



Communication on progress

Since 1993 we have been operating in manufacturing and sales of metal items. Currently we are the largest European producer of swinging shackles for heavy utility vehicles. We supply the largest producers of trucks and suspensions in Europe. We employ over 180 people, 110 of who operates modern production lines for plastic working and heat treatment.

Overcoming the global recession, in recent months we began to consider social effects of our business activities. The global recession made us realize that we want to develop our production in a conscious and ethical way.

In 2010 we joined Global Compact believing that we would learn from the best, sharing their experience in preventing corruption, improving work environment and natural environment, and observing human rights.

We want the principles of sustainable development promoted by Global Compact to become a part of our business daily activities, organisation culture and the strategy of the whole company. Our objective is not only to create a company of a very good technical reputation, but also being a desirable business partner. Our ambition is to operate as a socially responsible company. We are committed to maintaining good relations with our employees, suppliers and other business partners.

We are sure that this is a correct path, being a tool in developing both global and local trust towards our company.

Grzegorz Klecha

President of the Pol-Necks Managing Board



HUMAN RIGHTS

- Principle 1 Support and observance of human rights adopted by the international community.
- Principle 2 Elimination of all cases of human rights breaching by the company.

Introduction of clear and transparent rules ensures equal rights at work for all Pol-Necks employees. In 2010 the Code of conduct was implemented, being our internal document ensuring human rights observance. It reflects the philosophy of our company: respect for other people, diversity, and observance of legislative provisions. These values are fundamental in our Code of Conduct. By writing them down we also wanted to increase employees' awareness of importance of human rights for company in daily work.

Pol-Necks aims at developing human rights awareness and at working within its influence zone; at observance of fundamental values covered by the general meaning of human rights.

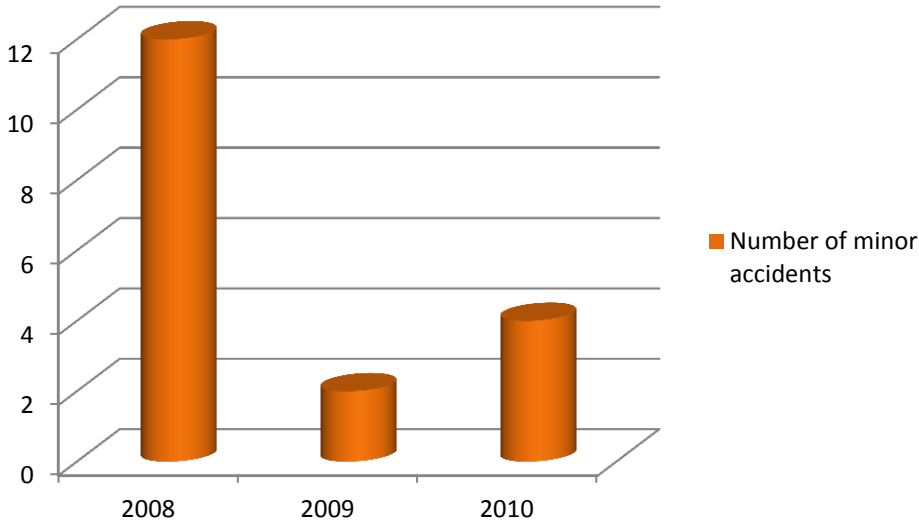
Non-observance of those values results in sanctions for breaching employee responsibilities. Relevant provisions relating to the protection of human rights are included in company internal documents, including work regulations.

Additionally, Pol-Necks ensures the provisions of the company regulations are in compliance with requirements of the Polish and international legislation.

The company particularly cares for safety of its employees. Human life and health are of the highest value. These are natural and inalienable rights. For this reason Pol-Necks fulfils all obligations required by law, to protect employees' health and life. The company organises trainings, medical screening, employs only persons with required qualifications, equips them with means of personal protection and with working clothes and shoes.

In addition to the continuous improvement of occupational safety Pol-Necks holds the certificate of Occupational Health and Safety Management System according to standard OHSAS 18001:2007 - the certificate comply with occupational health and safety requirements. Furthermore, since 2010 the company has been focusing on implementing 5S to increase even more the safety and ergonomics at the production department.

Our objective is “zero accidents”. Pol-Necks employees do not have major accidents. All that occurred to this date were qualified as minor. Number of accidents in recent years is very small in compare to national statistics.



Noise emission is a side effect of our operations. Because at the moment the noise level exceeds legislation requirements, the company started a project aiming at reducing noise emission in the production room.

WORK STANDARDS

Principle 3
Principle 4
Principle 5
Principle 6

Respecting the freedom of associations.
Elimination of all forms of forced labour.
Abolishing child labour.
Effective preventing of discrimination during employment.

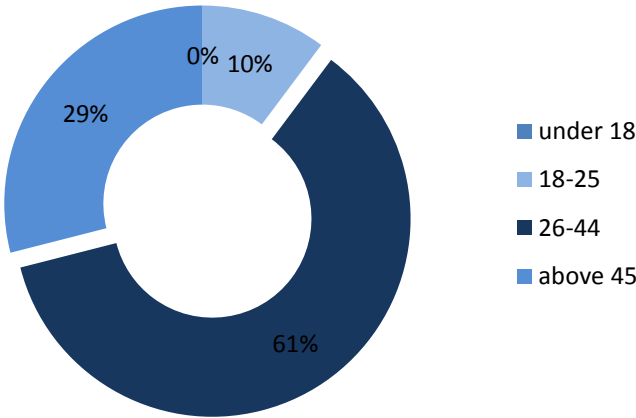
Pol-Necks is guided by the good of its employees, thanks to whom it is able to execute its ambitious policy. Satisfied and motivated employees are the greatest asset of the company, thanks to whom the company wins a significant and stable position in the market. The Pol-Necks objective is to run its operations in a way not harmful to other people.

Freedom of associations is one of the pillars of an efficient and effective operation of a company. Pol-Necks respect the right of associations; maintains a continuous dialog with the established Work Council. Pol-Necks regulated standards of cooperation by signing an agreement with the Council. The company consults the Work Council concerning a state, a structure and foreseen changes in employment and actions resulting in significant changes in work organisation. They operate together for the general good of employees and the company. The employer consults the Council in employee-related issues, also in cases not required by law.

Observance of legal requirements is fundamental for existing in business. Thus acting in accordance with current standards the company Pol-Necks considers as obvious.

The company Pol-Necks adheres to the Labour Law in force in Poland. Each employee is employed on a basis of an employment agreement. Furthermore, the company Pol-Necks opposes employment of under-aged, and

Employees age structure at Pol-Necks



all forms of forced labour, as specified in the Convention No 29, Article 2 of the International Labour Organisation, and this is reflected in its current operations.

Also, Pol-Necks suppliers assessments are performed in terms of the elimination forced labour and child labour, Those assessments are periodic using all available information on those companies. In the nearest future Pol-Necks intends to develop a supplier's questionnaire, obliging them to observe the above-mentioned principles.

Pol-Necks ensures equal rights for all employees. Recruitment decisions are based on candidate's qualifications, his/her performance and substantial training.

In case of remuneration, decisive factors are seniority, education and his/her leading features. In accordance with the Art. 26 of the Universal Declaration of Human Rights, "everyone has the right to education". We live in a robustly developing knowledge-based society. Thus development of professional qualifications of our employees is a crucial task for the company. We assist our employees in financing studies, invest in their trainings. The employees also receive a 50% refund of a language course.

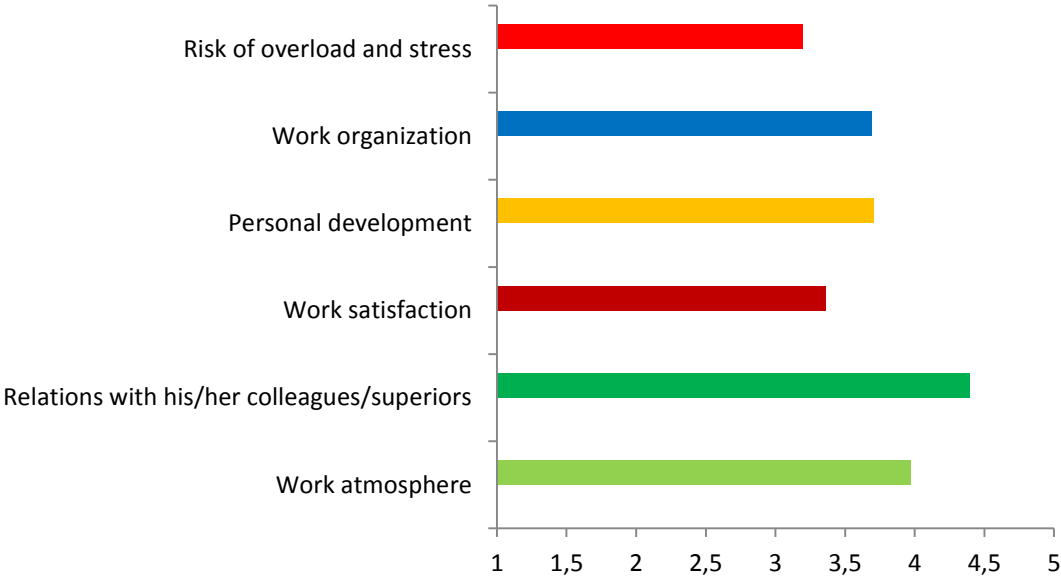
The company is also open to organise traineeships for students, who are given a chance to gain experience and increase professional qualifications.

Being aware that each employee is equally important for the company's operations, a few times a year Pol-Necks organises meetings of staff with the top management. In them issues crucial for employees are discussed and new development ideas are presented. Those regular meetings aim at learning problems of employees at every level. It is the employees, performing daily work, who are much closer to problems and often it is much easier for them to find a solution than for a manager. Knowledge and ideas of employees are used to create a better production system.

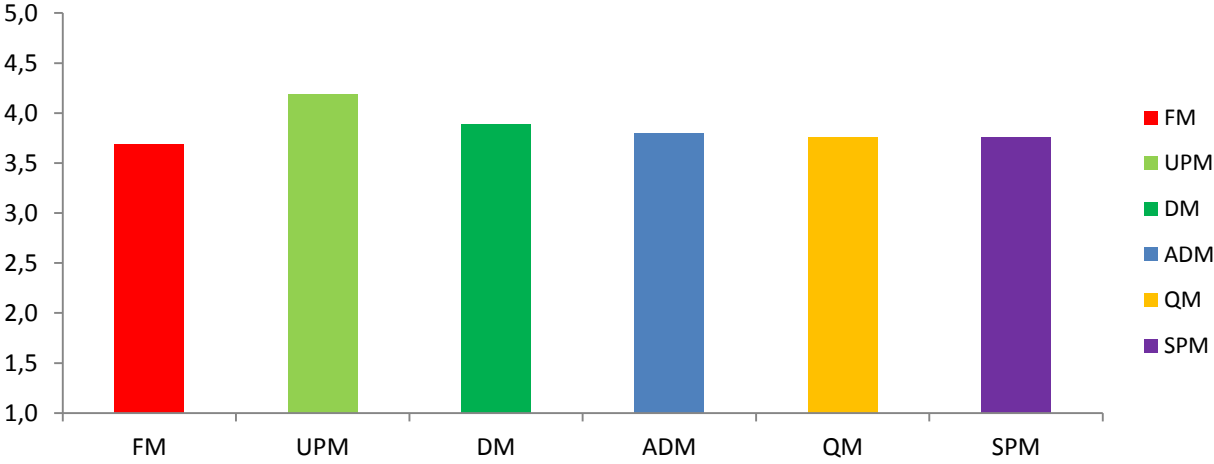
Taking care of its employees, the company guarantees an extended health insurance. Furthermore, depending on a function, the company covers a medical insurance for the employee and employee's family.

Each year the company conducts an anonymous assessment of the employees' satisfaction. The aim of that assessment is to learn the personnel's real opinion about the company operations and to start immediate improvement activities to create a friendly work environment. The company strives to improve life perspectives of all its employees through implementing permanent and significant changes.

Satisfaction components



Avarage opinions in departments



One of the strategic objective of Pol-Necks is to have a reputation of the best employer in the region.

ENVIRONMENT

- Principle 7 Preventive approach to environment.
- Principle 8 Starting initiatives to promote ecologically responsible attitudes.
- Principle 9 Use and dissemination of environmentally-friendly technologies.

Pol-Necks is aware of significant environmental influence of its plant, especially, in a view of visible climate changes. Pol-Necks runs its business activities respecting the environment, and to develop permanent practices aiming at its protection. That idea was a driving factor for implementation of the environmental management system already in 2007. The implemented system is a commitment to improve continuously all issues in the organisation operations affecting the environment directly or indirectly. Those assumptions are executed through adhering to legal requirements and increasing the employees' environmental awareness. Often education and increased awareness brings the quickest and measurable results.

Main directions of company activities are pollution prevention, energy management and waste reduction.

When striving to achieve our fundamental objectives we promote transparency. The company expresses this through subjecting to regular audits, preparing current environmental impact statements and providing access for each interested person to information on the company environmental impact.

The company Pol-Necks strictly requires for contracts made with its contractors to include an annex obliging to observe environmental protection rules.

In the whole company waste segregation is in force, using special containers regularly delivered to relevant disposal companies.

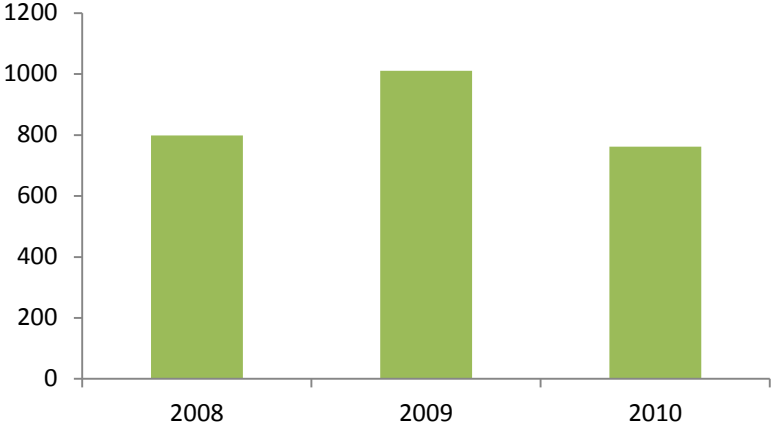
Pol-Necks gradually introduces ecological materials into its production process. The first step was replacing extraction benzene – used for washing parts – with a biodegradable solvent.

Pol-Necks considers economic use of paper to be an important factor in a fight for environmental protection. The emphasis on digitalising all types of documents steadily increases. For that reason a number of printers in the company was reduced. The remaining appliances have a two-side printing option, to reduce use of paper. Paper printed on one side is stored in a designated place and used for trial printing and for drafts.

The company strongly promotes the “car sharing” idea amongst its employees. Employees using a car and offering a lift to their colleagues are entitled to enter the company premises and park at the entrance. Furthermore, to activate use of bicycles for getting to work, showers were installed in social rooms.

Use of tele- and videoconferences allows to limit business trips, thus reducing greenhouse gases emission. During business trips we use, wherever possible, alternate means of transport, f.e., trains.

**Electricity Consumption
(kWh/T)**



When modernising buildings the company requires use of modern, environmentally friendly solutions. Since 2007, roof skylights are used, providing natural light during the day, and resulting in reduction in electricity consumption and creation of the pleasant work environment.

In 2010, Pol-Necks was awarded a brown medal in the program „The Best Quality International 2010” organised under the auspices of the Ministry of Regional Development, Polish Agency for Enterprise Development and the Polish Club Forum ISO 9000. This was in recognition of the clear quality policy in the product management system, products of high quality, innovative approach to the management of the system quality and care for internal and external customers.

CORRUPTION PREVENTION

Principle 10 Preventing corruption in all forms, including extortion and bribery.

The company Pol-Necks is aware that, similarly to all other companies, it is exposed to a potential risk related to unethical conducts of its employees. Care for ethical conduct is not limited to ordinary employees. It concerns all levels in the organisation structure. Pol-Necks, being aware of that risk, has implemented the Code of conduct of the company.

The Code of conduct in force at Pol-Necks clearly disapproves of bribery. Breach of these rules through offering, accepting or expressing a will to accept a bribe by the employee of Pol-Necks is subject to disciplinary sanctions, including employment termination, and also charging with criminal offences - that may result in imprisonment.

The Code of conduct regulates issues related to receiving presents from business partners. The company permits acceptance of presents of a small value, but the employee is obliged to inform about them his/her line managers.

The above-mentioned small presents, offered by business partners, are unacceptable in contacts with government officers.

Furthermore, the Code of conduct regulates a procedure in case of suspicion of fraud, corruption or theft or other illegal actions.

The Code of conduct of the company Pol-Necks is made available to its customers and suppliers, so there are no unclear areas in business relationships. Transparent rules ensure full transparency of expected behaviour. The company expects third parties to strictly adhere to Pol-Necks standards and requirements. This way it contributes to improving the company image.

In accordance with the Code of conduct, the company Pol-Necks does not support any political parties. Instead, it actively supports social welfare centres.

There was no case of corruption in the company history.