CLIMATE POLICY
GRUPA KĘTY S.A.*

MISSION:

We create conditions for the development of more sustainable, decarbonised and circular production in our own operations, while maintaining high level of competitiveness.

VISION:

Our aluminium with high-recycled-content is a desirable element on the road to climate neutrality, perfectly suited to the circular economy.

The aim of the Policy is to implement a system of management across the entire value chain in order to support transition to a low- and zero-carbon economy in line with limiting global warming to 1.5°C and achieving climate neutrality by 2050.

As part of the transition plan, we have defined a strategy and levers for decarbonisation, as well as measures to support the circular economy. We have conducted a risk and opportunity analysis.
We have implemented carbon emission reduction targets and resource use targets.

Basic assumptions

1. Aluminium is a strategic material which may be recycled without losing the original properties and a key resource for climate-neutral circular economy. It is used in transport, construction industry, packaging, renewable energy sources and digital technologies, and is also considered one of the key raw materials for the production of defence systems and equipment.
2. Aluminium scrap is an important secondary raw material. Its recycling contributes to reducing emissions in the value chain. The use of our own foundry allows us to maximise the advantages.
3. Due to the use of natural-gas-fired systems in aluminium heat treatment, we consider gas to be a transitional fuel until 2029.
4. We see potential for the reduction of indirect emissions related to purchased energy due to the accelerating energy transformation in Poland, which we will support by improving efficiency and increasing the share of renewable energy through building our own systems or purchasing from traceable sources.
5. We plan to implement carbon capture and storage (CCS) or carbon capture and utilisation (CCU) tools after 2029, once these technologies have been perfected.
6. Factors supporting the implementation of the strategy will include increased integration and coordination of processes and stimulation of innovation and digitalisation.

Pillars of climate change and sustainable economy policy

- Aluminium recycling, specifically by way of use of low-carbon billets with a high share of aluminium scrap in the extrusion process.
- Support of sustainable construction and increased share of renewable materials in the production and sale of aluminium systems for the construction industry.
- High share of recyclable packaging materials.
- Increased share of renewable energy generated by own systems or purchased from traceable sources.
- High energy-efficiency of production processes and use of low-carbon technologies.
- Effective use of materials and reduced consumption.
- Gradual departure from using primary resources.
- Research and development in own, sustainable products.
- Closer cooperation with partners in the value chain, preference for suppliers offering lower-carbon-footprint materials.

Identified decarbonisation levers

Lever	Action description
Manufacturing of aluminium-based products	Manufacturing of products from aluminium alloys as well as use of aluminium scrap in the remelting process represents a significant decarbonization lever. Aluminium is a strategic material due to its indispensable role in transformation-supporting industries. Renewable energy technologies, such as solar panels, wind turbines, or heat pumps, require aluminium. Additionally, the construction and automotive industries have the highest share in the Group's sales. In construction, aluminium solutions reduce energy intensity of buildings, whereas in the automotive industry, lightweight aluminium structures contribute to vehicles efficiency. Research shows that by 2040 there is expected 30% growth of demand for aluminium, just because of the green transformation.
Aluminium remelting	The process of reworking aluminium scrap into new products requires much less energy and produces less emissions than aluminium extraction from bauxite ores. Aluminium recycling requires only 5% of the energy needed to produce primary aluminium. Thanks to that, carbon dioxide emissions throughout the whole product life cycle are reduced significantly. Grupa Kęty focuses on the recovery of aluminium and increasing the share of recycled materials in the manufactured products. The competitive advantage in that regard is ensured by the foundry in Kęty, where nearly 40,000 tons of scrap are recycled every year. Therefore, the share of scrap in the soft-alloy aluminium billets cast in Kęty reached 75%, whereas the carbon footprint of the manufactured profiles specified in the Environmental Product Declaration is 3.3 kg CO2e/kg.
Innovations and partnerships for recycling	At the Group companies aluminium reusing has been applied in order to ensure the highest possible recycling rate. Additional opportunities arise from involving a wider range of suppliers and customers in this cycle, as well as from incorporating post-consumer scrap, in particular from the dismantling of façades and building structures under building modernisation projects implemented by Aluprof S.A.
Use of low-carbon aluminium in building systems as well as innovations and partnerships for the construction industry	The use of recycled or low-carbon aluminium has been more frequently perceived as a market advantage, as well as a strong lever for decarbonisation. For this reason, companies of the Aluminium Systems Segment are planning to modify their product portfolios as a result of measures to reduce embedded emissions, including: • façade and window systems with higher levels of thermal insulation; • innovative profiles with thermal inserts that minimize heat loss, improving the energy efficiency of buildings; • lighter and more durable structural systems; • aluminium profiles with optimized geometries to reduce their weight without sacrificing strength. Apart from innovative products, a decarbonisation lever are partnerships and the planned increase in the share of products meeting the environmental-construction certification criteria.
Production of sustainable packaging	A key lever for decarbonisation is the ability to produce and develop recyclable packaging while maintaining products safety and protective features. Activities in this area are focused on: • reconfiguring the structure of laminates into homogeneous ones to achieve the highest possible recycling rate of packaging; • minimising the weight and volume of packaging, offering and producing packaging with lower carbon footprint; • developing innovative, high-barrier packaging to replace the need for high-emission raw materials such as aluminium foil.
Raw materials efficiency	The use of low-emission raw materials and implemented practices: • recycling in the production process of BOPP film - regranulation and reuse of waste; • low weight of raw materials used per unit of product; • waste-minimizing technologies; • use of post-consumer recycled material as the production charge of plastic-based packaging.

Risks and resilience analysis

– By analysing the business model, strategy and value chain relationships, it was shown that the transition to low-carbon economy can generate risks, of which the most significant are:

- High share of fossil fuels in electricity generation in Poland, which translates into energy prices and carbon footprint of manufactured products. This may have consequences for the Group's companies, such as increased costs of energy-intensive processes or difficult access to markets where trading partners and consumers prefer low-carbon products and services. The specific nature of Poland's energy mix creates difficulties in striving for climate neutrality and maintaining competitiveness. As a result, companies may be forced to allocate additional funds to meet environmental requirements, which may limit their ability to finance development and innovation.
- Availability of technologies enabling deep decarbonisation. Technologies for carbon capture and utilisation/storage (CCU/CCS), low- and zero-carbon hydrogen or synthetic fuels are at an early stage of development and require infrastructure and greater legal and financial stability.
- Difficulties related to the shortage of aluminium scrap. Among the Group's main decarbonization goals are maximising the recovery of aluminium scrap and providing high-quality recycling, thanks to our own aluminium foundry. Recycling consumes only 5% of the energy needed for primary aluminium production, making it crucial for closing the loop and reducing emissions. At the same time, limited market availability of recycled material requires an increased use of primary aluminium with higher carbon footprint.
- Comprehensive and too detailed legislation restricting the technologies used, in particular the lack of support and discrimination against natural gas, where most electricity in Poland is still produced from coal. And on top of that are frequent changes in the law and a lack of predictability.

– Strategy of the Capital Group of Grupa Kęty S.A. based on recycling and aluminium processing in our own foundry enables maximisation of advantages arising from the trend of replacing primary aluminium with recycled aluminium.

  In addition, the construction and automotive industries, where aluminium solutions reduce energy intensity and improve efficiency, account for the largest share of the Capital Group's sales, which is expected to grow. This significantly reduces the degree of risk associated with the implementation of the transition plan for climate change mitigation and the impact of this process on the Group's assets and business activities. On that basis, we see a potential for the possible adjustment of the strategy and business model in the future, ensuring access to financing, modernisation or decommissioning of the existing assets, or changes to the product portfolio.

Actions and targets related to climate change, resource use and circular economy

For the development of more sustainable, decarbonised and circular production in all areas of our operations, we commit to:

- recycle aluminium in our own foundry;
- support sustainable construction projects and increased share of renewable materials in the production and sale of aluminium systems for the construction industry;
- develop recyclable packaging production technologies, while maintaining safety and protective features of products;
- mitigate the effects of climate change by building our own renewable energy sources or acquiring projects from the market;
- apply life-cycle approach in the manufactured products;
- increase energy efficiency of systems and buildings, including the implementation of heat recovery systems, purchase of energy storage facilities;
- optimise the consumption of raw materials by using as many recycled materials as possible;
- optimise the management of energy procurement, distribution and consumption;
- support for research and investments in technologies that bring aluminium products closer to sustainable economy idea.

We have been monitoring carbon emissions at the Capital Group.
Scope 1 emissions (direct, related to our own assets) represent as little as 3% of total emissions.
Scope 2 emissions (indirect, originating from generation of energy we using) represent nearly 9% of the Group's emissions.
Scope 3 emissions (indirect, originating from upstream and downstream value chain) represent over 88% of total emissions. The purchased materials, goods and services account for a majority.

We have set out specific targets and defined metrics to determine and monitor them.
The targets to be achieved by 2029 may be found in an addendum to this Policy.

We have implemented rules and procedures, as well as assigned responsibilities.
The overall implementation of the Environmental Policy is supervised by a Member of the Management Board (COO). The 'OrangeBook' strategic processes management system implemented at the Group provides a platform for management and control.

Our Policy adopted by the Management Board of Grupa KĘTY S.A. is cohesive and binding for all subsidiaries of the Capital Group. It is also generally available and well communicated.
The Management Board declares supporting the activities and ensuring proper resources and means for its implementation.

The Policy covers the requirements of the European Sustainability Reporting Standards:
ESRS E1 and ESRS E5.

Issues related to air, water and soil pollution, substances of concern, water resources, biodiversity and ecosystems within ESRS E2, ESRS E3 and ESRS E4 standards are covered by a separate Environmental Policy of the Group.

*** CAPITAL GROUP OF GRUPA KĘTY S.A. – GRUPA KĘTY S.A. AND ALL SUBSIDIARIES**

Tomasz Grela	Rafał Warpechowski	Roman Przybylski
Member of the Management Board & COO Grupa Kęty S.A.	Member of the Management Board & CFO Grupa Kęty S.A.	President & CEO Grupa Kęty S.A.

Climate change and sustainable economy targets set for 2029

Target name	Target description	Calculation formula	2029 target
Share of low-carbon billets in the process of aluminium profiles extrusion	Share of low-carbon billets in the process of aluminium profiles extrusion. Low-carbon billets with carbon footprint below 4 tons of CO2eper ton of aluminium, 6xxx series alloys, in consideration of in-house production of billets. Target year 2029 (TY)	T1 = % (Weight of low-target billets TY / Total weight of billets in the extrusion process TY)	40%
Reduction of carbon emissions expressed as absolute value	Reduction of carbon emissions expressed as absolute values within Scopes 1 and 2 for consolidated operations of the Capital Group (base year 2024), market-based method, emissions calculated in compliance with The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Base year 2024 (BY), target year 2029 (TY)	T2 = % ((Emissions BY - Emissions TY) / Emissions BY)	- 12,5%
Share of aluminium scrap in the manufactured products	Share of aluminium scrap in products extruded from billets cast in Kęty, understood as the total share of 'post-consumer' and 'pre-consumer' scrap (in compliance with the ISO 14021 standard) in the production charge of series 6xxx alloy billets at the Z+P melting and casting line. Target year 2029 (TY)	T3 = % (Weight of scrap in the charge TY / Weight of billets cast TY)	77%
Increase in the number of Aluprof-systems-constructed buildings with environmentally-friendly certificates	Number of Aluprof-systems-constructed buildings certified by the Polish Green Building Association [Polski Związek Budownictwa Ekologicznego] (buildings classified based on buildings multi-criteria environmental assessment systems, such as Breeam, Leed, DGNB or HQE) and foreign databases. Base year 2020 (BY), target year 2029 (TY)	T4 = % (Number of certified buildings TY / Number of certified buildings BY)	+ 85%
Share of packaging materials designed as recyclable	Share of recyclable packaging materials or materials with a developed alternative fit for recycling to all packaging materials sold in m2. Recyclable packaging materials with confirmation in the form of technical assessment or analysis, or certified as fit for recycling. Target year 2029 (TY)	T5 = % (Quantity of recyclable packaging materials TY / Total quantity of packaging materials TY)	100%