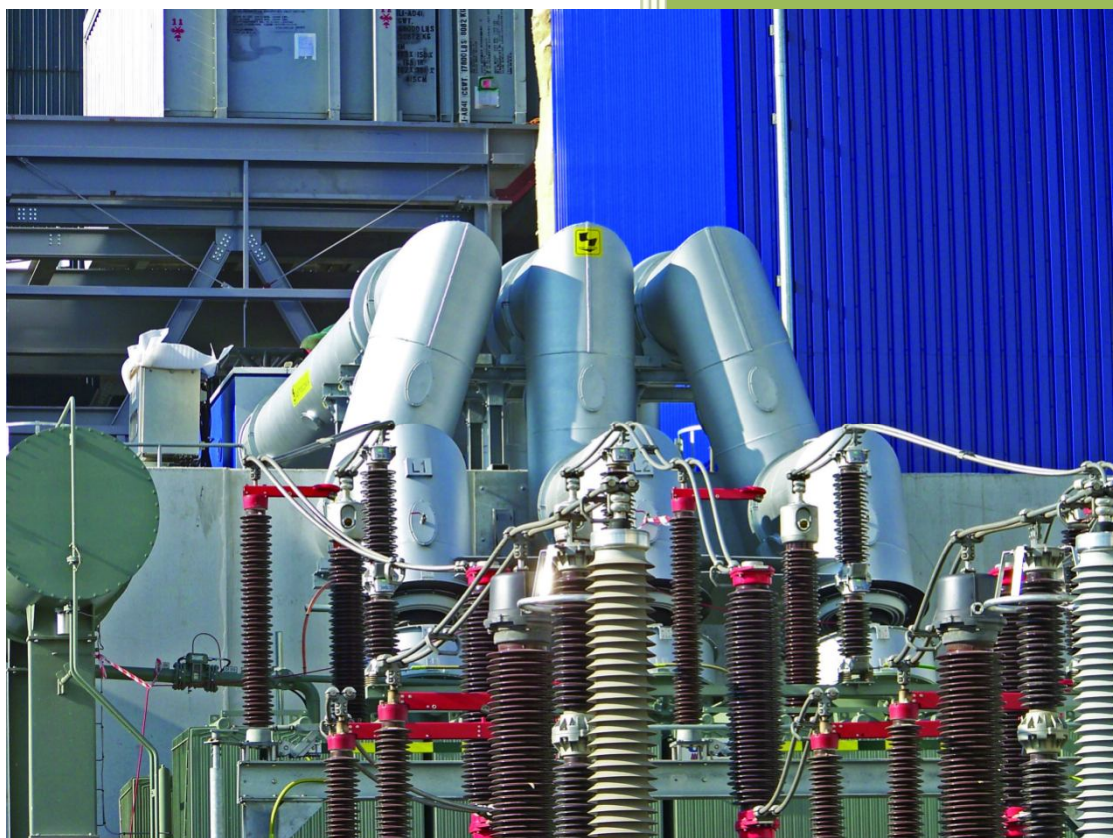


2015



Global Compact – Report



ELEKTROBUDOWA SA

2015-11-30

Katowice, 30 November 2015



Dear Readers,

Another year has passed, the fourth in a row, since ELEKTROBUDOWA SA joined the Initiative of UN Secretary General, Global Compact. Corporate social responsibility is gaining more and more importance in Polish economy, so it is a duty of companies to conduct their business in such a way as to satisfy social and environmental needs. Supporting local communities and protection of the natural environment are essential values, therefore the Company not only declares to respect the principles accepted four years ago but has been implementing them in its day-to-day operations. Such approach helps the company reduce production costs owing to responsible management of resources, enable employee development and satisfy their intellectual needs, what translates to increased satisfaction and commitment.

Dialogue with social partners, regular meetings to provide information and participation of trade unions in managing the Company has become a norm for us. Every year ELEKTROBUDOWA SA sets new environmental goals, such as reduction of hazardous emissions and reducing the consumption of water, electricity and solid fuels. We constantly monitor and analyse the consumption. The pro-environmental activity not only results in reduction of pollution, but also helps improve the Company's image with our business partners, customers, present and potential employees.

Human capital is of greatest importance for the Company. It is the employees knowledge, team work and high competencies that enable constant development of the organization and active influence on the development of the Polish and global power market.

Our responsible approach to conducting business is proved also by the fact that once again we have been included in RESPECT INDEX - the exclusive circle of companies listed on the Warsaw Stock Exchange.

Submitting a subsequent – fourth - corporate responsibility report I assure You that we will spare no effort to continue on promotion of the Global Impact Initiative and improve 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, which appears to read 'Jacek Faltynowicz'.

Jacek 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 OPTIMA 145



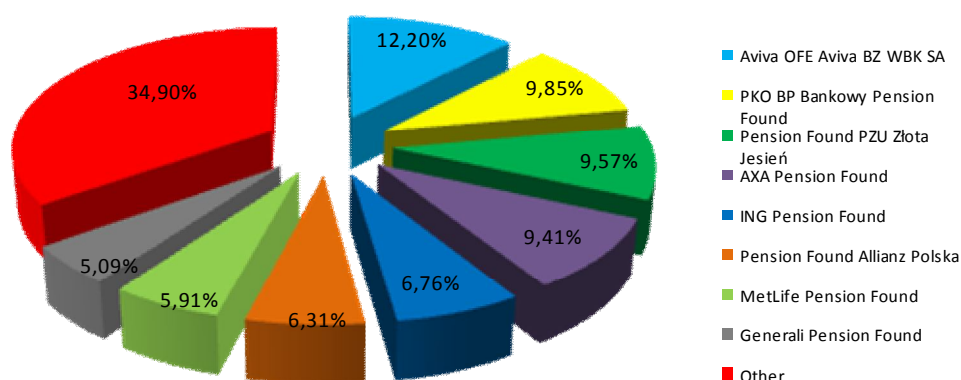
high-current busducts

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, Turkey, Russia and also in Japan.



Shareholders (as at 31 December 2014)

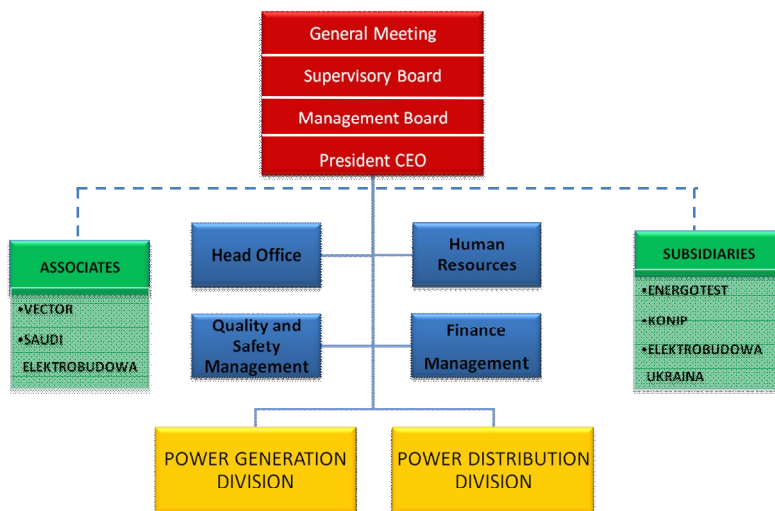


ELEKTROBUDOWA SA Group

ELEKTROBUDOWA SA



THE ORGANISATIONAL CHART



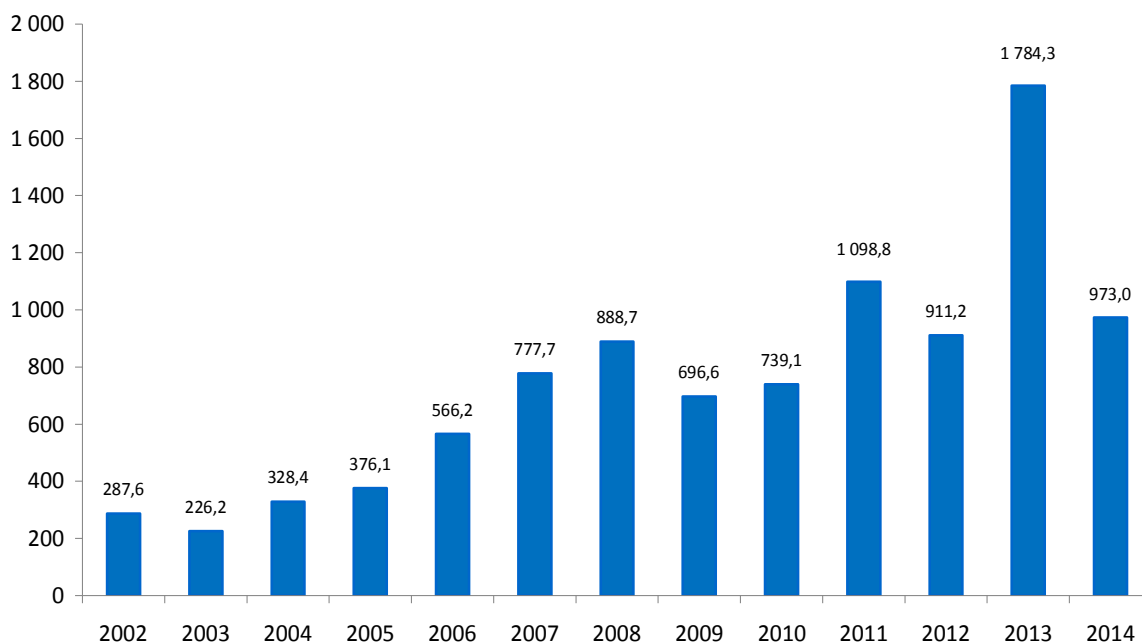
October 2015

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www.elbudowa.com.pl

Basis economic data (in millions of PLN)

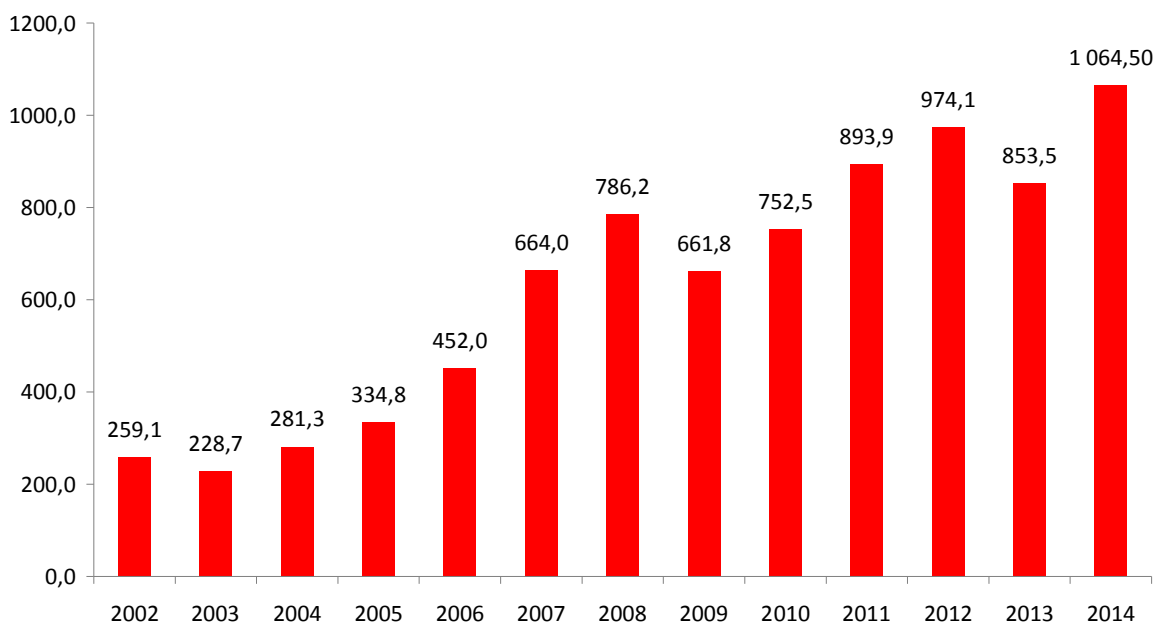
1. Orders received



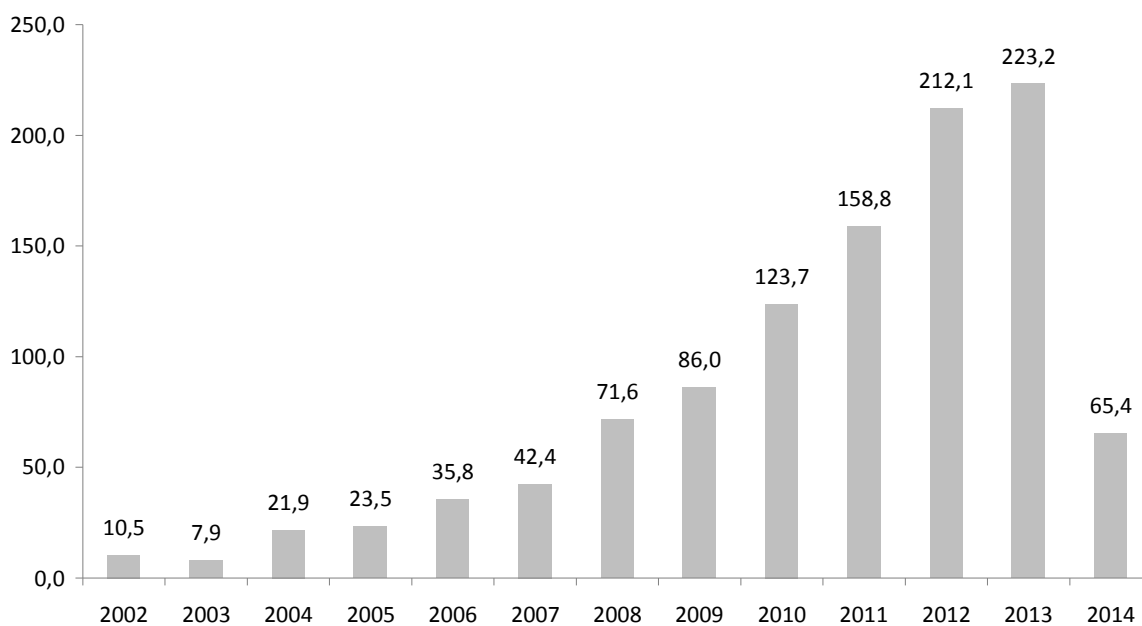
2. Order backlog



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 2014 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 natural resources. ELEKTROBUDOWA SA has identified essential areas of its direct and indirect environmental impact. Outcome of analysis of the impact helps us undertake effective actions to limit the scale of our influence on biodiversity at the sites we carry out our business activities and to reduce the consumption of resources, water, fuels and energy. Based on AA1000 standards dialogue with stakeholders helps us develop the highest occupational standards applied in performance of projects. ELEKTROBUDOWA SA has developed a training programme to support its employees in implementation of environmental protection policy; the company provides relevant regular training.



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. In 2014 the project “Development of pro-ecological public transport in Tricity metropolitan area” (the Tricity area – Gdynia, Gdańsk and Sopot – in the Pomorskie region of northern Poland), in performance of which ELEKTROBUDOWA



SA participated, was awarded the 1st prize in the City Star category of the RegioStars 2014 competition organised by the European Commission. The project was co-financed by EU's European Regional Development Fund through the “Pomorskie Voivodeship” Regional Operational Programme.

Investments carried out by the Company also provide a source of knowledge for technical school students. To support educational initiatives, ELEKTROBUDOWA SA offers to the young students a possibility of visiting its modern production facilities. The Company also cooperates with universities, offering traineeship for students to enable them start professional career in ELEKTROBUDOWA SA.

Some of our employees conduct educational classes for pupils of the neighbouring vocational schools and also for students of colleges.

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.

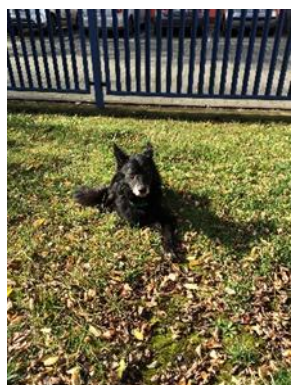


For the fourth time we were involved in “Szlachetna paczka” (“Noble Parcel”) and could provide aid to a struggling family, a single parent, Monica and her four children. We supported the family, as far as possible answering their needs which were assessed as essential; the most important for the family was a new bed for the boys. We collected all products and things that the family asked for. Owing to great involvement of the employees of ELEKTROBUDOWA SA the family could have a happy



Christmas, and each of us could become Santa Claus and make somebody's dreams come true.

The company also gives cash or in-kind donations to charity, through public benefit entities and other entities involved in public aid activity. Every year we support a number of kindergartens, schools, hospitals, etc. The company does not forget about our



four-legged friends and gives donations to animal shelters. Last autumn the employees organized aid for a stray dog found on a heap of leaves in the company's parking area on a wet morning. They took it



to the gatehouse to get warmed and then made a money-box to collect funds for vet's examinations, dog's food, a den and other accessories. It was decided that the dog would stay with

ELEKTROBUDOWA SA.

More and more employees take part in further editions of a charity Business Run, an exceptional charity business run in the form of relay race. In this way the employees support Jasiek Mela Foundation Poza Horyzonty (“Beyond



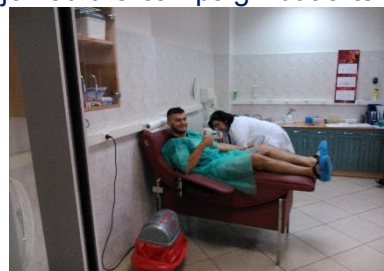
Horizons”), whose statutory aim is to help victims of accidents, who are waiting for artificial limbs. It is a part of a nation-wide event, Poland Business Run, taking place at the same time in different Polish cities. Those who did not take part in the run could support



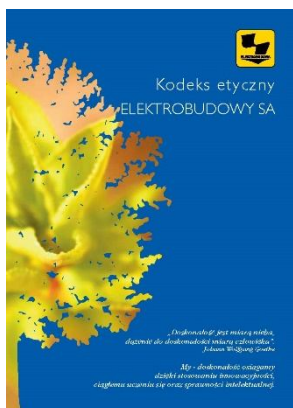
the Foundation with a donation.



The employees of the Power Generation Division at the Dolna Odra contract got involved in the voluntary blood donation campaign. At first a few persons, who have been honorary blood donors before, joined the campaign but after several days more and more people joined in, some of them together with their families. The employees were proud that they could help or even save somebody's life. Some of them admitted that if it had not been for the campaign they would not have come up with such an idea.



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 developed the abuse counteracting policy and worked on creating an organizational unit which would deal with verification and elimination of any possible abuse or corruption. 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. Whenever a conflict arises the Company always try to resolve it in an amicable way and hammer out a compromise solution satisfying all parties to the dispute.

In 2014 the Company developed and implemented the Code of Ethics in Advertising and the Policy of Communication with Customers.

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 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.

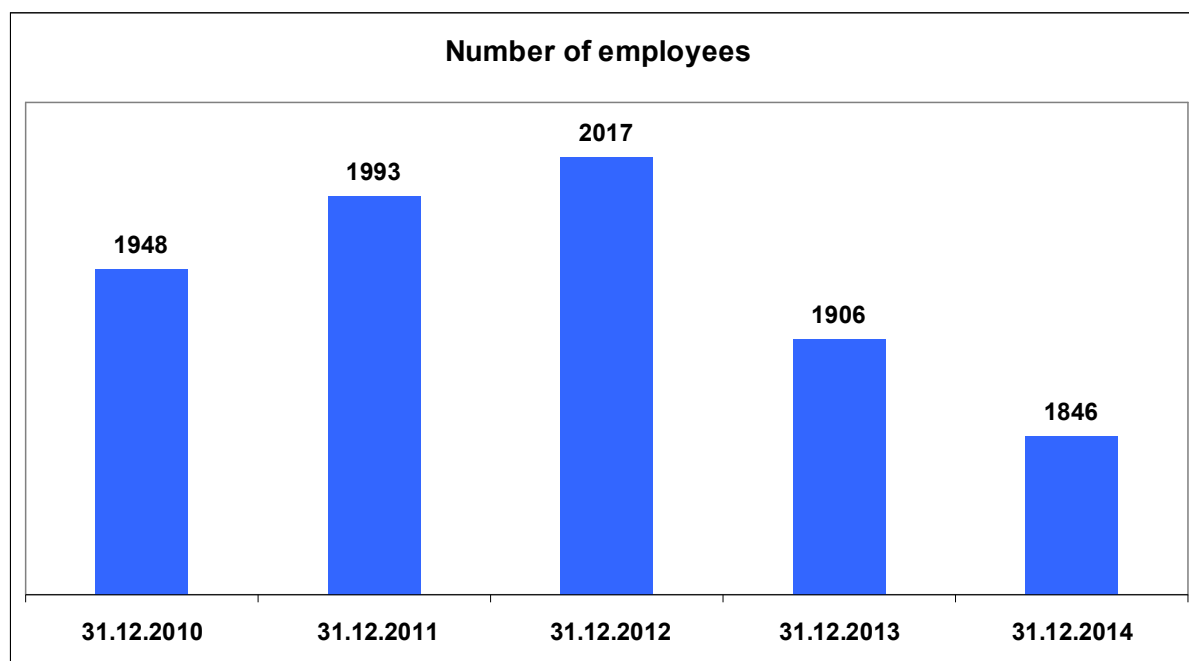


ELEKTROBUDOWA SA respects people and expects them to respect one another. The approach developed through years favours building good relations and thus positively creates atmosphere of work in the Company. ELEKTROBUDOWA SA is aware of the fact that each person is exceptional and brings something unique to the Company, therefore it carries out regular employee satisfaction surveys and 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 2014 average monthly employment was 1840 job equivalents and was about 4.31% lower than 2013 average. The year-end employment was 1846 employees, by 60 persons fewer than as at the end of December 2013.



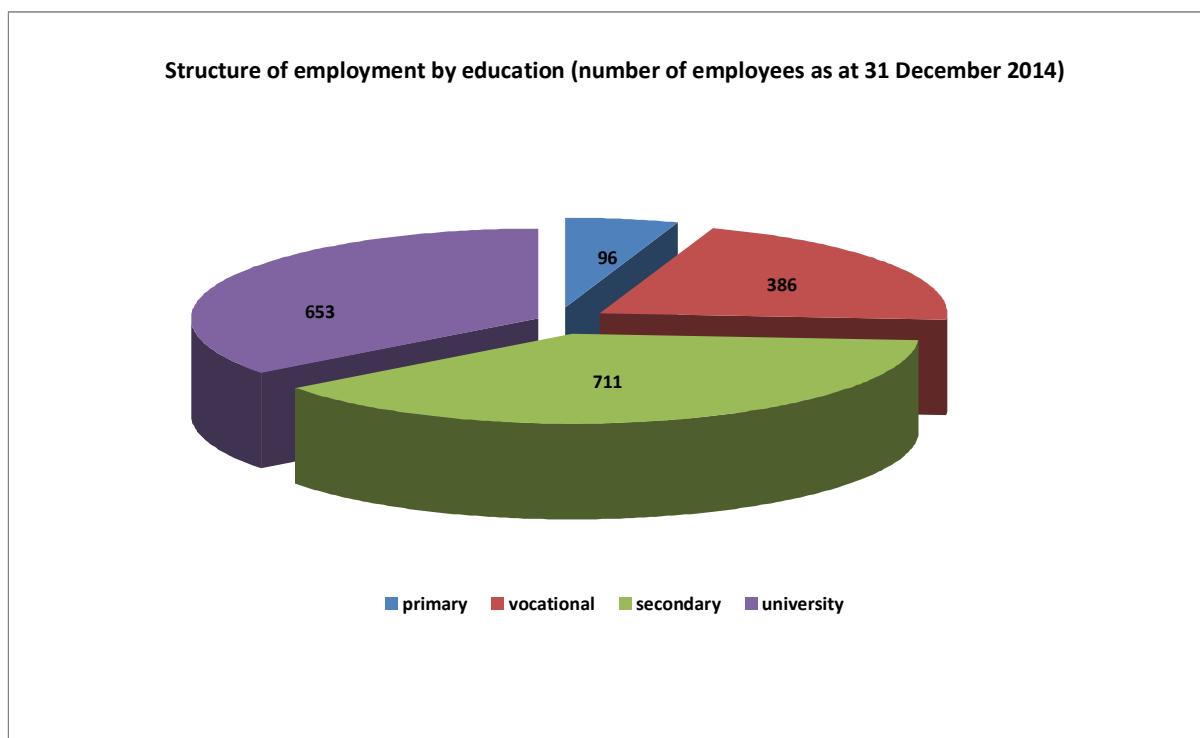
Because of the nature of business the company conducts, out of the total number of employees 1045 job equivalents fall to direct labour whereas 801 job equivalents to white-collar staff. Compared with 2013 the number of manual workers decreased by 4.7%, and the number of non-manual personnel was also in a falling trend and dropped by 3.2% on 2013.

In the period from 1 January to 31 December 2014 together 235 new people were employed in different trade groups, from direct labour through specialist in various areas to management positions. There were only a few cases of termination of employment for the reasons attributable to the employer. During 2014, contracts of employment were terminated with 26 persons pursuant to the Act of 13 March 2003 on Special Principles for Terminating Employment for Reasons not Attributable to Employees.

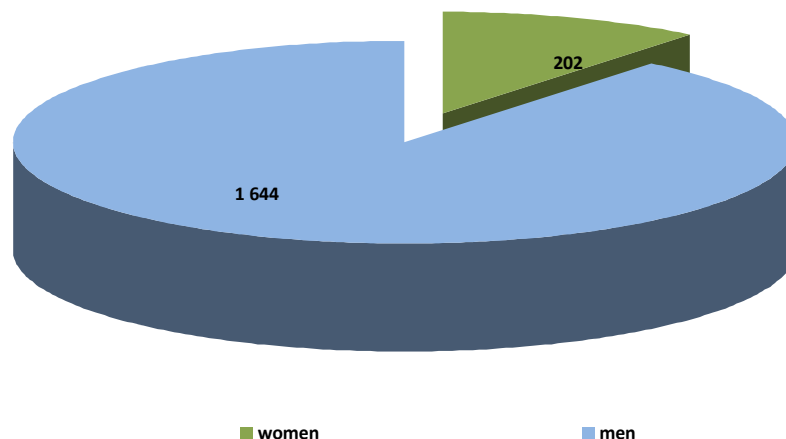
ELEKTROBUDOWA SA is against any form of employing children. However, driven by the care for the future of young generation, the Company entered into a number of agreements with schools, colleges and universities under which it provides young, ambitious people opportunity to gain valuable professional 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.

Employee turnover rate in the Company for the last closed financial year was on the level of 14%. The ratio is not high in relation to the number of employees. Employee turnover generally results from the type of business activity of the Company, as because of nature of performed contracts some employees work under fixed-period contracts or employment contracts for the period needed to perform certain work.

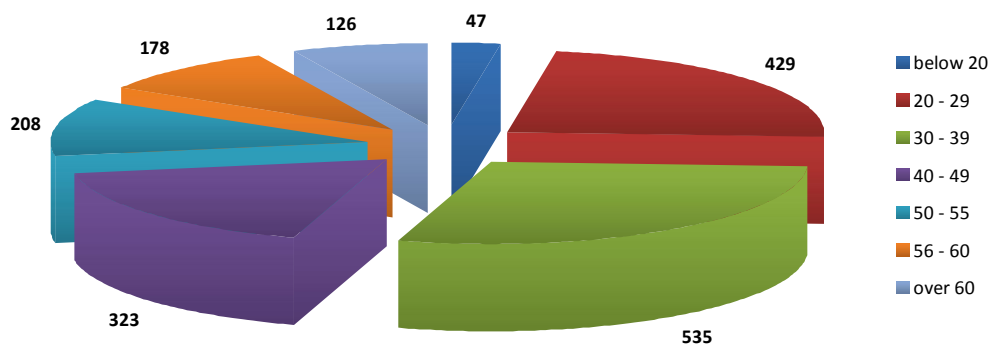
The structure of employment according to education, age and gender as at 31 December 2014 is shown in the charts below.



Employment structure by gender (number of employees as at 31 December 2014)



Employment structure by age groups (number of employees as at 31 December 2014)



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

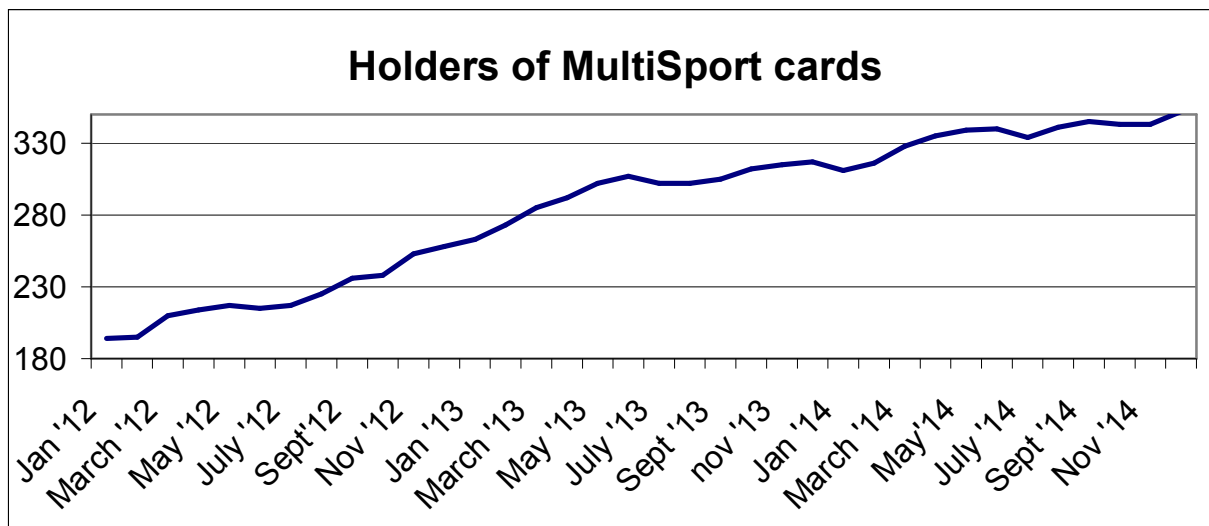
Health is a value of the utmost importance for every individual. Aware of it, the company has been providing an above-standard medical care for its employees for many years. The care is provided on the highest level. The employees have access to unlimited consultations with specialists, various examinations 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, skin diseases, early detection of lung cancer, mammography for women, PSA for men and abdominal ultrasonography for persons over fifty, and the state of health screening for managers.

Every year 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. Although in the beginning of the programme it was difficult to gather a minimum number of employees which entitled to implement this solution in the company, now the number of card holders is several times higher than that minimum and constantly grows. 30% of the participants regularly, at least three times a month visits the sports facilities. The "record breakers" use the cards up to the maximum; there are months when they frequent the facilities every day. Such a sporting attitude of employees is the Company's success, when we remember the moderate interest in the initial stage of the programme.



Furthermore, the company enables its employees to participate in cultural events, by partial funding of season tickets to the theatre, philharmonic, cinema, etc. Respecting individuality of each employee, the company also offers various kinds of courses connected with their interests.



In 2014 there was the 37th Polish Championship of Power Engineers in Volleyball. The event took place in Szczyrk. The Company was represented by the best players from the factories in Konin and Tychy. The volleyball players from ELEKTROBUDOWA SA

participated in the Championship for the first time, but they came out quite well. During the year the Company provides the players with possibility of training in gyms, so they can master their skills to represent ELEKTROBUDOWA SA still better.



ELEKTROBUDOWA SA – a Parent-Friendly Company



ELEKTROBUDOWA SA

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 – 2014, 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
2014	16	142	14	62	13	60	10	52	4	10

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.

Another important event is an annual picnic for the employees and their families. This year the event had an exceptionally festive character, as the occasion was exceptional: the 40th anniversary of the factory in Konin. It was also an opportunity to hand in gifts to the employees who celebrated their 25 years and 40 years of service for ELEKTROBUDOWA SA. The youngest participants can play different games; the older may listen to concerts by famous Polish artists. What enjoyed enormous



popularity this year was the cooking workshop conducted by Teo Vafidis, a charismatic Greek who passionately promotes Greek cuisine. Those who are not so much fond of cooking could watch the enduro motorcycle stunt show. The picnics are very popular, as every time they attract up to 2000 participants.

Every year the company organises Christmas meetings for employees. They usually have a form of common outings to a symphony concert or theatrical performance preceded by a reception. The employees can also have Christmas meetings within their organisational units, for which they are supported from the social benefit fund.

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 consulted with employees and their individual 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.

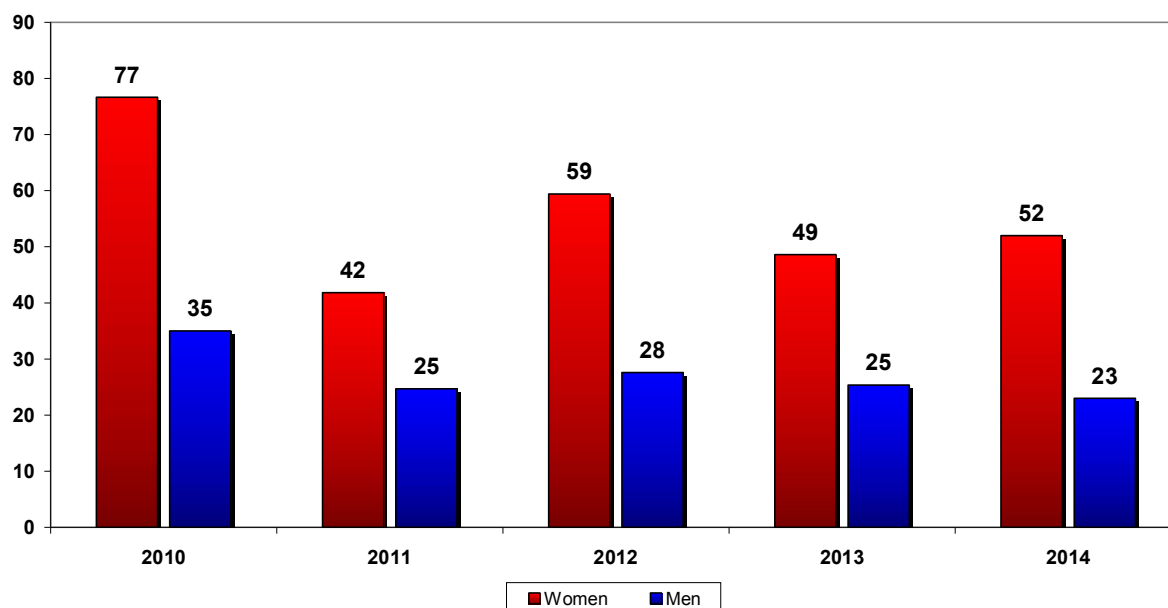
Expenditure on training principally concerned the policy of systematic development of the corporate culture focused on project management, the issues of enhancing professionalism of work teams and particularly management skills. The Company offers its employees the possibility to develop foreign languages skills, either in the company premises or in local language schools, leaving the choice up to the employees. The most frequently chosen languages are: English, Russian, German and Polish, the last because the Company employs many foreigners.

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.

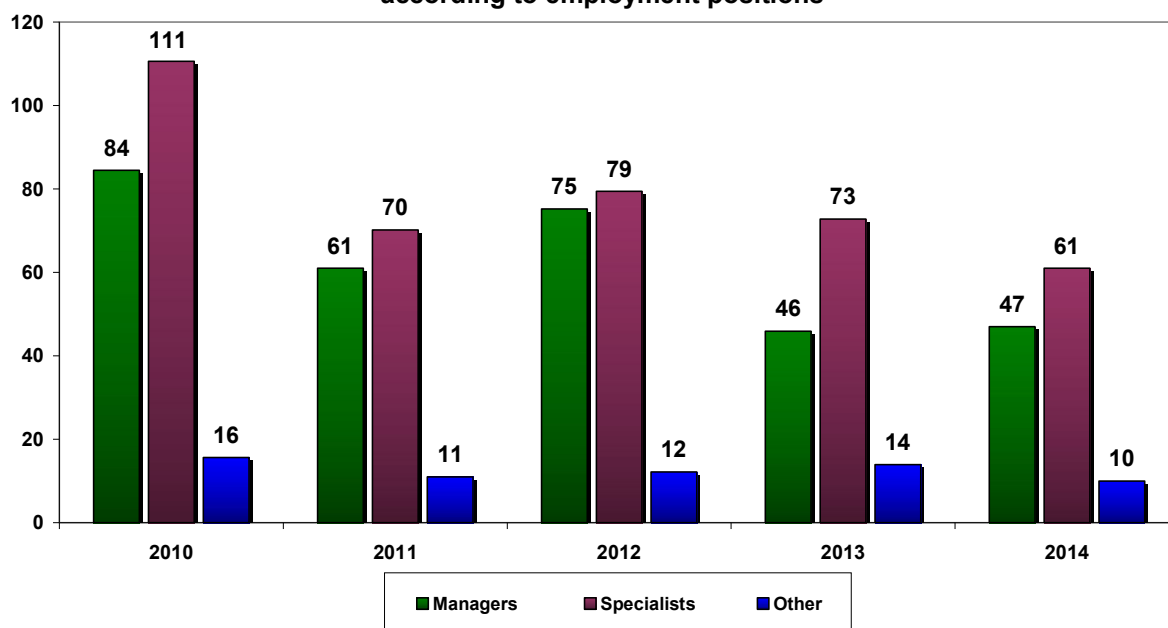
In 2014 the company invested 1.4 million PLN in training, which gives an average of 623 PLN per employee. Training costs accounted for 0.8 per cent of total 2014 remuneration fund.

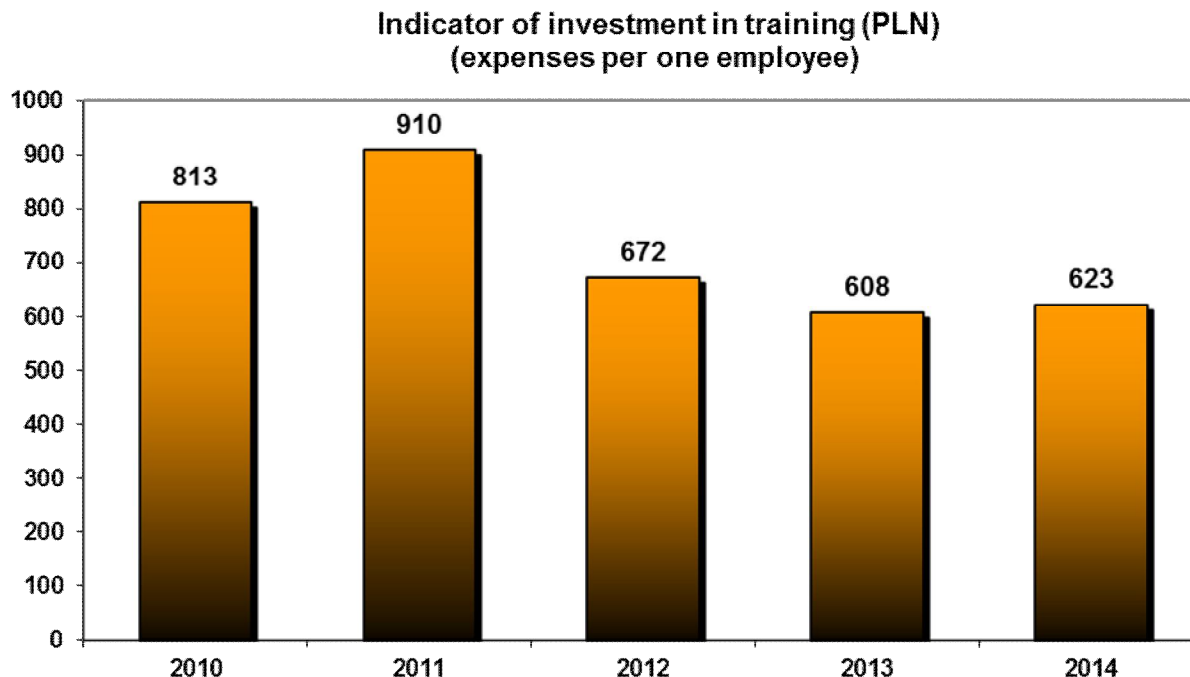
Presented on the charts below is an average number of training hours per employee by gender and by employee category in 2010 – 2014, and also indicators of training investment are shown, which depict expenditure for training per employee in the same period.

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



**Average number of training hours per employee
according to employment positions**





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.



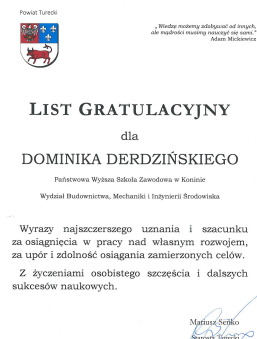
We are proud of each employee, but the year 2014 was exceptional for one of our people, Mr Stanisław Wapniarski who received a title of “Golden Engineer” awarded by readers of “Przegląd Techniczny”, a specialist engineering magazine. The gala took place in the President’s Palace, and the poll was under the honorary patronage of the President Bronisław Komorowski.

Mr Stanisław Wapniarski has also received an award for the work: “Development and implementation for production of a modern and compact, medium voltage switchgear for industrial applications, in explosion-proof design, solid / air insulated, type PREM-GO” in the Katowice Region Master of Technology competition. The work has also received Level 3 Award in the nation-wide improvement of working conditions competition in the R&D works category. The award was given by the Minister of Labour and Social Policy, the venue was the Column Hall of the Polish parliament.



In 2014, within the programme of supporting the employee development, the Company co-funded publication of a legal monograph “Kontrola pracownika przez pracodawcę” (“Control of an employee by an employer”) written by Magdalena Stępak-Miczek, issued in September 2015 under the imprint of the publisher C.H. Beck.

In 2015 our employee Mr Dominik Derdziński has received an award for the best master thesis in the academic year 2014/2015. Mr Derdziński received a congratulations letter from the Starost (County Administrator) of Turek.



In the region of Konin (location of our manufacturing facility) it was Ms Irena Tomaszewska who was genuinely committed to social initiatives in the years 2013-2015. We are proud that our

employee was awarded an Honorary Badge of Merit for the Town of Konin given by the Mayor of Konin on a special session of Konin City Council and Konin Poviats Council.



Ms Irena Tomaszewska is particularly involved in promoting history of Pątnów, a district of Konin, among local community. Her actions in this respect include:

- Organization of the ceremony and giving the name to a roundabout in Konin-Pątnów : “Battle of Pątnów 1863 Roundabout”, commemorating the battle of Pątnów in 1863 with a plaque.
- Organization of the 151st anniversary of Olszowy Młyn battle near the grave of insurgent s of the January 1863 Uprising in Konin-Gosławice.
- Organization of bicycle race on the „Route of Szlakiem Powstańców Styczniowych 1863” Bieniszew and Olszowy Młyn for primary and secondary schoolchildren from Konin-Gosławice.



Ms Irena Tomaszewska has also published books on the history of Konin-Pątnów.

Motivation

Periodic personnel appraisal is an important element of personnel productivity and motivation management policy implemented by ELEKTROBUDOWA SA. In the years 2010-2014 the periodic review covered the managing 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 2014 was on the level of 4838 PLN and was by about 10.9 per cent lower than in 2013. 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.

In 2014 the Company received a thank-you letter from STORA ENSO Poland S.A. for responsible approach to widely understood Occupational Health and Safety issues. The inspection of quality of work of ELEKTROBUDOWA SA shown that the employees comply with OHS regulations, use the required safety equipment, and their OHS awareness is very high, for which the credit goes undoubtedly to the is Company's supervision.

ELEKTROBUDOWA SA cares for constant improvement of the occupational Health and safety awareness, both of its employees and subcontractors. OHS information is provided in the form of an OHS Guide, articles on occupational safety and newsletters issued at the site of performed projects. Together with our employees we develop safety culture, what directly translates into decreased number of occupational accidents in ELEKTROBUDOWA SA.

In 2014 there was no instance of occupational disease.

The number of accidents decreased from 15 in 2013 to 7 in 2014. Presented below are the basic indices relating to the occupational health and safety. 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 in 2014
Number of accidents at work	8	12	15	7
Casualties	8	12	15	7
Absenteeism caused by accidents	466	540	909	425
Occupational diseases	1	1	0	0
Fatalities	0	0	0	0
Accident frequency rate	4	5.95	7.87	4.33

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 2014. 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 not 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. Systemic solutions, based on the certified management system, implemented in our company guarantee our aware and responsible approach to the natural environment.

Actions that are taken, which could even in the least degree interfere with the environment, correspond in all respects with national and European regulations, meet legal requirements and often exceed the regulatory minimum.

Before commencing execution of a new project we identify environmental aspects and their impact on the environment. Also, each time the management system is reviewed or an internal audit carried out we investigate whether our actions conform to the mandatory legal requirements and our internal procedures of the environmental management system. 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. During execution of big contracts which impact on the environment and biodiversity of areas where they are performed is big, we conduct a cyclical dialogue with the interested stakeholders. For the meetings concerning building models of public debate referring to our business activities the representatives of the following groups are invited:

- societies, foundations, associations dealing with environmental protection and broadly understood ecology,
- non-governmental organizations,
- municipal authorities,
- colleges and universities,
- inhabitants of areas where our projects are carried out,
- media.

Discussing environmental aspects in those meetings with respect to the relevant investments ensure mitigation of hazardous impact on the environment. Owing to public debates we have developed standards of work which are implemented with greatest care, and concern to avoid incidental destruction of habitats. Public debates have also an educational role and allow getting the publics involved in common decision-taking during performance of our projects.

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 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.
8. Works which have impact on biodiversity.

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.

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. 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.

The main aspect which has an adverse impact on local biosphere concerns the waste produced at the sites and which come from maintenance and dismantling works. Their quantities are strongly correlated with a number and size of contracts and their stage of completion. In its operations ELEKTROBUDOWA SA ensures that the works associated with waste removal are performed with greatest care, and the waste categorized as hazardous is correctly managed. Therefore it does not pose a risk for people or the local biosphere. Environmental requirements that our personnel has to fulfil, are also imposed on our subcontractors and suppliers.

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 organised “A day without rubbish” again. The event was co-organised by a recycling company. It had a purpose of building ecological awareness among employees and their families. During the “Day without rubbish” we were promoting actions concerning selective collection of wastes. One of its attractions was a competition for children: drawing pictures relating to promotion of good practices of waste segregation. The company also invited its employees with their children to the theatre for a play raising environmental issues.



“Give waste a second chance” – a motto of “Day without rubbish”

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 event 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:



[RESPONSIBLE ENTREPRENEUR CERTIFICATE]

Our company 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.
- Impact on biodiversity of nature.

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).

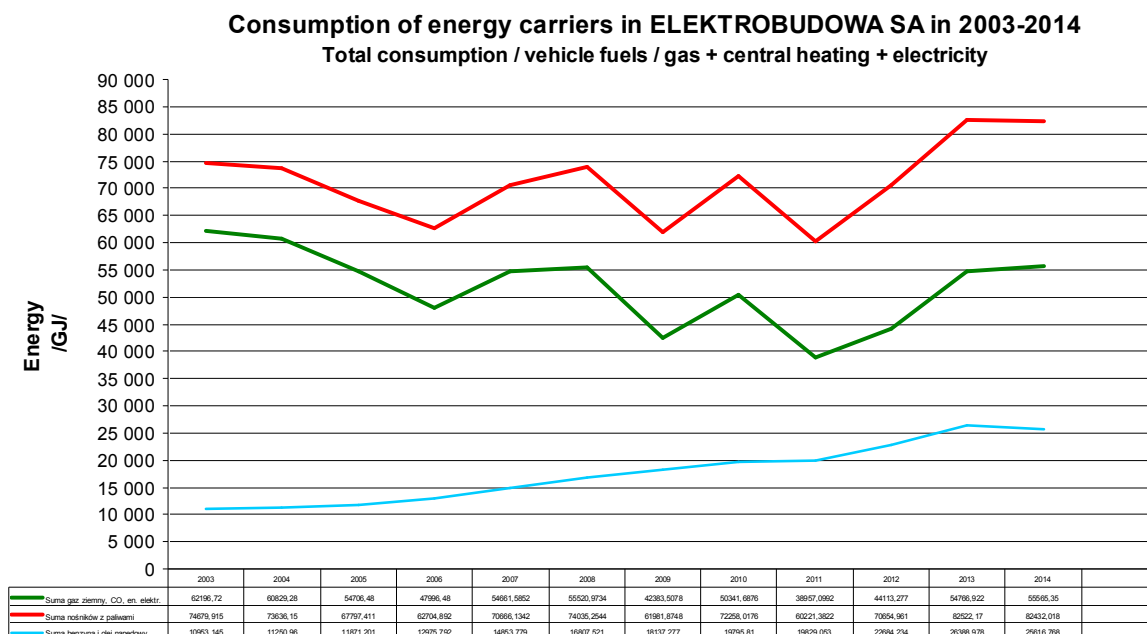
Gas emissions to air in the process of manual or automatic welding in the Tychy factory have been minimized owing to installation of modern filtering and ventilation devices. Their filtration efficiency is as high as 99.5% which is unique in this type of manufacture processes and is a negligible emission.

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.

In October 2015 we implemented a photovoltaic installation in our production plant in Tychy, what will undoubtedly improve our environmental impact.

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

— total natural gas, heat in water, electricity — total carriers incl. fuels — total petrol and diesel oil



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. In 2013 the Company started to implement the abuse counteracting policy, what has been completed. The Company also initiated an independent organizational unit for economic audit, which will implement preventive actions and conduct preliminary investigations in the case of suspected abuse or corruption.

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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