

2014



Global Compact – Report



ELEKTROBUDOWA SA

2014-11-28

Katowice, 28 November 2014



Dear Readers,

Four years have passed since ELEKTROBUDOWA SA joined the Initiative of UN Secretary General, Global Compact. The year 2013 was exceptional. We celebrated the 60th Anniversary of our Company together with its owners, customers, managers, employees, and pensioners.

Since publishing the first Global Compact Report of ELEKTROBUDOWA SA the Company has not only declared to respect the adopted principles, but implemented them in its day-to-day operations as well. The activities in the area of corporate social responsibility not only increase the Company's credibility but also help build durable and transparent relations with the external environment.

Our responsible approach to conducting business is proved by the fact that ELEKTROBUDOWA SA was again included in RESPECT INDEX - the exclusive circle of companies listed on the Warsaw Stock Exchange.

As the global economy is in the downturn, which also affects the electric power sector, the year 2013 was tough for most of companies. However, such hard time is the best test of reliability and rationality of the sustainable development strategy. Those whose actions are ostensible are the losers.

Aware of our commitment to respecting and reconciling diverse expectations of our shareholders, local communities, employees and business partners, we observe all principles of respect of human rights. Dialogue with the publics, regular meetings to exchange information and participation of trade unions in managing the Company has become a norm for us. For many years we define environmental objectives which include reducing the emissions of hazardous substances and reducing of water, electricity and solid fuels consumption. Such consumption is constantly monitored and regularly analysed. With the care for the natural environment in mind, we have undertaken a number of initiatives to influence the attitudes of our employees and to increase their environmental sensitivity.

The key to functioning and development of ELEKTROBUDOWA SA are the people who work for the Company. It is their knowledge, team work and great competence that contribute to sustainable development of the organization, taking on new challenges and active impact on the development of the local and global energy market.

Submitting a subsequent – third - corporate responsibility report I assure You that we will spare no effort to continue on improvement of our business activity, not only in economic terms but also in terms of ethics, to the benefit of general public.

Yours Truly,

A handwritten signature in blue ink, appearing to read "Jack Faltynowicz".

President

CORPORATE SOCIAL RESPONSIBILITY REPORT

ELEKTROBUDOWA SA

GLOBAL COMPACT – REPORT



ELEKTROBUDOWA SA – History and Profile



The history of the company goes back to 1953 when, as the state-owned Przedsiębiorstwo Montażu Elektrycznego ELEKTROBUDOWA (the Electrical Installation Enterprise ELEKTROBUDOWA), it became a separate legal entity. In 1992 the enterprise was transformed into a sole-shareholder company of the State Treasury. Different privatization paths were considered, and finally the decision was taken to privatize the company through public trading of shares. The procedure before the Securities Commission and works on the Prospectus were closed with the approval for initial public offering, at the end of 1995 and beginning of 1996, of 4 498 750 shares, series A and B, at the issue price of 9.00 Polish zloty per share. The IPO of the shares of ELEKTROBUDOWA SA in the primary market of the Warsaw Stock Exchange took place on 9 February 1996.



The scope of activity of ELEKTROBUDOWA SA includes manufacturing and selling of power equipment and provision of complete services in the scope of electrical design engineering, procurement, installation of electrical and automation equipment and systems, supervision, electrical testing, commissioning and start-up of power and automation equipment, after-sales service, providing specialist training.



We are a manufacturer of



low and medium voltage switchgear



container transformer and distribution substations

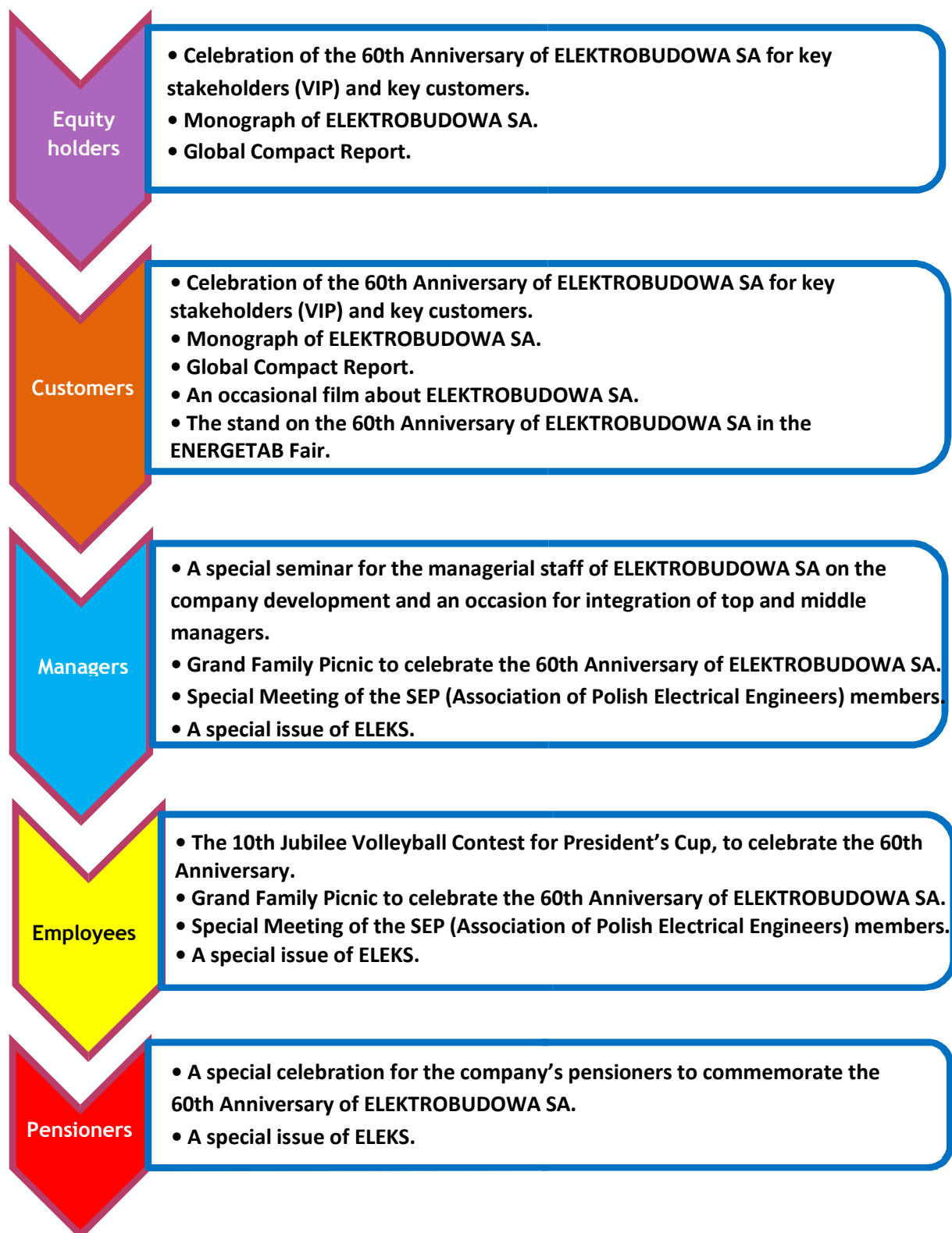


gas insulated high voltage switchgear



high-current busducts

The 60th Anniversary of ELEKTROBUDOWA SA

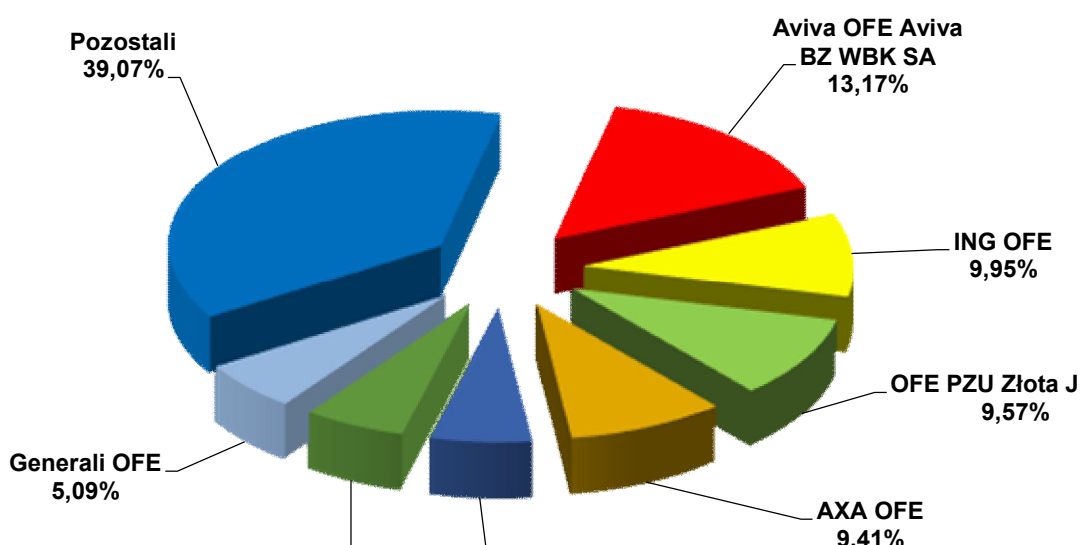


Operational Structure of the Organisation

ELEKTROBUDOWA SA has got many locations distributed all over Poland. Its registered office is in Katowice. The company's manufacturing activity is provided from two factories, one in Konin and the other in Tychy. The other divisions perform operational functions and provide services covering civil and electrical works for the customers in Poland and abroad: in Finland, Germany, the Netherlands, Luxembourg and Kazakhstan.



Shareholders (as at 31 December 2013)

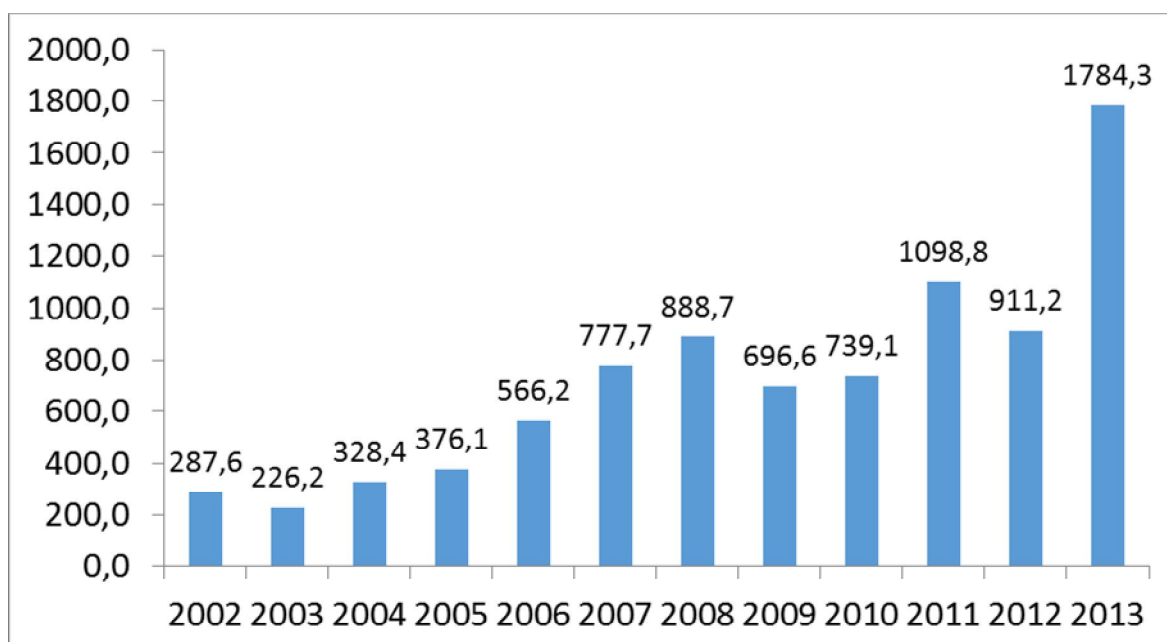


The Organisational chart

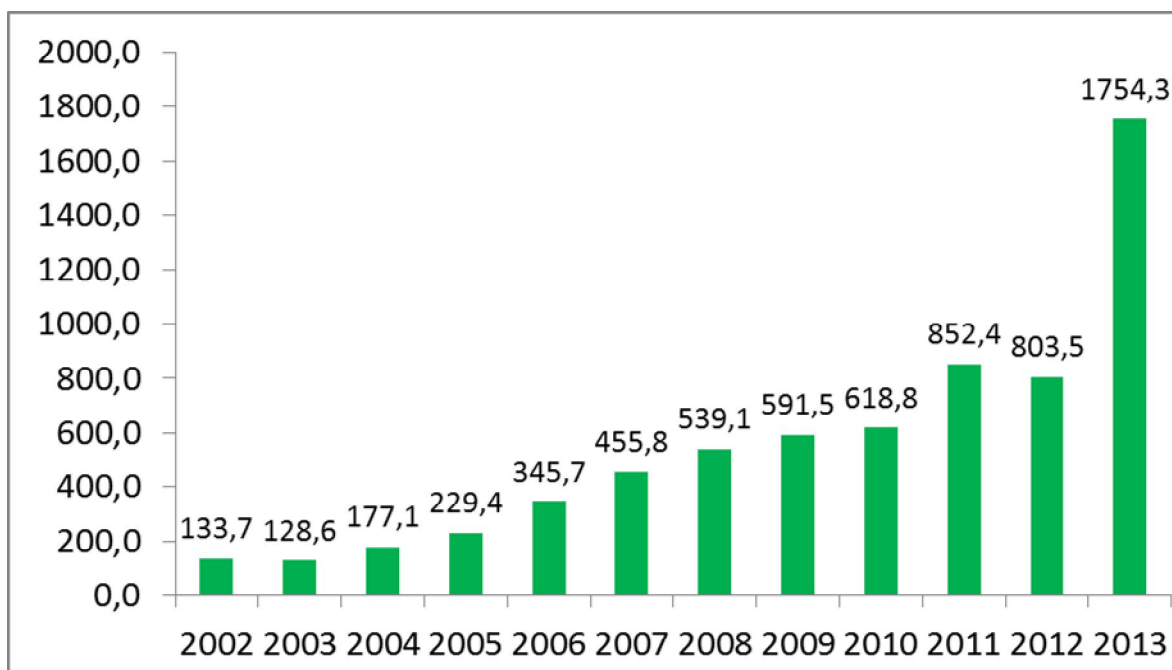


Basis economic data (million PLN).

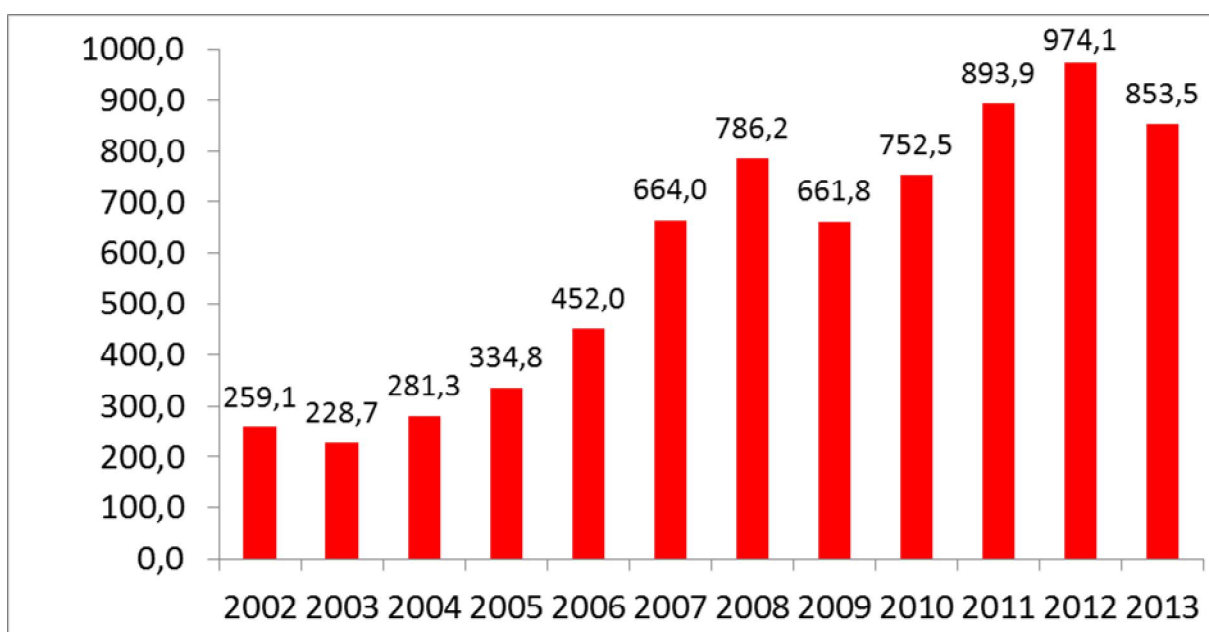
1. Orders



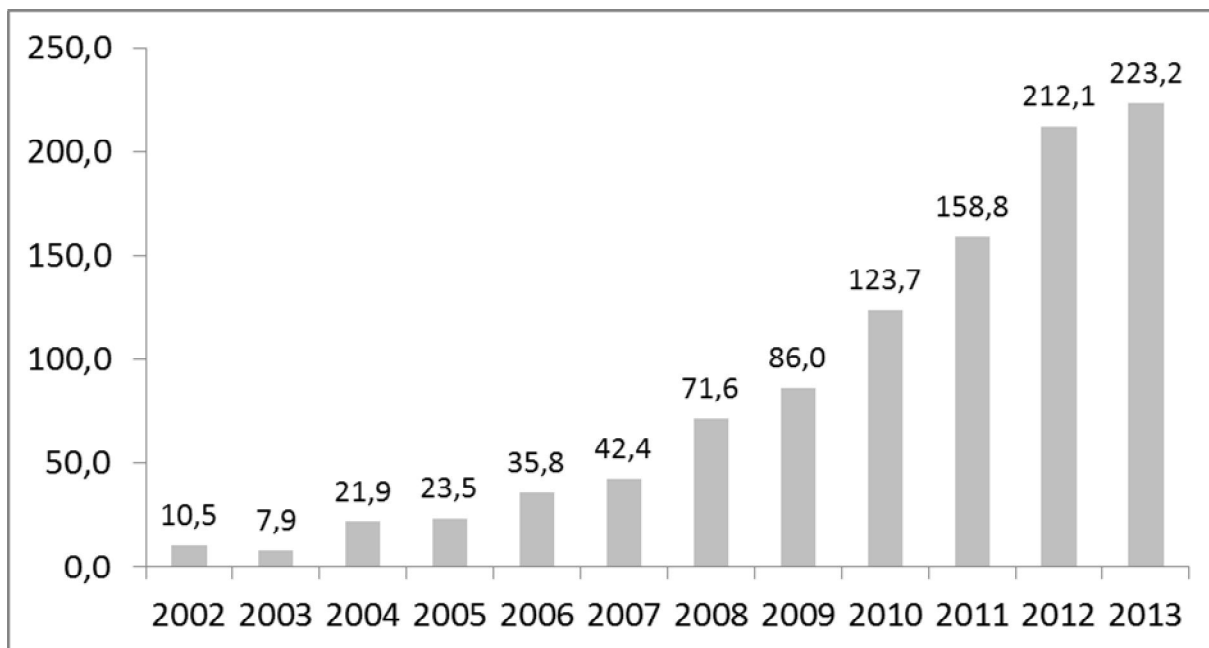
2. Order backlog



3. Sales revenue



4. Export



PART I

GENERAL

Sustainable development is a key component of the strategy of ELEKTROBUDOWA SA.

In 2011 a formal document was implemented which defined major areas of environmental impact of the Company's business activity. The document pointed out that it is a fundamental value for the company to conduct activities with the focus on building good, stable relations with customers and all interested parties. It was also underlined that ELEKTROBUDOWA SA joined the United Nations initiative, UN GLOBAL COMPACT and follows 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.



Owing to its commitment to environmental, social, ethical and corporate governance issues, in 2013 ELEKTROBUDOWA SA was again included in RESPECT INDEX - the exclusive circle of companies listed on the Warsaw Stock Exchange.



Aware of the environmental impact of its activities, ELEKTROBUDOWA SA has assessed economic, social and environmental impacts of conducting business on the local environment. The Management Board of the Company has appointed its Representative to represent the company 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.

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

1. Environmental Aspects

The main objective 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 resources (such as: water, electricity, paper). Before commencement of contractual works we always identify environmental aspects and analyse what obligations relating to performance of a given Project we have to comply with. Implementation of cutting-edge IT tools enables effective monitoring of gas and dust emissions produced during our operational activities. ELEKTROBUDOWA SA has developed a training programme to support its employees in implementation of environmental protection policy; the company provides relevant regular training. Targets to improve our environmental management

system are regularly prepared. The relevant implementation plans and the evaluation of targeted indicators help us set new pro-ecological directions within the sustainable development strategy of ELEKTROBUDOWA SA.

2. Employment policy



Principal objective of the employment 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 and also 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, and 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 jobs to them.



3. Social commitment

The principal aims in respect of social commitment are involvement of stakeholders and integration with local communities. ELEKTROBUDOWA SA implements policy of open communication with local communities which includes consultations before acquisition or starting business, and immediately informs the communities about potential hazards. The Company makes every effort to assure that the projects it executes are fully understood and accepted by local community and that they create opportunities for a region which is a beneficiary of implemented projects. Investments carried out by the Company also provide a source of knowledge for technical school students. To support educational initiatives, on request of schools the Company provides possibility of visiting its production facilities. During the realization of a project in 2013 ELEKTROBUDOWA SA invited technical school pupils for a lecture on the Polish Power System and to visit the Jaworzno III Power Plant and the Byczyna electrical station.

During their visit in the power plant and the electrical station the students had an opportunity to see the technological solutions, equipment and devices in their practical application. The hosts were explaining how electricity is generated and then transformed and transmitted by highest voltage lines to other electrical stations.



“A Field Lesson in Physics” was organized for the secondary schools students preparing for the profession of electrical technician, who were then acquainted with electrical power issues. The students were interested to hear about the history of Polish power industry, its current situation and future development. The lecturer, Marek Szuba, PhD, from the Technical University of Wrocław also pointed out to the significance of environmental and social conditions for the realization of new investments.

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 and organization of voluntary service. Supporting social activity has different forms, including donations and non-cash gifts for non-profit organizations and other entities performing public tasks.

Every year our employees participate in the “Szlachetna paczka” (“Noble Box”) project established in order to provide aid to struggling families during Christmas holidays.



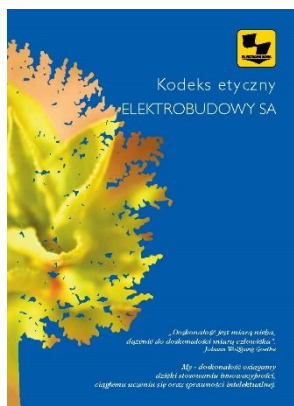
The Company's employees took part in the nation-wide event, Poland Business Run, taking place at the same time in different Polish cities. The purpose of this

initiative is to provide a wide range of help to the beneficiaries of Jasiek Mela Foundation Poza Horyzonty (“Beyond Horizons”), victims of accidents, who are waiting for artificial limbs and are in need of a psychological and/or legal support.



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 and the financial and economic situation on a current basis. ELEKTROBUDOWA SA complies with the rules of "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. Furthermore, in order to eliminate any possible fraud or abuse, the Company initiated the works on developing the Abuse counteracting Policy. Also, the tender procedures within the Company are clear and transparent, in accordance with the applicable law provisions.

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

This part presents the actions taken or initiated by ELEKTROBUDOWA SA during the last year. The company's progress in implementation of the Global Compact principles has been in many items assessed using the of Global Reporting Initiative (GRI) indicators, which directly refer to the principles of the initiative, particularly in the areas of pro-environmental and employment activities.

Principle 1

Supporting and respecting the protection of internationally proclaimed human rights.

ELEKTROBUDOWA SA treats seriously its commitments concerning people. The company observes the provisions of law of the countries where the company conducts its business relating to respecting human rights. The employees are decently and timely rewarded for their work and the company shares the profit with them. Employees are selected according to the values and attitudes that the Company believes in, including cooperation,



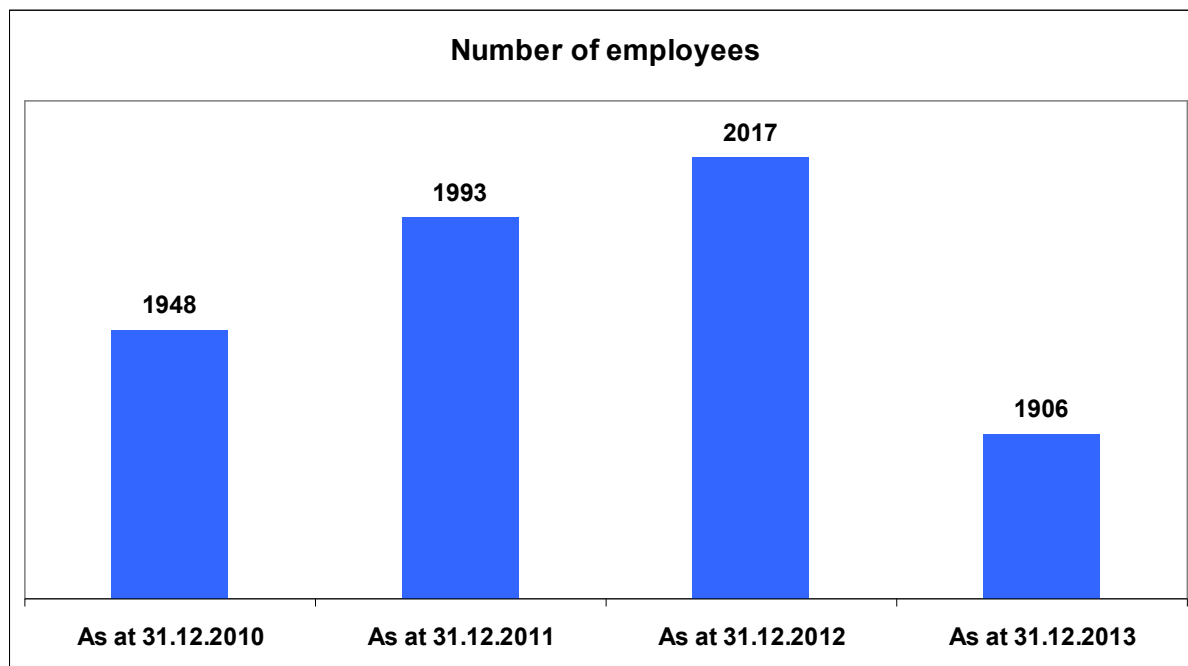
respecting others, responsibility and competence.

ELEKTROBUDOWA SA provides private medical care and attractive social solutions for its employees. A developed system of training motivates the employees to expand their knowledge and acquire new skills. Therefore the team consists of professionals from whom a lot may be learnt.

ELEKTROBUDOWA SA respects people and expects them to respect one another. The approach developed through years favours building good relations and thus positively creates atmosphere of work in the Company. ELEKTROBUDOWA SA is aware of the fact that each person is exceptional and brings something unique to the Company, therefore it listens to the employees' opinions in the belief that only in this way further development of the company is possible and its image of a good employer improved. Exceeding the requirements of applicable law, the Company established internal regulations which increase employment standards. The Company also provides financial support for its employees, including financial aid in case of individual fortuitous events and supports them financially for housing purposes.

Employment

In 2013 average monthly employment was 1923 job equivalents and was about 4.5% lower than in 2012 average. The year-end employment was 1906 employees, by 111 persons fewer than at the end of December 2012.



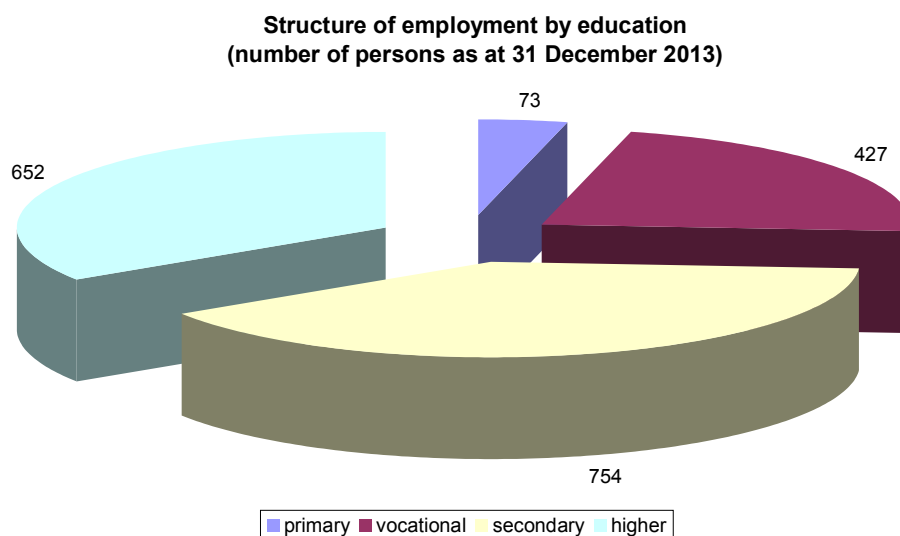
Because of the nature of business the company conducts, out of the total number of employees 1096 job equivalents fall to direct labour whereas 827 job equivalents to white-

collar staff. The number of manual workers decreased by 8.4% compared with 2012, while the employment of white-collar personnel recorded a growth trend. In 2013 the number of employees in this group rose 1.1% on 2012, which is connected with the constant rise of employment of highly qualified engineering staff.

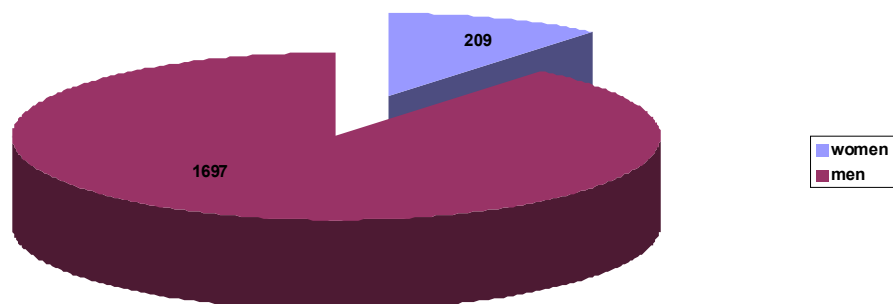
In the period from 1 January to 31 December 2013 together 222 new people were employed in different trade groups, from direct labour through specialist in various areas to managerial posts. No bigger problems with job terminations by key for the company's activity personnel were recorded during the six reporting months. There were only a few cases of termination for the reasons attributable to the employer. During 2013, contracts of employment were terminated with 31 persons pursuant to the Act of 13 March 2003 on Special Principles for Terminating Employment for Reasons not Attributable to Employees.

ELEKTROBUDOWA SA is against any form of employing children. However, driven by the care for the future of young generation, the Company entered into a number of agreements with schools, colleges and universities under which it provides young, ambitious people opportunity to gain valuable professional experience. At the same time the Company appreciates long cooperation with qualified and experienced people with long career in the sector of business the Company operates in.

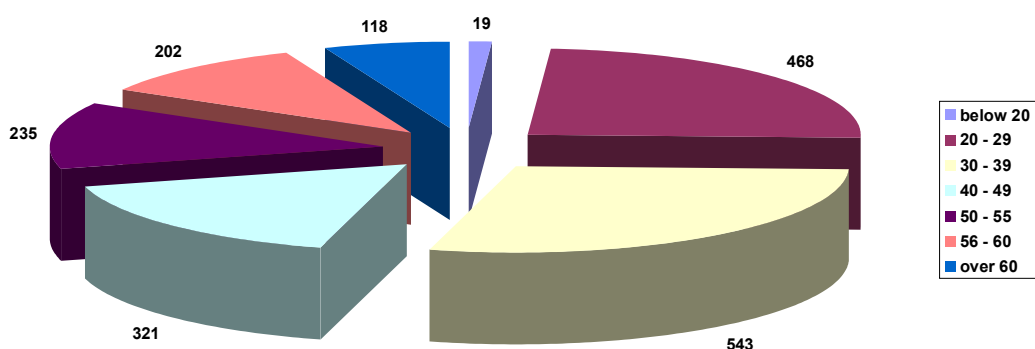
The structure of employment according to education, age and gender as at 31 December 2013 is shown in the charts below.



Structure of employment by gender
(number of persons as at 31 December 2013)



Structure of employment by age groups
(number of persons as at 31 December 2013)



ELEKTROBUDOWA SA may be proud of its care for its retired people. With respect for their work and contribution to formation of the organisation, the company tries to provide conditions for them to feel a part of ELEKTROBUDOWA SA by participating in the corporate life, despite retiring from work. The company organises special events for the pensioners

and enable them to receive benefits from the company social welfare fund. Old age pensioners have also access to the in-company bulletin in which the most important corporate events are presented.

Preventive Medicine

Health is a value of the utmost importance for every individual. Aware of it, the company has been providing an above-standard medical care for its employees for many years. The care is provided on the highest level. The employees have access to unlimited consultations with specialists, various examinations and diagnostic surgery. The company has made a step forward and offers health campaigns to its employees. In the past years the campaigns were launched in the scope of cardiovascular disease prevention, mammography for women, PSA for men and abdominal ultrasonography for persons over fifty and the state of health screening. In the campaign *“Early detection and treatment helps conquer melanoma – dangerous skin cancer”* carried out in 2012, 67 persons: 50 male and 17 female were screened. 13 skin pigmentations were diagnosed for observation. Pigmentations which needed to be removed were diagnosed in 11 persons. The tests were carried out with the use of a video dermatoscope by an oncologist from the Wielkopolskie Oncology Centre in Poznań. The screening was accompanied by an information campaign on other types of cancer. The employees received information brochures and pamphlets such as “European Code Against Cancer” or “Healthy Life Code”. The campaign was organized together with the Polish Melanoma Patients Association.

In 2012 -2013 a campaign of early detection of lung cancer was organised. Examinations were performed by the Thoracic Surgery Development Foundation - BESKIDZKA Fundacja Rozwoju Torakochirurgii. Diagnostic tests covered several dozen of employees.

Every autumn the Company provides voluntary preventive vaccination against flue. Such actions help reduce the rate of absenteeism due to sickness. ELEKTROBUDOWA SA provides health campaigns and supervises their proceeding, but no one is forced to take part in them. However, the health campaigns always receive good response from the employees.

Implementation of extra medical care and health protection programme, despite incurred costs, is an added value for the Company, as it translates directly into reduction of costs of health-related staff fluctuation. It is not without significance that medical care can be provided also for the employees' families.

Supporting Employees' Leisure-Time Interests

Positive relations among employees contribute to their increased productivity. ELEKTROBUDOWA SA is aware that everyone has some interests and tries to face up to the fact by encouraging the employees to pursue their hobbies, to develop their interests or participate in the cultural environment, which translates directly into growth of satisfaction from performing work. For a few years the company has offered a wide range of facilities for development of interests. For example, the employees more and more appreciate MULTISPORT cards which provide unlimited access to the sports facilities covered by the programme. In 2013 the number of participants in the MULTISPORT programme rose nearly 22% compared with 2012. Furthermore, the company enables its employees to participate in cultural events, by partial funding of season tickets to the theatre, philharmonic, etc. Respecting individuality of each employee, the company also offers various kinds of courses connected with their interests.

ELEKTROBUDOWA SA – a Parent-Friendly Company



The moment when a baby is born is one of the most important events which completely changes the life of his/her parents, that is why ELEKTROBUDOWA SA implements a conscious policy to help its employees keep appropriate work-life balance. Our employees are free to exercise their rights relating to parenthood and may count on support and understanding of their employer.

Since January 2010 a special programme called: “ELEKTROBUDOWA – a Parent-Friendly Company has been in existence. Its aim is to support new parents and help them combine a career with parenthood when a baby is born. Within the scope of the programme an employee expecting a child receives a leaflet providing detailed information about their parental rights resulting from law and additional privileges to which the employees of ELEKTROBUDOWA are entitled.

A mother coming back to work after the maternity leave is entitled to work shorter time, by an hour a day for 2 months (irrespective of a break for feeding) maintaining her right to remuneration. Young parents bringing up a child below 2 years of age can work according to an individual work system agreed with their superior. Each parent (irrespective of gender) receives a congratulation card signed by the President of the company and a practical gift for their new-born child.

Young mothers have a deep sense of security in respect of their workplace, they can count on understanding of their superiors and on a range of facilities such as work in flexitime or in the home-office system.

The tables below present statistical summary of number of persons who were entitled to a parental leave in the years 2010 – 2013, including the statistical summary of persons who exercised this privilege and returned to work, continuing their employment for 12 months after coming back.

| year | Number of persons entitled to a parental leave | | Number of persons who took a parental leave | | Number of persons who took a parental leave and returned to work | | Number of persons who took a parental leave and were employed for 12 months after return | | Number of persons who took a parental leave and whose employment was terminated within 12 months | |
|------|--|-----|---|-----|--|-----|--|-----|--|-----|
| | women | men | women | men | women | men | women | men | women | men |
| 2010 | 12 | 88 | 12 | 76 | 11 | 76 | 8 | 70 | 3 | 6 |
| 2011 | 14 | 88 | 11 | 39 | 11 | 39 | 8 | 33 | 3 | 6 |
| 2012 | 9 | 63 | 9 | 62 | 9 | 62 | 8 | 55 | 1 | 7 |
| 2013 | 14 | 105 | 10 | 70 | 10 | 69 | 7 | 54 | 3 | 16 |

Commitment to pro-family issues has been noticed in the labour market and appreciated, for example in the nation-wide competition “Mum at Work”.

Integration Builds Up Commitment

Knowing how important good relations between employees are, the company promotes their integration through organizing trips to different places in Poland and abroad in order to provide possibility to spend a few days together in a more relaxed atmosphere. The trips combine sightseeing with entertainment. ELEKTROBUDOWA SA works from many locations all over Poland, so those trips provide an excellent opportunity for integration which pays off with better cooperation and building more efficient teams.

Promotion of sport includes volley-ball tournaments which have become a tradition so far: in the event organized every year the teams representing the company divisions play against one another. The time before the matches is the period of exhausting preparation and hard training. The company decided to hire sports halls to enable the players to prepare as well as possible.





are very popular, as every time they attract up to 2000 participants.

Another important event is an annual picnic for the employees and their families. The youngest participants can play different games; the older may listen to concerts by famous Polish artists. The picnics



ELEKTROBUDOWA SA does not neglect the youngest participants of its life and organises for them a Children's Day party and Santa Claus party. To meet the children's wishes (whose expectations are often hard to meet) we make every effort to make each event unforgettable. The company organises outings to entertainment parks, theatres and other places of culture for the employees and their children. It is also an occasion to strengthen the relations between the parents – employees.



Investment in Employee Development

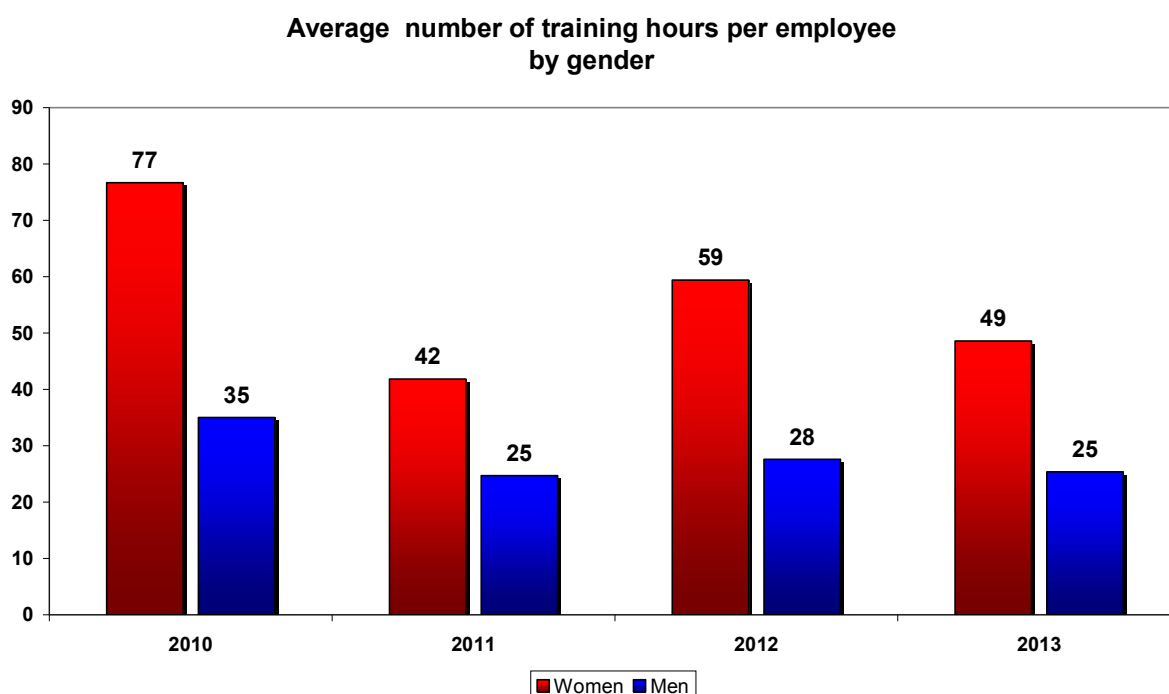
The company attaches great importance to development of its employees and treats the expenditure for training as investment. Training plans are regularly agreed with the employees and their career paths are thoroughly built, encouraging the people to participate in training. Basing on the Procedure for Personnel Training and Development which is included in the quality system based on ISO 9001 in place in the company, ELEKTROBUDOWA SA implements its planned training policy. Having identified permanent training needs we regularly train our personnel in the regulations of the Public Procurement Law and the Building Law, and we also organize courses concerning implementation of new technologies in the power sector.

Expenditure on training principally particularly concerned the policy of systematic development of the corporate culture focused on project management, the issues of enhancing professionalism of work teams and particularly managerial skills. The Company offers its employees the possibility to develop foreign languages skills, either in the company premises or in local language schools, leaving the choice up to the employees.

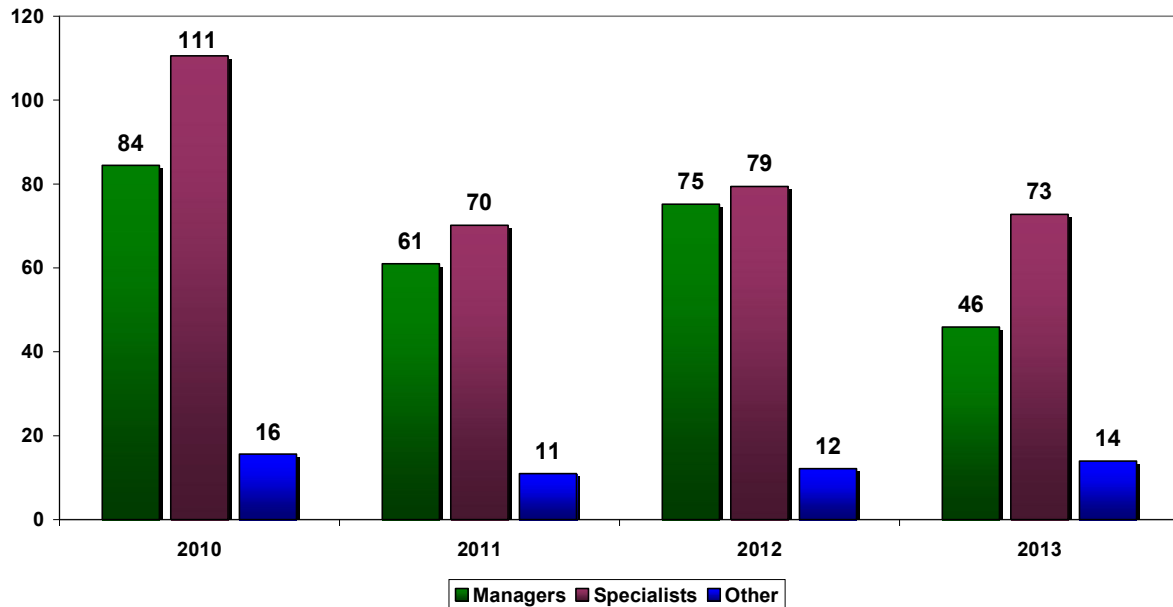
Many employees study for their university diplomas. Not only the first cycle and second cycle degree programmes or post-graduate courses are subject to funding, but the company also funds MBA courses for the employees.

In 2013 the company invested 1.1 million PLN in training, which gives an average of 608 PLN per employee. Training costs accounted for 0.7 per cent of total 2013 remuneration fund.

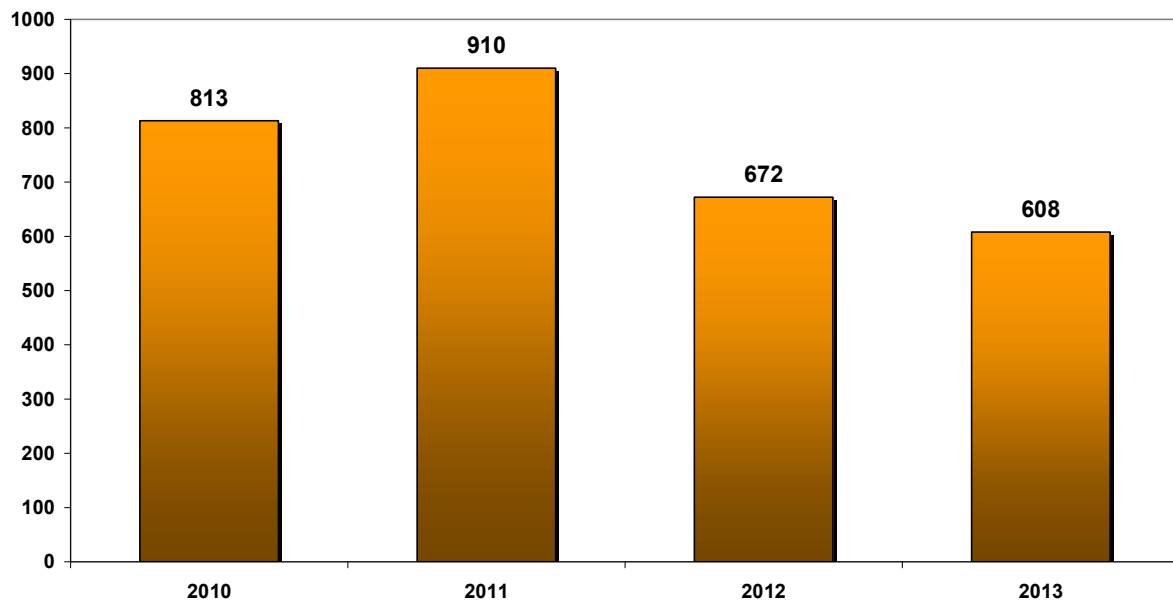
Presented on the charts below is an average number of training hours per employee by gender and by employee category in 2010 – 2013, and also indicators of training investment are shown, which depict expenditure for training per employee in the same period.



**Average number of training hours per employee
by employee category**



**Indicator of investment in training (in PLN)
(expenses per one employee)**



The implemented development programmes not only contribute to the increase of professionalism of our people and development of their skills, but also supplement the applied incentive systems and plans.

We let our employees develop in accordance with their aspirations and life plans. We help them change job positions within the company and also within the entities of the ELEKTROBUDOWA SA group.

We give our employees a sense of independence by delegating powers. Every employee, irrespective of the position in the company can contribute to the way of functioning of their department or even the whole company.

We understand that everybody has the right to make errors, particularly when it is a source of valuable lesson for him and for the Company.



Motivation

Periodic personnel appraisal is an important element of personnel productivity and motivation management policy implemented by ELEKTROBUDOWA SA. In the years 2010-2013 the periodic review covered the managerial staff. The periodic appraisal process is based on accounting for measurable business objectives established a year earlier in the form of score cards and on the evaluation of key competencies. The process is used for defining the areas of development and establishing business and development targets for the next year.

Average monthly pay in 2013 was on the level of 5 430 PLN and was by about 3.7 per cent lower than in 2012. Decrease of the average monthly pay is principally contributed to reduction employment at foreign contracts, where the Company maintains the level of guaranteed pay applicable according to the local collective agreements.

The Company consequently implements an incentive programme targeted at increasing profit margins and financial result and extends the non-pay incentive methods in order to support the process of retaining and recruiting employees and to increase the level of motivation and efficiency of work.

Occupational Health and Safety Management

Since 2010 ELEKTROBUDOWA SA has maintained the certified safety management system according to the requirements of the PN-N-18001 and OHSAS 18001 standards. In 2011 the safety management system was supplemented with the requirements of SHE Checklist Contractors, SCC**2008/5.1 valid throughout Europe with the exception of Finland. The system was certified by DET NORSKE VERITAS (DNV).



The systems cover by their scope the processes of designing, engineering, manufacture, erection and service of power and automation systems and building investment projects management.

Pursuant to the certification procedure of DET NORSKE VERITAS (DNV) the occupational safety management system is audited annually and recertified every three years.

In 2014 there was an inspection audit for conformance of the safety management system with the above mentioned requirements of relevant standards, and also the SCC system recertification audit, both positive.

During the year 2012 there was one instance of occupational illness – hearing damage.

The number of accidents increased from 12 in 2012 to 15 in 2013. Presented below are the basic indices relating to the occupational health and safety.

OHS Indicators

| Category | Number of accidents in 2011 | Number of accidents in 2012 | Number of accidents in 2013 |
|---------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Number of accidents at work | 8 | 12 | 15 |
| Casualties | 8 | 12 | 15 |
| Absenteeism caused by accidents | 466 | 540 | 909 |
| Occupational diseases | 1 | 1 | 0 |
| Fatalities | 0 | 0 | 0 |
| Accident frequency rate | 4 | 5.95 | 7.87 |

Principle 2

Elimination of all forms of human rights abuses

ELEKTROBUDOWA SA 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. Exceeding the limits of basic, generally applied human rights, the company implemented its Code of Ethics, which is a fundamental tool for eliminating any incidents of human rights abuse by the Company.

Principle 3

Upholding the freedom of association

Like in previous years, the company supported and respected generally accepted human rights as well as observed standards in the scope of the employee right of association and collective negotiations.

The employees of ELEKTROBUDOWA SA exercise the right of association, to establish and join trade unions. At present in the Company there are 3 trade unions which associate about 35% of total number of employees altogether. Each union is self-governing and independent of the employer. ELEKTROBUDOWA SA and the trade unions have entered into Cooperation Agreement, in which the rules for cooperation between the Company Management Board and the company trade unions acting on behalf of their members are determined. The trade unions actively participate in managing the company and forming personnel policy, which is manifested by regular meetings of the unionists with the Management Board representatives.

Cooperation with the trade union organisations was very good during the whole year 2013. There was no collective bargaining with the trade union organisations acting in the company.

Principle 4

Elimination of all forms of forced and compulsory labour.

Provisions of law in force in Poland are based on fundamental principles and acts accepted internationally. The company assumes that observance of regulations concerning human rights and relations with employees is a prerequisite for operation of any market-oriented enterprise and an undisputed minimum.

ELEKTROBUDOWA SA complies with all requirements of the applicable regulations, respects all employee rights, including prohibition of compulsory labour, prohibition of discrimination in employment, respects the right to decent work conditions, decent pay and equal pay for the work of equal value and also the freedom of association and the right to strike. ELEKTROBUDOWA SA fully observes the rights of its employees to social welfare and to protection of health.

The company observes legal norms which clearly indicate that entering into the employment relationship requires consent of both an employee and an employer. Employment contracts are concluded in honest conditions and not under compulsion. The relevant document is clear to read and it does not include any provisions which could be incomprehensible for any party. Its voluntary nature is manifested by the possibility for an employee to terminate the contract at any time as stipulated by the Labour Code provisions.

Principle 5

The effective abolition of child labour.

The declaration of human rights and other regulations absolutely forbid any form of employment of children. ELEKTROBUDOWA SA observes all and any laws in this respect. The Company has made a step forward and decided to support young, creative generation and taken under its wing one class of a vocational school in Konin, one of the locations of our of production facilities. Students from this class are provided an opportunity to acquire knowledge based on practice. The company also provides training for those students. In the Polish law employment of young people is accepted. The terms of providing work by young people are clearly defined in the Labour Code, which is strictly complied with by the Company.

Principle 6

The elimination of discrimination in respect of employment and occupation.

Equal treatment in respect of employment

The principles of equal treatment in respect of employment implemented by the company in 2009, have the form of a document which provides 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 are treated equally in respect of employment and its termination, terms of employment, promoting and access to occupational skills development training.

All internal documents in ELEKTROBUDOWA SA, particularly the Collective Labour Agreement, Work Regulations, Regulations for Managing the Company Social Benefit Fund, etc. are development with respect for the principle of equal treatment in respect of employment.

The employees receive equal pay for equal work or work of equal value.

ELEKTROBUDOWA SA has in place the principles of counteracting personal abuse and sexual harassment. The relevant document provides that any behaviour that aims at or results in destroying individual dignity and creating around an employee an atmosphere of intimidation, hostility, humiliation or causing embarrassment is no acceptable. Unacceptable is also the behaviour with sexual innuendo or referring to sex of an employee, that aims at or results 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.

The procedure of reporting the incidents of infringement of the principle of equal treatment is clearly defined. Any person who suffered from violation of the principle of equal treatment in respect of employment in respect of employment shall report the incident. When infringement of the principle of equal treatment has been reported, an investigation is started.

The company people are bound with the Code of Ethics which includes norms relating to counteracting of discrimination in employment.

Mobbing elimination

In order to guarantee decent work conditions for its employees, in 2009 the Company decided to implement the rules of mobbing counteracting. The relevant document clearly defines what behaviour is regarded as mobbing: *“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”*. Such behaviour is not tolerated by the Company. The said rules also describe the procedure for reporting such cases. Persons subject to mobbing have the right and obligation to report the incident. Witnesses of mobbing practices are also obliged to report the incident.

Implementation of mobbing counteracting rules brought positive results, as until now no occurrence of mobbing in ELEKTROBUDOWA SA has been recorded, neither has a court judgement been passed concerning mobbing practices against the company employees.

Principle 7

Precautionary approach to environmental challenges.

ELEKTROBUDOWA SA takes necessary actions to prevent and mitigate of adverse environmental impact. We have identified the areas of our activity and implemented relevant procedures for mitigating the adverse influence on the natural environment. Before commencing realization of a new project we identify environmental aspects and their impact on the environment. Therefore the whole project realization process is thoroughly planned, and such plans include the methods of mitigation of environmental impacts.

ELEKTROBUDOWA SA has a direct and indirect impact on the environment caused by manufacturing process and provision of building services. In its business activity our company adheres to environmental protection requirements. We are in a constant dialogue on the quality and environmental issues with users of our products and other publics involved with our company.

Basing on the results of a survey we have identified those areas of our business activity which have an environmental impact. The main sources of impact on the environment include:

1. Surface coating process in the powder paint shop.
2. Welding processes.
3. Fuel burning in the electric power installations.
4. Fuel burning in vehicle engines.
5. Painting and drying processes in liquid coating shop.
6. Wastes produced in manufacturing process and in executing services.
7. Diffuse gas and dust emissions to the atmosphere in painting and welding processes during performance of services.

ELEKTROBUDOWA SA attaches great importance to aspects connected with protection of the natural environment during the process of manufacturing of equipment.

The negative environmental impact is small on every stage of use of our goods, from delivery and installation until the end of their useful lives. Our company is determined to implement environment-friendly solutions during the process of development and manufacture of our products.

Negative influence of transport of our products on the environment is mitigated, owing to effective delivery planning.

To the best of our knowledge, in manufacture of our goods we do not use any raw materials which have significant impact on the environment. Therefore decommissioning of products manufactured by ELEKTROBUDOWA SA after they have finished their operation life causes no problems. Materials used to manufacture enclosures of our switchgear panels are reusable. After decommissioning of switchgear panels, specialist firms are able to disassembly the product into components. All materials are recyclable.

The company systematically implements new technologies and procedures to increase cleanliness of production and invests in quality improvement of products to ensure the least possible impact on the environment.

In our production facilities we apply the best available technological processes enabling to maintain cleanliness of production, which ensure systematic increase of emissions, lower consumption of raw materials, energy and water and also effluent treatment or breakdown prevention.

ELEKTROBUDOWA SA requires that its subcontractors also care for the natural environment. Every year an Environmental Management Programme is prepared

in the company. The programmes are annually reviewed and the level of reaching the targets is assessed.

Principle 8

Undertaking initiatives to promote greater environmental responsibility.

The period since the previous Report was published was the time of increased efforts to implement the assumptions made with the purpose of building the environmental awareness in our employees.

We provide regular training in environmental protection issues for our employees, promote healthy lifestyle, organize trips to areas where we can admire our natural heritage, provide educational materials teaching how the environment can be cared for in our everyday lives. In May this year, the company again organised a day without rubbish, named “Give the waste a second chance!”

To support this initiative the company organized a competition – the employees together with their families were encouraged to sum up their “eco-behaviour”. The most interesting works were awarded with gifts which referred in their form to the environmental protection topic. The participants had to describe their “eco-successes”, “eco-sins” and “eco-plans” for the year to come. The event was organized together with a recycling company and the National Fund for Environmental Protection and Water Management.



Employees could see and become convinced that recycling is not just a caprice of environmentalists but a means for substantial savings of electricity, natural resources, reduction of pollution and reduction of waste on a rubbish dump. The campaign was addressed to the employees and their families. Children received colourful gadgets referring to environmental topics. The purpose of this campaign was to raise the employees' awareness of their impact on the environment.

Principle 9

Development and diffusion of environmentally friendly technologies

In consideration for natural environment we have implemented the environmental protection system according to PN-EN ISO 14001:2005, what compels our organization to constant improvement in conducting activities connected with the protection of environment.



We have also been rewarded for our commitment to environmental protection issues:



ELEKTROBUDOWA SA takes the following into account in planning its projects:

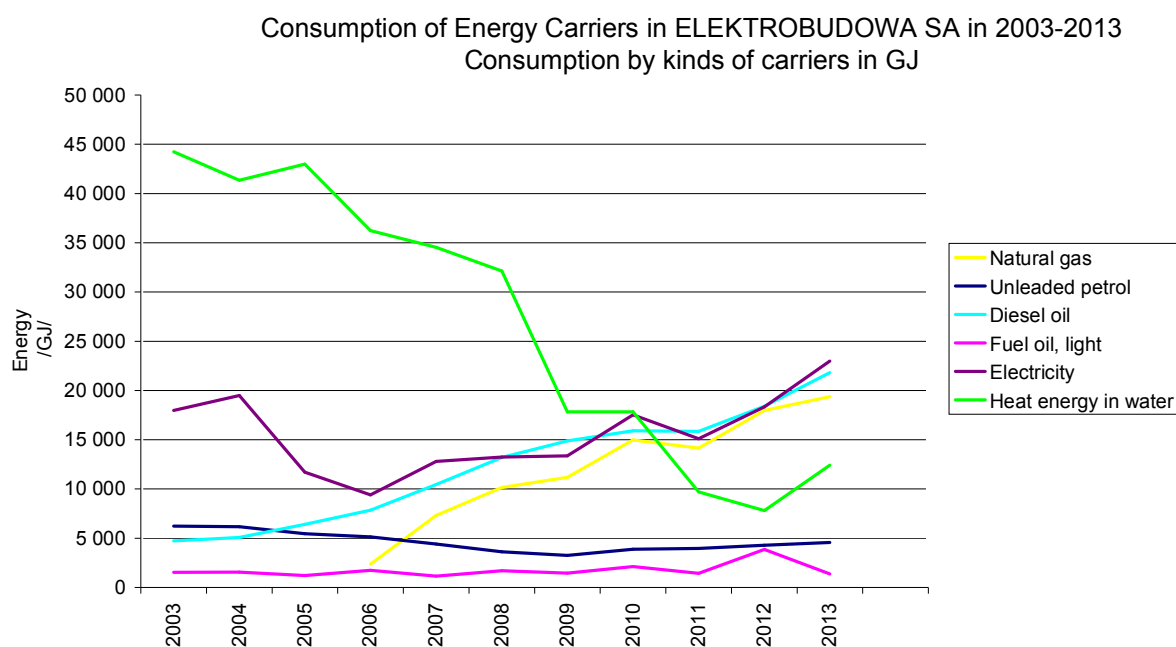
- Use of substances with low hazard potential.
- Effective use of energy.
- Efficient consumption of water and media, materials and fuels.
- Application of waste-free or low-waste technologies and the possibility of waste recovery.
- Type, range and volume of emissions.
- Using comparable processes and methods which were successfully used on an industrial scale.
- Progress in science and technology.
- Environmental impact of our subcontractors and business partners.

Basing on the identified sources of pollution produced in effect of our business activities, we have taken appropriate steps to eliminate or mitigate our negative impact on the environment. Powder paints which are used in our coating shops are ecological products which do not include volatile substances that would be released in the process of coating (according to their producers).

Gas emissions to air in the process of manual or automatic welding in the Tychy factory have been minimized owing to installation of modern filtering and ventilation devices. Their filtration efficiency is as high as 99.5% which is unique in this type of manufacture processes and is a negligible emission.

The manufacturing room is heated by gas-powered ceramic radiant heaters. Infrared radiant energy emitted by heaters is converted into heat when it strikes objects in the area. In a natural way it warms the floor, machines and personnel in the heated area, while it does not warm any objects in the upper part of the building. Therefore only the surface, not the cubage of the building is warmed.

Gas and dust emissions by consumption of energy carriers are monitored on a current basis:



Principle 10

Working against corruption in all its forms, including extortion and bribery

The employees of ELEKTROBUDOWA SA observe the legal regulations which are 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 demands total prohibition of offering any undue benefits to customers, their employees or representatives, or to any other third parties. The same refers to receiving. The Company allows the employees to receive small

promotional or courtesy gifts, handed openly, which do not have any influence on tasks being performed or decisions taken. 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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Photos posted in this report come from the company's private archive