



ELEKTROBUDOWA SA  
Proven solutions

# Global Compact - Report 2016



Solid foundations  
for success



Dear Readers,

Five years have already passed since we joined the UN Global Compact Initiative.

Conducting our activity during all these years, beside working towards our business objectives we have established and pursued social, employment, environmental and economic targets, following the principles of sustainable development. We also highlighted these targets in the Company's business strategy adopted for the years 2016-2018, not forgetting about our Stakeholders and their needs, and being guided by ethical issues of conducting business.

We are aware that the intricacy of directing a company, particularly in so hardly foreseeable market conditions, poses a considerable challenge, but we also know that these conditions in combination with the genuine wish to build a strong and recognizable brand do not absolve us from the responsibility of considering the non-financial consequences of our decisions and actions, which have impact on the social and natural environment in which we operate.

Submitting the subsequent, fifth report of corporate social responsibility I assure You that we will spare no effort to improve our business activity, not only in economic terms but also in terms of ethics, to the benefit of general public and that we will continue promoting the Global Impact Initiative.

Truly yours,  
Janusz Juszczak  
President

## Business activity of ELEKTROBUDOWA SA

ELEKTROBUDOWA SA is a manufacturer of electrical equipment, a provider of complete electrical installations and supplier of turnkey facilities for power industry and other industries. We offer a whole package of services, covering engineering, procurement, erection, commissioning and start-up. Our product range includes low and medium voltage switchgear, gas insulated high-voltage switchgear, busducts, containerized substations, control, signalling and protection devices. We are recognized as a leader among Polish companies which execute projects for the electricity generation, transmission and distribution sectors. Among our customers are power plants, combined heat and power plants, hard coal and lignite mines, metal ore mines, heavy engineering factories, companies from fuel, chemical, paper and food industries and public utility entities. Electrical equipment manufactured by our company, particularly switchgear, is installed and working in almost all major power plants and industrial facilities in this country and in many abroad.

We contribute to Poland's energy security, as through our business activity we help modernize power infrastructure, improving its efficiency and reliability and contributing to improvement of conditions for power supply and reliability of electricity supply which is critical for the manufacturing plants and public utility facilities.

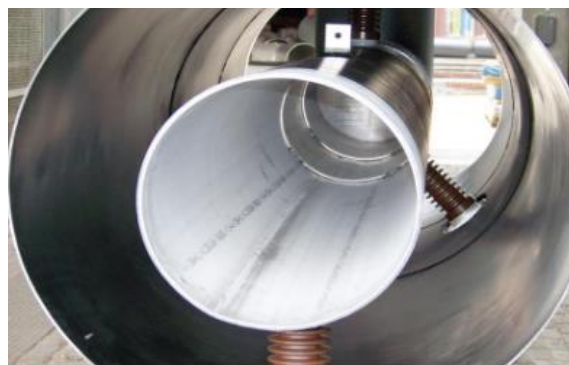
We indirectly contribute to increasing attractiveness of the regions where we operate, as reliable electricity supply is, beside road infrastructure, a crucial factor indispensable for development of entrepreneurship.



Medium and low voltage switchgear



Gas insulated high-voltage switchgear



Busducts



Containerized substations

## Organisation structure

Our company is a multi-divisional enterprise having its registered office in Katowice (Head Office), with two organizational branches – Company Divisions which are not separately disclosed in the National Court Register (register of businesses). As at the end of 2015 the company had two divisions: Power Distribution Division (now: Production Division) with a manufacturing facility in Konin, and Power Generation Division (now: Project Execution Division), conducting their operations all over Poland and in other countries. The Power Generation Division had in its structures the Busduct Factory in Tychy (now: Busduct Manufacturing Facility incorporated in the structures of the Production Division).

In 2015 we performed construction and erection works at the sites of over a dozen major domestic projects. Through the operations of our related companies we were present in the Russian market (through Vector Ltcustd.) and the Ukrainian and Saudi Arabian markets (through ELEKTROBUDOWA UKRAINE Ltd. and SAUDI ELEKTROBUDOWA LLC). As at 31 December 2015 the Company had its foreign branch registered in Finland, through which we performed electrical installation services in that country. We were also present in the markets of Belarus, Turkey, Angola, Libya, Switzerland or the Republic of South Africa.

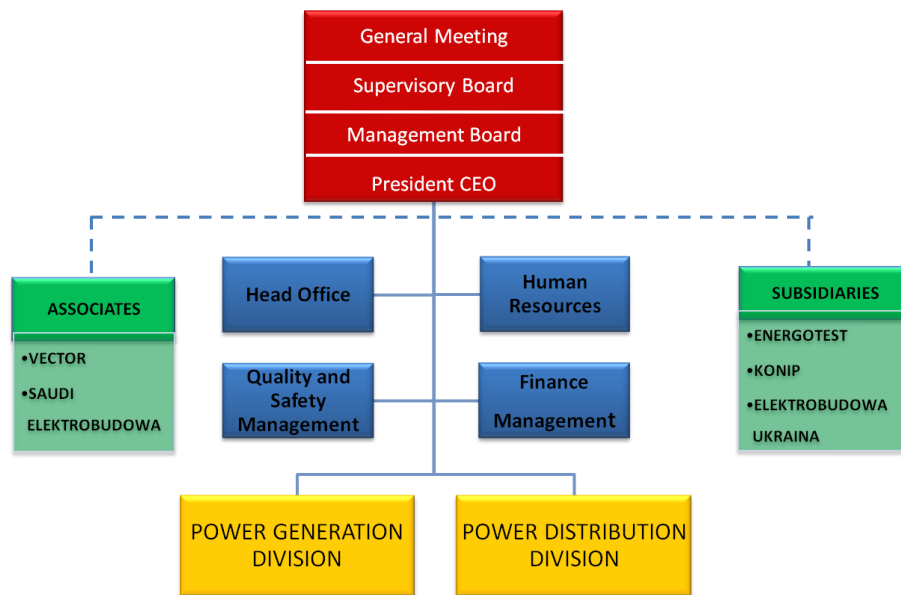
Locations of offices and major contract sites of ELEKTROBUDOWA in Poland



Shareholding structure – share in the number of votes and in the share capital (as at 31 December 2015)

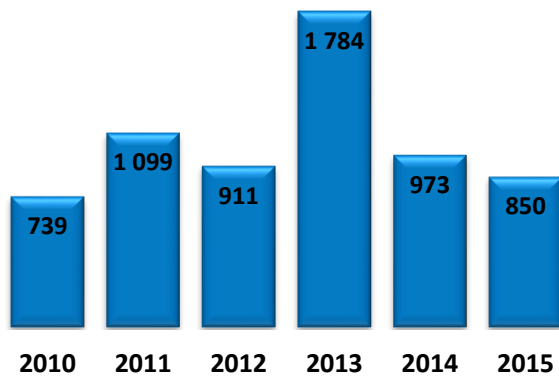
Generali Otwarty Fundusz Emerytalny	5,09%
MetLife Otwarty Fundusz Emerytalny	6,08%
Allianz Polska Otwarty Fundusz Emerytalny	6,31%
Open-End Pension Fund PZU "Złota Jesień"	9,31%
AXA Open-End Pension Fund	9,41%
Open-End Pension Fund PKO BP Bankowy	9,74%
Nationale–Nederlanden Otwarty Fundusz Emerytalny	9,89%
AVIVA Open-End Pension Fund AVIVA BZ WBK SA	10,75%
Other Shareholders	33,42%

## Structure of ELEKTROBUDOWA SA Group as at 31 December 2015

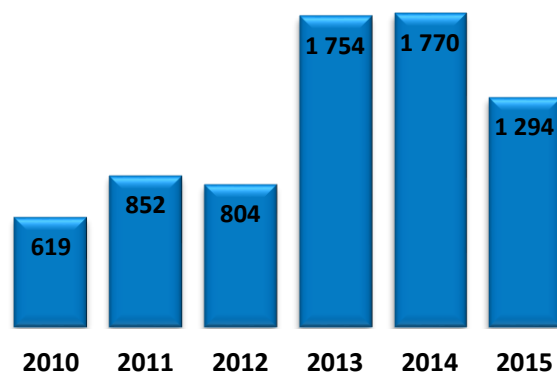


## Basic economic data

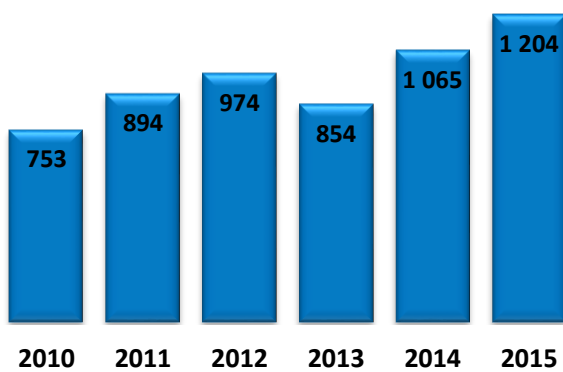
Orders [PLNm]



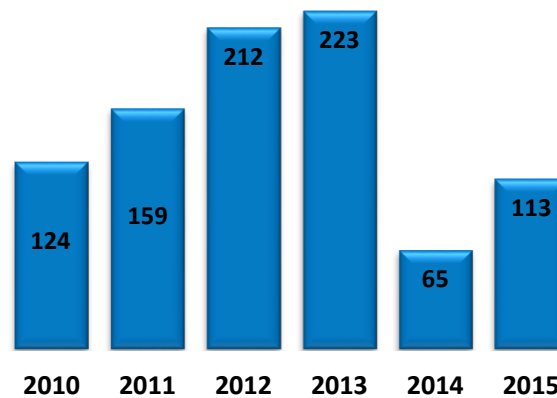
Order backlog[PLNm]



Sales revenues[PLNm]



Exports [PLNm]





## 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. In the document it was pointed out that a fundamental value for the Company is conducting activities with the focus on building good, stable relations with customers and all interested parties. It was also underlined in the document that ELEKTROBUDOWA SA joined the United Nations initiative, UN GLOBAL COMPACT and follows the requirements of *Best Practices of WSE-Listed Companies* and the guidelines of its own *Code of Ethics*, which provides a set of values followed by the Company and its employees.

Owing to the demonstrated long-term commitment to environmental, social, ethical and corporate governance issues, in 2015 ELEKTROBUDOWA SA was again included in the exclusive circle of companies listed on the Warsaw Stock Exchange in the prestigious Respect Index which comprises the leaders of corporate social responsibility in Poland.



Aware of the environmental impact of its activities 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:

- evaluation of economic, social and environmental impact of the Company's activities on the environment,
- developing CSR strategies and plans and defining effective measures of CSR activity,
- taking decisions and actions in the scope of CSR and accountability for such decisions and actions,
- building of the managers' and employees' involvement in the CSR actions,
- consulting with local communities and the Company's stakeholders on effectiveness and comprehensiveness of the CSR actions,
- developing CSR reports and communicating about CSR actions to the Company stakeholders.

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. We have identified essential areas of our direct and indirect environmental impacts, what 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. In our facilities we apply the best available

technologies which enable maintaining cleanliness in the production, that is regular reduction of pollution, reducing the consumption of raw materials, electricity and water, treatment of sewage and prevention of failures. We are constantly implementing new technologies and procedures which increase cleanliness of the production. Regular expenditures are incurred in order to improve the quality of our products, as we wish their operation had the least possible negative impact on the environment. Every year the Company drafts an Environmental Management Plan, objectives and tasks of which are evaluated, and then further actions are taken to minimize the negative impact on the environment.

## **2. Employment policy**

Our employment policy is directed by the standards provided in the Universal Declaration of Human Rights. We do not use forced or compulsory labour, we counteract any forms of discrimination in respect of employment and kind of performed work. We recognize the employees' right of association and the right to collective bargaining. We collaborate with society partners, undertake preventive actions in the sphere of occupational health and safety, counteract loss of employment, establish honest principles of remuneration and offer benefits in excess of privileges prescribed by law. We also apply relevant procedures of investigating complaints and grievances and disciplinary procedures.

## **3. Social commitment**

We believe in commitment to and cooperation with our stakeholders. Where possible, we rely on policy of open communication with local communities which includes public consultations relating to our business operations, and immediately inform the communities about potential hazards. We make every effort to assure that the projects the Company executes are fully understood and accepted by the local community and that they create opportunities for a region which is a beneficiary of implemented projects.

We support social activity concerning charity campaigns, social policy, health protection and promotion, science, education, learning, promotion of sport and physical culture. Our support is manifested by donations in cash or in kind, particularly for the benefit of non-profit organizations or other entities realizing public actions (we do not give donations to individuals).

Funding provided by the Company is generally used for implementation of statutory objectives of the entities, but also for supporting school contests, scientific circles or financial aid for organization of Christmas Eve supper for lonely and poor people. In 2015 the Company supported charity organisations with the amount of PLN 147 thousand, most of it were donations for health protection and promotion.

Our Company has a long history of cooperation with academic centres in Poland. Until 2015 we have concluded cooperation agreements with the Silesian Technical University in Gliwice, the Katowice School of Economics, Faculty of Electrotechnical Engineering, Automatics, Computer Science and Electronics of the University of Science and Technology in Cracow (AGH), and also with the State University of Applied Sciences in Konin and the Mining and Electrical Engineering Secondary School in Konin. Under the cooperation agreements the Company supports the process of shaping professional careers of students and graduates, participates in drafting traineeship and internship programmes and promotes employment of students and graduates. The parties to the agreements also have an opportunity to present and promote their achievements and carry out joint research projects. Every year we take part in presentations in many colleges and schools in Poland, during which we can portray our company and its activity and disclose our recruitment plans.



In summer 2015 we initiated the programme *Practical Training Live* in our Company, the offer is directed to students of the final year of such faculties as: Electrical Engineering, Automatics and Robotics, Power Engineering and Electronics. Participants of the programme can familiarize with the specifics of working for ELEKTROBUDOWA SA. They are given an opportunity to gain professional experience, for example in commissioning tests, and to broaden their academic knowledge, and an opportunity to write a master thesis in cooperation with the Company. Whenever possible, the best student trainees can be offered permanent employment in our Company.

#### 4. Business environment

Our main objective in respect of business environment is transparency of activities carried out by ELEKTROBUDOWA SA, informing the shareholders about our business operations and presenting the financial and economic situation on a current basis.

ELEKTROBUDOWA SA complies with the rules of *Best Practices of WSE Listed Companies*. The company expects its key suppliers and contractors to respect the values included in the sustainable development strategy.



## PART II

### THE 10 PRINCIPLES OF GLOBAL COMPACT

This part of the report 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 in many items been 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.

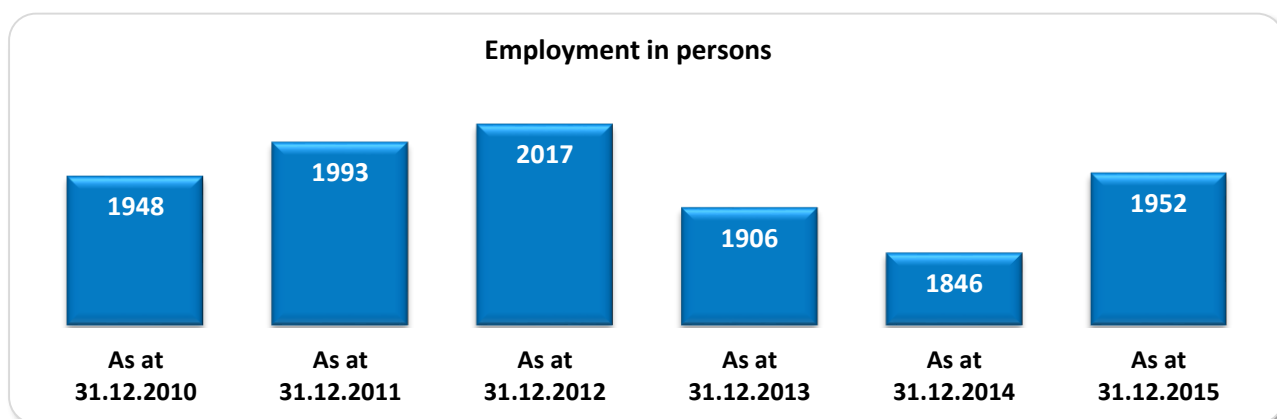
#### Principle 1 / Supporting and respecting the protection of internationally proclaimed human rights

ELEKTROBUDOWA SA treats seriously its commitments concerning people. The Company observes the provisions of law relating to respecting human rights of the countries where it conducts its business. The Company respects the principle of non-discrimination in employment, the right to decent working 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 employees are decently and timely rewarded for their work and the Company shares the profit with them. 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. Exceeding the requirements of applicable law, the Company established internal regulations which increase employment standards.

#### Employment

In 2015 average monthly employment was 1923 job equivalents and was about 4.5% higher than the 2014 average. Because of the nature of business that the Company conducts, out of the total number of employees 1088 job equivalents fall to direct labour whereas 835 job equivalents to white-collar staff. Compared with 2014, the number of manual workers increased by 3.6%, and the number of non-manual personnel by 5.7%. The increase in employment was generally attributed to extended scope of activities and resumed contract works at the site in Finland.

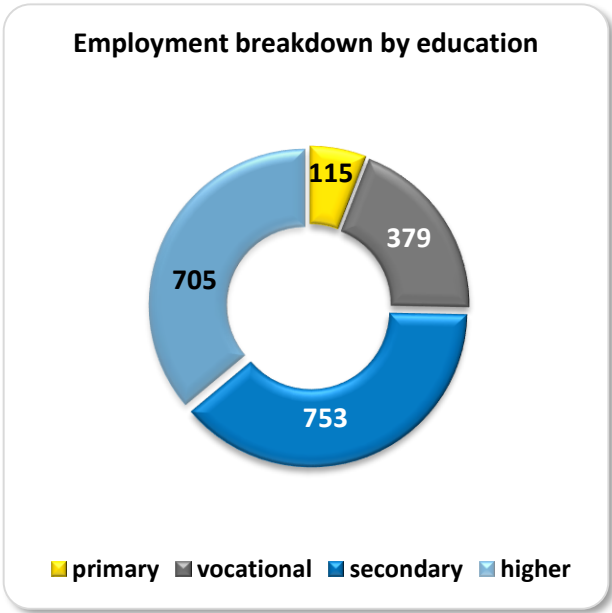
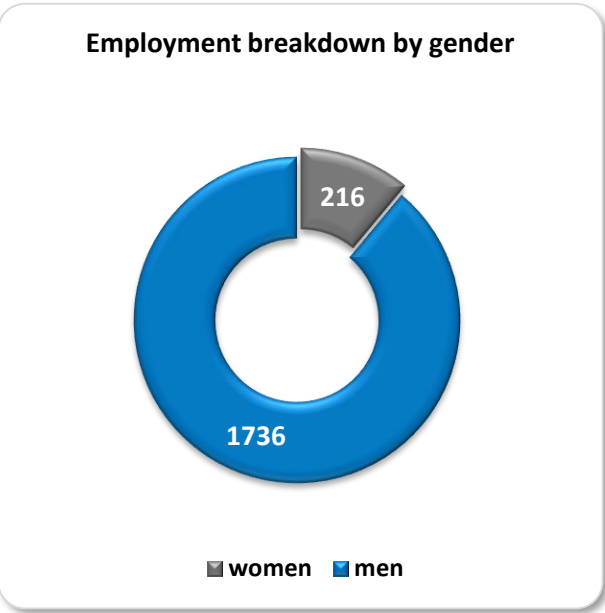
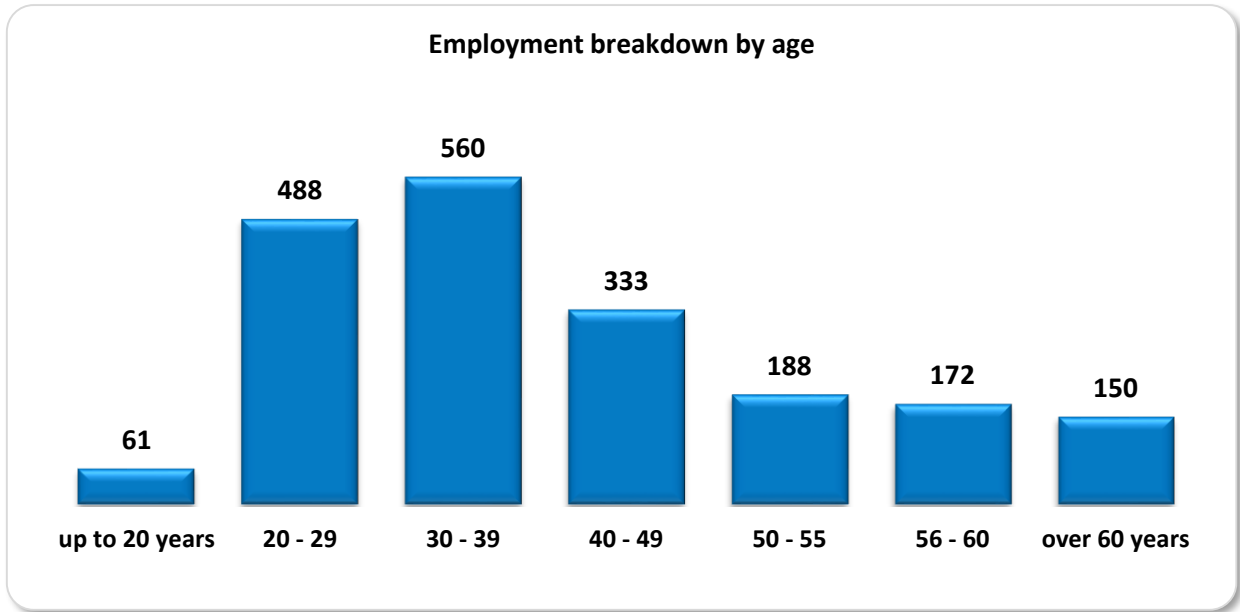


As at the end of 2015, the Company had 1952 people employed. Compared with the end of 2014, the number of employees increased by 106 (5.7%). In the period from 1 January to 31 December 2015 together 421 new people were employed, which is by 189 persons more than in the comparative year (by 81.5%), while contracts of employment were terminated with 320 people, of whom 19 persons were eligible for old-age pension or

disability pension. There were only a few cases of termination of employment at the employer’s will. In 2015, employment contracts were terminated with 17 persons (with 23 persons in 2014) pursuant to Articles 10 of the Act on Particular Rules of Terminating Employment Relationships with Employees for Reasons not Related to the Individual Employees.

Employee turnover rate for the past closed financial year was 15.7%.

The structure of employment according to education, age and gender as at 31 December 2015 is shown in the charts below.



## Employee benefits

### Healthcare

In ELEKTROBUDOWA we believe that health is the value of utmost importance for every individual. For more than a dozen years we have provided our employees with extra private medical care.

We also organise preventative campaigns – in earlier years we encouraged our employees to take part in such campaigns as skin examination to detect melanomas, cardiovascular disease prevention for management personnel, PSA for men over fifty years of age to detect atypical changes in prostate glands, abdominal ultrasonography, and Pap tests for women. In 2015 we encouraged participation in the campaign for early detection of lung cancer.

The medical package provided for the employees includes also the possibility of voluntary preventive vaccination against flu. The health campaigns always receive good response from the employees.

In 2015 total expenditure incurred by our Company for health protection of the employees amounted to PLN 1 770 200.

Despite the incurred expenses, extra medical care and health protection programmes are the added value for the Company, as they help reduce the costs of employee turnover and their absenteeism due to sickness. Furthermore, the Company extended its medical care offer to cover also the close relatives of the employees, who are given an opportunity to purchase medical services on preferential terms.

### Supporting leisure-time and sports activity and cultural development initiatives

For several years already the Company employees can receive a subsidy to their participation in the MultiSport programme under which they may frequent the selected sports and leisure-time facilities. Our employees organise themselves into teams which regularly play volleyball matches and take part in the National Volleyball Championships for Power Engineers. The Company also offers co-funding of holidays for children (winter and summer camps, “green schools”) and partial funding of sightseeing trips: with the intention to build good relationships among employees the Company tries to integrate its personnel by organizing frequent trips to visit the sites in Poland and other countries, which provide opportunities for spending a few days together in a more relaxed atmosphere. The trips combine sightseeing with entertainment. The above mentioned forms of integration are particularly important, as the employees work in different locations all over the country, and they pay off with more efficient team work.

**Program Wczesnego Wykrywania Raka Płuca**

Scanowini Państwo,  
ELEKTROBUDOWA SA we współpracy z Beskidzką Fundacją Rozwoju Torakochirurgii  
po raz drugi zaprasza do wzięcia udziału w Programie Wczesnego Wykrywania Raka Płuca.

**Co?**  
W ramach Programu oferujemy profesjonalną i kompetentną obsługę medyczną w zakresie przeprowadzenia badań przesiewowych w kierunku wczesnej diagnostyki raka płuca. Badania są nieodpłatne.

**Dla kogo?**  
Program adresowany jest do pracowników najbardziej narażonych na zachorowanie, czyli osób palących papierosy, które przekroczyły 50 rok życia.

**Kiedy i gdzie?**  
Kwalifikacja do badań przeprowadzana będzie do 30 czerwca 2016 r., a badania realizowane będą w okresie od 1 lipca do 31 grudnia 2016 r. w placówkach medycznych na terenie województwa śląskiego.  
Badania nie będą przeprowadzane w trakcie pracy. Dojazd na badania na własny koszt.

**Jestem zainteresowany udziałem w Programie – co powinienem zrobić?**

- Skontaktuj się z Działem ZSL w Biurze Spółki – z Iwoną Słowińską tel. 32 2590142 lub Haliną Kyc tel. 32 2590243. Otrzymasz Ankiety/Skierowanie na badanie tomografii niskiemiejowej płuc w ramach Programu.
- Wypełnij otrzymaną ankietę i w zamkniętej kopercie prześlij ją pracownikowi Działu ZSL.
- Poczekaj na decyzję –  
+ ELEKTROBUDOWA SA prześle otrzymane Ankiety lekarzom konsultantom z Beskidzkiej Fundacji Rozwoju Torakochirurgii, którzy na podstawie ankiet dokonują kwalifikacji do badań lekarskich.  
+ W przypadku kwalifikacji do badań lekarze przekazują informację do Centrum Koordynacyjnego Programu.

**Jeśli zostaniesz zakwalifikowany do Programu, Centrum Koordynacyjne skontaktuje się z Tobą, by ustalić datę, godzinę i miejsce, w którym będziesz mógł odbyć badanie za pomocą niskiemiejowej tomografii komputerowej.**

Badany, u którego stwierdzone zostanie podejrzenie występowania raka płuc, zostanie skierowany przez lekarzy Fundacji na dalszą diagnostykę lub leczenie zgodnie ze ścieżką NFZ, ze szczególnym uwzględnieniem podjęcia szybkiego leczenia operacyjnego.

Centrum Koordynacyjne gromadzi wyniki badań wraz z opisami. Wyniki są klasyfikowane w zależności od diagnozy. Zarówno rezultaty pozytywne jak i negatywne uwzględniane będą w opracowaniach statystycznych, gdyż Program opiera się na badaniach społecznych na równi z badaniami zbadanymi jak największą liczbą do zastosowań naukowych i dalszych badań nad sposobami leczenia raka.

**Czy wiesz, że:**

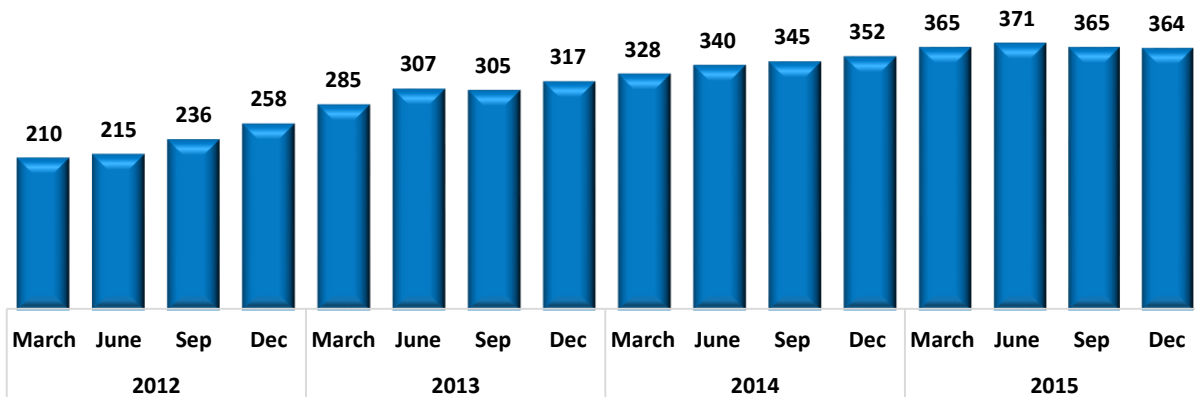
- gdyby nowotwór płuc udawało się wykryć odpowiednio wcześniej, nawet 80% chorych miałoby szansę na wyleczenie?
- zaledwie 13% zachorowań udaje się wykryć na tyle wcześnie, żeby można było podjąć leczenie chirurgiczne?
- rak płuca zabija na świecie więcej ludzi niż rak piersi, prostaty, okrężnicy, wątroby, nerek oraz czerniak razem wzięty?
- co około 25 minut umiera w Polsce na raka płuc jedna osoba?
- tempo wzrostu zachorowalności na raka płuc w Polsce należy do najwyższych na świecie?
- umieralność wśród kobiet na raka płuc jest większa od umieralności na raka piersi?

Pracownicy ELEKTROBUDOWY SA biorąc udział w Programie, w prosty sposób robią przysługę jednocześnie sobie, jak i całemu społeczeństwu, wnosząc wkład w badania na sposobach leczenia raka płuca.

Zarząd ELEKTROBUDOWY SA  
Zarząd Beskidzkiej Fundacji Rozwoju Torakochirurgii

**Pamiętaj – odpowiednio wcześniej wykryty rak płuc jest uleczalny!**

Number of holders of MultiSport cards



In Konin, the location of a production facility owned by the Company, it has become an annual tradition to organize a picnic for the employees of ELEKTROBUDOWA SA and members of their families. The picnic has always been very popular among the employees, and each time has had a large number of its participants.

Every year the Company arranges Christmas parties for the employees; the events often have the form of a symphony concert or theatre performance combined with a banquet, sometimes they are smaller meetings of individual organizational units in closed-circle atmosphere.



Remembering about the youngest participants of the Company's life, ELEKTROBUDOWA SA frequently arranges events for children: Santa Claus and Children's Day parties. They provide a good occasion for children to play together and have a lot of fun, and for adults – to strengthen ties with other parents – employees of the Company. The events often have a form of outings to entertainment parks, theatres and other places of culture.



## For parents - ELEKTROBUDOWA – a Parent-Friendly Company programme



Since January 2010 a special programme called: **ELEKTROBUDOWA – a Parent-Friendly Company** has been in existence [*on the left – a cover of a leaflet for parents*]. Its aim is to support employees - parents and help them maintain a balance between the career and the private life and adapt to changes associated with childbirth. A mother coming back to work after the maternity leave is entitled to work shorter time, by an hour a day (irrespective of a break for feeding) maintaining her right to remuneration. Moms of babies can

expect understanding of their superiors and are offered such facilities as flexible working time or possibility to work in the *home-office* system. Parents who bring up a child below 2 years of age can work according to an individual work system agreed with their superiors. Each parent (irrespective of gender) receives a congratulation card and a practical gift for their new-born child, and also a special leaflet providing detailed information about their parental rights resulting from law and additional privileges to which the employees of ELEKTROBUDOWA are entitled.

The tables below present statistical summary of number of persons who were entitled to a parental leave in the years 2010 – 2015, including the statistical summary of persons who exercised this privilege and returned to work, continuing their employment for 12 months after coming back.

	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
<b>2010</b>	12	88	12	76	11	76	8	70	3	6
<b>2011</b>	14	88	11	39	11	39	8	33	3	6
<b>2012</b>	9	63	9	62	9	62	8	55	1	7
<b>2013</b>	14	105	10	70	10	69	7	54	3	16
<b>2014</b>	16	142	14	62	13	60	10	52	4	10
<b>2015</b>	18	142	10	85	10	83	8	64	2	21

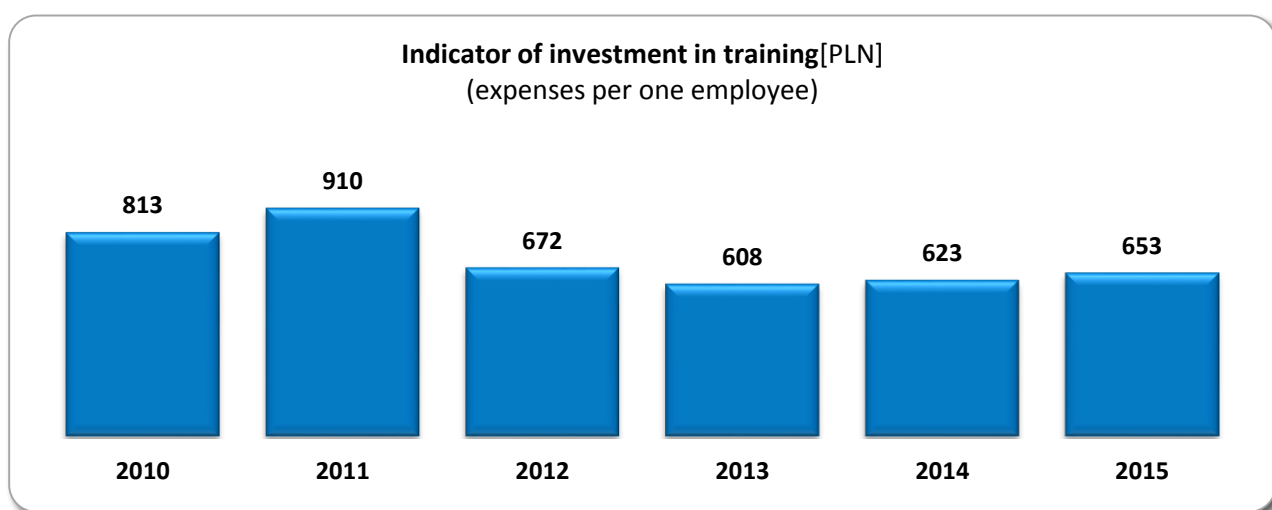


## Investment in employee development

In ELEKTROBUDOWA SA, development of our employees is perceived as a key to the growth of the Company itself. Expenditure for training is treated as investment – in 2015 we earmarked the amount of PLN 1 255 thousand for employee training, which gives an average of ca. PLN 653 per one person. The expenses for training constituted 1.0% of the total remuneration fund.

Training policy is implemented according to the plan, following the procedure which is a part of the ISO 9001 system in place in the Company. Training is provided on the basis of the training plan, prepared annually after the training needs have been identified, with due regard to current needs of both the Company and the employees. Beside vocational or specialised training or training focused on general development and language courses, we subsidize training for obtaining construction licenses and also participate in the costs of higher education – first and second cycle degree programmes, post-graduate studies and MBA programmes realised by our employees.

Investment in employee development in 2015 principally followed 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 also offered its employees the possibility to develop foreign language skills (most frequently English, German, Russian and Polish, the last because the company employs foreigners). In 2015 there were also periodical trainings for OHS coordinators and for Human Resources personnel, the training within the frame of Auditors' Academy was also continued.



## Remuneration of men and women

Average monthly pay in 2015 was on the level of PLN 5392 and increased about 11.5% compared to the same period of the previous year.

The company is consistent in applying an incentive programme targeted at increase of profit margins and financial performance results and develops programmes of non-pay methods of motivation, with the purpose of supporting the process of recruitment and retaining employees and to increase the level of motivation and effective work.

## For old-age pensioners

The company operates a retirement and other pension benefit payment plan. The benefits have the form of single amounts paid once, when a person retires and becomes an old-age pensioner or disability pensioner;



the amount is established pursuant to the Company's internal regulations and depends on an employee's years of service in the Company.

With respect for their work and contribution to formation of the organisation, the Company tries to provide conditions for its pensioners to feel a part of ELEKTROBUDOWA SA by participating in the corporate life, despite retiring from work – we organise special events for the pensioners and enable them to receive benefits from the company social welfare fund.

## Occupational Health and Safety Management

In ELEKTROBUDOWA SA we are implementing a proactive approach to management of occupational health and safety. We try hard to identify and then avoid or minimize near miss incidents involving the Company employees or personnel of our subcontractors who work for us. On a continuous and regular basis we identify potential and actual hazards in our organisational units (on contract sites and in the production facilities), drafting programmes of minimizing those hazards and their effects, and as far as possible we apply corrections and corrective actions. We take actions focused on avoidance of occupational injuries or diseases.

We draft instructions and guidelines how to eliminate a possibility to make a mistake. Compliance with legal and other requirements are reviewed in respect of occupational hazards; the effectiveness of the Integrated Management System is being improved on the on-going basis, also in respect of functioning of the occupational health and safety area.

Every year a budget is planned for the expenses to be incurred on individual protection means and protective clothing, costs of appointing OHS personnel operating centrally and locally, expenses for equipment, machines and tools ensuring safety of performed work, increasing the awareness and qualifications of employees, by providing competency-based training and training required by regulations.

As at 31 December 2015 ELEKTROBUDOWA SA had: a certificate of the Occupational Health and Safety Management System according to the requirements of SHE Checklist Contractors, SCC\*\*2008/5.1 valid throughout Europe with the exception of Finland; certificates issued by DNV for conformity of the Occupational Health and Safety Management System to the PN-N-18001:2004 and OHSAS 18001:2007 standards in the scope of design, manufacture, erection and service of power and automation systems, building investment projects management. In March 2015 the above systems were recertified by DET NORSKE VERITAS for conformity with the standards. ELEKTROBUDOWA SA fulfilled the requirements in the scope of certification.

To attain the goals established in the area of OHS for 2015 we carried out the following actions:

- appointment of the Technology Specialist – establishing a team of specialists for professional training and improving the qualifications of the employees,
- keeping the Book of Electrical Systems Erection Standards,
- providing technical support for employees, through presentations made by external companies concerning correct use and maintenance of individual protection means, technical equipment and processes, through participation in dedicated training courses, conferences, relevant fairs,
- care for safety culture, through regular, provided every week, training for working gangs (for all manual workers, working at the construction sites and in the production facilities),
- visual impact on the employees awareness (pictograms, posters and picture signs),
- providing the employees with special clothing, for example protecting against electric arc.

Other activities performed by the OHS staff were aimed at increasing the awareness in respect of the use of material handling equipment (such as fork-lift trucks, levers, cranes, transfer conveyors, overhead travelling cranes) and related accessories. Works have been started on drafting and implementing unified occupational health and safety documents related to management of projects which the Company executes as a general contractor. The works have not been finished yet, unification of documentation is still in progress. A process of trainings to increase the awareness of the management in respect of responsibility for occupational health and safety issues has been started.

Presented below are the basic indices relating to the occupational health and safety.

Category	2011	2012	2013	2014	2015
Number of accidents at work	8	12	15	7	8
- of which fatalities	0	0	0	0	0
Casualties	8	12	15	7	8
Absenteeism caused by accidents	466	540	909	425	244
Occupational diseases	1	1	0	0	0
Accident frequency rate	4.0	6.0	7.9	4.3	4.1

## Principle 2 / Elimination of all forms of human rights abuses by the company

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 provides a fundamental guidance for eliminating any incidents of human rights abuse by the Company.

## Principle 3 / Upholding the freedom of association

ELEKTROBUDOWA SA supports and respects generally accepted human rights as well as observes standards referring to the employee right of association and the right to collective negotiations.

Currently there are three trade unions active in our Company, which at the end of 2015 associated nearly 27% of the employees. The biggest is the Trade Union of Employees of ELEKTROBUDOWA SA, with 315 members, then there is the Trade Union of Technical, Supervising and Administrative Personnel "KADRA" and the Independent, Self-Governing Trade Union "Solidarity" (which in the year 2015 had 115 and 110 members, respectively).

Cooperation with trade unions is regulated by the rules specified in the relevant cooperation agreement. Constructive dialogue and cooperation in the issues relating to current operating activity as well as the activities promoting development are the main pillars of this relationship. 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 2015. There were no industrial actions or collective bargaining between the Company and the trade unions.

#### **Principle 4 / Elimination of all forms of forced or compulsory labour**

Provisions of law in force in Poland are based on fundamental principles and acts accepted internationally. ELEKTROBUDOWA SA 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.

The Company respects all employee rights, including prohibition of compulsory labour, and observes legal norms which clearly indicate that entering into the employment relationship requires consent of both an employee and an employer; documents signed on that occasion are clear to understand and do not include any provisions which could be incomprehensible for any party. The voluntary nature is manifested also by the possibility for an employee to terminate the employment 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 applicable regulations absolutely forbid any form of employment of children. ELEKTROBUDOWA SA observes all and any laws in this respect and renounces any forms of child labour. At the same time, having regard to the fact that Polish legislation allows employment of young people aged 16 -18, the company has established patronage of 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. Students of the Konin school are employed by the Company in strict compliance with relevant provisions of the Labour code which regulate the issue of juvenile labour.

#### **Principle 6 / The elimination of discrimination in respect of employment and occupation**

##### **Equal treatment in respect of employment and in workplace**

ELEKTROBUDOWA SA has had formal rules of equal treatment in employment and counteracting mobbing in place since 2009. They express the Company's purpose to ensure equal treatment of employees in their work environment, with respect for their individual dignity and personal interests, counteracting personal abuse, sexual harassment or mobbing, and also to ensure equal treatment in employment.

Implemented in 2009, the document *Principles of equal treatment in employment* 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, promotion and access to occupational skills development training. The principles provide essential guidelines for drafting other internal documents binding all throughout the Company, in particular for drafting the Collective Labour Agreement, Work Regulations, Regulations for Managing the Company Social Benefit Fund, they have also been considered in drafting the Code of Ethics.

All employees are obliged to respect the principle of counteracting personal abuse and sexual harassment. It has been underlined in the document *Mobbing Counteracting Principles*, 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 in the Company. Unacceptable is also the behaviour (physical, verbal or non-verbal) with sexual innuendo or referring to the sex of an employee, that aims at or results in infringing dignity, particularly creating around an employee an atmosphere of intimidation, hostility, humiliation or causing embarrassment.

In 2015 we have not recorded any cases of discrimination (incidents of discriminating nature). No occurrence of mobbing has been recorded so far, neither has a court judgement been passed concerning discriminating or mobbing practices against the company employees.

The procedure of reporting the incidents of infringing the principle of equal treatment and the incidents of mobbing or sexual harassment has been clearly defined. Reporting a presumption of infringement of the said principles or the incidents of behaviour indicating mobbing or sexual harassment is the grounds for initiating explanatory proceedings.

### **Principle 7 / Precautionary approach to environmental challenges**

In ELEKTROBUDOWA SA we take actions focused on protection of the environment in which we operate. Our aware and responsible approach to the environment is manifested through application of solutions and actions based on the certified management system, which fulfil the requirements of national and European law provisions, and quite often are more stringent. The environmental management system in place in the Company, based on PN-EN ISO 14001:2005 standard, obliges the Company to constant improvement of our operations in respect of environmental protection.

Every year the Company drafts the Environmental Management Programme, which defines objectives and tasks which are to contribute to mitigation of negative impact on the environment. Each time the management system is reviewed or an internal audit conducted, we analyse whether our actions are performed in compliance with the applicable laws and our internal procedures of the environmental management system. The requirements in respect of the environment, which we impose on our employees, are also binding for our subcontractors and suppliers.

Before the performance of a new project is commenced and pursuant to our internal procedure, we identify the environmental aspects (elements of activity of the organisation, goods or services which may interact with the environment, such as noise, emissions to the atmosphere, waste produced, energy consumption) and their impact on the environment. They are assessed and recorded, and we aim at such control of the processes that their environmental impact was the least possible. In such assessment we take into consideration our own conditions (inside the company), local (external) and the views, opinions of the interested parties, and also the sources of actual and potential hazard (in respect of: types of executed processes, quantities and kinds of media used – water, electrical energy, gas, material and raw materials used in the processes, quantities of produced waste, effluents, emission of dust and gas particles to the atmosphere, methods of waste handling). We analyse every possible effect of environmental impact in the case of changes to processes, technology of manufacture of products and provided services, legal requirements and their amendments, normal work conditions and emergency situations.

We have identified the areas of our activity and we have implemented the procedures which help mitigate our negative impact on the natural environment. The main sources of our impact, direct and indirect (through the production process and the provision of construction services) include:

- surface coating process in the powder paint shop,
- welding processes,
- fuel burning in the electric installations,
- fuel burning in vehicle engines,
- painting and drying processes in liquid coating shop,
- wastes produced in manufacturing process and in executing services,
- diffuse gas and dust emissions to the atmosphere in painting and welding processes during performance of services.
- works which have impact on biodiversity.

An essential aspect which has an adverse impact on the local biosphere is associated with the waste produced at construction sites, which comes from maintenance and dismantling activity. Quantity of waste depends on the number and size of projects and their stage of completion. The Company is doing its best to carry out the works related to waste removal with greatest care, and is particular about appropriate management of waste classified as hazardous; the issues are regulated in the relevant procedure for handling of hazardous waste and waste other than hazardous, produced during the manufacturing processes and in the course of projects performed by ELEKTROBUDOWA SA.

It is assumed that every person undertaking the action which will cause or may cause production of waste should plan, design and conduct the action using such methods of production or such forms of service, as well as materials and raw materials, that in the first place prevent producing waste or reduce its quantity and negative impact on life and health of persons and on the environment, in the process of manufacturing the products and during their use and after their use.

All waste produced by the Company is segregated, classified and handled with according to the applicable legal requirements in force, therefore it does not pose a hazard to people or local biosphere. The waste, generation of which could not have been possible to avoid, should be in the first place recovered (prepared for reuse or recycled or, if it is not possible because of technological reasons or is ecologically or economically unjustified – recovered in other ways).

#### Principle 8 / Undertaking initiatives to promote greater environmental responsibility

In ELEKTROBUDOWA SA we engage in initiatives which have the purpose of promoting attitudes of environmental responsibility among our employees. A few years ago we joined the *Day without rubbish* project (supported by PRO EUROPE, an umbrella organization which associates recycling organizations participating in the Green Dot system, in Poland coordinated and sponsored by Rekopol). As a part of the 2015 campaign, which had the motto: *Segregation Culture – Are You In or Out?* the Company organized a competition for the employees and their families for the best “waste art” piece. The company provided information leaflets teaching waste segregation culture and building awareness to the fact that making seemingly irrelevant but good decisions concerning segregation of waste is important for us and for the environment.



## Principle 9 / Development and diffusion of environmentally friendly technologies

The environmental management system according to the PN-EN ISO 14001:2005 standard implemented by our Company compels our organization to constant improvement in conducting activities connected with the protection of environment.

Planning our projects we take the following into account:

- 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 which have an adverse impact on the environment, we take the appropriate steps to eliminate or mitigate their influence. For example, in our coating shops we use powder paints which are ecological products and do not include volatile substances that would be - according to their producers - released in the process of coating.

In our factories we apply the best available technologies which enable us to maintain cleanliness of production, that consists in regular reduction of emission of pollutants, reducing the consumption of raw materials, energy and water, treatment of effluents and preventing failures.

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. The factory also uses a waterjet cutting machine working in a closed system, which contributes to water saving and reduction of gas and dust emissions, which are by-products of mechanical processing of the produced goods.

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 the Tychy factory the following pro-ecological plants have been installed: solar collectors used for heating tap water and the process water for the use of the paint shop, installation of heat recovery from ventilation rooms, which, through heat exchangers, are to introduce the heat reclaimed from ventilation system of the production room and office rooms back to circulation. Furthermore, on 20 October 2015 the factory installed a pilot photovoltaic system working in the on-grid system, which contributed to generation of 48.77kWh of electricity and reduction of CO<sub>2</sub> emission by 0 259.58 kg.

To the best of our knowledge, no raw materials which could have a significant impact on the environment are used for manufacturing of our goods. The burden for the natural environment is small on every stage of



use of our products, from delivery and installation until the end of their useful lives. Materials of enclosures of our switchgear panels can be reused; after the switchgear is decommissioned and withdrawn from operation it can be decomposed into separate parts by specialized companies.

#### Principle 10 / Working against corruption in all its forms, including extortion and bribery



In ELEKTROBUDOWA SA we do not tolerate any indications of corruption or disregard of law. We have procedures in place concerning counteracting bribery or corrupt practices, we also try to sensitize our employees to anti-bribery and anti-corruption topics.

The issues of accepting and offering monetary and other undue advantage have been regulated in the Code of Ethics implemented by ELEKTROBUDOWA SA in 2011, which underlines absolute ban to offer undue advantage to business partners, their employees and representatives or other third parties, or to receive any (with the exception of corporate courtesy gifts of very small value, handed openly).

The Code of Ethics refers to fundamental values adopted by the Company, such as compliance with law (and principles of conduct in community, good practice in the countries where the Company conducts its business operations), responsibility for fulfilling the obligations assumed, honesty, impartiality and transparency of relations with partners, and also professionalism in the activities performed and striving for success built on the development of innovativeness, knowledge and team work. All employees have been obligated to read the Code of Ethics and adhere to its recommendations. Such obligation is also imposed on all new employees, who confirm in writing that they have read and understood the Code.

There are not and were not in 2015 any confirmed instances of corruption relating to our Company.

In 2015 the procedure for managing the risks of irregularities and fraud and counteracting corruption was implemented. The Company identified the areas of its activity in which the risk of occurrence of irregularities, corruption or fraud is the most significant; a typology of undesired behaviour in these areas was established. Each employee has a duty to identify risks of irregularities and fraud or acts of corrupt nature within their scope of responsibilities and is obligated to counteract them. Explanatory proceedings are conducted in the case of alleged occurrence, detected or reported irregularity, fraud or corrupt practice.

Conducting an internal control in the Company falls within the responsibility of the Fraud Risk Manager and the Internal Auditor. The Company is also subject to voluntary audits performed by independent, external bodies with the purpose of identifying any irregularities and providing aid for improving the applicable procedures and practices in place in the Company.

### PART III

### CONCLUSION

The purpose of this Report was 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, environmental protection and counteracting corruption, and to fulfil the obligation resulting from participation in the worldwide corporate initiative promoting the ethical side of business.

For ELEKTROBUDOWA, participation in this initiative is an essential contribution to building 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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