



COMMUNICATION ON PROGRESS

ELEKTROBUDOWA SA

Katowice, 30 November 2011



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Ladies and Gentlemen,

Since it beginning the trademark ELEKTROBUDOWA SA is constantly gaining in value, which is the source of pride and satisfaction, but on the other hand it is a daily commitment to care for this value in a special way. Market position of ELEKTROBUDOWA SA, the scale of its operations and a large circle of stakeholders are challenging.

As a leader in our sector we have to respect and reconcile different expectations of our shareholders, local communities, employees and business partners. The Company activities are closely observed by the society which requires us to act responsibly and appraises us not only on what we do but also on how we do it.

Realizing our principal business objective, that is the growth in the Company value, we put particular emphasis to the way we try to accomplish this goal. Building a strong and stable company, a trademark recognised worldwide which offers cutting edge solutions, stable capital base, security and highly competitive, comprehensive range of services does not absolve us from responsibility for the impact on the environment in which we operate.

A year has passed since ELEKTROBUDOWA SA joined the Initiative of UN Secretary General, Global Compact, and declared to align its operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Implementation of Global Compact strategy provides opportunities for corporate development and preserving a position of a leader who sets new quality in conducting business. As a transparent Company we carry out all our activities with respect to corporate governance and corporate social responsibility rules and with care for our employees and the natural environment.

Our purpose is to participate actively in the process of socio-economic transformation. Realizing our business goals we have a unique opportunity to contribute to the development of our country. We seize this opportunity every day through engaging in different actions for the benefit of our stakeholders, in order to meet our commitments taken years ago.

Philosophy of corporate social responsibility is present in all activities that the Company undertakes. Accepting this philosophy means for us reliability of the organisation and building stable, transparent relationships with the external environment. Owing to the company's commitment to environmental, social, ethical issues and also the issues of corporate governance ELEKTROBUDOWA SA is among those few companies listed on the Warsaw



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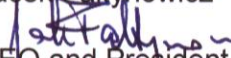
Stock Exchange who are included in Respect Index. And this is a proof for our permanent strategic approach to these issues.

Submitting for the first time in the Company's history, the Communication on Progress in implementation of the ten principles of Global Compact, I assure You that we will make every effort to continue on improvement of our activities, not only in economic terms but also in terms of ethics. We also commit ourselves to realize our business objectives with respect to the environment.

Our operations and decisions contribute to the development of the Polish people. Developing our markets and creating new technologies we create the framework for new reality. Therefore I believe that our commitment and consistency will pay off for the benefit of general public.

Yours truly,

Jacek Faltynowicz


CEO and President



COMMUNICATION ON PROGRESS ELEKTROBUDOWA SA GLOBAL COMPACT – REPORT

Part I.

General

Sustainable development is a key issue in the strategy of ELEKTROBUDOWA SA.

In 2011 a formal document was implemented which specified main areas of impact of the Company's activities on the environment. The document highlighted that the principal value for the Company is conducting business focused on building stable, good relations with the customers and all other parties who are interested in its activities. It was also emphasized that ELEKTROBUDOWA SA joined the initiative of the UNITED NATIONS ORGANISATION - UN GLOBAL COMPACT and that it complies with the requirements of „Best Practices of WSE-Listed Companies” and also that the Company developed its Code of Ethics which provides a set of values followed by the Company and its employees.

Aware of the environmental impact of its activities, ELEKTROBUDOWA SA has assessed economic, social and environmental impacts of conducting business on local environment. The Management Board of the Company has appointed its Representative to represent and coordinate activities in the broadly understood Corporate Social Responsibility (CSR).

Tasks of the Representative include:

1. Evaluation of economic, social and environmental impact of the Company's activities on the environment.
2. Developing CSR strategies and plans and defining effective measures of CSR activity.
3. Taking decisions and actions in the scope of CSR and accountability for such decisions and actions.
4. Building of the managers' and employees' involvement in the CSR actions.
5. Consulting with local communities and the Company's stakeholders on effectiveness and comprehensiveness of the CSR actions.
6. Developing CSR reports and communicating about CSR actions to the Company stakeholders.



ELEKTROBUDOWA SA applies the Integrated Management System according to PN-EN ISO 9001:2009, PN-EN ISO 14001:2005, PN-EN ISO 3834-2:2007, OHSAS 18001:2007 and PN-N 18001:2004 and complies with quality standards defined in AQAP 2110 and KTA 1401.

Within the sustainable development strategy, ELEKTROBUDOWA SA puts particular emphasis on:

1. Environmental Aspects

The main goal concerning environmental aspects is preventing environment pollution through application of up-to-date, environment friendly technologies, rational waste management, control of emissions and industrial effluents, and limiting the consumption of natural resources (such as: water, electricity, paper). ELEKTROBUDOWA SA implements the systems that enable monitoring environmental impacts, particularly in respect of natural resources consumption. ELEKTROBUDOWA SA has developed a training programme to support its employees in implementation of environmental protection policy; the company provides relevant regular training.

2. Labour Policy

Principal objective concerning labour policy is the application of standards provided in the Universal Declaration of Human Rights. ELEKTROBUDOWA SA does not use forced or compulsory labour, does not employ children, counteracts any forms of discrimination in respect of employment and kind of performed work. ELEKTROBUDOWA SA recognizes the employees' right of association and collective bargaining. ELEKTROBUDOWA SA reasonably collaborates with society partners, undertakes preventive actions in the sphere of occupational health and safety, counteracts loss of employment, establishes honest principles of remuneration and offers benefits in excess of privileges prescribed by law, also applies relevant procedures of investigating complaints and grievances and disciplinary procedures. One of essential elements of policy implemented by ELEKTROBUDOWA SA is organisation of traineeship for secondary school and university students as well as support for graduates to enter the labour market by offering them jobs.

3. Social commitment

The principal aim in respect of social commitment is involvement of stakeholders and integration with local communities. ELEKTROBUDOWA SA implements policy of open communication with local communities which includes consultations before purchase or starting operations and immediately informs the communities about potential hazards. ELEKTROBUDOWA SA carries on conscious policy of supporting society-oriented activities including charity, social policy, health protection and promotion, supporting national minorities, science, education, culture, art, protection of cultural heritage and tradition,



promotion of physical culture and sport, promotion an organization of voluntary service. Supporting of pro-society activity is manifested through cash and non-cash donations for non-profit organisations and other entities that carry out the activities in the sphere of public interests.

4. Business Environment

The main objective in respect of business environment is transparency of activities carried out by ELEKTROBUDOWA SA, informing the shareholders about business operations as well as financial and economic situation on a current basis. ELEKTROBUDOWA SA complies with the rules of "The Best Practices of WSE Listed Companies". The company implements procedures of countering of bribery and corruption and conducts training in ethical supply chain and anti-bribery and anti-corruption practices for the employees. ELEKTROBUDOWA SA has developed a Code of ETHICS, which was disseminated among all employees. ELEKTROBUDOWA SA evaluates key suppliers and subcontractors in respect of human resources, OHS regulations and corruption prevention. ELEKTROBUDOWA SA expects its key suppliers and contractors to respect values determined in the sustainable development strategy which was implemented in 2011.

Part II.

The Ten Principles of Global Compact

Presented below are actions taken recently by ELEKTROBUDOWA SA in respect of 10 principles of Global Compact. On the occasion of presenting our approach to particular principles we also described the activities which go beyond direct scope of the principles but are strongly associated with e.g. staffing policy, environmental policy, etc. By doing this we wanted to present a broad context of activities of ELEKTROBUDOWA SA and their impact on building positive relationships with our owners, customers, employees and the business environment.

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

ELEKTROBUDOWA SA not only supports and observes human rights adopted internationally, but also actively implements employee standards which significantly go beyond universally binding legal regulations. Adopted by the Company human capital



management strategy places particular emphasis on the issues of employees professional development and motivations, prefers internal recruitment in the situation of vacancies, underlines the aspects of counteracting of discriminatory practices. Three times in a row ELEKTROBUDOWA SA was awarded a Winner's Diploma in the Human Resources Leader Competition organised by the Institute of Labour and Social Studies in Warsaw, under the patronage of the Polish Ministry of Economy. We present below only some of activities performed as part of the broad package of employee benefits.

PREVENTIVE MEDICINE

A constant trend of aging of the population, in this the employees of ELEKTROBUDOWA SA (recent study has shown that in the period from 1999 to 2010 a share of +50 employees rose from 17% to 32%), caused that the Company decided to provide all its employees above standard medical care. Investing in the employees' health which for us is a value in itself, the Company made a step forward and introduced special healthcare plans, which included a preventive medical examinations carried out in 2008-2011 for different employee groups covering cardiovascular diseases prevention, state of health screening, mammography for women, PSA for men and abdominal ultrasonography for persons over fifty. All examinations were voluntary and about 700 employees, i.e. over 1/3 of total workforce took part in them.

Implementation of above-standard medical care and the health protection programme (preventive examinations) results directly in decrease in number of sick leaves, drop in costs of staff fluctuations due to health problems, but also helped creating the image of a company that cares for health of its personnel. It is not without significance that medical care can be provided also for the employees' families.

SUPPORTING OF EMPLOYEES' INTERESTS

Supporting of interests and hobbies is in ELEKTROBUDOWA SA one of the elements of building loyalty of its employees, which helps their retention and increases satisfaction from performing work. It also helps creating positive image of the employer in the job market and consequently results in inflow of candidates for work.

The programme of supporting interests consists in individual approach to an employee, probing into his system of needs and expectations. Tools used in this programme are connected with broad range of interests and hobbies covering cultural and sports events and activities, such as:

- ➔ MULTISPORT cards – which give unlimited access to sports facilities covered by this programme;
- ➔ theatre, symphony, etc. season tickets;



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- ➔ all kinds of courses developing interests;
- ➔ season tickets to fitness clubs, swimming pools, tennis courts, gymnasium, etc.

ELEKTROBUDOWA SA – A PARENT-FRIENDLY COMPANY

ELEKTROBUDOWA SA as a company which follows new trends in personnel management aspires to create work environment enabling its employees to combine a career with parenthood. Since January 2010 a special programme has been in existence, which aim is to support new parents, to provide the employees with clear and accurate information about rights and privileges connected with parenthood and also to help our female employees to return to work after maternity leave.

Principles of the programme are set below.

PRINCIPLES OF THE PROGRAMME ELEKTROBUDOWA SA – A PARENT-FRIENDLY COMPANY

1. A mum-to-be receives a leaflet with details of privileges and rights of pregnant women and the rights connected with parenthood prescribed in relevant regulations and the program valid in ELEKTROBUDOWA SA
2. To every newly-born child of our employees (mothers and fathers) a parcel is sent with a gift and a congratulatory card.
3. Women on sick leaves during pregnancy, maternity leave or unpaid extended maternity leave are sent the in-company bulletin ELEKS, to provide them with current information about company events.
4. A mother coming back to work in full time after the maternity leave for 2 months can work an hour less daily, maintaining her right to full remuneration. The right is valid whether a mother exercises her right to breaks in work for feeding.
5. A mother bringing up a child below 2 years of age can work according to individual work system agreed with her boss. The right can be also exercised by a single parent bringing up a child up to 2 years of age.



Having a baby is one of the most important event in life, so pregnant women and also young mothers can count on support and understanding of their superiors and peers. Therefore young mothers have no fear to return to work and the company earns their commitment and loyalty.

Pro-family policy in ELEKTROBUDOWA SA was appreciated in the Polish competition "Mother at Work" organized by "Rzeczpospolita", a daily newspaper, St. Nicholas Foundation, Millward Brown SMG/KRC, in which we were selected as a finalist in 2010.

INTEGRATION BUILDS COMMITMENT

It is a common truth that we do not live only for work and people who know and like one another work better together and create better teams. In ELEKTROBUDOWA SA we provide many opportunities, other than daily work, for the employees to meet their peers.

Every year trips are organized (in the country or abroad), when during several days the employees can visit the sights and enjoy their company at a party. Annual company events has already become a tradition, they include: a picnic where employees and their families are invited, and a volley-ball tournament in which teams representing the company's division play against one another. The players are preparing to the tournament during the whole year, training in the sports halls hired by ELEKTROBUDOWA. Twice a year, for a Children's Day and Santa Clause children and grandchildren of our employees meet and play together during events dedicated specially to them.

INVESTMENT IN EMPLOYEE DEVELOPMENT

ELEKTROBUDOWA SA belongs to those modern companies who invest in their employees by improving their skills, and implement such a human capital policy where the process of education and development of personnel is perceived as important investment that contributes to company success.

In recent years we organized numerous training courses based on our strategic and operational goals. Our employees learn foreign languages (mainly English), improve their specialist qualifications by attending professional courses, and develop their interpersonal skills by participating in various courses of developing the so called "soft competences". In recent few years the company organised a number of training projects dedicated to particular groups of employees, such as: Integrated Personnel Development Programme in the scope of Project Management including MS Project, MBA Compendium, Manager's Academy, Auditor's Academy, Sales Academy, Procurement Academy. We also provide regular training in amendments to the Public Procurement Law, Labour Law and Building Law.

Many employees study at a university level. The company pays for tuition not only at colleges and universities and post-graduate courses but also MBA courses. The table below presents the Company's expenditure on training.

Training expenses in 2007-2010

	2007	2008	2009	2010
Total cost of training (in thousands of PLN)	1453	2070	1541	1483
Investment in training indicator (in PLN)	1019	1297	917	813
Training cost indicator (%)	0.20	0.24	0.23	0.19
Cost of training to remuneration ratio (%)	1.80	1.97	1.24	0.96

"SOFT" STRATEGY OF MOTIVATING

"Soft" motivating strategy consists of elements apparently not visible but having strong impact on an employee's commitment. In ELEKTROBUDOWA SA those elements include the appraisal system, system of delegating authority, task-based and flexible working time.

The appraisal system implemented by the company concerns only the managerial staff. The system is generally based on performance and is strongly associated with the bonus system. Apart from performance, soft competences are evaluated. The appraisal system is not directly linked to the remuneration system, it is a tool used to recognise training needs and build up positive behaviour of employees.

Delegating decision-making authority to lower tiers of the organisation is a much more important motivation factor. Generally, we can say that heads of organisational sections have far-reaching authority to decide on business and staffing issues, which are included in their job description or special powers given. Obviously, beside decision-making powers, accountability for reaching the business objectives and operational activity is delegated as well.

As the system of delegating powers builds the responsibility of the managerial staff, generally applied for the workforce task-based working time builds responsibilities of direct labour. Peculiarities of construction works, work organisation, lack of possibility to control on a current basis the work of employees who permanently perform their work outside the company premises imposes application of task-based working time and makes it the most effective working time system. Flexibility of working time is strongly correlated with the task-based system, another benefit which comes out of it is empowerment of the employees in respect of organising their work.

Principle 2

Business should make sure that they are not complicit in human rights abuses.

In 2011 ELEKTROBUDOWA SA implemented its Code of Ethics, which is a fundamental tool for eliminating any incidents of human rights abuse by the Company. ELEKTROBUDOWA SA also observes legal norms set in generally binding legal regulations, the labour code in particular. Furthermore, the company complies with basic stipulations of the Universal Declaration of Human Rights of 1948 in respect of freedom of thought, conscience and religion, freedom to hold opinions and manifest them, right to just and favourable conditions of work. Thereby the company complies with the prohibition of slavery and prohibition of cruel, inhuman or degrading treatment.

Principle 3.

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

ELEKTROBUDOWA SA declares and respects freedom to belong to an association guaranteed for the employees and conducts active dialogue with society partners. In the Company there are 3 trade unions which associate about 35% of employees altogether. Each union is self-governing and independent of the employer. Regular meetings with the trade unions' representatives are held as part of the social dialogue. The trade unions and the Consultation and Information Committee appointed according to the generally binding labour regulations are consulted with when decisions on the Company development are being taken. Society partners and the said Committee are regularly informed about any actions that may influence the employees' interests, such as conditions of work and employment, remuneration, etc.

ELEKTROBUDOWA SA and the trade unions have entered into Agreement on Cooperation, in which the rules for cooperation between the Company Management Board and the company trade unions acting on behalf of their members are determined.

According to this Agreement the Company is obliged to consult and agree with the company trade union organisation upon all issues which, under the law in force, require opinions and agreement in individual or collective matters concerning labour law, following the procedure provided in the valid regulations.



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Furthermore, ELEKTROBUDOWA SA, on request of a company union, is obliged to provide any information necessary to conduct the union's activities. The company is particularly obliged to:

- 1) on request of the trade union acting in the company, provide the information about economic situation which is subject to reporting to the national statistical institution,
- 2) on request of the trade union acting in the company, inform about the use of the company social benefit fund, with breakdown into particular benefits,
- 3) on request of the trade union, provide other current information concerning employee issues.

It is emphasized in the Agreement that the company trade union organisations:

- 1) control the observance of occupational safety and health rules in the company,
- 2) direct the activities of the company's labour inspectorate and collaborates with the National Labour Inspectorate.

The Agreement provides that in order to ensure the conditions for informing and consulting the employees, the Information and Consultation Committee is created.

The Company has to submit to the Information and Consultation Committee any information concerning:

- 1) activity and economic situation of the employer, together with any planned amendments;
- 2) level, structure and expected changes in employment and actions to be taken in order to maintain the level of employment;
- 3) actions which may carry with them substantial changes in the work organization or principles of employment.

The Agreement says that consultations shall be conducted:

- 1) in the time, form and scope enabling the employer to take actions concerning issues which are subject of the consultations;
- 2) depending on the discussed issues, on the appropriate managerial tier;
- 3) on the basis of information submitted by the employer and the opinion presented by members of the Information and Consultation Committee;
- 4) in the manner enabling a meeting with the employer in order to get acquainted with his stance;



- 5) in order to enable reaching an understanding between the Information and Consultation Committee and the employer.

It was agreed that in performing its duties the Information and Consultation Committee may use other persons who have relevant specialist knowledge. Costs of necessary expert opinions shall be covered by the party requesting such an opinion.

Beside obligations of the Company, the Agreement also determines obligations of the company unions, particularly an obligation to:

- 1) submit the Union's Statutes to the employer,
- 2) submit to the employer a list of persons elected to the union's governing bodies, with their functions,
- 3) submit to the employer a list of union members who are subject to special protection,
- 4) submit to the employer copies of decisions taken by a company trade union organisation, which may essentially influence the relationships between the parties to the Agreement, and also decisions concerning employee issues,
- 5) reporting to the employer on quarterly basis the number of union members, particularly the number of members who are employees of ELEKTROBUDOWA SA.

The Agreement also determines the rules for posting employees to work in the union and the rules for temporary exempting the employees from normal work for the period of performing short-term duties connected with their union activity.

The Agreement puts particular emphasis on the principles of solving conflicts between the parties. It has been agreed that any conflicts arising from breach of the labour regulations in force will be solved by way of consultations. The company union organisations must immediately report any issues connected with such a breach. In particularly justified cases, each party to the Agreement is entitled to request a meeting of parties to be held in order to discuss issues of breaching the labour regulations and other issues concerning mutual relationships of the parties, as well as rights and obligations of the employees and the employer.

The parties to the Agreement have committed themselves to take immediate actions in the situation of a conflict between them, taking all efforts to prevent further consequences of such conflict by way of consultation, and to make relevant agreements. The parties have committed themselves to solve any dispute in good faith and with respect to reasonable interests of the other party and also to refrain for the time of consultations in the requested issue from any kind of attempt to make pressure on the other party through letters, appeals or other forms of addressing the employees, the company supervisory bodies or nationwide



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union organisations of which the corporate union organisations are members, or the governmental or self-governmental administration bodies. In the case of collective bargaining the parties are obliged to observe relevant generally binding regulations.

In 2011 there was not a single case of collective bargaining with the trade unions acting on the corporate level. Either there was no instance of discriminating an employee because of his/her union association or non-association.

Principle 4.

Businesses should uphold the elimination of all forms of forced and compulsory labour.

ELEKTROBUDOWA SA promotes „volunteering”. This expression refers to the consent of an employee to enter into a specified employment relationships. The company concludes an employment contract with an employee on fair terms and under no constraint and an employee can terminate the contract at will. In other words, the process of recruitment and the employment relationships is all the time based on voluntary, backed with information, agreement of the parties. The Company follows relevant regulations of the EU legislation and the national law.

Principle 5.

The effective abolition of child labour.

Abolition of child labour is a fundamental principle and objective of the most important declarations of human rights and relevant law provisions. ELEKTROBUDOWA SA does not employ, except your workers employed in compliance with the generally binding labour regulations, any persons under eighteen years of age. Also, the Company in absolute terms complies with regulations included in the labour code and other legislative acts.

Principle 6.

The elimination of discrimination in respect of employment and occupation.

EQUAL TREATMENT IN RESPECT OF EMPLOYMENT

ELEKTROBUDOWA SA has implemented, in the form of a document, the principles of equal treatment in respect of employment. The principles say that all employees irrespective of sex, age, disability, race, religion, nationality, political opinion, trade union membership, ethnic origin, belief, sexual orientation and also employment for the specified or unspecified



time or in full or part time have the right to be treated with respect for their dignity and that they are treated equally in respect of employment and its termination, terms of employment, promoting and access to occupational skills development training.

Furthermore, the employees of ELEKTROBUDOWA SA are entitled to equal pay for the work of equal type or value. Work of equal value is the work which requires comparable, confirmed by documents provided in separate regulations, qualifications, or practice and experience and comparable responsibility and effort required to do it. Pay includes all components of remuneration irrespective of their name and nature, and also other work-related cash or non-cash benefits granted to the employees.

According to generally binding regulations, the principles of equal treatment in respect of employment are not violated by the acts of not employing a person when the type of work or conditions of its performing are a real and decisive occupational requirement, by notice of terminating the terms of employment in respect of time of work, if the above is justified by reasons not attributable to the employee, by applying measures which diversify the legal situation of an employee due to maternity protection or disability, applying the criterion of length of service in determining the terms of employing and dismissing, rules for remuneration and promotion and access to professional development trainings, which justifies different treatment of employees in respect of age.

Different treatment in respect of religion does not infringe the principle of equal treatment in employment if on the grounds of the kind and nature of activity carried out by churches or other religious denominations as well as organisations whose objective is directly connected with a religion or denomination, the religion or denomination of an employee is an essential, grounded and justified occupational requirement.

All internal documents in ELEKTROBUDOWA SA, particularly the Collective Labour Agreement, Work Regulations, Regulations for Managing the Company Social Benefit Fund, etc. are developed with respect for the principle of equal treatment in respect of employment, in order to ensure that none of their provisions causes unfavourable disproportions or particularly adverse situation in respect of establishing and terminating employment relationships, terms of employment, promotion and access to occupational skills development training towards all or a significant number of employees belonging to the group distinguished in respect of one or more reasons of discrimination.

ELEKTROBUDOWA SA does not accept any actions of encouraging another person to infringe the principle of equal treatment in respect of employment or ordering anybody to infringe the principle.



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Beside the principles of preventing direct and indirect discrimination, an important role is that of the principle of preventing personal and sexual harassment. It has been regulated that unacceptable in ELEKTROBUDOWA SA is such inappropriate behaviour that aim at or result in destroying individual dignity and creating around an employee an atmosphere of intimidation, hostility, humiliation or causing embarrassment (personal harassment). Unacceptable is also the behaviour with sexual innuendo or referring to sex of an employee, that aim at or result in infringing dignity and creating around an employee an atmosphere of intimidation, hostility, humiliation or causing embarrassment; such conduct includes unnecessary physical contact, verbal or non-verbal elements (sexual harassment).

The principles of equal treatment in respect of employment describe also procedures of reporting of workplace violence. According to these procedures, any worker who suffered from violation of the principle of equal treatment in respect of employment has the right and obligation to report the incident to his/her immediate superior, the superior of a higher tier or Human Resources Specialists. When such incident has been reported, an investigation is started. Reporting an incident of violation of the principle of equal treatment in respect of employment must not be the reason for unfavourable treatment of the employee and no actions shall be taken against an individual for making a complaint, particularly it shall not be the reason for notice to terminate the employment contract by the employer or terminating the contract without notice.

In 2011 no incident of violation of the principle of equal treatment in respect of employment was reported in accordance with procedures contained in the principles of equal treatment in employment, neither was a court judgement passed concerning violation of such principle.

PRINCIPLE OF MOBBING ELIMINATION

Beside the principles of equal treatment in respect of employment ELEKTROBUDOWA SA has implemented, in the form of a document, the principles of mobbing at work elimination. According to those principles any incidents of mobbing understood as *“actions or behaviour concerning an employee or directed against an employee which consists in a persistent and long-lasting harassment of or threats to the employee which result in a reduced self-assessment of his/her professional abilities, and which cause or are aimed at humiliating or ridiculing the employee, isolating or eliminating him/her from the group of co-workers”*, are considered highly reprehensible in ELEKTROBUDOWA SA and under no circumstances shall be tolerated. It has been determined that because of high reprehensibility of mobbing behaviour, every employee has the right and obligation to counteract it. Particularly, the managerial staff of ELEKTROBUDOWA SA is obliged to eliminate mobbing practices.



Witnesses of mobbing practices against another worker have the right and obligation to report the incident to Human Resources Specialist. Persons subject to mobbing have the right and obligation to report the incident to his/her immediate superior, the superior of a higher tier or Human Resources Specialists. When mobbing behaviour has been reported, an investigation is started. Reporting being a victim of mobbing must not be the reason for unfavourable treatment of the employee and no actions shall be taken against an individual for making a complaint, particularly it shall not be the reason for notice to terminate the employment contract by the employer or terminating the contract without notice.

Bullying the inferiors or co-workers is a gross violation of basic employee duties and may result in terminating the employment contract without notice, at fault of the perpetrator. ELEKTROBUDOWA SA, in the principles of mobbing elimination in place, has assured that it will support the employees who were subject of mobbing at workplace. Also, it has been emphasized that an employee who suffered adverse health effects in consequence of mobbing may sue the employer for compensation to remedy the grievance. He may also claim compensation if the employment relation was terminated as a result of mobbing, in the amount at least equal to the minimum wage.

In 2011 no occurrence of mobbing in ELEKTROBUDOWA SA was recorded, neither was a court judgement passed concerning mobbing practices against the company employees.

Principle 7.

Businesses should support a precautionary approach to environmental challenges.

Already at the stage of product design and before project execution ELEKTROBUDOWA SA reviews brief foredesign, quotations and relevant contracts, and takes necessary actions to prevent and mitigate their adverse impact on the environment.

Identification of environmental aspects as early as at the planning stage enables us to take successful actions which allow adopting a precautionary approach to environment protection.

Environmental aspects of the operations performed by the Company include elements of our actions during the product manufacture and/or service provision process which may have impact on the environment such as noise, emissions to air, produced waste, energy consumption.

Basic areas with environmental aspects within the Company are:

1. manufacturing processes in the production facilities in Konin and Tychy;



2. services provision process;
3. processes realized within the general execution of projects;
4. warehouses;
5. processes relating to use of equipment during execution of projects.

Those aspects are categorized into two groups:

- 1) **Direct Environmental Aspects**, associated with activities of the organisation itself over which it has direct management control;
- 2) **Indirect Environmental Aspects**, which are those aspects that may appear in connection with activities over which we cannot have full control but which have impact on the environment.

Indirect aspects arise in connection with impact of products during their operation and realization of services by the organisation that cannot be fully controlled, such as operation of equipment, effects of environmental activity and the environmental practices of contractors, subcontractors and suppliers, issues relating to products (outsourced designing, suppliers' packaging, transport, waste removal, etc.).

In the case of indirect environmental aspects the organisation investigates the extent of its influence on those aspects and what measures it can take to reduce their impact on the environment.

To support environment protection ELEKTROBUDOWA SA has prepared an instruction in which it specifies environmental requirements that must be fulfilled in performing services and providing supplies by our subcontractors and suppliers, while in the operation manuals of our equipment provides information on waste handling, environment and personnel safety of operation. The identified environmental aspects enable to determine risks of project realization in respect of environmental requirements.

Owing to the analysis of direct and indirect environmental aspects we are able to control these aspects which have impact on the environment. Our analysis is based on the indicators specified in detailed procedures and instructions which are the standards of our activities.

Commitment to prevent adverse impact on the environment is declared in Policy of ELEKTROBUDOWA SA, which provides guidelines for operational activities of the Company. It is a declaration of intent and principles related to overall outcome of environmental activity and providing framework for activity and setting environmental objectives and targets for the organisation.



Preventive approach to the natural environment is also an element of decision-making process during procurement.

Materials, substances and equipment used for realization of our products or services do not have significant impact on the environment; the whole realization process is controlled and monitored so we are able to take efficient decisions with consideration for protection of the natural environment. High quality, operational safety and reliability of our products and services together with insignificant environmental impact are a value added to our products and customer satisfaction. Care for the natural environment is guaranteed, as we have implemented a certified environmental management system based on PN-EN 14001:2005. The system was implemented in 2002. As the Company conducts its business nationwide and outside Poland, ELEKTROBUDOWA implemented an electronic system of document circulation which contributes to significant saving of paper.

Identification and analysis of near misses is another element of preventive approach to the natural environment.

Near misses are recorded and analysed in the electronic system QMS and refer to incidents that did not have direct impact on the environment but whose occurrence is bound with a risk of adverse impact in the future. In the analysis of near misses causes of such incidents can be identified so relevant actions to prevent or eliminate them can be taken. The analysis consists of the following elements:

- characterisation of the incident
- potential losses
- direct and basic causes of occurrence
- actions to be taken in order to eliminate occurrences that may have adverse impact on the environment.

ELEKTROBUDOWA SA uses the following tools to monitor the environmental impacts:

- environmental audits of our operations and those of our subcontractors,
- periodic evaluation of compliance with legal requirements and the requirements the company committed itself to satisfy.



Principle 8.

Businesses should undertake initiatives to promote greater environmental responsibility.

ELEKTROBUDOWA SA does not limit itself to conducting operations provided by its articles of association, but also undertakes initiatives aiming at protection of our common wealth – clean environment which we want to have every day. One of such initiatives consists in building ecological awareness of our employees. It is realized through:

- regular training in environmental protection provided for our employees,
- circulating educational materials teaching how the environment can be cared for in our everyday lives,
- organized trips to areas where we can admire our natural heritage,
- promoting healthy lifestyles,
- preparing a code of ethics for our employees, which contains environmental protection issues.

During training on the issues of the Integrated Management System and obligatory OHS training the problems of environmental impact of our Company are discussed with the employees. Pro-ecological attitudes are promoted, which include making the employees aware of their impact on the environment and how the adverse influence of human activities on the environment can be curbed.

ELEKTROBUDOWA SA is in constant dialogue in the subjects of environmental protection with the users of our products and services and with other society groups involved in activities conducted by our company.

Their opinions help us to set and accomplish the environmental protection objectives.

Principle 9.

Businesses should encourage the development and diffusion of environmentally friendly technologies.

ELEKTROBUDOWA SA gradually modernizes its stock of machines and implements new technologies in manufacture and providing services. In 2011 we opened a new production facility in Tychy, built according to state of the art technologies which directly contributed to the protection of environment through reduction of manufacturing wastes and to decrease in costs of purchase of materials used for production.



Applying new technologies, using modern raw and other materials as well as highly efficient machinery and equipment helps us curb emissions to air, to reduce material consumption, to limit the amounts of generated waste and curbing the noise emissions to the environment.

ELEKTROBUDOWA SA has obtained all necessary permits and decisions required by law that concern the environment.

Principle 10.

Businesses should work against corruption in all its forms, including extortion and bribery.

The employees of ELEKTROBUDOWA SA observe the legal regulations in force in the country where the Company operates. Therefore tender procedures carried out by ELEKTROBUDOWA SA are transparent and complying with the valid stipulations of the Public Procurement Law. Issues concerning receiving and offering of material rewards have been regulated in the company's Code of Ethics. It includes a total prohibition to offer any undue benefits to customers, their employees or representatives, or to any other third parties. The same refers to receiving. The Company allows to receive small promotional or courtesy gifts, handed openly, which do not have any influence on tasks being performed or decisions taken. It is forbidden, however, to offer material benefits to business partners, with the exception of corporate courtesy gifts of very small value. In ELEKTROBUDOWA SA there is a function of Internal Auditor whose duty is to carry out in-company inspections. Additionally, as part of compliance with the principle of transparency, the Company voluntarily submits to audits performed by independent external bodies with the purpose of indicating any irregularities and help in improvement of the procedures and practices in place.



PART III.

CONCLUSION

The purpose of this Report is to present activities of ELEKTROBUDOWA SA which fall within the interests of the UN Secretary's General Initiative, Global Compact, in respect of the ten principles in the areas of supporting and respecting human rights, work standards, environment protection and anti-corruption, and to comply with the obligation resulting from participation in this valuable, worldwide corporate initiative promoting the ethical side of business. For ELEKTROBUDOWA, participation in this initiative is an essential contribution to corporate social responsibility and promotes continual improvement of areas which are important for our stakeholders, both in respect of business and social needs.

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