Microplastics	⛔ ● Microplastic pollution along the entire value chain (use and disposal of plastics, plastic materials, and fibres in construction).		✅	✅	✅
	Water pollution	➕ ○ Exceeding legal requirements in water conservation, wastewater management, and pollution reduction initiatives.		✅	✅	✅
E3 Water and marine resources	Water consumption	⛔ ● Water consumption along the entire value chain (extraction of raw materials, production of building materials, especially concrete and cement). ➕ ○ Water saving initiatives that go beyond the minimum legal requirements.		✅	✅	✅
		⛔ ● Water consumption during construction, depending on the site.	❗ Risk of non-compliance and inadequate management of water resources and wastewater.		✅	
E4 Biodiversity and ecosystems	Impacts and dependence on ecosystem services Climate change Direct use Pollution Impacts on the extent and condition of ecosystems	⛔ ● Dependence on ecosystem services in the extraction of raw materials (e.g. timber); possible indirect impacts on ecosystems upstream in the value chain.		✅		
	Changes in land use, freshwater and in marine use	⛔ ● Changes in land and water use along the entire value chain, especially in the extraction of raw materials.		✅	✅	✅
		⛔ ● Changes in land use in direct activities, e.g. drainage works, land levelling, and other places where construction is taking place on the site of the changed land use.		✅	✅	

ESRS / Sustainability topic	Material sub-topics	Material impact	Material risks and/or opportunities	Value chain		
				Upstream	Group activities	Downstream
E5 Circular economy	Resource inputs, including resource use Resource outputs related to products and services Waste	● Generation of hazardous and non-hazardous waste due to inefficient use of resources and the use of materials that are not recyclable or reusable. ● Resource use (construction is a resource-intensive activity; resource use is high throughout the supply chain, and waste is generated). ○ Applying the principles of the circular economy to activities and projects to minimise waste during the life cycle of construction and buildings.		✅	✅	✅
		○ Reducing environmental pollution through responsible management, recycling and reuse of waste (effective control of waste management).			✅	
S1 Own workforce	Employee training and education	○ Lack of employee competencies does not ensure high quality of service (negative impact on customers and society). ○ Continuous training and competence development enable employees to work more efficiently, contribute to innovation and increase the competitiveness of the company.	Upgrading the skills of existing employees to improve their productivity and efficiency and to expand the range of services provided.		✅	✅
	Safety and welfare of workers	○ A strong focus on creating a culture of health and safety, ensuring the physical and psychological well-being of employees. ○/ ● Possible accidents at work.	! Fines and legal sanctions for breaches of health and safety requirements. ! Leaks of data and information can lead to reputational damage, fines and legal consequences (e.g. for breaches of GDPR). Creating a safe and healthy environment that helps to increase employee motivation, reduce the risk of injury and improve performance.		✅	
	Diversity, equality, and inclusion		! Reputational damage due to violations of workers' rights. ! Employee turnover and project delays due to lack of employee motivation. Enhancing the organisation's image as a multiethnic, diverse, and inclusive employer by attracting talented employees from different countries and social groups.		✅	
	Creating an internal culture of sustainability		! An image of a culture of unsustainability, not meeting the expectations of stakeholders (banks, customers), which can lead to financial and reputational risks and loss of competitiveness. Strengthening the internal culture of sustainability - develop and implement a plan to introduce a culture of sustainability processes, including training and other educational events.		✅	

ESRS / Sustainability topic	Material sub-topics	Material impact	Material risks and/or opportunities	Value chain		
				Upstream	Group activities	Downstream
S2 Value chain workers	Working conditions. Other work-related rights.	⛔ ◯ Potential human rights violations of value chain workers.		✅	✅	
S3 Affected communities	Land-related impacts Safety-related effects		❗ Community protests may occur, which could negatively affect the company's reputation and cause project delays. ❗ The negative impact of media coverage can worsen public image and reduce trust in the company. 🟡 Encourage voluntary initiatives that improve community well-being and strengthen corporate social responsibility.		✅	✅
S4 Consumers and end-users	Quality of services and buildings Health and safety	⛔ ◯ Poor quality of services and buildings, negatively affecting the safety, health, and sustainability of end users. ⛔ ◯ Finding, developing, and delivering more sustainable solutions for customers (public and customer benefits).	❗ Poor workmanship or product quality can lead to additional financial and reputational impacts. 🟡 Additional efforts to find and offer more sustainable solutions to the customer, thus increasing the company's competitiveness, reputation, and range of services.		✅	✅
G1 Business ethics	Sustainability in the supply chain Supplier relationship management, including payment practices	⛔ ◯ Potential negative impacts on the environment and people upstream in the value chain (e.g. environmental incidents, human rights abuses, health and safety violations, breaches of business ethics, non-compliance with the law, or lack of regulation in certain countries of origin of raw materials).	🟡 Integrating sustainability principles into the supply chain can help a company improve its reputation, competitiveness, and resilience to supply chain risks. ❗ Irresponsible choice of suppliers and/or poor quality work (e.g. due to breaches of contractual agreements by subcontractors) can lead to additional costs, disruption of the company's obligations, and negative reputational impact.	✅	✅	
	Company culture Corruption and bribery		❗ Failure to comply with applicable laws, rules, and regulations, including compliance obligations. ❗ Cases of corruption could lead to serious reputational risks. 🟡 Enhancing the company's image through the application of good business practices (increasing the confidence of potential customers, improving the public's perception of the company).		✅	

In light of introducing the Corporate Sustainability Reporting Directive (CSRD, EU 2022/2464), this year's report identifies material sustainability impacts, risks, and opportunities identified through a double materiality assessment. The material topics identified in the previous materiality assessment, the materiality matrix, and related information can be accessed in PST's Corporate Social Responsibility and Sustainability Report 2023.

The disclosures in accordance with paragraphs 48b.b.-c. of ESRS 2 of SBM-3 are disclosed in the following sections in conjunction with the disclosures made in the relevant ESRS topic.

The financial impact of sustainability topics

During the reporting period, sustainability risks and opportunities did not have a material impact on the Group's financial position, results of operations, or cash flows. Nor have any risks or opportunities been identified that could significantly change the carrying amounts of the Group's assets or liabilities in the near term.

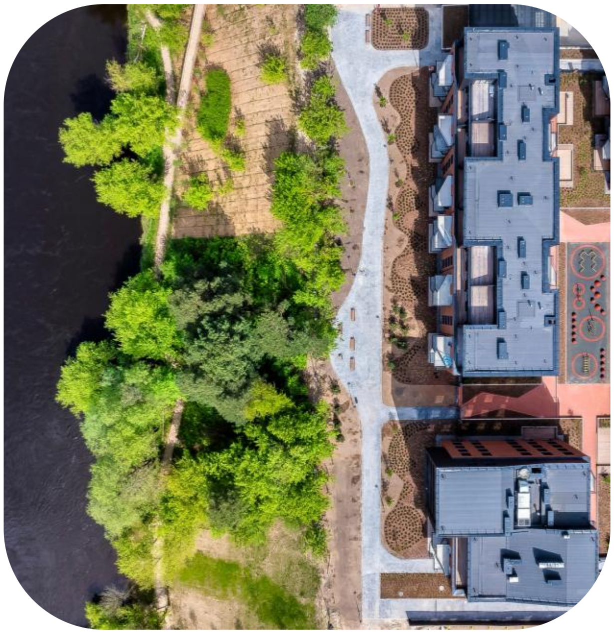
The resilience of the Group's operations to sustainability-related risks has been assessed to the extent that it has been included in the double materiality assessment. Only the resilience of the Group's strategy and business model to climate change was additionally assessed - the results of the assessment are presented in the *Climate Risk Assessment* section.

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

In order to identify and assess material impacts, risks, and opportunities, the Group carried out a double materiality assessment in 2024 against the ESRS criteria. ESRS does not prescribe a specific methodology for how a company should plan or conduct a double materiality assessment, and the Group has therefore developed a process in line with the criteria and guidelines set out in ESRS 1. These take into account the nature and circumstances of the Group's operations and the good sustainability practices applied to date. The Group has relied on the general requirements of ESRS and the European Financial Reporting Advisory Group's (EFRAG) practical application guidance. In the materiality analysis, the Company considered both impact and financial materiality and their interrelationships.

The principle of double materiality:

- A sustainability issue is material in terms of impacts when it concerns the significant actual or potential, positive or negative impacts of an undertaking on people or the environment in the short, medium, or long term: an inside-out perspective.
- A sustainability issue is financially material when the sustainability issue gives rise to risks or opportunities that have or could have a material impact on the company's business developments, financial position, financial performance, cash flows, access to finance or cost of capital in the short, medium, or long term: an outside-in perspective.



The materiality assessment was carried out in consultation with external and internal experts, considering the best available information at the time of the assessment. It is noted that this is the first time that the Group has carried out a double materiality assessment, and the Group is continuously improving its processes to identify actual and potential impacts, risks, and opportunities. Therefore the list of sustainability topics identified in this assessment is not exhaustive, but may be reviewed in the future and revised or expanded as necessary.

The process of identifying and assessing significant impacts, risks, and opportunities involved the heads of departments and specialists responsible for the activities related to the Group's material sustainability topics. These were identified in the previous materiality assessment and/or identified in the list of sustainability matters to be included in the materiality assessment in 1 ESRS, TR 16.

The Group assessed the materiality of each sustainability issue individually, based on the ESRS criteria, taking into account the specificities of its own operations, the sector, and the context. The assessment of materiality was based, to the extent possible, on objective information, expert insights, and generally accepted scientific advice. Impacts, risks, and opportunities have been assessed in the short, medium, and long term, which are consistent with the definitions of the time periods set out in ESRS.

The main steps for assessing double materiality are:

1. Understanding the operational context: value chain and business model.
2. Evaluation of stakeholder views.
3. Identifying existing and potential impacts, risks, and opportunities.
4. Assessing, reviewing, and validating the materiality of impacts, risks, and opportunities.

Impact assessment

Assessment of impact materiality was carried out taking into account the Group's material actual or potential, positive or negative impact on people and the environment in the short, medium and long term. The materiality of actual negative impact was based on the severity of the impact, while the materiality of potential negative impact was based on its severity and likelihood. Severity of impact was determined based on scale, scope, and the nature of the irremediable harm. When assessing potential negative impact on human rights, severity of impact was considered more important than likelihood. The materiality of positive impact, in the case of actual impact, was based on scale and scope, and in the case of potential impact – on scale, scope and likelihood. Based on the formulas used to assess impact materiality, actual and potential impacts were categorised into three levels: *High* – very important / material (final assessment scores 15–25), *Medium* – material (4–14), and *Low* – not material (0–3).

The materiality assessment analysed the entire value chain of the Group's entities, taking into account the operations of PST Group and its subsidiaries, the business relationships, the geographical location of the value chain, and the affected stakeholders. Based on various sources (list below) and information available to the Group, the factors that may give rise to the risk of negative impacts in the direct operations and the value chain have been considered. The assessment was carried out by assessing the stakeholder views identified by the Group through its ongoing dialogue with stakeholders in its operations (as disclosed under SBM-2 "Stakeholder Interests and Views"), publicly available information provided by competent organisations, and the stakeholder survey carried out as part of the previous materiality assessment.

In order to assess climate change risks and opportunities as accurately as possible, the Group has carried out an assessment of transitional and physical climate risks and opportunities. The results of this assessment are presented in detail in the *Climate Risk Assessment and Management* section below.

Biodiversity transition and physical risks have not been assessed separately, as the Group's companies are not located in or near biodiversity-protected areas, and no direct negative impacts on biodiversity have been identified in the Group's operations.

Risk and opportunity assessment

Assessment of financial materiality was carried out taking into account the scale of the financial impact as well as the likelihood of risks and opportunities that may arise in direct operations or within the value chain in the short, medium and long term. Based on the formulas used to assess financial materiality, risks and opportunities were categorised into three levels: *High* – very important / material (final assessment scores 15–25), *Medium* – material (4–14), and *Low* – not material (0–3).

Risks and opportunities related to sustainability may arise from the Group's impacts on the environment and stakeholders, or from resource dependencies. Therefore, the assessment of financial materiality has been carried out in conjunction with the assessment of impact materiality by first assessing the impacts and then considering the linkages of impacts and dependencies to risks and opportunities. The double materiality assessment prioritised sustainability-related risks, i.e. risks directly related to the sustainability topics previously identified by the organisation and the sustainability topics given by the ESRS standard.

The double materiality assessment was carried out by members of PST Group management and specialists responsible for sustainability topics, and the results were reviewed and approved by the Board. Currently, the Group's processes for identifying, assessing, and managing sustainability issues, including the assessment of risks and opportunities, are mainly based on the application of ISO standards. The Company's quality management (ISO 9001), environmental management (ISO 14001) and occupational health and safety (ISO 45001) management systems are in place to properly address these sustainability issues. Occupational risks are assessed at each site, analysed, and measures are taken to eliminate or reduce risks. To protect and conserve the environment and natural resources and to ensure the prevention of pollution, an environmental plan is drawn up at the start of each project, setting out specific measures to manage the material environmental aspects and activities involved.

The parameters of severity and likelihood of impact, magnitude, and likelihood of financial impact have been assessed on the basis of the information available from various sources:

- Policies, reports, and internal documents developed and implemented by the Group.
- PST Group Risk and Opportunity Register 2024
- PST Group List of Material Environmental Aspects in 2024
- Value chain analysis: nature of activities, geographical areas.
- Results of the stakeholder survey (customers, suppliers, partners, and employees), 2023, and other information available to the Group on sustainability matters relevant to stakeholders.
- Results of a previous materiality assessment carried out in 2023 under the GRI Guidelines.
- Information, studies, and surveys from competent international organisations on the sector's value chain impacts (*Leadership Group for Industry Transition* report *Towards a sustainable global construction and buildings value chain*; United Nations/International Energy Agency publication *GlobalABC Roadmap for Buildings and Construction*).
- Annual reports from other industry players and topics of relevance identified.
- Industry rankings and materiality maps such as SASB and MSCI.
- PST Group Annual Report 2023.

It should be noted that the Company, together with its subsidiaries, intends to review the double materiality assessment process on an annual basis and to update the disclosures review and update stakeholder engagement methods as necessary.

PST

IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

The Company's Sustainability Report is based on a double materiality assessment, the process and results of which are described in detail in the disclosure section of **IRO-1**.

A list of the disclosure requirements that have been met in the preparation of the sustainability report (ESRS Content Index) is provided in the *ESRS Disclosed Indicators* section of this report. A table of all data units required by other EU legislation listed in Appendix B of ESRS standard can be found in the *ESRS Data Points Required by Other Legislation* section. The topic of climate change is material to the Group and is included in this report.

MDR - Minimum Disclosure Requirements

The Group applies and discloses information in accordance with the minimum disclosure requirements for policies (MDR-P), actions (MDR-A), metrics (MDR-M) and targets (MDR-T), together with the relevant disclosure requirements set out in the topic-specific ESRS later in this report.

CLIMATE RISK ASSESSMENT AND MANAGEMENT

In 2024, in order to prepare for the CSRD sustainability reporting requirements, the Group carried out an assessment of climate change risks and opportunities in accordance with the requirements of the ESRS and the EU Taxonomy Regulation's *Do No Significant Harm on Climate Change Adaptation* criteria (Appendix A of the Taxonomy Delegated Acts No 2021/2178 and No 2023/2486). The assessment guidelines have been developed on the basis of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the scenario analysis guidelines for non-financial companies.

Physical climate risks and transition risks and opportunities have been identified and assessed through scenario analysis. The assessment is based on the best available information and is planned to be reviewed annually and/or in the event of significant changes in operational circumstances or the renewal of significant physical and transformational event projections.

Physical risk assessment

The assessment of physical risks was carried out in proportion to the scale and anticipated duration of the Group companies' operations. The following timeframes were established for the assessment: short – until 2026, medium – from 2026 to 2030, and long – from 2030 to 2050. These timeframes were selected considering that the operations of the Group companies are adaptive and easily adjustable to climate-related physical phenomena – i.e. assessment over an even longer period (beyond 2050) would not be meaningful, as climate projections beyond that point involve significant uncertainties, and it is likely that the Group companies' direct operations would have already been adapted by then.

In the context of long-term physical risks (extending up to 2100), the Group also assessed risks to its physical assets. However, no significant risks were identified. Additionally, for activities outside Lithuania, the assessment did not identify any risks that could materially affect economic performance.

The assessment was based on the introductory report "Preparation of climate change projections up to 2100"[1] prepared by the Ministry of Environment's programme "Environment, Energy and Climate Change" (projections

[1] Preparation of climate change forecasts, a national study on the sensitivity and vulnerability of Lithuanian municipalities to climate change and a climate change adaptation plan for the most vulnerable municipality. PHASE I: PREPARATION OF CLIMATE CHANGE PROJECTIONS UP TO 2100. INTRODUCTORY REPORT; report prepared for the Ministry of Environment of the Republic of Lithuania, Riga 2022).

on a 12x12 km grid) and the "Study of climate change risks for the mid-21st century"[2] prepared by the Lithuanian Hydro-meteorological Service, Climate and Research Unit (projections per county). The IPCC scenarios RCP4.5 and RCP8.5 for typical air pollutant concentrations were analysed using data from these sources.

Assessment of climate-related risks

The Group assessed climate-related hazards across its operations and supply chain, including construction sites, based on the geographical locations of projects in 2024. The initial analysis focused on whether the Group's assets or operations would be negatively affected if a climate-related hazard were to occur in its most extreme form, including in combination with other climate-related hazards. Subsequently, the potential for such negative impacts on assets or business operations to significantly impair economic performance was evaluated. If a negative impact on economic performance was deemed possible, the assessment proceeded to evaluate the specific risk's likelihood and the scale of its financial impact. The materiality of risks was assessed using a score derived from the product of likelihood and financial impact: High – very important / material (final assessment scores 15–25), Medium – material (4–14), and Low – not material (0–3).

As the Group's operations are not heavily dependent on specific suppliers or supplier countries (in the event of an interruption in the supply of key production raw materials/materials, the supplier could easily be replaced in less than 1 year), physical risks in the supply chain were only assessed in the short term.

This climate risk assessment by the Group should not be regarded as an assurance of the resilience of buildings and structures constructed to order. The Group did not assess the resilience of buildings and structures constructed based on client orders and designs to physical climate hazards, as such an assessment should be carried out during the design phase of the building or structure.

The results of the physical risk assessment and adaptation solutions are summarised in the table below.

[2] Study of climate change risks for the mid-21st century (Lithuanian Hydrometeorological Service, Climate and Research Division; analysis commissioned by the Association of Lithuanian Banks, Vilnius 2023)

Overview of the vulnerability assessment of activities to climate-related physical hazards

Classification of physical hazards			Potential negative impacts on activities or assets	Assessment of financial materiality	Adaptation solutions
Chronic*	- Related to temperature - Related to wind - Related to water - Relating to solid matter		No	Not material	
Acute*	Related to temperature	Heat waves	In individual cases, operational processes may be affected (e.g. work stoppages).	Not material	During heatwaves, the usual adaptation solutions are applied: changing working hours and taking breaks to cool down. Export countries have very similar climates and the same adaptation solutions.
		Cold waves/frost	The cold weather may limit activities, and some work may be suspended during cold spells in accordance with statutory procedures.	Not material	Current processes are adapted for frost, for example, rescheduling work. In the scenarios examined, the projected reduction in frost could alleviate the current situation.
		Wildfires	To date, the Group has not experienced any disruptions due to natural fires. The likelihood of encountering this risk would arise from the construction of facilities in the forest.	Not material	Currently, the activities are not located in or close to forests where natural fires could occur.
	Related to water	Heavy precipitation (rain, hail, snow/ice)	Very heavy, sudden and severe rainfall could cause damage to physical assets such as vehicles and building structures (e.g. roofs).	Not material	The installation of water drainage systems is foreseen to reduce the accumulation of rainwater or the risk of flooding.
		Droughts	Increasing droughts could lead to increased dust during construction. New requirements for the application of dust mitigation measures may arise.	Not material	Normal dust reduction measures are applied. Water spraying systems are used to reduce the spread of dust in strong winds, and fine raw materials (e.g. sand or gravel) are covered with protective coverings to prevent wind drift.
	Related to wind	Storms	Potential work stoppages and higher costs for adaptation measures in case of storms.	Not material	Work is planned according to seasonal weather trends and forecasts. All temporary equipment, construction machinery, construction containers, and materials are securely fastened. Storage of construction materials at work sites is limited (to only the quantity required for one shift). Protective barriers are installed to reduce the movement of sand and dust. Installation of temporary covers or films on partial structures or sensitive components. Lifting operations are stopped at wind speeds above 15 m/s. A weather monitoring system is used on construction sites, including warnings of approaching storms.

Notes: * The Climate Risk Assessment considered the full list of physical hazards in Appendix A of Commission Delegated Regulation (EU) 2021/2139. The table summarises information only for those hazards that are relevant (i.e. physical assets or activities are likely to be negatively affected). Hazards that would not cause negative effects are not detailed in the table.

Assessment of risks and opportunities for transition

The following timeframes were used for the assessment of transition risks: short – until 2026, medium – from 2026 to 2030, and long – from 2030 to 2050. The Group analysed expected and potential developments based on a net-zero emissions by 2050 scenario, which aligns with the Paris Agreement and the European Green Deal's ultimate goal of achieving climate neutrality by 2050. The assessment was carried out in line with TCFD guidelines, examining the classification of climate-related transition events according to TCFD.

The climate risk assessment is currently preliminary, as the Group has not yet calculated Scope 3 GHG emissions or developed a Transition Plan. The assessment will be refined once the Transition Plan is in place and Scope 1, 2, and 3 GHG emissions have been fully evaluated.

The key assumptions considered, as well as the identified transition risks and opportunities, are summarised in the table below.

Overview of the assessment of climate-related transition risks

The meaning of the colours used in the tables:

No risks/opportunities	*Low - insignificant*	*Medium - significant*	*High - very important/significant*

Risk assessment					
Transition events (TCFD)		**Potential financial impact**	**Materiality assessment**		
			2026	**2030**	**2050**
Policy and law	**Higher pricing of GHG emissions**	No significant risks are foreseen, as increases in raw material prices (e.g. cement) are likely to have a uniform impact across the sector.			
	Increased GHG emissions reporting obligations	The risk is that subcontractors and suppliers will not be able to accurately calculate and report their GHG footprint due to the increasing complexity of the calculations and the higher number of components to be assessed. This may limit the choice of subcontractors and increase the cost of work. However, it is expected that all actors in the sector will adapt, so this risk is assessed as low (not material).			
		Reputational and financial risks if the Group fails to meet its GHG reduction targets on time.			
	Obligations and regulation of existing products and services/production processes	*No risks foreseen* - Regulation affects the market as a whole, and the Group is well-placed to comply with the new requirements and meet the growing demand for green buildings and renovations.			

Risk assessment					
Transition events (TCFD)		**Potential financial impact**	**Materiality assessment**		
			2026	**2030**	**2050**
	Litigation risk	The risk of legal disputes related to non-compliance with GHG emissions or energy requirements remains but is not expected to increase. The supervision of the design and construction works is organised in a way that meets the requirements.			
Technology	**Cost of switching to less polluting technologies**	Significant investment to upgrade machinery - expensive equipment can require significant financial resources. However, the Group rents some of its major construction equipment (e.g. cranes) on a service contract basis from suppliers, thus eliminating the need for part of the investment in the purchase and maintenance of the equipment.			
	Failure to invest in new technologies	Uncertainty about investing in new technologies and the possibility of not getting a return on investment. Risk is managed through incremental investment based on sector experience and consistent analysis of returns and risks.			
	Replacing existing company products and services with less polluting alternatives	*Risks are not foreseeable* - construction services are not easily substituted, so the sector remains stable. Stadus UAB is expected to expand, and the metal sector is also likely to remain difficult to substitute.			
Market	**Changes in customer behaviour/priorities**	*Risks are not foreseen* - the number of sustainability-educated customers will increase over time, but no direct impact on the Group's operations is foreseen. This trend is seen more as an opportunity.			
	Uncertainty in market signals	*Risks are not foreseen* - even in a business-as-usual scenario, demand for sustainable buildings and infrastructure is expected to grow.			
	Rising raw material prices	As carbon-intensive building materials (e.g. cement, metals) become more expensive in the coming years, construction costs are likely to rise, which may lead to higher prices for services and products. However, as this trend will affect the whole sector equally, the financial impact on the Group's companies remains low.			
Reputation	**Changes in consumer preferences**	*No risks are foreseen.*			
	Increased stakeholder concerns	*No risks are foreseen* - project financing already requires detailed sustainability documentation, which has a direct impact on the market as a whole. This is relevant for project developers but is not expected to have a significant impact on the Group's operations.			
	Negative feedback from stakeholders	*No risks are foreseen.*			
	Stigmatisation of the sector	*No risks are foreseen* - the whole sector is being transformed, and solutions to achieve climate goals in the building and construction sector are already in place and are continuously being improved.			

Overview of the assessment of climate-related transition opportunities

Assessment of opportunities					
Transformation events (TCFD)		**Potential financial impact**	**Materiality assessment**		
			2026	**2030**	**2050**
Policy and law	**Higher pricing of GHG emissions**	*Expected opportunities due to the rising cost of polluting raw materials (see below under "Market", "Rising cost of raw materials").*			
	Increased GHG emissions and reporting obligations	Opportunities to work more closely with clients and subcontractors to inform them of upcoming GHG emissions calculation and reporting requirements, thus ensuring smoother adaptation to regulatory changes.			
	Obligations and regulation of existing products and services/production processes	The growing demand for new and repeat renovations is driving up the volume of work. However, this opportunity is assessed as not material (*low*) as renovation work does not currently represent a significant part of the activity and is not expected to increase significantly in the medium to long term.			
	Litigation risk	*No opportunities are foreseen.*			
Technology	**Cost of switching to less polluting technologies**	*No opportunities are foreseen.*			
	Failure to invest in new technologies	*No opportunities are foreseen.*			
	Replacing existing company products and services with less polluting alternatives	*No opportunities are foreseen.*			
Market	**Changes in customer behaviour/priorities**	Opportunity to strengthen the Group's market position to become a leader in sustainability. PST is well positioned to meet the expected growing demand for sustainable solutions, strengthening its competitive advantage.			
		Tapping into the growing demand for green buildings and sustainable solutions - buildings with sustainability certificates can be sold or rented more quickly and at above-market prices. However, this trend depends on the priorities of developers. Although the number of such clients is increasing with increasing regulatory requirements, this opportunity is so far seen as not material (*Low*).			
		Opportunity to take advantage of the growing demand for panel renovation - a growing market can lead to a higher demand for Stadus' products and services, providing prospects for expansion.			
	Uncertainty in market signals	*No opportunities are foreseen.*			

Assessment of opportunities					
Transformation events (TCFD)		Potential financial impact	Materiality assessment		
			2026	2030	2050
	Rising raw material prices	Opportunity to expand the use of less polluting and less regulated materials - with the rising cost of traditional building materials, Stadus UAB can offer alternative solutions, thus strengthening its competitive position in the market.			
Reputation	**Changes in consumer preferences**	*No opportunities are foreseen.*			
	Increased stakeholder concerns	*No opportunities are foreseen.*			
	Negative feedback from stakeholders	*No opportunities are foreseen.*			
	Stigmatisation of the sector	*No opportunities are foreseen.*			

Environmental area

Environmental area

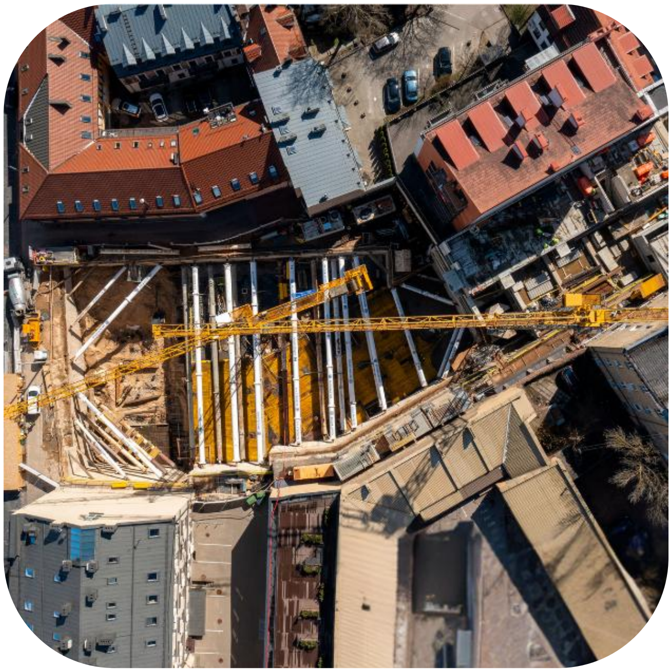
ENVIRONMENTAL IMPACTS, RISKS AND OPPORTUNITIES

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model (Environmental Sustainability topics)

The Group's companies operate in the construction sector, which is one of the largest consumers of resources and a significant contributor to climate change. The construction sector is estimated to be responsible for 50% of global resource extraction[3] and 37% of total greenhouse gas (GHG) emissions[4]. This takes into account the entire construction cycle, from the production of building materials through to the operation and demolition of buildings.

In terms of environmental sustainability, the construction sector covers all the key sustainability topics: climate change, pollution, use of water and other resources, biodiversity, and circular economy. The most material impacts occur at the upstream stages of the value chain, particularly in the production of building materials, from the extraction of natural resources to the production of the final product[5].

Although the direct activities of the Group's companies have a limited impact, impacts specific to the construction sector are also present to a lesser extent in the Group's projects. Construction involves the use of a large amount of building materials and raw materials and generates significant amounts of waste. In addition, some forms of pollution are unavoidable, such as noise, dust, particulate matter, sewage, and dirt from construction sites - all of which may have temporary environmental impacts. Depending on the site, direct impacts on biodiversity, such as land sealing, may occur. However, most of the Group's projects are located in urban areas, so direct negative impacts on biodiversity are minimal. There are no significant sites where the Group's activities negatively affect biodiverse areas.



The Group’s companies comply with all applicable environmental legislation and continuously strive to reduce their environmental impact. However, the Group's strategy and business model do not currently include impact management upstream in the value chain, an area that is planned to be strengthened in the future. The environmental impacts of the Group's activities will continue in the future and will, therefore, need to be continuously monitored and managed. The Group has not identified any environmental impacts that are specific to its activities and do not overlap with those of the construction sector as a whole.

The Group has not developed a formal Transition Plan, but its adoption is foreseen for the period 2025-2026, when indirect Scope 3 emissions will be calculated.

[3] Stockholm Environment Institute (SEI), *Towards a Sustainable Global Construction Sector*, 2022. Available online: SEI website.

[4] United Nations Environment Programme (UNEP), *Building Materials and Climate: Constructing a New Future*, 2023. Available online: UNEP website.

[5] Stockholm Environment Institute (SEI), *Towards a Sustainable Global Construction Sector*, 2022. Access online: SEI website.

Nevertheless, the Group is committed to the European Green Deal and the Paris Agreement targets, and therefore, the management of its impacts, risks, and opportunities will be integrated into the future strategy.

During the reporting period, environmental risks and opportunities did not have a material impact on the Group's financial position, results of operations or cash flows. Nor have any risks or opportunities been identified that could significantly change the carrying amounts of the Group's assets or liabilities in the near term.

For details on the resilience of the Group's strategy and business model to climate change, see section *Climate Risk Assessment and Management*. For other environmental aspects, the resilience of the Group's operations has been assessed to the extent that it has been included in the double materiality assessment. This assessment was carried out for the first time in 2024, so there were no significant changes compared to the previous reporting period. The results of the Group's double materiality assessment are planned to be reviewed annually, and therefore, the material topics and sub-topics identified may change in the future.

ENVIRONMENTAL POLICY

MDR-P – Policies adopted to manage material sustainability matters (Environmental Sustainability Topics)

To manage environmental impacts, risks, and opportunities, the Group is currently guided by an **Environmental Policy** with clear principles for environmental responsibility:

- Taking responsibility for the environmental impact of our activities and ensuring that it is minimised.
- Reducing pollution of soil and groundwater from fuels, lubricants, and hydraulic oils.
- Assess and identify opportunities and risks to meet all environmental requirements.
- Ensuring minimal environmental impact in both small-scale construction work as well as complex and innovative building projects.
- Deploying the latest technological solutions to help employees work more safely and efficiently.
- Reducing the amount of waste generated in construction and ensuring waste separation.
- Protecting the natural environment from negative impacts and educating employees to raise their environmental awareness and competence.

The Group is **ISO 14001** Environmental Management System certified, confirming the highest environmental standards. The Group's activities ensure compliance with all applicable environmental legislation and as a result no environmental breaches were recorded in 2024.

The Group's Environmental Policy applies to the direct activities of the PST Group and its subsidiaries. In order to ensure transparency and employee involvement, the Environmental Policy is publicly available on the PST Group's website, information boards in administrative buildings, and construction sites.

Training on environmental practices is provided to employees and partners during audits. On construction sites, regular industrial, occupational health and safety (OHS), and environmental briefings are held with clients, subcontractors and suppliers. In addition, worker representatives on the OHS Committee and the Labour Council ensure that the policy is disseminated and properly implemented.

The Group consistently strives to strengthen the sustainability of its operations and to manage its environmental impact responsibly. The Group plans to develop and implement an integrated **Sustainability Policy** that covers all significant impacts, risks, and opportunities.

In 2024, the Group took active steps to comply with the new EU requirements under the Corporate Sustainability Reporting Directive (CSRD):

- A double materiality assessment has been carried out, identifying key risks, impacts, and opportunities.
- The Environmental Policy was reviewed in Q1 2024 and was recognised as compliant with ISO 14001.
- A Sustainability Group was set up in Q2-Q3 to assess the double materiality and develop the future strategy.
- A single Sustainability Policy covering all aspects of ESRS is planned to be adopted by the end of Q1-Q2 2025.

The Sustainability Policy will be implemented in accordance with the decisions of the Group's management and the Sustainability Group, subject to oversight by the Board.

ENVIRONMENTAL INDICATORS

E1 CLIMATE CHANGE

E1-1 Transition plan for climate change mitigation

The Group does not currently have a formal Transition Plan in place, but its adoption is foreseen for the period 2025-2026, following the calculation of Scope 3 indirect emissions. Nevertheless, the Group is committed to the European Green Deal and the Paris Agreement targets.

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

The Group's overarching policy and management system covering all environmental topics is described at the beginning of the environmental chapter in the *Environmental Policy*.

E1-3 – Actions and resources in relation to climate change policies

Existing actions and investments:

- The Group purchases 100% green (renewable) electricity, certified by certificates.
- Investing in the development of solar power plants – in 2024, the Group's companies purchased new solar power plants for EUR 159.000. For the corresponding capital expenditure indicator under the Taxonomy, see the *EU Taxonomy Regulation Indicators* section. The Group already generates 21.5% of its electricity needs from renewable sources.
- Upgrading the vehicle fleet (car rental) with new, less polluting vehicles.

The specific action plan, including GHG emission levels, decarbonisation measures and the resources to implement them, will be determined once the GHG Emissions Reduction Plan is adopted. As 2024 has been chosen as the base year, reliable data on the Group's emission reduction performance is not yet available.

Plans for 2025-2026

- **Calculate Scope 3 GHG emissions and set GHG emission reduction targets.**
- **Modernise vehicles by gradually shifting to less polluting or electric vehicles.**
- **Expanding the solar power plants to ensure that more of the energy consumed comes from renewable sources.**
- **Initiate projects to reduce electricity consumption by promoting efficiency measures and responsible energy use.**
- **Introduce new technologies in the construction process to reduce waste and energy consumption.**

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

In the future, the Group plans to adopt a Transition Plan and commit to achieving a *Net Zero* emissions balance by 2050. The Group does not currently have specific GHG emission reduction targets. The Group assesses the effectiveness of its actions by calculating its Scope 1 and Scope 2 GHG emissions under the GHG Protocol and by monitoring its energy consumption.

E1-5 – Energy consumption and mix

Energy consumption and energy mix

Energy consumption and mix	2024
(1) Fuel consumption from coal and coal products (MWh)	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	7 468.5
(3) Fuel consumption from natural gas (MWh)	208.5
(4) Fuel consumption from other fossil sources (MWh)	0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	1 547.9
(6) Total fossil energy consumption (MWh)	**9 224.9**
Share of fossil sources in total energy consumption (%)	88
(7) Consumption from nuclear sources (MWh)	0
Share of consumption from nuclear sources in total energy consumption (%)	0

Energy consumption and mix	2024
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	0.4
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	837.8
(10) The consumption of self-generated non-fuel renewable energy (MWh)	427.3
(11) Total renewable energy consumption (MWh)	**1 264.5**
Share of renewable sources in total energy consumption (%)	12
Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)	10 489.4

Note: The Group's non-renewable energy production was 208.5 MWh, and the Group's renewable energy production was 383.9 MWh in 2024.

Energy consumption intensity

Energy intensity per net revenue	2024
Total energy consumption from activities in high climate impact sectors per net revenue (MWh/EUR)	0.0001042

Notes: All of the Group's activities are classified as high climate impact activities. The Group's companies are active in the construction sector, NACE code F - Construction, and all of the Group's revenues are derived from activities in sectors with high climate impact. Cross-reference of net revenue amounts (used as the denominator in calculating energy consumption intensity) to the financial statements: *"Consolidated Statement of Comprehensive Income"*, line item *"Revenue from contracts with customers"*.

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

The table below presents the Group's estimated GHG emissions in carbon dioxide equivalent (CO_2e). The knowledge and methodologies of market-based financial institutions and energy suppliers were used to calculate GHG emissions. The calculation was also carried out in accordance with the GHG Protocol guidelines.

The calculation of emissions includes not only CO_2 but also other greenhouse gases (N_2O, CH_4, HFCs), which are converted to CO_2 equivalent according to defined standard factors. The final emissions are reported as total CO_2e.

The method for consolidating emissions is *operational control*. The calculation includes all activities of the Group's controlled companies that generate Scope 1 and 2 emissions.

The base year chosen for the GHG calculation is 2024. This is the first year in which PST Group has estimated its emissions in full, including all Group companies.

Sources of emission factors used:

- IPCC (Intergovernmental Panel on Climate Change).
- Sources for the IPCC AR5 report.
- European Environment Agency guidelines for air pollution inventories.
- Association of Issuing Bodies (AIB) - Residual mix and Production mix data for electricity.

GHG emissions

Emission type	2024		
	PST Group AB	Other Group companies	Group
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions (tCO2eq)	**1 680**	**365**	**2 045**
Percentage of Scope 1 GHG emissions from regulated schemes (%)	**0**	**0**	**0**
Scope 2 GHG emissions			
Gross market-based Scope 2 GHG emissions (tCO2eq)	**24**	**445**	**469**
Gross location-based Scope 2 GHG emissions (tCO2eq)	**41**	**247**	**288**
Total GHG emissions			
Total GHG emissions (market-based) (tCO2eq)	**1 704**	**810**	**2 514**
Total GHG emissions (location-based) (tCO2eq)	**1 721**	**612**	**2 333**

In 2024, the operation also generated 519 t of biogenic CO2 emissions.

GHG intensity (Scope 1 and Scope 2). PST indicator

GHG intensity by net revenue	2024
Total GHG emissions (market-based) per net revenue (tCO2eq/Monetary unit)	0.00002496
Total GHG emissions (location-based) per net revenue (tCO2eq/Monetary unit)	0.00002317

Note: Cross-reference of net revenue amounts (used as the denominator in calculating energy consumption intensity) to the corresponding line item in the financial statements: *“Consolidated Statement of Comprehensive Income”*, line item *“Revenue from contracts with customers”*.

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

The Group did not carry out or contribute to any GHG absorption or storage projects in its operations or value chain in 2024.

E1-8 – Internal carbon pricing

The Group does not apply carbon pricing systems.

E2 POLLUTION

MDR - Minimum Disclosure Requirements (MDR-P, MDR-A, MDR-T)

The Group's overarching policy and management system covering all environmental topics is described at the beginning of the Environmental chapter in the *Environmental Policy*.

Pollution prevention is an integral part of the Group's activities. The Group aims to ensure zero pollution incidents. Although the Group does not have a separate pollution prevention policy or a time-bound action plan, this area is managed and monitored on an ongoing basis. The Group's pollution management obligations are integrated into the Group's Environmental Policy, which governs key environmental measures and responsibilities.

To minimise potential pollution, prevent environmental incidents and ensure a rapid and effective response, the Group applies the following measures:

- Continuous risk analysis of construction sites and training of employees/managers to prevent dangerous situations and strengthen the environmental culture.
- Strict procedures for the storage and handling of wastewater and chemicals to ensure that hazardous substances are not released into the environment.
- Accident prevention and response plans to ensure effective pollution control and minimum impact on people and the environment. Practical exercises on construction sites based on a selected simulated emergency situation are carried out at least once a year.

The Group found that some material aspects of pollution from construction activities – noise, dust and dirt – can have a temporary material impact on communities living near construction sites. The Group applies the following preventive measures:

- To prevent noise, working hours are limited in accordance with current legislation, especially in residential areas. The municipalities are informed of the work being carried out in these areas. In some cases, the municipality provides a specific plan of measures which must be implemented. In the absence of such a plan, the works are carried out in accordance with the legal requirements.
- Dust prevention is ensured by watering during seasonal work and hot weather.
- Vehicle wheel washing is used to prevent mud on construction sites. The Group has also installed an automatic car wash with a closed water cycle, which is rented out to construction sites as required.

In the construction process, communication with local communities is usually coordinated by the developer.

During the design phase, the developer carries out an environmental impact assessment, publicises the project, and involves communities in the decision-making. During the construction phase, the Group communicates directly with local communities through door notices or notice boards. The Group mainly carries out construction work on behalf of clients. However, where the Group undertakes its own design, it responsibly follows all statutory processes, including environmental impact assessment and publicity.

These measures reflect the Group's commitment to operating responsibly and with the highest environmental standards.

E3 WATER AND MARINE RESOURCES

MDR - Minimum Disclosure Requirements (MDR-P, MDR-A, MDR-T)

The Group's overarching policy and management system covering all environmental topics is described at the beginning of the Environmental chapter in the *Environmental Policy*. Water conservation is an area of sustainability that is continuously monitored and tracked, but the Group has not identified a separate policy, action plan, or specific targets in this area.

In the first assessment of the double materiality, the Group found that water consumption has a material impact, but plans are underway to review this assessment. In accordance with the definition of the ESRS standard, water consumption includes water withdrawn within the boundaries of a company or facility and not released into the water environment or transferred to a third party during the reporting period.

Depending on the site, water demand can be high, but almost all of the water used goes into the city's sewerage network, along with domestic wastewater, where it is treated and returned to the natural water cycle. This means that water is not irreversibly consumed. The Group's direct activities do not consume much water - for example, it may be used to wash buildings before renovation or to make concrete.

E4 BIODIVERSITY AND ECOSYSTEMS

MDR - Minimum Disclosure Requirements (MDR-P, MDR-A, MDR-T)

The Group's overarching policy and management system covering all environmental topics is described at the beginning of the Environmental chapter in the *Environmental Policy*.

The Group's direct activities do not have a material impact on biodiversity. To date, there is no need for separate policies, actions, or targets in this area, as most of the Group's corporate projects are located in urban areas where direct impacts on biodiversity are limited.

E5 RESOURCE USE AND CIRCULAR ECONOMY

MDR - Minimum Disclosure Requirements (MDR-P, MDR-A)

The Group's overarching policy and management system covering all environmental topics is described at the beginning of the Environmental chapter in the *Environmental Policy*.

The Group aims to reduce the environmental impact of its activities by managing all waste generated by its operations responsibly. The Group supports and promotes the European Union's (EU) waste policy, with the waste hierarchy as its guiding principle. This principle aims to prevent the generation of waste in the first place and then to promote reuse, followed by recycling.

Construction waste in the Group is separated at source. Construction materials suitable for reuse are separated, and those not suitable for reuse are sent to waste handlers. All segregation processes for waste generated on construction sites are carried out in accordance with applicable requirements and monitored by internal audits. Waste accounting is carried out in the electronic GPAIS system and the proportion of waste sorted is calculated at the end of the calendar year.

E5-3 – Targets related to resource use and circular economy (MDR-T)

Voluntary waste sorting targets are set each year, defining the minimum proportion of waste to be sorted.

Scope of application	Waste sorting objectives	2024 target	2024 result	2025 target
PST Group AB	In new-build properties	≥60%	48%	*Targets are no longer set per object, the overall Group target is set*
	Reconstruction, modernisation, and renovation projects	≥30%	64%	
	Road construction sites	≥85%	99.7%	
	Other locations	≥45%	78%	
Group	Total waste sorting in the Group	*Not raised*	66.4%	≥70%

GPAIS data is used to identify and calculate these indicators. The percentage is calculated on the basis of the share of sorted waste in the total amount of waste generated (by weight).

For 2025, The Group will continue to promote the principles of the circular economy and has set a target of **70%** waste sorting.

E5-4 – Resource inflows

Resource inflows

The Group's main resource inflows are various building and technical materials needed for the construction of structures, road building, finishing works, installation of engineering systems, etc. Construction processes require large quantities of resources and their efficient management and conservation is an important part of the Group's operations.

The table below shows the quantities of key raw materials and consumables (in various units of measurement) used in the Group's construction and manufacturing processes, which have been identified as important areas of resource use.

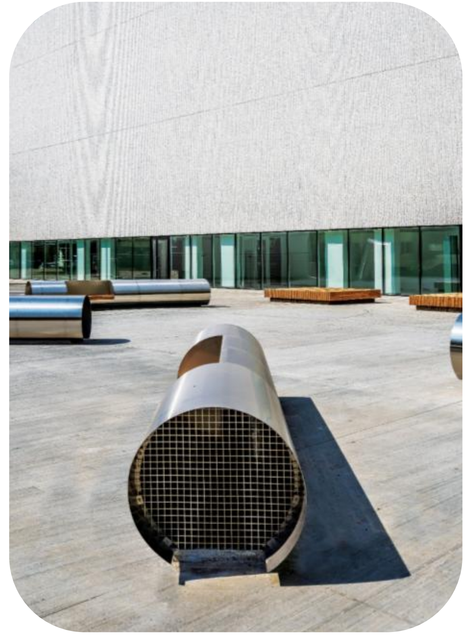
Resource inflows

2024		
Measuring units	**Quantity**	**Main raw materials/supplies**
Manufacture of metal structures		
t:	3 350.7	Metal, welding wire, packaging materials
Panel house production and construction work		
t:	0.9	Wire, glue, putty
Compl..:	131.7	Security blinds, skylights, glass railings
L:	8 771.3	Primers, paints, impregnants
m:	64 912.6	Strips, sheet metal coils
m2:	205 479.8	Plasterboards, steam films, roofing panels, boards, glass, windows, doors
m3:	6 815.4	Wood, insulation materials
Rul..:	129.0	Tapes
T. pcs:	3 962.8	Nails, screws, wood screws

2024		
Measuring units	**Quantity**	**Main raw materials/supplies**
pcs:	1 992 076.41	Supports, pads, nails, screws
Manufacture of aluminium profile systems		
Compl..:	28.0	Automatics, door locks
L:	46.8	Installation materials
m.:	2818.0	Installation materials
m2:	22821.2	Profiles, fittings, accessories
m3:	3.4	Installation materials
pcs:	4439.0	Installation materials
Construction work		
t:	23020.5	Concrete, adhesives, mortars, mixtures, metal products, sheet metal
Compl..:	1419.0	Bolts, sills, sheet metal bends
L:	32398.0	Paints, adhesives, primers
m.:	621180.5	Aluminium and metal profiles, strips, sheet metal products, cables, ducts
m2:	314694.92	Panels, sheets, metal sheets, plasterboard, PVC coverings
m3:	89968.9	Concrete, blocks, crushed stone, sand, black earth, insulation materials
mL:	221250.0	Installation foam
Rul..:	88.0	Bituminous coating
T. pcs:	58.9	Silicate bricks
pcs:	2862050.6	Reinforced concrete products, gutters, kerbs, slabs, nails, screws
Then..:	1122.2	Cable connectors, lugs, brackets
Box..:	5.0	Ducts

Note: The Group does not collect data on the weight of purchased products as they are measured in different units (m, m², pcs, packages, etc.). The information is provided in terms of the units of measurement of the acquisition. Of the concrete used in the activity, about 5% was recycled concrete scrap.

Waste streams generated from operations



The Group's activities in construction, manufacturing and real estate projects generate a variety of waste streams that are specific to the construction and industrial sectors. Construction activities generate a wide range of waste streams, ranging from leftover building materials to demolition waste. One of the main categories of waste is minerals such as concrete, bricks and ceramics, which arise from the demolition of old structures or the construction of new ones. Metallic structures, including steel, aluminium and copper, also form a significant part of the waste stream and are generated during the dismantling or manufacture of building elements.

In addition to these materials, construction sites often accumulate plastic waste, such as leftover pipes or construction film, as well as glass waste from windows, partitions, or facades. Wood waste is generated from structural elements, pallets, and residues from finishing work. In addition, organic waste, such as plant residues from landscaping, as well as hazardous waste, such as used paints and chemicals, are generated during construction. Another important waste stream is electrical and electronic equipment, as well as dust and cement residues from the processing of building materials.

The waste generated by the Group's activities consists of a wide range of materials, a significant proportion of which can be recycled or reused to reduce the environmental impact and integrate them into circular economy models.

E5-5 – Resource outflows

Waste from operations

	Waste generated, t
	2024
Total Quantity	4 437.39
Hazardous	30.54
Non-hazardous	4 406.85
	Waste sent for recycling*
Total quantity	589.76
Hazardous	0
Non-hazardous	589.76
	Waste diverted to other recovery operations
Total quantity	3 551.16
Hazardous	0
Non-hazardous	3 551.16
	Waste sent for disposal (incineration with energy recovery)

Total quantity	265.93
Hazardous	0
Non-hazardous	265.93
	Waste sent for disposal (landfill)
Total quantity	30.54
Hazardous	30.54
Non-hazardous	0

Notes: Data obtained from GPAIS and waste handlers' certificates. The waste manager assesses the quality of the waste, weighs it and completes the data in GPAIS. No radioactive waste is generated by the activities of the Group companies.
* Confirmed by a recycling certificate from the waste handlers.

Non-recycled or recovered waste

	Waste not otherwise recycled or recovered*	
	Total quantity, t	**Share, %**
2024	**296.47**	**6.7 %**

Notes: * Non-recycled waste is the sum of waste sent for disposal. In this case, according to the definition of the ESRS standard, non-recycled waste is that which has been disposed of and has not been diverted for recycling or recovery operations.

EU Taxonomy Regulation Indicators

The European Union (EU) Taxonomy (the Taxonomy Regulation 2020/852 and the delegated acts adopted under it) is a classification system for sustainable economic activities designed to channel private investments into environmentally sustainable activities and thus contribute to the environmental objectives of the European Green Deal. This system establishes science-based criteria for assessing the environmental sustainability of companies' activities.

Business activities that fall within the scope of the Taxonomy and meet its criteria can be recognised as sustainable. A taxonomy-eligible activity refers to an economic activity that is described in the relevant delegated acts of the Taxonomy Regulation, meaning it is officially included in the Taxonomy.

Companies whose revenue (Turnover), capital expenditures (CapEx), and/or operating expenses (OpEx) are related to activities defined in the Taxonomy are required to assess and disclose the proportion of their activities that are aligned with the Taxonomy. An activity is considered taxonomy-aligned if it meets the technical screening criteria—meaning it makes a substantial contribution to at least one of the six environmental objectives while not causing significant harm to the remaining five.

The EU Taxonomy covers the following environmental objectives:

- CCM – Climate change mitigation.
- CCA – Climate change adaptation.
- WTR – The sustainable use and protection of water and marine resources.
- CE – The transition to a circular economy.
- PPC – Pollution prevention and control.
- BIO – The protection and restoration of biodiversity and ecosystems.

This report, in accordance with the provisions of the Taxonomy Regulation and the related delegated acts, presents the key performance indicators of the Group's activities and information on the alignment of taxonomy-eligible activities with the defined criteria.

Identification of Taxonomy-Eligible Activities and Calculation of Indicators

In 2024, in preparation for the implementation of CSRD requirements, a more detailed assessment of the Group’s activities was carried out in accordance with the Taxonomy Regulation. To ensure more accurate data disclosure, the methodology for calculating the indicators was reviewed and refined. Changes in the calculation of indicators, compared to previous reporting periods, are described in detail below. Due to these changes, no retrospective recalculation of the 2023 indicators was performed.

When calculating the taxonomy-eligible activity indicators, it was ensured that the financial amount of activities contributing to multiple environmental objectives was included in the numerator of the respective indicator only once, thus avoiding double counting.

Revenue

The majority of PST Group’s revenue is generated from taxonomy-eligible activities. The Group’s core activity, construction, is considered taxonomy-eligible and falls under the activity of *Construction of new buildings*.

Previously, when calculating the Taxonomy turnover indicator, all construction-related revenue was included under this activity. However, in 2024, the methodology was refined. Now, only revenue generated from the construction of residential and non-residential buildings is included under *Construction of new buildings*. Revenue from other construction areas, such as the construction of civil engineering structures, is excluded to ensure greater accuracy and better alignment with the definitions provided in the Taxonomy.

In addition to its core construction activities, the Group also engages in other taxonomy-eligible categories, such as real estate management and building renovation. These taxonomy-eligible activities correspond as *Acquisition and ownership of buildings* and *Renovation of existing buildings*. The revenue attributed to these activities is detailed and presented in the table below (see Table 1B).

Specifically, the activity *Acquisition and ownership of buildings* includes rental income generated from the U219 building managed by the Group and owned by "Šeškinės projektai".

Taxonomy-eligible revenue was calculated by linking specific activities to the definitions provided in the Taxonomy and expressing their share in the Group's total revenue (EUR 100.678). The line item in the financial statements that best reflects this indicator according to Taxonomy is "Consolidated Statement of Comprehensive Income", line item "Revenue from contracts with customers".

Table 1A. Revenue by Taxonomy Environmental Objectives

	Proportion of turnover / total turnover	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0 %	**70.33 %**
CCA	0 %	0 %
WTR	0 %	0 %
CE	0 %	**67.96 %**
PPC	0 %	0 %
BIO	0 %	0 %

Capital Expenditures (CapEx)

Based on specific acquisitions attributable to taxonomy-eligible activities, in 2024 the Group's companies acquired two new solar power plants, falling under the activity *Installation, maintenance and repair of renewable energy technologies*. Acquisitions related to the activity *Acquisition and ownership of buildings* refer to investments made to enhance the asset value of the U219 building managed by "Šeškinės projektai".

The remaining portion of long-term asset acquisitions (excluding acquisitions of subsidiaries not engaged in taxonomy-eligible activities) was allocated to the main taxonomy activities — *Construction of new buildings* and *Renovation of existing buildings*. The allocation was based on revenue-proportional distribution, as the same equipment is often used across various projects in the construction sector, making it difficult to assign them directly to a single activity. This methodology was chosen as the most appropriate, considering prevailing Taxonomy disclosure practices in the construction industry.

Capital expenditures (CapEx) for taxonomy-eligible activities were calculated by linking investments to activities defined in the EU Taxonomy and expressing their share relative to the Group's total capital expenditures. CapEx under the Taxonomy includes only those acquisitions that meet the indicator definition set out in the EU Taxonomy Regulation. In the Group's case, this corresponds to long-term asset acquisitions in 2024 and investments made by "Šeškinės projektai" to enhance the value of the building (EUR 1.543).

The financial statement line item that best corresponds to the CapEx indicator under the Taxonomy is the *"Acquisition of property, plant and equipment"* line in the *"Consolidated Statement of Cash Flows"*. The amount reported under this line only partially matches the CapEx denominator under the Taxonomy, as the definition and calculation of capital expenditure according to the Taxonomy differ from the calculation of acquisitions of non-current assets presented in the financial statements.

Table 2A. Capital Expenditures by Taxonomy Environmental Objectives

	Proportion of CapEx / total CapEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0 %	**78.98 %**
CCA	0 %	0 %
WTR	0 %	0 %
CE	0 %	**19.82 %**
PPC	0 %	0 %
BIO	0 %	0 %

Operating Expenses (OpEx)

Under the Taxonomy Regulation, operating expenses (OpEx) are defined as direct non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repair, and other relevant expenditures.

In line with this definition, when calculating the total amount of operating expenses (the denominator), only maintenance and repair costs as well as short-term lease expenses were included. As with CapEx, the total amount of operating expenses was allocated across taxonomy-eligible activities based on the proportion of activity revenue, except for certain expenses that were directly attributable to specific taxonomy-eligible activities:

- The maintenance and/or repair costs of the U219 building – allocated to the *Acquisition and ownership of buildings* activity.
- The maintenance and/or repair costs of the solar power plants – allocated to the activity *Installation, maintenance and repair of renewable energy technologies*.
- The maintenance, repair, and/or rental costs of light-duty vehicles – allocated to the activity *Transport by motorbikes, passenger cars and light commercial vehicles*.

The taxonomy-eligible operating expenses (OpEx) ratio was calculated by dividing the operating expenses associated with activities defined in the Taxonomy by the total amount of operating expenses (OpEx) in accordance with the Taxonomy definition.

Table 3A. Operating Expenses by Taxonomy Environmental Objectives

	Proportion of OpEx / total OpEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0 %	**56.33%**
CCA	0 %	0 %
WTR	0 %	0 %
CE	0 %	**52.31 %**
PPC	0 %	0 %
BIO	0 %	0 %

Other Changes in Indicator Calculation

In the previous reporting period, the Group classified vehicle acquisitions under a taxonomy-eligible activity. In 2024, no transport vehicles were acquired that meet the definitions of Taxonomy activities CCM 6.5 or CCM 6.6 (e.g., vehicles compliant with EURO 5 or EURO 6 standards), and therefore, there are no capital expenditures attributable to these activities. However, freight vehicles acquired in 2024, although not compliant with the definition of activity CCM 6.6, are used directly for carrying out Taxonomy-aligned activities – the construction of new buildings (CCM 7.1 / CE 3.1) and/or the renovation of existing buildings (CCM 7.2 / CE 3.2). Accordingly, it was assumed that these expenditures can be attributed to core activities as necessary acquisitions of equipment directly related to construction activities.

By contrast, for operating expenses (OpEx), it was possible to reliably identify a portion of costs related to the maintenance, repair, and rental of vehicles. Therefore, these expenses were allocated to the taxonomy-eligible activity *Transport by motorbikes, passenger cars and light commercial vehicles*.

Assessment of Activities According to the Taxonomy

In accordance with the latest delegated regulations of the European Commission (EC) — Regulations (EU) 2021/2139 and (EU) 2023/2486 — the activities of the PST Group may contribute to the environmental objectives of climate change mitigation and the transition to a circular economy. In 2024, as part of preparations to comply with CSRD and Taxonomy requirements, the Group conducted a climate risk assessment. The assessment concluded that physical climate risks are not material to the Group's activities, therefore, the Group's operations are not classified under taxonomy-eligible activities related to climate change adaptation.

The Group also assessed its compliance with the Minimum Safeguards requirements, as outlined in the European Commission's Sustainable Finance Platform report *Final Report on Minimum Safeguards (2022)*. Although human rights protection is ensured in the Group's operations and no violations were recorded in 2024, it was identified that certain measures are not yet fully implemented. For example, supplier and subcontractor contracts lack explicit commitments to human rights compliance, and such agreements are typically discussed during negotiations but are not formally documented.

For this reason, the Group has assessed that it currently does not meet the *Minimum Safeguards* requirement and, therefore, does not have any activities that can be considered taxonomy-aligned at this stage. However, the Group plans to strengthen this area in the future by implementing additional measures to ensure compliance.

As the Group's activities currently do not meet some of the Taxonomy criteria or lack the necessary supporting evidence, more detailed information on activity alignment is not provided at this time.

The assessment results are presented below using the templates defined in the EU Taxonomy.

Table 1B. 2024 Turnover Under the Taxonomy

2024 financial year	2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Absolute turnover	Proportion of turnover year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover year 2023	Category (enabling activity)	Category (transitional activity)
Text		*Thousand Eur*	**%**	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	**%**	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
None	**-**	**0**	**0 %**	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0 %**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	0 %		
Of which enabling		**0**	**0 %**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	0 %	**-**	
Of which transitional		**0**	**0 %**	**-**						**-**	**-**	**-**	**-**	**-**	**-**	**-**	0 %		**-**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction of new buildings	CCM 7.1 CE 3.1	58 978	58.58%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								68.14%		
Acquisition and ownership of buildings	CCM 7.7	2 387	2.37%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.41%		
Renovation of existing buildings	CCM 7.2 CE 3.2	9 446	9.38%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6.13%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**70 810**	**70.33%**	**70.33%**	0 %	0 %	0 %	67.96%	0 %								76.67%		
Turnover of Taxonomy-eligible activities (A.1+A.2)		**70 810**	**70.33%**	**70.33%**	0 %	0 %	0 %	67.96%	0 %								76.67%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**29 868**	**29.67%**																
TOTAL (A+B)		**100 678**	**100.00%**																

Explanation of Abbreviations:

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

EL – Taxonomy-eligible activity for the relevant objective

Note: Due to changes in the indicator calculation methodology in 2024, no retrospective recalculation of the 2023 indicators was performed. Therefore, when comparing the indicators between these periods, it is important to take into account the differences in methodology.

Table 2B. 2024 Capital Expenditures (CapEx) Under the Taxonomy

2024 financial year	**2024**			**Substantial contribution criteria**						**DNSH criteria ('Does Not Significantly Harm')**									
Economic activities	**Code(s)**	**CapEx**	**Proportion of CapEx year 2024**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx year 2023**	**Category (enabling activity)**	**Category (transitional activity)**
Text		*Thousand Eur*	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
None	-	**0**	**0 %**	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0 %**	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %		
Of which enabling		**0**	**0 %**	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %	-	
Of which transitional		**0**	**0 %**	-						-	-	-	-	-	-	-	0 %		-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction of new buildings	CCM 7.1 CE 3.1	265	17.17%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								52.75%		
Acquisition and ownership of buildings	CCM 7.7	754	48.84%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.92%		
Renovation of existing buildings	CCM 7.2 CE 3.2	41	2.65%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.34%		
Installation, maintenance, and repair of renewable energy technologies	CCM 7.6	159	10.32%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10.32%		

2024 financial year	2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	CapEx	Proportion of CapEx year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx year 2023	Category (enabling activity)	Category (transitional activity)
Text		*Thousand Eur*	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1 219**	**78.98%**	78.98%	0 %	0 %	0 %	19.82%	0 %								91.04%		
CapEx of Taxonomy-eligible activities (A.1+A.2)		**1 219**	**78.98%**	78.98%	0 %	0 %	0 %	19.82%	0 %								91.04%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**324**	**21.02%**																
TOTAL (A+B)		**1 543**	**100 %**																

Explanation of Abbreviations:

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

EL – Taxonomy-eligible activity for the relevant objective

Note: Due to changes in the indicator calculation methodology in 2024, no retrospective recalculation of the 2023 indicators was performed. Therefore, when comparing the indicators between these periods, it is important to take into account the differences in methodology.

Table 3B. 2024 Operating Expenses (OpEx) Under the Taxonomy

2024 financial year	2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	OpEx	Proportion of OpEx year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx year 2023	Category (enabling activity)	Category (transitional activity)
Text		*Thousand Eur*	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
None	-	0	0 %	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %	-	-

2024 financial year		2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	OpEx	Proportion of OpEx year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx year 2023	Category (enabling activity)	Category (transitional activity)
Text		*Thousand Eur*	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0 %	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %		
Of which enabling		0	0 %	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %	-	
Of which transitional		0	0 %	-						-	-	-	-	-	-	-	0 %		-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction of new buildings	CCM 7.1 CE 3.1	2 201	45.49%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								68.10%		
Acquisition and ownership of buildings	CCM 7.7	54	1.11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.40%		
Renovation of existing buildings	CCM 7.2 CE 3.2	330	6.82%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6.10%		
Installation, maintenance, and repair of renewable energy technologies	CCM 7.6	0.2	0.003%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0 %		
Transport by motorbikes, passenger cars, and light commercial vehicles	CCM 6.5	141	2.91%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0 %		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2 725	56.33%	56.33%	0 %	0 %	0 %	52.31%	0 %								76.60%		
OpEx of Taxonomy-eligible activities (A.1+A.2)		2 725	56.33%	56.33%	0 %	0 %	0 %	52.31%	0 %								76.60%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEX of Taxonomy-non-eligible activities		**2 113**	**43.67%**																
TOTAL (A+B)		**4 838**	**100%**																

Explanation of Abbreviations:

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

EL – Taxonomy-eligible activity for the relevant objective

Note: Due to changes in the indicator calculation methodology in 2024, no retrospective recalculation of the 2023 indicators was performed. Therefore, when comparing the indicators between these periods, it is important to take into account the differences in methodology.

Activities Related to Nuclear Energy and Fossil Gas

Template 1. Activities Related to Nuclear Energy and Fossil Gas

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration, and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds, or has exposure to construction and safe operation of new nuclear installations to produce electricity or process heat. This includes for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using the best available technologies.	NO
3	The undertaking carries out, funds, or has exposure to safe operation of existing nuclear installations that produce electricity or process heat. This includes for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds, or has exposure to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds, or has exposure to construction, refurbishment, and the operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds, or has exposure to construction, refurbishment, and the operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Social area

PST

Social area

Social impacts, risks and opportunities

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

Own workforce

Material actual and potential negative impacts related to employees arise in the Group's direct operations and are related to its business model.

The Group operates in the construction sector, where workers are exposed to higher risks of accidents, injuries, and occupational diseases. In this context, the Group continuously assesses, monitors, and effectively manages health and safety (H&S) related exposures, as well as risks and opportunities to ensure a safe working environment and the highest health and safety standards.

Training and development of employees, as well as general and specific skills, are integral to operational health and safety (OHS), well-being, and service quality. It is also a key factor in the smooth organisation of the Group's operations and in strengthening competitiveness. Group companies consistently invest in employee development and professional growth, thereby strengthening both the organisation's internal capabilities and its long-term market advantage.

Additional employee-related risks are related to ensuring diversity, equality, and inclusion and creating an internal culture of sustainability. The Group recognises that both of these topics are of particular importance to stakeholders and therefore actively manages the risks associated with them, while seeking to exploit opportunities that arise from responsible implementation of related initiatives.

Value chain workers

The Group recognises that its business model may have an impact on employees in the value chain. Material direct impacts may arise for subcontractors who work directly on construction projects as operating partners. Subcontractors are subject to the same environmental and occupational health and safety policies, along with specific requirements as the Group's direct employees.

Indirect negative impacts may occur for upstream workers, including suppliers of construction raw materials and materials (in non-EU countries). Currently, the Group's strategy and business model do not include impact management upstream in the value chain, which is planned to be strengthened in the future.

Affected communities

Construction activities may cause some temporary inconvenience to local communities (noise, dust, dirt). Although no material direct impacts have been identified, these factors are a normal part of the construction process, which the Group manages responsibly through ongoing preventive measures and environmental solutions. The management of these impacts is described in more detail in section *E2 Pollution*.

Potential risks include community protests, which could delay the project and negatively affect the company's reputation. Subsequent negative media coverage could also undermine trust in the company. The Group responds promptly to community complaints, communicates proactively, and applies mitigation measures within its sphere of influence. The possibility of encouraging voluntary initiatives by employees to contribute to the well-being of the communities and to strengthen corporate social responsibility is also being considered.

Consumers and end-users

In the construction sector, the quality of services and buildings has a direct impact on the safety, health, and sustainability of the end users. Poor quality of work or products can lead to safety risks and additional operating and after-sales service costs. These elements would have a negative impact not only on the end users but also on the Group itself through higher financial costs and reputational risks.

The Group manages these aspects through rigorous quality assurance measures and in accordance with established standards. Although the strategy does not currently include the active development of sustainable solutions, this is seen as a potential opportunity that could contribute in the future to increasing competitiveness, improving reputation, and offering a wider range of services to customers.

The financial impact of social sustainability topics

During the reporting period, social risks and opportunities did not have a material impact on the Group's financial position, results of operations, or cash flows. Nor have any risks or opportunities been identified that would result in a material change in the carrying amounts of the Group's assets or liabilities in the foreseeable future.

On social sustainability matters, the resilience of the Group's operations was assessed to the extent that it was included in the double materiality assessment. This assessment was carried out for the first time in 2024, so there were no significant changes compared to the previous reporting period. The results of the Group's double materiality assessment are planned to be reviewed annually, and therefore, the material topics and sub-topics identified may change in the future.

S1 Own workforce

Group companies follow the following key policies to manage the impacts, risks, and opportunities related to their own employees:

- Occupational health and safety policy.
- Violence and harassment prevention policy.
- Measures to implement equal opportunities policy.
- Privacy policy.
- Group values policy.

PST Group has developed these policy guidelines, and the Group companies implement and adapt them according to their individual needs, taking into account the specificities of their operations. The implementation and transparency of these policies are continuously monitored, with the Company's internal auditors assessing not only the development of the policies but also their public availability within the organisation.

In the future, a unified Group Sustainability Policy is planned to be developed, which will cover the most important parts of the ESRS standard and will further reinforce the Group's commitment to responsible and sustainable operations.

Employee safety and wellbeing

The Group pays particular attention to a safe working environment, making safety one of its highest priorities. One of its main objectives is to become a leader in the construction market, guaranteeing safe workplaces for all employees. The Group implements **an Occupational Health and Safety Policy** and has implemented the international OHS management system standard **ISO 45001,** following the relevant procedures of the standard:

- Enforcing legal and other requirements for environmental protection, occupational health and safety.
- Emergency preparedness and response.
- Monitoring and measurement.

- Managing occupational health and safety.
- Identification and risk assessment of occupational hazards.
- Managing goals, objectives, and management programmes.
- Design management.
- Buying and selling.
- Selecting subcontractors.

The procedures listed above help to ensure the continuous identification and assessment of OHS risks, the definition of risk management measures, and the monitoring of their implementation.

The Group has an Occupational Health and Safety Committee (OHSC) where employees participate in OHS decisions.

Health and safety objectives. PST indicators

Scope of application	Aims and objectives	2024 target	2024 result	2025 target
Group	Number of recordable accidents (RA) at work	0	2	0
	Total Recordable Incident Rate (TRIR)	0	1.78	< 1.6*
	Number of potential hazardous incidents/situations (PHI)	-10% *(2023 result: 79)*	173	+10 %**
	Completion of PHI measures	100 %	85 %	100 %

Notes: *The 2024 target was set for own employees only, while the 2025 target covers both own employees and subcontractors included. The 2025 target is for subcontractors and subcontractors to be self-employed (self-employed).

**Although the initial target for 2024 was to reduce the number of registered PHIs, practice has shown that it is more important to encourage increased registration. The Group has therefore updated the target to increase the number of recorded PHIs, as this reflects the growing awareness of employees and the strengthening of the OHS culture. Training employees to recognise and record hazardous situations is the first step, and a natural decrease in the number of PHIs is expected over time as the OHS culture improves.

Methodology for calculating DSS indicators:

- TRIR: calculated according to the same formula as in the ESRS Standard S1-14 disclosure requirement for the rate of recordable work-related accidents per million hours worked.
- Number of PHIs: potential hazardous events (situations) in the workplace as recorded by the HSS officer and other OHS managers using the EINPIX platform. In the EINPIX platform, the OHS officer generates a report according to the selected category and time interval.
- Completion of PHI measures refers to measures taken to eliminate dangerous situations. In 2024, not all the measures implemented were recorded in the programme, resulting in a score of 85%, but all the measures were implemented. From now on, controls will be documented.

Accidents

In 2024, the Group recorded two occupational accidents, one of which was minor, and the other was considered major, as the worker suffered a serious impairment of health. Medical assistance was immediately provided, and the necessary support, including financial compensation for loss of earnings, was ensured.

The company has carried out a thorough investigation into the incident to determine the causes and to prevent similar situations in the future. It was found that certain factors in the working environment may have contributed to the incident, and additional safety measures were implemented:

- Workplaces have been audited, and factors that may pose a risk of injury have been eliminated.
- Additional employee training to reinforce safe behaviour skills.
- Continuous monitoring of the working environment and regular safety inspections have been reinforced.

As a result of these preventive actions, no further accidents were reported in the Group's companies during 2024.

OHS training

A key focus is on OHS training, which is an integral part of the Group's OHS policy. To ensure the training is effective and efficient, the Group has implemented the ISO 45001 procedure "Employee Training," and the procedure for organising training is detailed within the Group’s internal documentation.

The Group takes responsibility for developing the skills of its employees and consistently invests time and resources in organising and implementing training and education programmes.

Training is carried out in three main areas:

- Improving existing professional competencies.
- Developing safe behaviour and professional skills.
- Leadership and motivation (building a culture of sustainability and safe behaviour).

In order to continuously improve the competencies of its employees in the area of OHS, the Group organised both internal training and external training at training institutions throughout 2024.

The in-house training programme includes:

- Theoretical training - covers the basics of OHS, legal requirements, as well as company policies and procedures. The focus is on hazard identification, principles of safe behaviour, the use of personal protective equipment, and accident prevention.

- Hands-on training - focusing on specific hazards and activities, including fire and civil protection, use of chemicals and high-risk work. It also includes evacuation plan training and first aid drills.
- Periodic knowledge checks and practical training - designed to refresh and consolidate employees' knowledge and skills in real or simulated situations.

External training is divided into formal training (approved vocational training programmes) and informal training (programmes tailored to the needs of the enterprise by training institutions).

The Company's managers and OHS specialists are responsible for maintaining the quality of training and regularly updating the programmes to reflect the latest hazards and legal requirements. This is to ensure that every employee is well prepared for their duties and works in a safe environment.

Actions

The Group consistently implements health, safety, and well-being measures. Regular OHS training is organised, safety equipment is continuously installed and updated, and systems for investigating and preventing incidents and dangerous situations are strengthened. Regular OHS inspections are carried out to identify and eliminate potential hazards at an early stage.

Employees' psychological well-being is also a priority, with a range of initiatives to reduce stress and improve the work/leisure balance. Employees receive psychological support, wellness initiatives, health screening, and preventive healthcare programmes.

Actions implemented in 2024

- To strengthen employee safety and preventive measures, the Group introduced a process in 2024 for recording incidents and potentially hazardous occurrences through the electronic platforms **SAUGA.lt** and **EINPIX**. These systems allow risks to be identified and addressed promptly, thus contributing to a safer working environment.
- In addition, the identification and recording of potentially dangerous situations has increased thanks to regular training to promote a culture of safe behaviour among managers and workers. This has enabled hazardous situations to be detected and eliminated quickly, preventing potential workplace accidents.

Reporting channel

The Group enables workers to report possible violations of their rights and well-being safely. Reports can be made anonymously or directly through the following channels:

- **Directly** to the manager or through employee representatives (Works Council, OHS Committee).
- Electronically via the OHS platform **SAUGA.lt**, using the **"Notification Module".**
- **Anonymously** via a dedicated messaging channel:
- **E-mail:** skundai@pst.lt
- **Telephone** +370 616 23545
- On arrival at the Company's headquarters (P. Puzino g. 1, Panevėžys).

The Group encourages employees to contribute to a safe working environment actively and ensures that all reports are dealt with confidentially and impartially.

Employee training and development

The Group consistently invests in employee training and development, which significantly impacts employee wellbeing and motivation, as well as on service quality and customer satisfaction. Employee development and the enhancement of specialised and generic skills are key to the smooth operation of the Group's businesses and its long-term competitiveness.

Employee development plans are drawn up annually, taking into account the Group's strategic objectives and the competencies needed to achieve them. Employees can improve their knowledge through various training courses, seminars and conferences, along with internal training tailored to specific job requirements. Training programmes are continuously improved to meet market needs and service quality standards.

Actions implemented in 2024

- Ongoing training programmes have enabled employees to acquire new knowledge and skills to work more efficiently and promote innovation. During the year, 12 specialised training courses (internal and external) were organised, involving 489 employees.
- The company funded external refresher courses for 53 employees.
- To address the risk of skills shortages, in 2024, the Group launched the SAUGA.lt e-learning platform. In the first phase, 504 employees received training on fire and civil safety, as well as violence and harassment prevention.
- Competency assessment to identify individual learning needs.

In the near future, the Group plans to develop an internal training platform that will enable employees to keep their knowledge up to date. This is expected to lead to a higher quality of service, higher customer satisfaction, and a stronger corporate reputation.

Equality, diversity and inclusion

The Group strongly emphasises diversity, equality, and inclusion, aiming to create a working environment that considers the views and expectations of different stakeholders. While no significant impact on employees has been identified in this area, the Group has identified risks related to its business model's sustainability, reputation, and growing expectations for equal opportunities. The Group is, therefore, consistently monitoring the situation and taking action to ensure that diversity and inclusion matters are properly managed.

The Group does not discriminate based on gender and assesses employees based on their qualifications, providing equal employment and career opportunities. Every employee's opinions and ideas are heard and valued to promote inclusion. There were no cases of discrimination in 2024.

The Group has the following policies:

- Violence and harassment prevention policy.
- Measures to implement and enforce equal opportunities policy.

The Group's companies comply with the anti-discrimination requirements set out in Article 26 of the Labour Law and the principles set out in the "Violence and Harassment Prevention Policy". A separate Equal Opportunities, Inclusion and Diversity Policy is planned for 2025, which will set out in more detail the principles for preventing discrimination.

Workers' rights and involvement

The Group ensures workers' representation in the Works Council and the OHS Committee, where matters related to working conditions are discussed. Employee surveys on job satisfaction, motivation, safety, and other relevant topics are carried out regularly to understand employees' expectations better and to improve the organisational environment.

Targets by 2027

- **Measure current levels of employee satisfaction and identify key areas for improvement (employee satisfaction/engagement survey).**
- **Provide at least one training session on employee diversity, equality, and inclusion.**

Creating an internal culture of sustainability

The Group is taking the first steps on the road to sustainability by strengthening its internal culture. The double materiality assessment carried out in 2024, and the appointment of a Sustainability Manager marks a new phase, launching key initiatives to engage employees and raise awareness. While no material impact on employees has been identified in this area, the Group recognises the long-term risks associated with stakeholder expectations and is consistently integrating sustainability principles into its operations. The aim is to create an enabling environment for new ideas and sustainable solutions through clear communication and responsibility principles.

Targets by 2027

- **Provide employees with at least two yearly training sessions to achieve the Sustainability Objectives.**
- **Achieve at least 70% of employees participating in sustainability training and/or at least one sustainability initiative annually.**

To achieve this, the Group plans to implement sustainability culture initiatives to promote employee awareness and active participation in the sustainability objectives. The Group defines sustainability initiatives as a range of educational, sporting, environmental management, and team-building initiatives related to the promotion of environmental and social engagement and awareness among employees.

Social indicators

S1-6 – Characteristics of the undertaking's employees

Employee breakdown by gender

In 2024, as in the past, the majority of the Group's employees were male - 85% (PST Group AB - 83%), which reflects the nature of the construction sector. Due to the nature of their activities, females are less likely to choose technological and construction engineering jobs, as well as positions requiring outdoor work.

Gender	Number of employees*	
	2024	
	PST Group AB	Group
Male	334	537
Female	68	92
Other	0	0
No data available	0	0
Total: Hired employees**	**402**	**629**

Notes: * Actual number of employees (headcount) that are hired on employment contracts at the end of the reporting period (31.12.2024), without taking into account the full time equivalent.

The number of employees in the Management Report is set out in "PST GROUP AB 2024 Corporate and Consolidated Management Report, Management Report and Sustainability Report", point 1.9.

Employee breakdown by gender and by employment contract

		2024				
		Number of employees				
		FEMALE	MALE	OTHER (*)	NOT DISCLOSED	TOTAL
Number of employees	**PST Group AB**	68	334	0	0	**402**
	Group	92	537	0	0	**629**
Number of permanent employees	**PST Group AB**	67	320	0	0	**387**
	Group	90	518	0	0	**608**
Number of temporary employees	**PST Group AB**	1	14	0	0	**15**
	Group	2	19	0	0	**21**
Number of non-guaranteed hours employees	**Group**	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**

Notes: Actual number of employees hired on employment contracts at the end of the reference period (31.12.2024), without taking into account the *head* count.
* "Other" does not apply as it is not legally possible to register as a third gender in Lithuania.

Employee turnover

	PST Group AB		Group	
	Employees who resigned or were made redundant*	Employee turnover rate, %**	Employees who resigned or were made redundant*	Employee turnover rate, %**
2024	114	28%	225	36%

* The aggregate of the number of employees who left voluntarily or due to dismissal, retirement, or death in service (by number of employees).
** Number of employees who left divided by the total number of employees x 100.

S1-9 – Diversity metrics

Gender Distribution at the Top Management Level

	Gender distribution at top management level			
	2024			
	PST Group AB		Group	
	Number of employees	Employee share, % of employees	Number of employees	Employee share, % of employees
Male	7	100 %	17	94 %
Female	0	0 %	1	6 %
Total	**7**	**100 %**	**18**	**100 %**

Note: Definition of senior management: CEO and functional directors.

Distribution of employees by age group

	2024			
	PST Group AB		Group	
	Number of employees	Percentage of total employees	Number of employees	Percentage of total employees
Under 30 Years Old	23	6 %	48	8 %
30-50 Years Old	195	49 %	315	50 %
Over 50 Years Old	184	46 %	266	42 %
Total	**402**	**100 %**	**629**	**100 %**

S1-10 – Adequate wages

The Group ensures that all its employees are paid a fair wage in accordance with the legislation applicable to the Group.

S1-11 – Social protection

All employees of the Group are covered by social security through public social protection programmes in the following cases:

- In case of sickness, workers receive social security benefits.
- In the case of unemployment, the national unemployment insurance scheme.
- In the event of an accident at work or acquired disability, employees are covered by social security in accordance with the legislation in force.
- In the case of parental leave, workers receive state social benefits for the period of parental leave.
- In the event of retirement, employees participate in a state pension scheme.

S1-13 – Training and skills development metrics

Average number of training hours per employee by gender

	2024	
	PST Group AB	Group
	Average number of training hours per employee	Average number of training hours per employee
Total, out of which:	5.36	4.61
Male	5.7	n/a*
Female	3.7	n/a*

*Data not available.

S1-14 – Health and safety metrics

The principles and guidelines of the ISO 45001:2018 OHS management system are applied 100%. OHS standards are applied to all employees of the Group's companies.

Health and safety indicators

	2024
Employees of the company:	
Number of deaths due to work-related injuries and work-related ill health	0
Number of work-related accidents to be recorded	2
Total annual hours worked by all employees	1 121 105
Recordable work-related accident rate	1.78
Number of recordable work-related health problems	0
Number of working days lost due to work-related injuries and deaths due to accidents at work, work-related health disorders, and deaths due to health disorders	19
Non-employees classified as own workforce:	
Number of deaths due to work-related injuries and work-related ill-health among non-employees working at the company's sites	0

S1-17 – Incidents, complaints and severe human rights impacts

In 2024, the Group did not receive any complaints or record any incidents of discrimination or other serious violations of human rights.

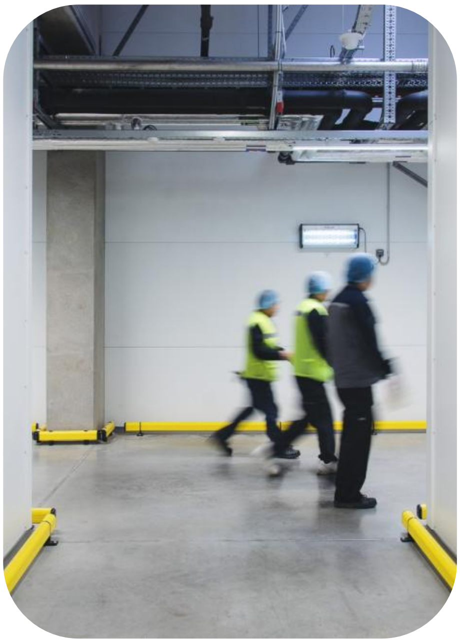
S2 Workers in the value chain

The Group ensures that all employees working on construction projects, regardless of their employment relationship with the Group company, are protected by the highest occupational health and safety standards. Subcontractors are subject to the same OHS policies and requirements as the Group's direct employees, including:

- ISO 45001 compliance, ensuring compliance with occupational health and safety standards.
- Mandatory OHS training for both direct employees and subcontractors.

- Regular safety inspections of construction sites to reduce the risk of accidents and occupational diseases.
- Regular audits and unscheduled inspections (at least 6 per quarter).

Value chain employees can raise concerns and complaints through the Group's reporting channel, skundai@pst.lt (and other reporting channels as disclosed under ESRS Requirement G1-1 *in the Business Ethics* section of ESRS G1-1).



The Group works directly with subcontractors and actively monitors their compliance with OHS and social responsibility standards. In cases of non-compliance, contractual relations may be reviewed or terminated.

For other workers in the supply chain (e.g. suppliers of building materials), there are currently no specific policies or actions. While no actual negative impacts have been identified at this stage, and no related reports or complaints have been received, the Group recognises the potential of sector-specific social impacts related to working conditions in supply chains, especially in the original countries of origin of raw materials outside the EU. It is therefore planned to assess possible future policies and actions in this area.

S3 Affected communities

The identified negative impacts on communities are related to pollution, the management of which is detailed in section *E2 Pollution*.
The Group does not currently have any additional policies, action plans, or targets to manage risks and opportunities.

S4 Consumers and end-users

The Group sets clear quality standards for its products and services, which are defined in its Quality Policy. These requirements are reviewed and updated annually to ensure that they meet the needs of the business, customers, and the market.

The Group ensures that all projects implemented meet high-quality standards in accordance with **LST EN ISO 9001:2015**. The quality management system includes clear processes, supervision, and regular audit assessments by an independent certification company.

Quality is directly linked to the Group's competitiveness, customer satisfaction, and financial performance. Poor quality of buildings can lead to safety risks for users, warranty costs, and legal disputes. Therefore, the Group strictly monitors the supply of materials, carries out systematic quality control, and continuously analyses customer feedback.

To ensure the safety of buildings, the Group applies after-sales service mechanisms, regular safety inspections, and supply chain assessments. The Group's priority is

Governance

Governance area

G1 Business ethics

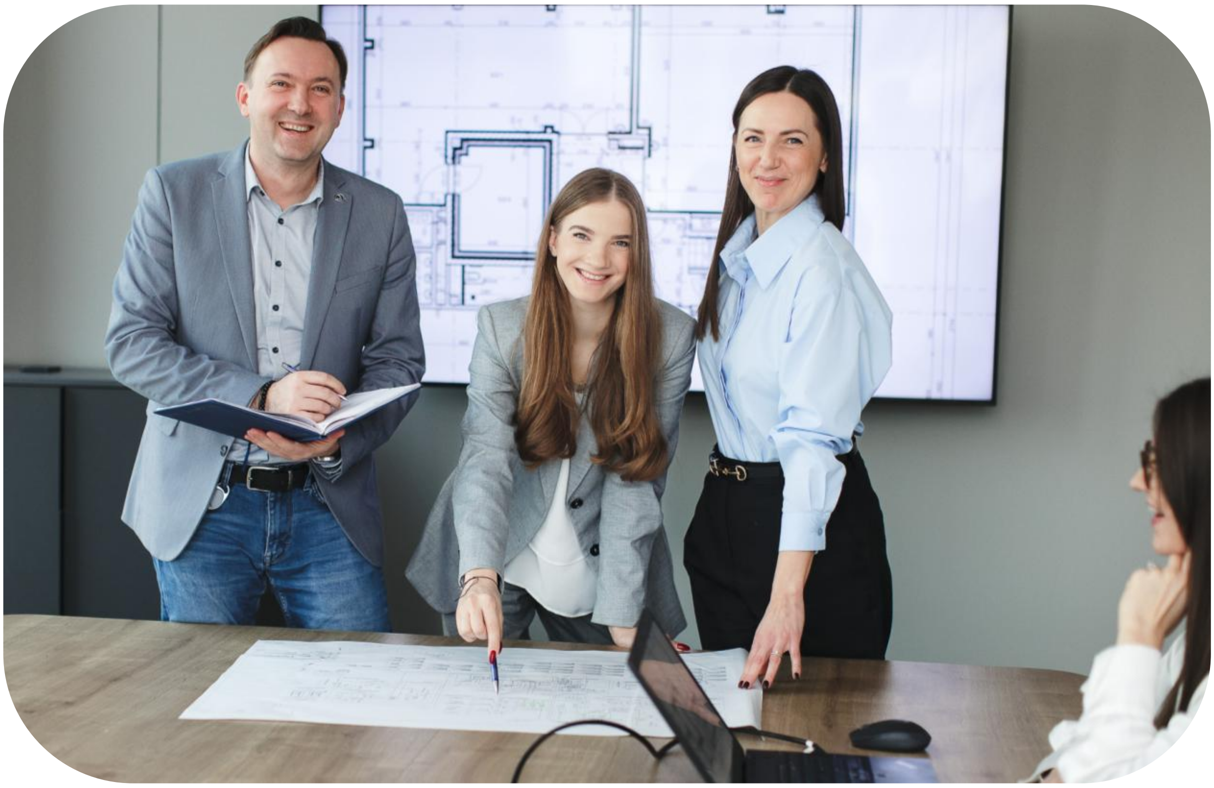
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

One of the Group's sustainability topics in the Governance area is sustainability in the supply chain. In the construction sector, where supply chains for raw materials and supplies can be long and involve countries outside the EU, indirect impacts on the environment and people can occur in the early stages of the supply chain. The Group's strategy and business model do not currently include the direct assessment and management of these impacts, but the Group sees opportunities to strengthen this area in the future. Integrating sustainability principles into the supply chain can help improve the Group's reputation, competitiveness, and resilience to supply chain risks.

Corporate culture and preventing corruption and bribery are other key areas of the Group's governance. Although no significant direct impact has been identified in this area, the risks of corruption and non-compliance with the law remain relevant and require continuous monitoring. Any breach of compliance obligations or corruption could result in severe reputational damage, financial sanctions, or disruption to the Group's operations. At the same time, responsible and transparent business practices open up opportunities to strengthen the Group's image, while increasing trust among potential customers and driving favourable attitudes among key stakeholders.

G1-1 – Business conduct policies and corporate culture

Business ethics is an integral part of the Group's business activities. The Group strives to create and foster a culture of ethical business, to prevent corruption and bribery, and to compete fairly. The Group's position and broader approach to business ethics is declared in the PST Group's Code of Conduct for Employees, Suppliers and Company Representatives, which is made publicly available and accessible to all interested parties.



The Group actively develops and promotes a performance culture based on transparency, business ethics, and employee welfare. Management regularly reviews aspects of the Group's culture and ensures that the ethics policy is implemented in practice.

Managers actively contribute to strengthening the culture by promoting employee engagement and responsibility. The Group supports ethical behaviour through training, incentive programmes, and social responsibility initiatives. Employees are given the opportunity to anonymously report possible violations, ensuring their protection.

In the future, the Group intends to further strengthen its corporate culture by introducing new solutions and improving employee engagement mechanisms.

Whistleblowing channel and whistleblower protection

The Group has an internal and external whistleblowing system in place to identify, report, and investigate illegal conduct or breaches of business ethics. This system allows employees, suppliers, and other stakeholders to anonymously report:

- Bribery and corrupt practices.
- Unfair treatment of suppliers and customers.
- Violations of the Code of Ethics.
- Other breaches of business ethics.

Reporting channels:

- E-mail address skundai@pst.lt
- Phone number: +370 616 23545
- Directly contacting the management or the managers responsible.
- On arrival at the Group's headquarters (P. Puzino g. 1, Panevėžys).
- An anonymous internal messaging platform.

Whistleblower reports are received, registered, investigated, while whistleblower protection measures are ensured in accordance with the requirements of the Law on Whistleblower Protection. The Group does not tolerate any discrimination or negative impact on persons who have provided information on possible violations.

All notifications are reviewed by a specially designated responsible official. Procedures for the prompt, independent, and impartial handling of whistleblowing are set out in PST's Whistleblowing Procedures and Procedures Manual. Where irregularities are identified, appropriate corrective measures are implemented. The Group continuously reviews and improves these measures to ensure the highest standards of business conduct.

The Group does not have a specific adopted policy on business ethics training and training can be arranged for staff as required. All employees (100%) are provided with a signed copy of the whistleblowing and whistleblowing procedure.

Anti-corruption policy

PST Group and its subsidiaries do not tolerate any form of corruption and its manifestations are committed to transparent operations, fair competition, and ethical business conditions. The Group is committed to conducting its business with the highest standards of transparency and openness.

The Group does not have an anti-corruption or anti-bribery policy in line with the United Nations (UN) Convention against Corruption. Still, it plans to incorporate the provisions of this Convention into the overall Sustainability Policy under development.

The Group does not tolerate fraud, extortion, informal accounting, illegal and improperly documented transactions, fictitious expense accounting, use of false documents, and other forms of corruption. The anti-corruption provisions apply to all employees of the Group, members of the management and supervisory bodies, and third parties acting on behalf of the Group.

Corruption risks are mitigated by effective internal control mechanisms to identify potential threats. Group companies continuously monitor and improve processes to ensure transparency. The Group does not engage in political influence activities or finance political parties, nor their representatives, candidates, or election campaigns.

The Group always cooperates with the relevant authorities and is ready to provide all necessary information.

No significant breaches of legislation were recorded in 2024 and no fines were imposed for non-compliance. The Group complies with all legal and regulatory requirements.

The Group has not identified any specific posts that could be at higher risk of corruption and bribery.

G1-2 – Management of relationships with suppliers

PST Group and its subsidiaries shall ensure that all procurement is carried out in accordance with the principles of equality, non-discrimination, transparency, mutual recognition, proportionality, confidentiality, and impartiality. Procurement is also carried out in accordance with the principles for the rational use of funds. Suppliers shall be selected on the basis of the most economically advantageous tender or the lowest price criterion, with equal and non-discriminatory treatment of all suppliers. In the process of selecting subcontractors, the Group assesses their qualifications, paying particular attention to compliance with environmental and occupational health and safety legislation, together with the integrity of the subcontractors themselves.

The Group aims to pay all suppliers on time, in accordance with the agreements, without discrimination against small and medium-sized enterprises (SMEs).

The Group manages its relationships with suppliers to ensure transparency and responsible business practices throughout the supply chain. Currently, social, environmental, and business ethics criteria are not applied to the selection and monitoring of suppliers. The Group plans to strengthen this area by obliging suppliers to comply with established ethical standards and by collecting information from suppliers on compliance with environmental and social criteria. These first steps will form the basis for future impact management challenges in the supply chain.

Target by 2027

- **Develop a Supplier Code of Conduct, integrating a supplier questionnaire on environmental and social matters. Ensure that at least 50% of suppliers and/or subcontractors declare compliance with the Code and submit completed questionnaires.**

G1-4 – Incidents of corruption or bribery

During the reporting period, there were no cases of corruption or bribery in the Group. The Group did not receive any convictions for breaches of anti-corruption or anti-bribery laws.

G1-6 – Payment practices

The Group aims to make payments to suppliers on the due dates, but the actual timing of payments may vary due to various circumstances, such as settlements with final customers or additional, sometimes informal, arrangements. The Group does not discriminate against suppliers, including small and medium-sized enterprises (SMEs).

There are no standard payment terms with suppliers; they can range from advance payments to up to 90 days from the date of receipt of the invoice for construction work carried out. The Group's objective is to align payment terms as closely as possible with those that are appropriate for buyers and suppliers.

There are currently no pending court cases related to late payments.

Indices

ESRS disclosed indicators

Applicable ESRS Sector	Not available
ESRS 2 General Disclosures	

Disclosure Requirement		**Page**
1. Basis for preparation		
BP-1	General basis for preparation of sustainability statements	3
BP-2	Entities included in the organisation's sustainability reporting	3
2. Governance		
GOV-1	The role of the administrative, management and supervisory bodies	4
GOV-2	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	5
GOV-3	Integration of sustainability-related performance in incentive schemes	5
GOV-4	Statement on due diligence	5
GOV-5	Risk management and internal controls over sustainability reporting	6
3. Strategy		
SBM-1	Strategy, business model and value chain	3
SBM-2	Interests and views of stakeholders	10
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	13
4. Impact, risk and opportunity management		
4.1 Disclosures on the materiality assessment process		
IRO-1	Description of the process to identify and assess material impacts, risks and pportunities"	17
IRO-2	Disclosure Requirements in ESRS covered by the undertaking’s sustainability statement	20
4.2 Minimum disclosure requirement on policies and actions		
Policies MDR-P	Policies adopted to manage material sustainability matters	29
Actions MDR-A	Actions and resources in relation to material sustainability matters	20
5. Metrics and targets		
Metrics MDR-M	Metrics in relation to material sustainability matters	20
Targets MDR-T	Tracking effectiveness of policies and actions through targets	20
Environmental topics		
ESRS E1 Climate Change		
Governance		

Disclosure Requirement		Page
E1 ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	5
Strategy		
E1-1	Transition plan for climate change mitigation	30
E1 ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	28
Impact, risk and opportunity management		
E1 ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	17
E1-2 (MDR-P)	Policies related to climate change mitigation and adaptation	30
E1-3 (MDR-A)	Actions and resources in relation to climate change policies	30
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E1-4 (MDR-T)	Targets related to climate change mitigation and adaptation	31
E1-5	Energy consumption and mix	31
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	32
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	33
E1-8	Internal carbon pricing	33
ESRS E2 Pollution		
Impact, risk and opportunity management		
E2 ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	17
MDR-P	Policies adopted to manage material sustainability matters	34
MDR-A	Actions and resources in relation to material sustainability matters	34
MDR-T	Tracking effectiveness of policies and actions through targets	34
ESRS E3 Water and marine resources		
Impact, risk and opportunity management		
E3 ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	17
MDR-P	Policies adopted to manage material sustainability matters	35
MDR-A	Actions and resources in relation to material sustainability matters	35
MDR-T	Tracking effectiveness of policies and actions through targets	35
ESRS E4 Biodiversity and ecosystems		
Strategy		
E4 ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	51

Disclosure Requirement		Page
Impact, risk and opportunity management		
E4 ESRS 2 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	17
MDR-P	Policies adopted to manage material sustainability matters	36
MDR-A	Actions and resources in relation to material sustainability matters	36
MDR-T	Tracking effectiveness of policies and actions through targets	36
ESRS E5 Resource use and circular economy		
Impact, risk and opportunity management		
E5 ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	17
MDR-P	Policies related to resource use and circular economy	36
MDR-A	Actions and resources related to resource use and circular economy	36
Metrics and targets		
E5-3 (MDR-T)	Targets related to resource use and circular economy	36
E5-4	Resource inflows	37
E5-5	Resource outflows	39
Social topics		
ESRS S1 Own workforce		
Strategy		
S1 ESRS 2 SBM-2	Interests and views of stakeholders	10
S1 ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	51
Impact, risk and opportunity management		
Metrics and targets		
S1-6	Characteristics of the undertaking’s employees	58
S1-9	Diversity metrics	60
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ESRS S2 Workers in the value chain		
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S2 ESRS 2 SBM-2	Interests and views of stakeholders	10

Disclosure Requirement		Page
S2 ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	51
ESRS S3 Affected communities		
Strategy		
S3 ESRS 2 SBM-2	Interests and views of stakeholders	10
S3 ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	51
ESRS S4 Consumers and end-users		
Strategy		
S4 ESRS 2 SBM-2	Interests and views of stakeholders	10
S4 ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business mode	51
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ESRS G1 Business Conduct		
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G1 ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	4
Impact, risk and opportunity management		
G1 ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	17
G1-1	Corporate culture and Business conduct policies and corporate culture	64
G1-2	Management of relationships with suppliers	66
Metrics and targets		
G1-4	Confirmed incidents of corruption or bribery	67
G1-6	Payment practices	67

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

This appendix is an integral part of the ESRS 2. The table below illustrates the datapoints in ESRS 2 and topical ESRS that derive from other EU legislation.

The undertaking shall also include a table of all the datapoints that derive from other EU legislation as listed in Appendix B of this standard, indicating where they can be found in the sustainability statement and including those that the undertaking has assessed as not material, in which case the undertaking shall indicate "Not material" in the table in accordance with ESRS 1 paragraph 35.

Disclosure Requirement and related datapoint	SFDR[6] reference	Pillar 3[7] reference	Benchmark Regulation[8] reference	EU Climate Law[9] reference	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816[10], Annex II		4
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		4
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				5
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU)	Delegated Regulation (EU) 2020/1816, Annex II		Not applicable

[6] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).

[7] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).

[8] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

[9] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

[10] Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

Disclosure Requirement and related datapoint	SFDR[6] reference	Pillar 3[7] reference	Benchmark Regulation[8] reference	EU Climate Law[9] reference	Page
		2022/2453[11] Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk			
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818[12], Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	30
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk:	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Not applicable

[11] Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324.19.12.2022, p.1.).

[12] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

Disclosure Requirement and related datapoint	SFDR[6] reference	Pillar 3[7] reference	Benchmark Regulation[8] reference	EU Climate Law[9] reference	Page
		Credit quality of exposures by sector, emissions and residual maturity			
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		31
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				31
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				31
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				31
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		32

Disclosure Requirement and related datapoint	SFDR[6] reference	Pillar 3[7] reference	Benchmark Regulation[8] reference	EU Climate Law[9] reference	Page
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		31
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	33
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phased-in disclosure requirement
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Phased-in disclosure requirement
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book - Climate change transition risk: Loans collateralised			Phased-in disclosure requirement

Disclosure Requirement and related datapoint	SFDR[6] reference	Pillar 3[7] reference	Benchmark Regulation[8] reference	EU Climate Law[9] reference	Page
		by immovable property - Energy efficiency of the collateral			
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phased-in disclosure requirement
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not applicable
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not applicable
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not applicable
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not applicable
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material
ESRS 2- IRO-1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				17
ESRS 2- IRO-1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				17

Disclosure Requirement and related datapoint	SFDR[6] reference	Pillar 3[7] reference	Benchmark Regulation[8] reference	EU Climate Law[9] reference	Page
ESRS 2- IRO-1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				59
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not applicable
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not applicable
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not applicable
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				39
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				39
ESRS 2- SBM-3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				51
ESRS 2- SBM-3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				51
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Phased-in disclosure requirement
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Phased-in disclosure requirement

Disclosure Requirement and related datapoint	SFDR[6] reference	Pillar 3[7] reference	Benchmark Regulation[8] reference	EU Climate Law[9] reference	Page
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Phased-in disclosure requirement
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Phased-in disclosure requirement
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Phased-in disclosure requirement
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		61
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				61
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Phased-in disclosure requirement
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Phased-in disclosure requirement
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				61
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		61
ESRS 2- SBM-3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				51

Disclosure Requirement and related datapoint	SFDR[6] reference	Pillar 3[7] reference	Benchmark Regulation[8] reference	EU Climate Law[9] reference	Page
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Phased-in disclosure requirement
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Phased-in disclosure requirement
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Phased-in disclosure requirement
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Phased-in disclosure requirement
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Phased-in disclosure requirement
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Phased-in disclosure requirement
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Phased-in disclosure requirement
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Phased-in disclosure requirement

Disclosure Requirement and related datapoint	SFDR[6] reference	Pillar 3[7] reference	Benchmark Regulation[8] reference	EU Climate Law[9] reference	Page
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Phased-in disclosure requirement
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Phased-in disclosure requirement
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Phased-in disclosure requirement
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				64
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				64
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		67
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				67

Statement on due diligence (GOV-4)

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
a) **Embedding due diligence in governance, strategy and business model**	GOV-1 GOV-2 GOV-3 SBM-3
b) **Engaging with affected stakeholders in all key steps of the due diligence**	GOV-2 SBM-2 IRO-1
c) **Identifying and assessing adverse impacts**	SBM-3 IRO-1 MDR-P
d) **Taking actions to address those adverse impacts**	MDR-A
e) **Tracking the effectiveness of these efforts and communicating**	SBM-1 MDR-T