

SUSTAINABILITY STRATEGY
ĐURO ĐAKOVIĆ GROUP
FOR 2025

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The ĐĐ Group in numbers

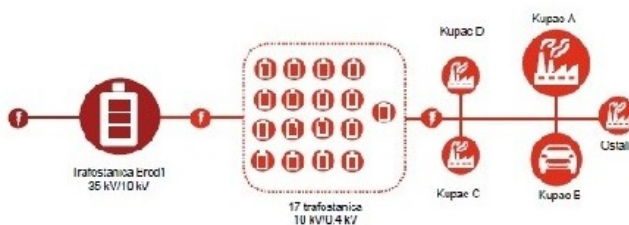


945 wagons delivered



1,890 bogies manufactured and installed

It was transformed from high to medium voltage and distributed **21.6 GWh of electricity** in the ĐĐ Industrial Zone.



23.5 GWh of natural gas distributed.



ERP SAP – in 2024, all preparations were made for the start of production, i.e. work in the ERP SAP system.

The mission of our group is to continue to build **safe and sustainable** transport in rail transport, while providing **cutting-edge solutions** in the defence sector.

Our **vision** is to become a **global leader in our industry**, recognized for quality, innovation and sustainability.



Our values are:



Efficiency

Through continuous improvement and the application of best practices, we strive to achieve high efficiency in all aspects of our business to meet client needs and achieve sustainable growth.



Quality

High level of quality guarantees the safety and full compliance of our products with the highest industry standards. We strive to continuously improve our performance at all levels to fully meet the needs and expectations of our clients.



Sustainability

We promote the importance of sustainable development in our business by implementing environmentally responsible practices and technologies to reduce our negative impact on the environment. We aim for sustainable long-term growth, while enhancing the quality of life in the communities where we operate.



Innovativeness

Continuous creation and application of new ideas and portfolio development are key components of our competitive advantage in the market. Actively embracing innovation enables us to keep pace with rapid industry changes, fulfilling the specific needs of our clients.



People

We care about the satisfaction of our employees by valuing their contributions. We invest in the development of our employees, providing them with continuous education, professional growth, and opportunities for advancement within the company.



Accountability

Fostering a culture where employees and leaders alike take responsibility for their actions, decisions, and the outcomes they produce. We are transparently communicating expectations and goals and actively seek and provide constructive feedback to ensure continuous improvement.

About the sustainability strategy

The sustainability strategy presented in this document refers to the business activities of the Đuro Đaković Group, which consists of the following companies:

- ✓ Đuro Đaković Grupa d.d. (hereinafter: ĐĐG),
- ✓ Đuro Đaković Specijalna vozila d.d. (hereinafter: ĐĐSV),
- ✓ Đuro Đaković Strojna obrada d.o.o. (hereinafter referred to as ĐĐSO),
- ✓ Đuro Đaković Energetika i infrastruktura d.o.o. (hereinafter: ĐĐEI).

The Group is aware of the challenges of climate change and the requirements of the European Union defined in the European Climate Law on the need to reduce greenhouse gas emissions by 2030, i.e. on achieving climate neutrality by 2050.

Đuro Đaković Grupa d.d. was under the measures of the European Commission's Restructuring Program throughout 2024. The restructuring program ended on 31.12.2024. By exiting the restructuring program, ĐĐ Group and other companies have been given the opportunity to apply for the use of EU and HR funds from the Industrial Plan within the Green Deal and for the fulfilment of the EU goal *Fit for 55%*.

During 2024, the Group defined its Sustainability Policy available at the link <https://duro-dakovic.com/en/sustainability/> and, in parallel with the development of a new business strategy for the medium and long term, is also working on a more detailed development of the sustainability strategy.

With the entry of new owners into the ownership structure of the ĐĐ Group, the foundations of the development strategy were laid, which was focused on digital (introduction of new ERP), green (increasing the circular economy by reducing resource consumption and reducing waste) and energy transition (production and use of renewable energy sources, construction of energy storage/storage, and continuous increase in energy efficiency of machinery and other equipment).

In 2024, the implementation of the new ERP system was completed, and the production phase began in 2025. which will result in more accurate and faster information for decision-making, but also digitalization of business.

The strategic development of the ĐĐ Group is based on long-term relationships with customers and suppliers, as well as monitoring customer requirements (in technical and all other aspects) and the geopolitical situation. Such a proactive approach enables the development of improved products (lighter variants of wagons, but also axle assemblies for locomotives), as well as demining for which the production program has been reactivated.



The ĐĐ Group modernizes its plants by selling worn-out and energy-inefficient equipment and purchasing more modern and efficient ones from the point of view of energy consumption and greenhouse gas generation, invests in the development of new products and technologies, but also invests in employee education in all processes, including sustainability.

The ĐĐ Group has defined this sustainable development strategy for 2025 and the medium term, and during 2025 it will be aligned with the sustainability strategy of the group of our owners. The strategic pillars of our business are:

User Experience + Sustainability + Continuous Improvement

The motto of the ĐĐ group is visible in the picture on the right.



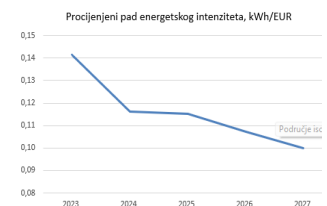
The sustainability strategy of the ĐĐ Group has defined its goals for 2025 and the medium term.

CLIMATE AND RESOURCES/CIRCULAR ECONOMY

GOAL 1 REDUCE SCOPE 1 AND 2 EMISSIONS AND START THE NET-ZERO TRANSITION

1. Reduce Scope 1 and Scope 2 emissions by 1.7 t of CO₂ in 2025, 2.7 t in 2026 and 2.8 t in 2027 at the production facilities of the ĐĐ Group

2. Continue the trend of reducing energy intensity through energy efficiency increases – 7% in 2026 and 14% in 2027. compared to 2024.



3. Reducing electricity consumption from external sources, by introducing consumption from own renewable sources by 80% by 2028.
4. Develop a climate transition plan

GOAL 2 REDUCE WASTE AND USE RESOURCES EFFICIENTLY AND RESPONSIBLY

1. Continuously reduce the intensity of generating all waste by 5% per year (from 0.023 kg/€ in 2024 to 0.022 kg/€ in 2025). To make every effort to continuously reduce the amount of municipal waste.
2. Increase the share of waste that is recycled by 2% in 2025. (from 75.7% to 77.2%)
3. Develop a light or shorter variant of existing wagons and thus reduce resource consumption.
4. Calculate the recycling rate of the group's average end-of-life product by the end of 2025 and work to improve it.
5. When overhauling a vehicle, the principle of repair and renewal and reinstallation of existing parts should be primarily guided.

EMPLOYEES

GOAL 3

HEALTH & SAFETY

1. Reducing the number of injuries at work - by 2027, have an occupational injury rate per 1000 employees of 12.36.
2. Prevention of stress through the organization of sports gatherings.

GOAL 4

EQUALITY AND INCLUSION, PROTECTION OF HUMAN RIGHTS

1. Maintain zero tolerance for discrimination based on race, gender, ethnicity, religion, sexual orientation and other factors through the education of our own employees. By the end of 2025, all employees must be informed about the content and application of the Code of Ethics.
2. Introduction to the Code of Ethics and the requirement for zero discrimination will also be carried out for new workers in the value chain who work in our premises.

GOAL 5

TO DEVELOP THE REPUTATION OF THE ĐĐ GROUP AS A DESIRABLE EMPLOYER

1. Continue to provide pupil and student internships in the companies of the ĐĐ Group.
2. To continuously cooperate with high schools and faculties of technical professions.

RESPONSIBLE MANAGEMENT

GOAL 6

ETHICAL AND RESPONSIBLE MANAGEMENT AND INTEGRATION OF SUSTAINABILITY INTO BUSINESS

1. Incorporating ESG risks into risk assessments and risk management plans.
2. Familiarize all employees with ESG/sustainability by the end of 2025.
3. Maintain zero tolerance for bribery and corruption.
4. To continuously raise awareness and inform employees about data security, especially information security.

GOAL 7

SUSTAINABLE PROCUREMENT AND VALUE CHAIN

1. Check existing strategic and critical suppliers (all with a turnover of more than 0.5 M€) and all new ones for ESG risks in 2025.
2. To inform suppliers about the application of the Code of Conduct for Suppliers.

An action plan for the implementation of these goals is attached to this document.