



# Our Responsibility

Report on Non-financial Information  
of the Apator Group for 2020



# 1. INTRODUCTION



*Ladies and Gentlemen,  
Dear Shareholders, Customers, Employees and  
Partners of the Apator Group,*

*please find below a summary of our activity in  
2020 in the field of social responsibility understood  
as the relations with our entire business and social  
environment. Our companies cooperate with  
numerous partners, influence - directly or indirectly  
- many diverse social groups, function under  
applicable law and industry standards, in specific  
business, environment and social circumstances -  
each year we attempt to summarise and explain  
this in our report.*

*It is not possible to talk about the year 2020 without mentioning the pandemic which changed our world (and our way of thinking about the world) to an unimaginable extent. Priorities changed. Health and safety of employees as well as continued operation turned out to be crucial. They are interdependent systems. Mass absence of employees (caused by illness and the need to take care of ill family members but also by fear of infection) could lead to issues with acquiring and processing orders. No orders or failure to keep promises made to our customers could result in the suspension of operation and employment reduction.*

*Therefore, the pandemic time was difficult for all our teams but also for business partners, customers and owners. In my opinion, we successfully faced this difficult time as the Apator Group achieved good financial results, maintained the pace of development and saved jobs in 2020.*

*We continue to work hard as the pandemic still persists and takes its toll. However, Poland, our economic and social environment, needs strong domestic companies.*

*Polish companies within the Apator Group make a significant contribution to the national budget by paying taxes in the country, create local industry infrastructure, improve human resources, create jobs, develop the Polish engineering solutions and support local communities. Thus - in our opinion - social responsibility is exactly about everyday and sometimes arduous struggle for business, from the care for continuous offer development and good quality of products coming off the production line, customer satisfaction to saving each and every job at our factories, providing decent and safe working conditions and good team atmosphere.*

Mirosław Klepański



General Director,  
President of the Management Board of Apator SA



## 2. About Us

## 2.1. BUSINESS PROFILE AND MODEL

**Apator is an international group of producers and distributors of measuring devices and systems as well as suppliers of solutions supporting the operation of power, water and gas networks.** Within the three specialised business segments (Electricity, Water and Heat, Gas), the Apator Group introduces technologically advanced products and services to the market, including electricity meters, gas meters, water meters and heat meters, remote utilities reading systems, specialised apparatus for securing, supervising and controlling power grid as well as systems supporting the management of utilities distribution networks. Recently, the Apator Group has been developing its offer of solutions supporting the implementation of RES technologies and local energy management.



**14**  
domestic and  
foreign companies



**9**  
production  
plants

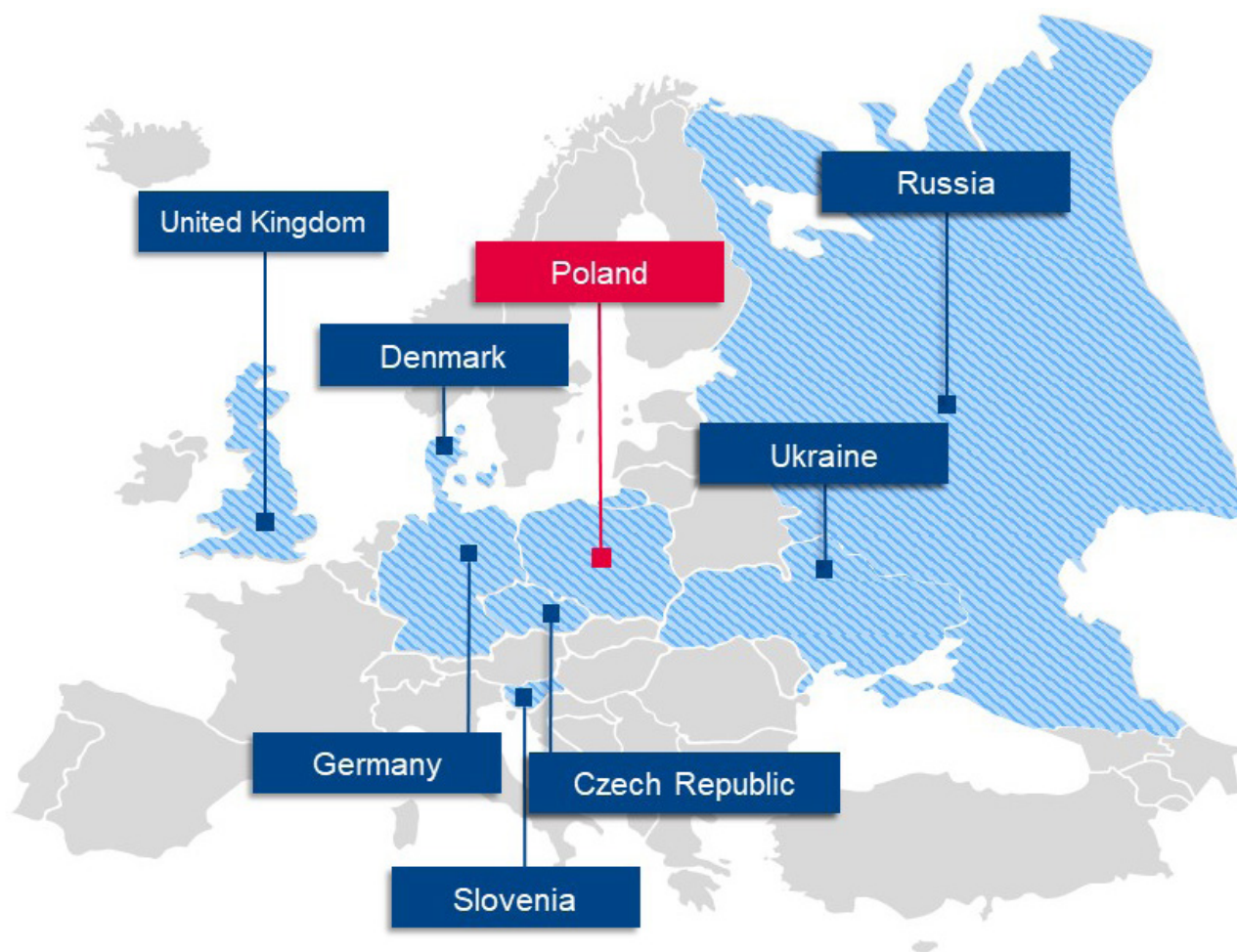


**2 400**  
employees



**12**  
R&D  
offices

### Our activity in Europe



Apator holds a high position on the European market and is highly recognised in the field of solutions for modern power industry. Almost half of the Group's revenues comes from export, and the solutions and products are distributed to over 60 countries. The greatest number of customers in 2020, apart from Poland, came from the United Kingdom, Germany, Belgium and the Netherlands.

Apator SA with its registered office in Toruń is the parent company of the Apator Capital Group.



Warsaw Stock Exchange (WSE) for more than **20 years**



included in the **sWIG80** and **WIGdiv** indexes

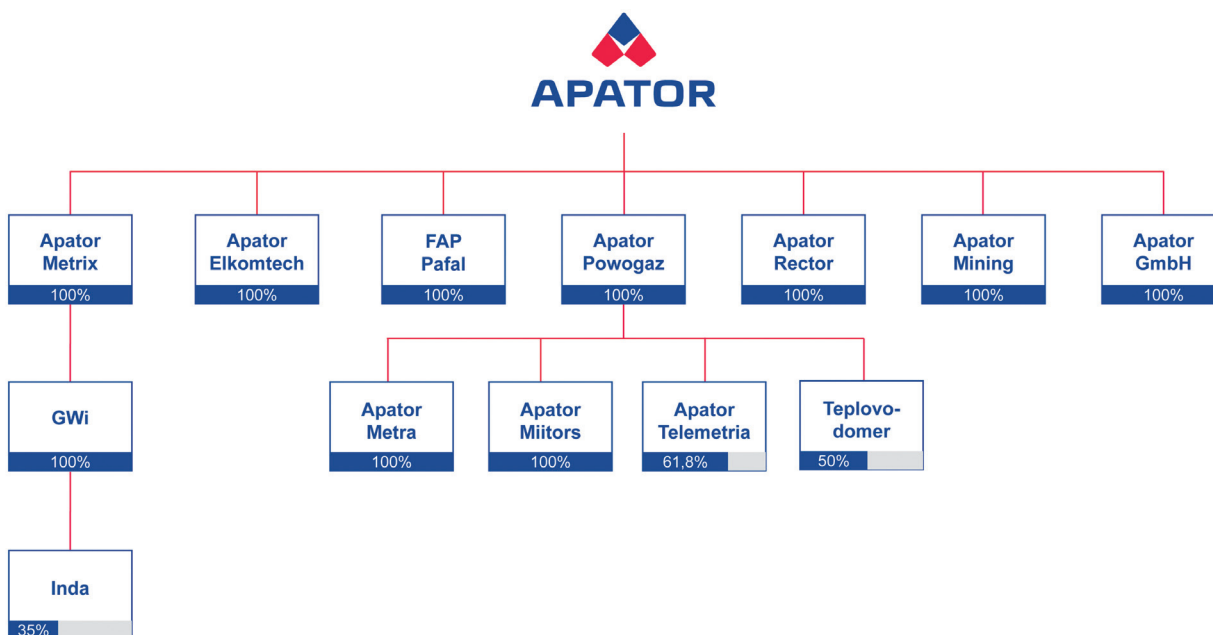


dividend-paying company

Apator SA sets strategic development directions of the Group, coordinates the implementation of the Apator Group's strategy, initiates strategic group projects, performs support function in terms of financial management, controlling, corporate governance, IT, HR and marketing.

\* For many years, Apator has been included in the RESPECT index - prestigious group of companies meeting the highest management standards in terms of corporate governance, information governance and relationships with investors. On 12 August 2019 the Management Board of WSE adopted a resolution dissolving the RESPECT index. Instead, WSE started the WIG-ESG index consisting of companies from WIG20 and mWIG40 indexes. Apator SA does not qualify for WIG-ESG as it is included in sWIG80.

## Structure of the Apator Group as of 31 December 2020



## Business model

Apator Group operates within three business segments: Electricity, Water and Heat, Gas.

Business segments	electricity	gas	water&heat
Business lines	electricity metering   switchgear   control and supervision systems   ICT		
Companies within the Segment	<ul style="list-style-type: none"> <li>Apator SA (Toruń)</li> <li>Apator Elkomtech (Łódź)</li> <li>Apator Rector (Zielona Góra)</li> <li>FAP Pafal (Świdnica)</li> <li>Apator GmbH (Germany)</li> </ul>	<ul style="list-style-type: none"> <li>Apator Metrix (Tczew)</li> <li>GWi (United Kingdom)</li> <li>Inda (Slovenia)</li> <li>Apator GmbH (Germany)</li> </ul>	<ul style="list-style-type: none"> <li>Apator Powogaz (Poznań)</li> <li>Apator Telemetria (Słupsk)</li> <li>Apator Metra (Czechy)</li> <li>Apator Miitors (Denmark)</li> <li>Teplodomor (Russia)</li> </ul>
Solutions	<ul style="list-style-type: none"> <li>E.e smart and municipal meters</li> <li>Energy distribution devices</li> <li>Control and supervision systems</li> <li>Measurement data management systems</li> <li>Solutions for RES</li> </ul> <p>OTUS 3 meter    Control and supervision systems    smartARS pro disconnector</p>	<ul style="list-style-type: none"> <li>Smart, bellows, domestic, industrial gas meters</li> <li>Remote reading services, system allowing for stopping and starting gas supply by means of GSM network</li> </ul> <p>iSMART 2 gas meter    hybridSMART</p>	<ul style="list-style-type: none"> <li>Ultrasonic, residential, domestic, industrial water meters</li> <li>Heat meters, heating cost allocators</li> <li>Remote reading and utilities consumption settlement services, system management</li> </ul> <p>ULTRIMIS W water meter    JS Smart+    E-ITN allocator</p>
Production scale	<ul style="list-style-type: none"> <li>1,8 million e.e. meters</li> <li>0,6 million disconnectors</li> </ul>	<ul style="list-style-type: none"> <li>1,5 million gas meters</li> </ul>	<ul style="list-style-type: none"> <li>2,4 million water meters</li> </ul>
Key customers	<ul style="list-style-type: none"> <li>Distribution network operators (DNOs)</li> <li>Electricity wholesalers, electro-assembly and electro-installation companies</li> <li>Construction, industry, railway</li> <li>Photovoltaic and wind farms, clusters and energy cooperatives, energy storages and other RES sector participants</li> </ul>	<ul style="list-style-type: none"> <li>Gas companies/gas distributors and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Water supply and sewerage companies, heat energy companies</li> <li>Housing cooperatives</li> <li>Construction</li> <li>Industry</li> </ul>
Key export markets	Germany, Belgium, Russia, Lithuania, Brazil	United Kingdom, Belgium, the Netherlands, Germany, Turkey	Czech Republic, Russia, Ukraine, Spain, Romania
Share of export in revenues	15,5%	73,7%	53,0%

## 2.2. BUSINESS STRATEGY

Apator Group's strategy for 2019-2023 was prepared and published in 2018 and its key elements were:

- building the Apator Group's value in accordance with the owners' interest and the expected return from their invested capital,
- building the organisation's readiness for facing challenges posed by variable and dynamic regulatory, market and technological environment,
- strengthening and expanding existing business by, among others, entering new business and new markets.

### BUSINESS STRATEGY GOALS

In terms of strategy, the Apator Group predicts a significant increase of the value of sales for foreign markets and maintenance of high share of export in total sales (currently approx. 50%).

# 2019-2023

Revenue from sale  
**PLN 1.4 billion**  
in 2023

EBITDA growth to  
**PLN 220 million**  
in 2023

**Building**  
the company's  
profitability through the  
growing share of new, more  
advanced products

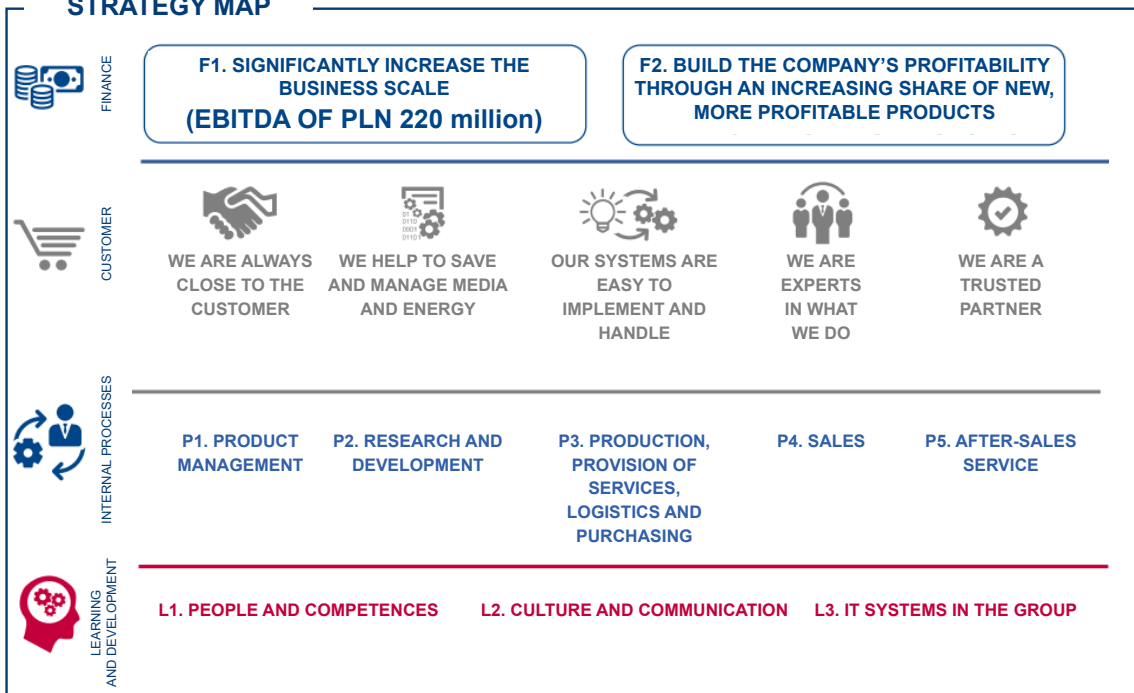
#### MISSION

Providing customers with user-friendly and intuitive solutions in the scope of effective management of all types of energy media.

#### VISION

Long-term maintenance of the position of segment leader and expert in Poland, reaching the top of suppliers in Germany and Central & Eastern Europe, and achieving high recognition of the Apator brand in other selected markets

#### STRATEGY MAP



### Drivers of growth in terms of offer development:

- new generation measuring devices with electronic - static measurement,
- solutions and services in terms of implementation and maintenance of supervision and measurement systems and predictive management of network assets,
- smart metering, billing services, IoT technologies, measurement data reading and management systems based on modern communications technologies.

### Priorities in the field of internal processes:

- further, broad automation and robotisation of production processes,
- optimisation of the Group (structure's simplification, further development of common functions),
- limiting costs by more effective use of resources and group competences.

The ongoing pandemic had a negative influence on the entire world's economy and stopped the business growth rate. On the other hand, the energy and fuel sectors have recently been undergoing dynamic changes in relation to the transformation of the sector towards even greater digitalisation, decentralisation and decarbonisation. As a result, new development opportunities for the companies within the Apator Group opened up. Therefore, the Management Board of Apator SA decided to revise business strategy. It is being updated and intended for publishing by the end of the third quarter of 2021.

Learn more about the Apator Group's strategy at <http://www.apator.com/pl/relacje-inwestorskie/strategia>

## LIABILITIES RESULTING FROM CSR STRATEGY

### Apator Group assumed the following liabilities in the area of finance:

- We strive for the increase of our revenues and EBITDA profit but only by means of sustainable development.
  - Operation diversification - business model based on 3 segments
  - Participation of key stakeholder groups in financial resources of the Apator Group

### Operation scale and financial ratios of the Apator Group

Sales revenues according to segments*	2020	2019	Change	year/year dynamics
	PLN	PLN	PLN	%
Electricity Segment	444 318	377 271	67 047	117,8%
Gas Segment	250 975	243 547	7 428	103,0%
Water and Heat Segment	239 557	256 775	-17 218	93,3%
<b>Total revenues</b>	<b>934 850</b>	<b>877 593</b>	<b>57 257</b>	<b>106,5%</b>
country	553 402	465 398	88 004	118,9%
export	381 448	412 195	-30 747	92,5%

Basic financial data*	2020	2019	Change	year/year dynamics
	PLN	PLN	PLN	%
Sales revenues	934 850	877 593	57 257	106,5%
Sales profit	80 559	74 534	6 025	108,1%
Operational activity profit	78 591	76 417	2 174	102,8%
EBITDA	131 100	126 288	4 812	103,8%
Net profit	62 237	55 287	6 950	112,6%
Equity	517 241	492 889	24 352	104,9%
Long-term liabilities	46 553	57 597	-11 044	80,8%
Short-term liabilities	311 155	337 350	-26 195	92,2%
Total assets	874 949	887 836	-12 887	98,5%
Gross remuneration (with charges)	214 118	215 408	-1 290	99,4%
Income tax	19 680	18 597	1 083	105,8%
Current income tax	15 479	15 659	-180	98,9%
Deferred income tax	4 201	2 938	1 263	143,0%
Rate of contributions to the Social Insurance Fund*	39 462	39 472	-10	100,0%
Rate of contributions to other funds (State Fund for Rehabilitation of Disabled People (PFRON), Guaranteed Employee Benefits Fund)*	3 186	3 399	-213	93,7%

\* rate of contributions made applies only to the domestic companies within the Apator Capital Group

**Value of dividend paid to shareholders** from the profit for 2019 and 2020 was presented in the Management Board's Report on the Operations of the Apator Group for 2020 (chapter 16.4 Dividend).

## 2.3. MANAGEMENT STANDARDS

Companies within the Apator Group operate in accordance with the adopted Integrated Management System including policies in the following areas:

- quality management,
- environment management,
- occupational health and safety management,
- Information safety.

Management Systems are adjusted to the operation character of particular companies. Domestic production companies within the Group operate on the basis of the following standards:

Standard	Apator	Apator Metrix	Apator Powogaz	Apator Elkomtech	FAP PAFAL	Apator Telemetria
PN-EN ISO 9001:2015	X	X	X	X	X	X
PN-EN ISO 14001:2015	X	X	X		X	X
PN-ISO 45001:2018	X	X	X	X	X	
PN ISO/IEC 27001:2014-12	X	X		X		

## Corporate governance

Apator SA, the company coordinating the Capital Group's operation listed on the Warsaw Stock Exchange (WSE), undertook to observe the corporate governance rules presented in "Good Practices of WSE listed Companies (2016)" (adopted by virtue of the Supervisory Board's Resolution No. 26/1413/2015 of 13 October 2015). Apator SA applies all detailed rules of Good Practices of WSE listed Companies (2016).

With regard to recommendations, the company does not apply the IV.R.2 rule on the possibility of participation in general meeting with the use of electronic communication means, in particular via bilateral communication in real time – due to legal and technical considerations. In order to allow shareholders to learn about the course of the session, the company transmits the session in real time, and video record of the course of the session is made available at [www.apator.com](http://www.apator.com).

Uniform corporate governance applies in all domestic companies within the Apator Capital Group. Owner supervision is exercised through: personal unions in management boards and supervisory boards, "internal law" established under cooperation contracts in the form of the Group's guidelines, operation of committees formed within the Apator Group, internal audit, common functions, i.e. CFO, treasury, controlling, R&D and IT group projects.

## 2.4. OUR STAKEHOLDERS

Key stakeholder group of the Apator Group includes customers, business partners, suppliers as well as institutions cooperating with the companies and social partners (the so-called external stakeholders), but the internal stakeholders – employees of the companies within the capital group – are not of less importance. Our goal is to have a good understanding of the needs and issues of all our stakeholders and address them - acting in the interest of the Group and respecting the capital of its shareholders.

Our operation assumes interacting with various groups of stakeholders and building relationships based on mutual, effective cooperation and trust. We adjusted the forms of communication with our stakeholders to the restrictions related to the pandemic in 2020 - most interactions took place remotely, with the use of online tools.

Stakeholder Group	Communication Goals	Communication Forms	Identification Basis
<b>Key stakeholder groups</b>			
Investors, stock market analysts, business media journalists	Reliable and honest communication and reporting on the current situation of the capital group - in accordance with requirements, regulations and good practices of information circulation for companies on the regulated market.	Current reports, financial statements, conferences, meetings, newsletters, website, Facebook and LinkedIn profile, media statements in the form of interviews, articles, current communication with journalists.	For Apator SA, the company listed on the Warsaw Stock Exchange (WSE), building relationships with investors, analysts and journalists is a priority.
Customers	Cooperation in optimisation of customer business, developing technologies and solutions, exchange/sharing of technical knowledge, presentation of product offer and terms and conditions of commercial cooperation.	Face-to-face meetings, fairs, conferences, trainings, newsletters, website, product materials, Facebook and LinkedIn profile.	Apator Capital Group pursues business goals by providing customers with solutions and products meeting their expectations and needs.

Stakeholder Group	Communication Goals	Communication Forms	Identification Basis
Employees	Communicating the organisation's goals and values, informing on an ongoing basis about the company's situation and financial results, key decisions as well as organisational and personal changes, social actions. Building common organisational culture.	Meetings of managers and directors, meetings of departments/offices, educational campaigns, "Flesz Apatora" - the group's internal magazine, newsletters, website, Facebook and LinkedIn profile.  Additionally, depending on the practices of a given company: meetings of the Management Boards with the employees, employee portal, company PA system in Apator SA.	Apator Capital Group pursues business goals thanks to the commitment and competences of its employees.
Suppliers	Exchange of knowledge and communication of mutual expectations for the purpose of successful implementation of operational processes and effective cooperation.	Periodic meetings and presentations, audits, website, Facebook and LinkedIn profile.	Apator Capital Group pursues business goals by selecting reliable partners who meet defined quality criteria while taking into account pricing requirements.
Technological partners	Cooperation and exchange of knowledge in the field of development of new solutions and technologies.	Meetings, presentations, common communication in the media and at industry and economic events.	Apator Group develops new solutions and technologies for its customers in its own R&D offices but also by cooperation and exchange of knowledge with technological partners.
<b>Other stakeholder groups</b>			
Government and regulators, industry organisations, financial institutions	Actions aimed at shaping and developing the smart metering/smart grid market, promotion of effective solutions and technologies.	Participation in consultation meetings, conferences, symposiums, actions within industry associations and organisations.	Apator Capital Group acts in accordance with legal requirements and principles of morality, sharing knowledge and good practices for the purpose of development of new technologies and effective management of utilities.
Media	Conscious creation of company and brand image by informing the market environment about the company's operation.	Press materials and information, industry articles, press conferences, website, Facebook and LinkedIn profile.	Apator Capital Group cooperates with industry, specialised and local media exchanging expert knowledge, promoting its products, presenting the effects of business and non-business operation, creating company/brand image on the market.
Local authorities (self-government, powiat, gmina)	Communication aimed at effective cooperation, organisation development in accordance with the needs of local community and the expectations of self-governments.	Face-to-face meetings, participation in local events, website, Facebook and LinkedIn profile.	Apator Group companies operating in the field regulated by self-governments cooperate with local authorities for the purpose of gradual development of business and local communities.
Social institutions, non-profit organisations, artists, sportsmen, social environment	Cooperation for the purpose of organisation of valuable social initiatives.	Current cooperation in project implementation, conferences and meetings, website, Facebook and LinkedIn profile.	Apator Group's companies enter into business and non-business relationships with local institutions supporting valuable initiatives, making donations to organisations carrying out social missions.
Scientific environment, public education centres, research institutes	Exchange of knowledge and experience, strengthening cooperation and implementation of common scientific and development projects, science popularisation, presentation of the company's operation.	Current cooperation in project implementation, participation in conferences and meetings.	Cooperation with scientific environment and business facilitates the development of the company and science and drives the development of new technologies and products. Apator Group companies recruit employees from students and graduates of higher education institutions.



### 3. Our responsibility

The most important document specifying the goals in the field of corporate social responsibility for all companies within the Apator Group is the **Corporate Social Responsibility Strategy (CSR Strategy) of the Apator Group**.

Apator Group is committed to meeting the highest standards in the field of organisational culture based on **company values**, honest relationships with employees, customers and business partners and it conduct business activities with respect for the environment and taking into account the needs of local communities.

## 3.1. CSR STRATEGY

CSR Strategy of the Apator Group was published in 2020 and its time horizon is concurrent with the perspective of Business Strategy of the Apator Group. It supports achieving business goals defined in Business Strategy, taking into account:

- existing CSR areas implemented by the Company, i.e. taking into account the needs of customers, employees, social and natural environment, defined in the previous edition of Social Responsibility Strategy adopted in 2015,
- policies implemented in the Company regarding employee matters, anti-corruption, human rights, environment and social issues (pursuant to the requirements of the Accounting Act of 2017 on the disclosure of non-financial data),
- obligations and operating standards implemented in the Apator Group companies under policies on: quality management, environment management, occupational health and safety management and information safety (compliant with ISO standards),
- development directions defined by strategic goals, mission and vision of the organisation,
- industry challenges and expectations of the markets on which the Apator Group companies operate.

CSR Strategy adaptation and implementation is adjusted to the character of operation and the scope of social and environmental influence of particular Apator Group companies.

### Strategy conditions

Apator Group operates in accordance with the highest standards of corporate social responsibility understood as „Creating Shared Value“ (CSV), i.e. on the basis of activities which are to bring benefits both for the company and the society. CSR is treated as an element supporting business strategy, it includes long-term activities and programmes and its aim is to create new business opportunities, new markets and strengthen the Group's competitive position.

Grounds for the Apator Group's responsibility, liabilities to customers and business partners but also internal declarations identifying goals and operating standards within the Apator Group are defined by:

- Code of Ethics of Apator Group,
- mission and vision,
- company values.

Additionally, the assumptions of Apator Group's CS Strategy include:

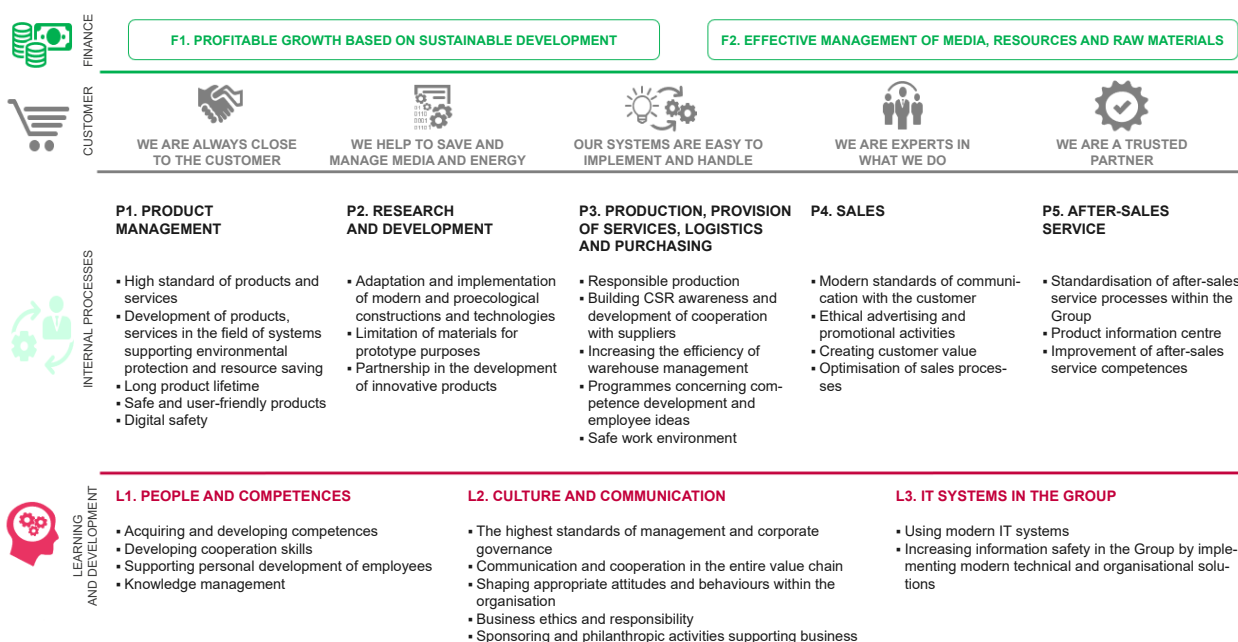
- recommendations and good practices in the field of reporting of non-financial data,
- “Good Practices of WSE listed Companies”,
- 2030 Agenda for Sustainable Development adopted by the UN in 2015.

The main goal of the Apator Group is profitable growth based on sustainable development taking into account broad context of the Apator Group's operation.



## CSR strategy map

Apator Group's CSR Strategy distinguishes 4 areas: Finance, Customer, Key Processes and Learning and Development, corresponding to areas of the Apator Group's applicable business strategy. Each of those four areas defines leading directions, liabilities, main initiatives and indicators.



Liabilities in particular areas, key initiatives and number and quality indicators assigned to them have been presented in particular chapters of this report.

## UN sustainable development goals

Apator Group operates internationally and it is obliged to meet the expectations of foreign contractors and standards applicable on EU and world markets. Therefore, CSR strategy goals include the UN sustainable development goals - adequate for the Group's operation character and challenges of industries in which the Group operates.

## UN goals chosen for the Apator Group



## CSR strategy implementation

Apator Group companies – while planning and carrying out their business and non-business operation – take into account the goals and liabilities specified in the CSR Strategy Map and cascade them to the goals set for management boards and managers of the Apator Group companies.

Summary of CSR goals and liabilities achieved by the Apator Group companies is the basis for preparation of an annual consolidated CSR Report on non-financial information.

Particular CSR areas were assigned a set of quantity and quality indicators prepared on the basis of:

- data gathered and monitored in the companies under business processes and Management Systems,
- good practices and recommendations (e.g. European Commission, Ministry of Finance and Ministry of Development, SEG),
- provisions of the Accounting Act.

Additionally, the following elements were taken into account:

- map of stakeholders and analysis of importance in relation to reporting aspects according to Global Reporting Initiative standard (G4 version) for the Apator Group (prepared during workshops with the management),
- UN guidelines in relation to the goals of 2030 Agenda.

## 3.2. VALUES IN THE APATOR GROUP

We build the culture of our organisation on the basis of **company values of the Apator Group**. They guide us in everyday action, help us make decisions and show us how to work, what to focus on and where we should be particularly involved, how to cooperate and communicate.

**Responsibility, cooperation, development and agility** – these are the four aspects which we deemed particularly important for our business and our team and which we strive to practice and promote in our teams.

### Values of the Apator Group

			
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<p><b>RESPONSIBILITY</b></p> <ul style="list-style-type: none"> <li>• we keep our word,</li> <li>• we always deliver products and services in the quality and time expected by our customers, partners and associates,</li> <li>• we are fully involved in the undertaken actions.</li> </ul>	<p><b>COOPERATION</b></p> <ul style="list-style-type: none"> <li>• we are a team,</li> <li>• we openly and closely cooperate to achieve the organisation's goals,</li> <li>• we respect our partners and associates.</li> </ul>	<p><b>DEVELOPMENT</b></p> <ul style="list-style-type: none"> <li>• we actively seek for and implement new solutions and breakthrough innovations,</li> <li>• we constantly develop our competences.</li> </ul>	<p><b>AGILITY</b></p> <ul style="list-style-type: none"> <li>• we are open to changes,</li> <li>• we cleverly and efficiently adapt our actions to the needs of the market and organisation.</li> </ul>



## 4. In line with ethics

Our core value is **responsibility** understood as strict observance of the applicable law, internal procedures and regulations. We implement and promote ethical principles in all aspects of our operation and we build relationships with our stakeholders on the basis of honesty and partnership.

## LIABILITIES RESULTING FROM CSR STRATEGY

**Apator Group assumed the following liabilities in the area of LEARNING AND DEVELOPMENT:**

- In line with ethics - our core value is responsibility understood as strict observance of the applicable law but also honesty in relationships with others.

## 4.1. CODE OF ETHICS OF APATOR GROUP

We build the culture of our organisation on the basis of company values and **Code of Ethics of Apator Group** — a set of fundamental principles defining our professional conduct. It contains examples of good practices and guidelines, applied in business relations with our customers, suppliers and business partners, as well as constituting the basis of relationships and cooperation between our team members.

Code of Ethics of Apator Group is periodically reviewed and updated. As of the end of 2020 we undertook actions aimed at fundamental change of our Code of Ethics in terms of:

- adjusting its provisions to the applicable law,
- meeting compliance standards recommended by the Warsaw Stock Exchange (WSE), in particular those relating to:
  - anti-corruption,
  - giving and receiving gifts,
  - reporting irregularities and whistleblower protection system,
  - sponsorship policy and donations,
  - compliance management, trainings and audits in the abovementioned areas,
- adjusting provisions to market practices and expectations,
- adjusting to the organisation's needs.

The new edition of the Code of Ethics of Apator Group was internally reviewed by legal counsel, selected managers and management system proxies in the Apator Group's companies. The new Code of Ethics of Apator Group became effective in April 2021.

### Most important changes

- updating the content in terms of applicable business strategy and CSR, company values, mission and vision of the organisation,
- adjusting provisions to current goals of personnel policy,
- transparent, clear form containing:
  - principles applicable in the Group,
  - translation of principles into specific behaviour and attitudes,
  - employee information on what actions are desirable and acceptable and what actions are unacceptable,
- practical guidelines for employees in terms of problematic situations.

## Scope of the Code of Ethics of Apator Group

### 1. Message from the President of the Management Board of Apator SA

### 2. What is the Code of Ethics?

- Kogo obowiązuje
- Rola pracownika
- Rola menedżera

### 3. Our Priorities

- Standards of Operation
- Mission and Vision
- Company Values

### 4. Intracompany Relations

- Personal Policy Principles
- Employee Safety and Health
- Equal Opportunities and Mutual Respect

### 5. Problem Situations

- Behaviour Outside of Workplace and Working Time
- Misuse of Company Time, Assets and Equipment
- Accepting and Offering Material Advantages
- Conflict of Interest and Competitive Activity

- Protection of Information and Intellectual Property

### 6. Business Relations

- Working with Clients
- Cooperation with Suppliers and Business Partners
- Fair Competition
- Business Segment Operation

### 7. Social Relations

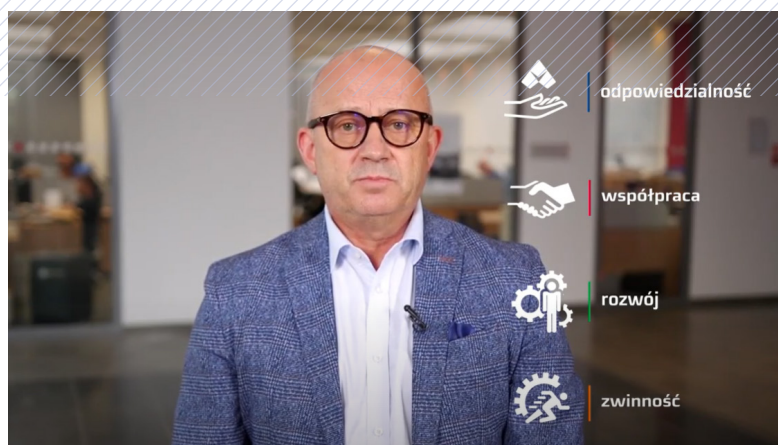
- Respect for the Environment and Protection of Natural Resources
- Sponsoring and Philanthropic Activities

### 8. How to Use the Code of Ethics?

- How to properly assess the situation?
- Manner of reporting doubts and violations
- The encourage to apply the rules

## Company values in practice

In 2019 the Apator Group developed new company values whose implementation was accompanied by an educational campaign. Extensive information activities taking into account all employee groups (managers, administration and production employees) were carried out since September 2019 – you can learn more about the campaign in the Report on Non-financial Data for 2019. In 2020 we consistently underlined the importance of our company values during the Management Board's meetings with managers as well as during presentations, interviews and recordings of members of the Management Board addressed to employees. The year of pandemics witnessed a substantial increase of importance of RESPONSIBILITY which translated into, among others, respecting and observing safety principles and procedures and even greater team engagement thanks to which we conducted our activity without major interruptions.



Statement on the President of the Management Board of Apator SA on the importance of company values in our activities. Published on the company YT channel on 21 September 2020 and distributed among the Group's employees.

### Educational campaign for employees

The introduction of the new Code of Ethics of Apator group will be accompanied by the employee educational campaign - "Thursdays with the Code of ethics". The campaign goals are:

- familiarising employees with the new Code of Ethics,
- promotion of desirable attitudes and behaviour.

As part of the promotional action (from April 2021) we plan: periodic publication of newsletters and articles in company magazine, poster and board display as well as engaging employees through competitions and quizzes.

## 4.2. ANTI-CORRUPTION POLICY

Apator Group's companies declare that they act in line with applicable law, observe high ethical standards and have no tolerance for any sign of corruption. The Group systematically analyses potential corruption threats which may occur in undertaken activities and applies preventive measures reducing the probability of corruption.

Our actions in this respect are defined by the **Code of Ethics of Apator Group** according to which the **Apator Group does not accept any actions violating impartial business decision making**. It means that, among others, the Group's employees must not accept or offer financial benefits which may influence business activities and decisions.

Any signs of corruption are forbidden in the Apator Group, including the following:

- providing, promising to provide, offering or soliciting to accept any benefits in the form of a payment, gift, trip or other advantage, to obtain a business advantage or as an acknowledgement of obtaining a business advantage,
- accepting, or a promise of, a gift, trip, invitation or other advantage from a third party (subject to exceptions indicated in the Code of Ethics of Apator Group),
- using company assets for private purposes or private advantages and deliberately using company assets against adopted general rules,
- granting, or promising to grant to a mediator any material or personal advantage in exchange for mediation e.g. supporting the engagement of a supplier, contractor or service provider,
- nepotism, cronyism – favouring relatives and kins or friends.

Employees are strictly prohibited from accept gifts (cash, vouchers, luxurious invitations, etc.). Sponsored trip offer may be accepted only if the trip is aimed at acquiring new skills and professional competences. Free benefits from contractors, customers or business partners may be accepted only if they are related to promotion or advertising of these entities, and the value of a single benefit does not exceed PLN 200 gross. In special circumstances, when a refusal to accept a gift by an employee of the Apator Group's companies may adversely affect relations with a customer/business partner, the mode of procedure should be agreed with a person in charge of the given area (director, manager).

Providing customers and contractors of the Apator Group's companies with gifts with a logo which are of small value or are related to the marketing programme is acceptable only on the condition of handing over such gifts after completing the given transaction and as long as the customer's or contractor's internal regulations do not prohibit accepting such gifts.

We do not grant gifts in relations with persons in public functions and public officials, in particular in situations when it may seem like a corrupt transfer of a financial benefit.

Important elements of anti-corruption system in the Apator Group include also:

- unambiguous and transparent procedures, known and available both to the Group's employees as well as to customers and cooperating entities,
- monitoring all processes to detect corruption threats and analysing corruption risk,
- increasing the awareness of the Group's employees by developing organisational culture, improving internal communication, refining motivational systems,
- building ethical lead connected with internal communication, promotion of ethical values, enhancing the image of ethical organisation,
- employee-oriented educational actions in the field of ethics and anti-corruption.

Anti-corruption policy applies to all employees of the Apator Group, its bodies as well as associates and business partners acting on behalf of the Apator Group companies.

Management is obliged to take on a key role in shaping organisational culture in which corruption will be impossible and completely unacceptable.

Each and every employee of the Apator Group is obliged to prevent, report and detect corruption. The manner of proceeding with such reports is defined in the Group's Guidelines - "Identification of Legal Requirements and Compliance Management". The manner of reporting violations, addressing questions or expressing ethical doubts by employees is defined in the Code of Ethics of Apator Group.

### **Whistleblower's identity protection**

Apator Group developed a reporting system which allows employees, associates, contractors, partners (including business partners) and anyone acting on behalf of the Apator Group companies to anonymously provide information and report violations on a confidential basis so that a whistleblower's identity is protected.

### **Model of three defence lines**

The model introduces uniform principles of role and responsibility division in the Apator Group in terms of functional internal audit, risk management, compliance and common set of techniques and tools. It allows not only for the fulfilment of obligations resulting from the "Good Practices of WSE Listed Companies" but also for effective elimination and minimalisation of risk.

## Compliance trainings

Aparator Group organises periodic internal trainings on legislative changes and operating procedures in relation with, among others, appropriate regulation of cooperation with contractors and business partners. Trainings on changes in CIT and VAT as well as trainings on: “Concluding Contracts – Selected Issues” and “Selected Issues Concerning Contract Law and Civil Procedure – Practical Issues” were organised in 2020. Representatives of domestic companies within the Aparator Group participated in the trainings.

## 4.3. HUMAN RIGHTS POLICY

Aparator Group strives for creating work and business cooperation environment in which **human rights are strictly observed and implements practices aimed at preventing situations in which human rights could be violated.**

Entities within the Group observe Polish and international laws in this respect, and operate pursuant to the highest standards defined in internal documents. The most important ones are: Code of Ethics of Aparator Group, Corporate Social Responsibility Strategy and Work Regulations of particular companies.

The Group’s obligations in terms of human rights include the following areas:

- **Employees – all employees are treated with respect, regardless of their position, gender, age, national end ethnic origin, sexual orientation, family situation, (dis)ability, political and religious views. The Group’s entities observe all applicable provisions concerning terms of employment, improve human resources management processes, take care of a friendly work atmosphere. They react against mobbing and discrimination.**
- **Contractors – we are committed to respecting and promoting human rights in relationships with suppliers, customers and business partners. This cooperation is conditional on, among other things, their compliance with ethical principles and occupational health and safety standards.**
- **Shareholders – we operate in such a way as to secure the interest of shareholders of the Aparator Group. We also pay much attention to providing shareholders with reliable and up-to-date information on the current situation of the Group’s entities and on events concerning them.**

## Equal Opportunities and Mutual Respect

In Apator Group we apply the rules of equal treatment of all employees with regard to:

- commencing and ending employment,
- terms of employment,
- promotion,
- access to training to raise professional qualifications,

Equal treatment means no discrimination, directly or indirectly, in any manner whatsoever, regardless of gender, age, disability, race, religion, nationality, political views, membership in associations, ethnicity, denomination, sexual orientation, or term of employment - limited/unlimited period, or full time/part time.

## Diverse Work Environment

Apator Group's companies – because of the character of their operation on the public tender market – periodically employ more production employees (with the help of temporary employment agency) in order to deal with increase in orders. Temporary employees include Polish citizens and foreigners (mainly from the East). Regardless of the employment form, work on similar positions is remunerated according to equal principles. Depending on the scope of other benefits, employees receive holiday gifts and enjoy “fruit days”, participate in integration meetings and events. The company takes care of the adaptation and good work atmosphere of foreigners - information materials were prepared in Ukrainian and Russian, periodic meetings were organised to provide support and explain possible ambiguities. Housing conditions were monitored to ensure that employees have a decent living in Poland. Once the order is carried out, farewell meetings are organised and gifts are given in acknowledgement of effective cooperation.

\* More information on personnel policy and relationships with employees is to be found in chapter 6.

## 4.4. ANTI-CORRUPTION AND HUMAN RIGHTS – ACHIEVEMENTS AND CHALLENGES

### Anti-corruption Policy

#### Existing achievements

- developing clear, precise rules of conduct compliant with the Code of Ethics of Apator Group communicated internally and to business partners, documented (internally and externally) and reflected in the accepted/implemented operating procedures (audits, periodic assessments, trainings, contractual provisions),
- implementing the highest standards of corporate governance - transparent and effective policy of communication with stakeholders,
- implementing transparent remuneration system, adjusting payroll and non-payroll solutions to market practices (e.g. payroll scales based on market median, bonus linked to meeting targets, benefit system, etc.),
- promoting and enforcing company values and ethical values connected with them among employees.

#### Goals and Challenges

In 2021 key anti-corruption challenges include:

- consistent employee trainings on corruption, in particular its civil and criminal consequences for the company and employees as natural persons.

### Human Rights Policy

#### Existing achievements

- implementing and observing a number of internal regulations concerning standards and values applicable in relationships between employees and with external entities. Here, particularly important are the company values widely promoted within the Group and the Code of Ethics of Apator Group containing, among other things, standards on which the Group's organisational culture is based, preferred employee conduct in relationships inside and outside the organisation as well as behaviour which is unacceptable within the organisation (e.g. discrimination, bullying, mobbing, harassment),
- adopting principle according to which the issues related to social responsibility of business partners are taken into account in all companies within the Group. In case of doubt, the supplier/cooperator is obliged to provide explanations and, if applicable, remedy the irregularities. Negative assessment in terms of observing the ethical and ecological standards excludes the supplier from further cooperation.

#### Goals and Challenges

In 2021 key human rights challenges include:

- shaping appropriate attitudes and employee education in terms of company values and ethical values applicable in the Group as well as attitudes and behaviour related to them,
- constant monitoring and improvement of employee safety as well as taking care of good work atmosphere (effects assessed by means of the Employee Satisfaction Survey),
- developing supplier verification mechanisms in terms of meeting the requirements of the Code of Ethics of Apator Group.

## Supplier Audits

We verify our suppliers in terms of the professionalism of the services they provide and the quality of the products they deliver, as well as their work safety practices, environmental standards and ethics.

2020 was particularly difficult due to the crisis caused by pandemic and broken supply chains. Business trips (not only international but also domestic) were difficult or impossible to organise. Thus, in 2020 the Apator Group companies carried out few supplier and cooperator audits – 1 foreign supplier and 4 domestic suppliers were verified (compared to 29 audits carried out in 2019).

## 4.5. ANTI-CORRUPTION AND HUMAN RIGHTS – INDICATORS

<b>Anti-corruption</b>	<b>2020</b>	<b>2019</b>
Number of reported cases of corruption	0	0
Number of entities within the Apator Capital Group assessed in terms of corruption risk*	13	13
Percentage of entities within the Apator Capital Group assessed in terms of corruption risk	100%	100%
Value of donations to political parties and institutions of similar nature	0	0
<b>Human Rights</b>	<b>2020</b>	<b>2019</b>
Number of reported cases of discrimination/mobbing/bullying , etc.	0	1
Number of entities within the Group assessed in terms of risk of human rights violation	13	13
Percentage of entities within the Group assessed in terms of risk of human rights violation	100%	100%

\*the summary does not include Apator Mining (operation outside core business)



## 5. Friendly Workplace

The power of our company is in the people - the Apator Group builds its competitive edge thanks to expert knowledge, experience and specialist competences of its team. We create a friendly, development-oriented workplace and build our organisation's culture based on company values. We improve the human resources management processes, implement tools supporting employee development and building their engagement, loyalty and motivation.

We create conditions for a safe and hygienic workplace. Our activities are aimed at eliminating accident threats and minimising harmful factors affecting employees at work. In special circumstances (such as the time of pandemic) we took special measures to take care of the safety and health of our employees as well as to provide safe conditions of cooperation with our contractors, shippers and business partners.

## 5.1. RELATIONSHIPS WITH EMPLOYEES

The development and learning area which refers to the improvement of human resources management processes, implementation of tools supporting the development of employees, building their engagement, loyalty and motivation is one of the foundations of the Apator Group's Business Strategy.

### BUSINESS STRATEGY GOALS IN TERMS OF HR

- develop competences crucial for the implementation of strategy,
- effectively attract and retain key employees,
- develop and promote customer-oriented organisational culture,
- assume responsibility for internal and external declarations,
- efficiently exchange information and knowledge within the Group.

The rules of work in individual Group companies are regulated by generally applicable laws (including the Labour Code) as well as internal procedures, instructions and regulations. **Personnel Strategy of the Apator Group** plays a key role in determining the approach to employee issues management within the Group. **Code of Ethics of Apator Group** defines the principles of procedure compliant with external and internal regulations, whereas, among others, **Corporate Social Responsibility Strategy (CSR)**, **Work Regulations** and **Corporate Collective Labour Agreements** play a supplementary role in defining employee policy standards.

### LIABILITIES RESULTING FROM CSR STRATEGY

#### Apator Group assumed the following liabilities in the area of LEARNING AND DEVELOPMENT:

- Closer to employee - we invest in people, development of their competences and work environment
  - Improving relationships with employees
  - Ensuring Occupational Health and Safety
- We improve organisational culture and communication and take care of good image of the Apator brand
  - Implementing new IT tools supporting the digitalisation of business processes, cooperation in companies and Apator Group and information safety
  - Improving communication

## THE APATOR GROUP PERSONNEL STRATEGY

The Apator Group's Personnel Strategy is focused on:

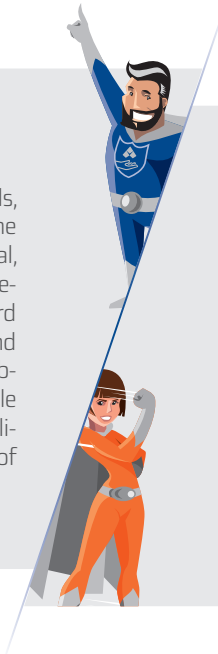
- Delivering value for the employee through
  - creating a friendly and safe workplace,
  - creating an inspirational place for professional development,
  - creating an environment that unleashes the employee's energy.
- Delivering value for the organisation, i.e.:
  - providing employees and building competences essential to achieve business goals,
  - building engagement and loyalty of the employees,
  - determining the role of HR team (business partner in human resources management).

**We shape the culture of our organisation on the basis of four company values setting standards of our everyday work (more on the issue of value is to be found in chapter 3 "Our Responsibility").**

**We translated company values formulated in 2019 into key competences which were in turn translated into the set of manager and functional competences.**

### 1 RESPONSIBILITY

Awareness of and commitment to business goals, achievement-orientation and focus on improving the company's results, respect for the entrusted capital, taking care of tools and workplace, honesty and respect in relationships with others, keeping your word given to customers and associates, reliability and engagement in fulfilling tasks and professional obligations, taking care of quality and timeliness while fulfilling tasks, delivering products in quantity, quality and time required by the customer, observance of principles and procedures.

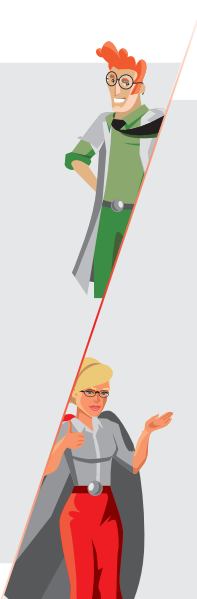


### AGILITY 2

Openness to upcoming changes, ability to cleverly and efficiently adapt our actions to the needs of customer, market and organisation, active implementation and communication of changes, predicting the consequences and assessment of actions taken or to be taken, flexibility of operation including the financial, efficiency goals and conditions of the organisation's operation, ability to support and build acceptance for changes.

### 3 DEVELOPMENT

Readiness for taking up challenges, actively searching for new markets, solutions, products or improvements, following market and technological trends, constantly searching for unique solutions building the organisation's competitive edge and developing business, implementing breakthrough innovations, taking care of efficiency and profitability of operation, effective resource management, proactive attitude, creativity and courage, thinking outside the box, translating concepts into specific solutions and action plans, update and development of knowledge and competences, willingness to learn, curiosity and broad view of business and interpersonal relationships.



### COOPERATION 4

Openness to the needs of external and internal customer, building relationships based on trust and respect, supporting others, partner approach to relationships with others, openness to other points of view, ability to work in a team and cooperate to meet the organisation's goals, readiness for compromise, communication skills and openness to feedback, overcoming barriers, sharing knowledge, courteousness and empathy in relationships with others, building "team spirit".

## Employee Ideas Programme

Each year Apator encourages its employees to be creative and take initiative on their work stations under the Employee Ideas Programme which has been organised for years. Employees have the opportunity to submit improvements not only on their work stations but also in the entire company. If an idea is accepted and implemented, an employee may expect a financial reward (according to the criteria for assessing ideas). The criteria for assessing ideas include: influence on quality, influence on productivity, innovativeness, cost savings, OHS and environmental protection, communication and work system. In addition, employees are given annual awards in the following categories: the best team and the best idea. 31 ideas were submitted and 6 teams were formed in the last year's edition of the Employee Ideas Programme. This year the meeting with the programme's winners took place in accordance with applicable pandemic restrictions.

### PROGRAM POMYSŁÓW PRACOWNICZYCH



#### OD POMYSŁU DO INNOWACJI

Masz pomysł na zmianę usprawniającą Twoją pracę, udoskonalenie procesu produkcyjnego, rozwiązanie problemu na Twoim stanowisku pracy?

## Conscious consumers

#PolishMyChoice begins in our company. We need to be responsible and consistent in our attitudes to expect the change of environment. Therefore, we conducted an educational campaign among our employees promoting economic patriotism and conscious approach to consumer choices. One of its elements is an exhibition in our registered office in Ostaszewo.



## Priorities in the field of Personnel Strategy

- Effective recruitment
  - effective promotion of the Apator brand on the labour market,
  - implementing common recruitment tools within the Group (tools, bases, partners),
  - improving the process of onboarding of new employees in the companies.
- Creating conditions for employee development:
  - implementing common model for defining competences and assessing employees (taking into account the character of the companies),
  - programming employee development (clear promotion paths, succession plans, development programmes for key employees),
  - offering employees the possibility to influence tasks that they fulfil and the company's operation.
- Building the employee's engagement in the achievement of the organisation's business goals:
  - supporting managers in modelling business processes, cascading business goals to work stations,
  - supporting managers in improving relationships and communication with employees,
  - implementing good practices of appreciating engagement and achievements of employees,
  - systematically examining and analysing the satisfaction and engagement of employees,
  - integrating employees around common values of the Apator Group.
- Shaping the remuneration system:
  - shaping the remuneration system on the basis of market benchmarks,
  - connecting the remuneration and bonus system with tasks, engagement and results achieved by an employee, taking care of process transparency,
  - adjusting the benefit system to the needs of employees and market requirements.
- Efficient personnel and payroll service:
  - centralisation of employee payroll service,
  - standardisation of personnel service processes,
  - ensuring the compliance of HR solutions with the applicable law.

Personnel Strategy also provides for expanding the competences of the HR team, adapting the organisation of HR teams to the role of a partner for business units and implementing IT systems supporting HR management in the Group.

## Periodic meetings of Management Board and Directors with Employees

Meetings between employees and Management Boards of the companies are usually held periodically 1-2 times a year. Their purpose is to discuss the current situation of particular Company and Group, including financial results, ongoing projects, plans for the coming months and current organisational topics.

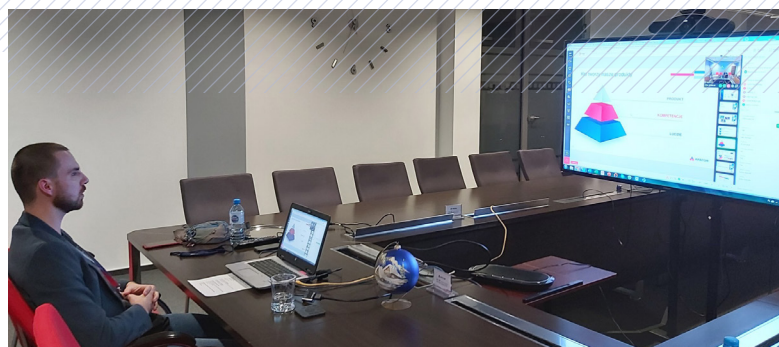
Due to the 2020 pandemic, face-to-face meetings have been replaced by online communication. The employees are informed about current situation in the company by newsletters, articles and news published in company magazine „Flesz Apatora”, announcements in communication channels available in particular company (for example in Apator SA by announcements in HRsys, charts and animations on TV screens and broadcasts in company PA system).



## From school to work - meeting with young people

In December 2020, we took part in a webinar with young people and graduates of the Mechanical, Electrical and Electronic School Complex from Toruń to introduce them to the specifics of our activity and to present the path and methods of recruitment.

The meeting with young people was part of a project entitled „Supporting the Transition from School to the Labour Market”. Innovative Models of Cooperation between Public Employment Services and Vocational Schools”, conducted under the Operational Programme: Knowledge, Education, Development. The agenda of the presentation included information on the sectors and industries in which our companies operate, the scale and scope of the organisation as well as the main operational processes of the Ostaszewo plant. Issues related to sought-after positions and the necessary competences of employees and job candidates were also important elements of the agenda. The ways of reaching out to potential employees, recruitment and onboarding process were discussed. There was also space to present social projects, employee actions, ways to integrate teams, etc. The webinar concluded with a question and answer session which focused on the details of the recruitment process.



## 5.2. OCCUPATIONAL HEALTH AND SAFETY

Providing occupational health and safety at work is one of the priorities of the Apator Group. Our activities are aimed at eliminating accident threats and minimising harmful factors affecting employees at work. We act in compliance with applicable laws and the provisions of the occupational health and safety management system according to PN-ISO-45001:2018 applicable in several Group companies. The methods of achieving OHS goals are also regulated in a number of internal procedures and instructions applicable in individual companies within the Group.

Apator Group supports protection of health of its employees, works on permanent improvement of safety and working conditions, implements solutions that prevent accidents at work, professional illnesses and near misses. Carried out activities include:

- hazard identification and risk assessment for each work station,
- initial, periodic and follow-up medical examinations, protective measures, initial and periodic training
- with regard to OHS rules,
- organisation of work stations in accordance with applicable laws and rules of ergonomics, introduction of modern technological lines and equipment beneficial for the productivity and minimising the burden to employees,
- monitoring of working conditions by OHS Commission,
- separating, marking and preparing work stations, transport routes and fire-fighting equipment,
- monitoring of identified risks.

Planning and improving OHS process is carried out through a plan of objectives and targets developed annually, the implementation and monitoring of which are defined in the relevant procedures.

### Special security measures during pandemic

Not only did the pandemic prove to be a time to test the effectiveness of our occupational health and safety management systems, their compliance by employees and the effectiveness of supervision by managers, but it also presented us with entirely new challenges. The companies have implemented a number of internal procedures and rules to protect employee health and prevent the spread of COVID-19. We passed this difficult test - in 2020, our plants worked without major disruptions and were not the focal point of massive spread of infection.

The goodwill of all workers and absolute adherence to safety rules were essential. The vast majority of the crew proved to be responsible and approached the recommendations and internal procedures with great understanding.

Details of the measures taken are described in Chapter 9, „Management of Non-financial Risks” (Risk of Epidemic/ Coronavirus Infection).

## 5.3. ACHIEVEMENTS AND CHALLENGES

### Existing HR policy achievements

#### In 2020, the following was done:

- continuation of promotion of corporate values and building a culture of responsibility,
- Improvement of HRsys IT system in the Apator Group,
- Improvement of internal communication,
- implementation of Employee Capital Plans in another companies in the Apator Group,
- implementation of 360 assessment for the management,
- implementation of skills matrices for production employees in another Group companies,
- changing the organisation of work during the pandemic (implementation of remote working, changing working time schedules, flexible response to the guidelines of the Ministry of Health),
- crisis management related to employee absence, maintaining distance, using masks and disinfection, measuring temperature and testing employees for Covid-19.

### Goals and challenges in the field of employee issues

The key challenges in the field of employee issues in the perspective of the following periods at the level of the Apator Group include:

- effective implementation of the Group's HR strategy and subsequent strategic initiatives,
- implementation of a skills matrix for office workers, career path building tools and talent management system,
- implementation of retention systems,
- adapting development and communication tools to the new conditions (remote or hybrid working, reducing face-to-face meetings, maintaining distance), e.g:
  - making e-learning trainings available to employees,
  - making library resources available to employees free of charge in order to broaden their own knowledge and interests,
  - launching an internal communication training using the Extended DISC tool,
  - launching a feedback project (appreciating employees by awarding badges for displaying behaviour in line with the company's values),
  - launching an educational campaign promoting the new Code of Ethics of Apator Group,
  - implementation of periodic survey on satisfaction and involvement of the Apator Group's employees,
  - creating a shared service centre for HR and payroll services,
  - implementing new HR and payroll system with employee and manager dashboards.

## 5.4. INDICATORS IN THE FIELD OF EMPLOYEE ISSUES

### Improving relationships with employees

#### Employment, including the form of employment

Employment in the Apator Group*	2020	2019	year/year dynamics[%]
Average annual employment [RJR**], including: <b>those covered by collective agreements</b>	2 475,9 1 400,8	2 603,2 1 537,0	95% 91%
Employment at the end of the year [persons], including:	2 397	2 580	93%
women	1 033	1 112	93%
men	1 364	1 468	93%
<b>Employment at the end of the year [persons], including:</b>			
<b>1. Full-time positions</b>	<b>2 366</b>	<b>2 548</b>	<b>93%</b>
women	1 020	1 097	93%
men	1 346	1 451	93%
<b>2. Part-time positions</b>	<b>31</b>	<b>32</b>	<b>97%</b>
women	13	15	87%
men	18	17	106%
Employment at the end of the year [positions], including:	2 375,7	2 563,8	93%
women	1 020,1	1 076,8	95%
men	1 355,6	1 450,0	91%
<b>Employment at the end of the year [positions], including:</b>			
<b>1. Indefinite term contracts</b>	<b>1 975,6</b>	<b>2 063,8</b>	<b>96%</b>
women	790,8	818,8	97%
men	1 184,9	1 245,0	95%
<b>2. Fixed term contracts</b>	<b>379,5</b>	<b>458,0</b>	<b>83%</b>
women	218,5	264,0	83%
men	161,0	194,0	83%
<b>3. Contracts for a trial period</b>	<b>20,6</b>	<b>42,0</b>	<b>49%</b>
women	11,0	20,0	55%
men	9,6	22,0	44%
Employment in branches outside the companies' headquarters [positions]	57,3	34,5	166%

\* Excluding employees on maternity leave and leave under the conditions of maternity leave, taking paternity leave, parental leave or extended parental leave, for vocational training.

\*\* RJR - annual work units, i.e. the number of employees calculated into full-time positions within the company in question or on its behalf during the entire reference year

#### Employment with diversity indicators: gender division, employment of disabled persons, employment of foreigners

Employment of disabled persons	2020	2019	year/year dynamics[%]
Number of employed disabled persons			
as of the end of the year [persons]	51,0	50,0	102%
annual average [persons]	49,3	50,6	97%

Employment of foreigners	2020	2019	year/year dynamics[%]
Number of employed citizens of the country where the company's registered office is located			
as of the end of the year [persons]	2 363,0	2 557,0	92%
annual average [persons]	2 465,0	2 583,9	95%
Number of employed foreigners			
as of the end of the year [persons]	34,0	23,0	148%
annual average [persons]	27,7	23,0	120%

## Changes in employment during the year, labour turnover

Changes in employment in the Apator Group	2020	2019	year/year dynamics[%]
Employees newly employed during the year [persons], including:	<b>278</b>	<b>489</b>	<b>57%</b>
production workers	179	365	49%
non-production workers	99	124	80%
Employees made redundant during the year [persons], including:	<b>488</b>	<b>454</b>	<b>107%</b>
production workers	347	339	102%
non-production workers	141	115	123%
voluntary redundancy	178	226	79%
involuntary redundancy, including:	310	228	136%
retirements/pensions	63	69	91%
Labour turnover [%]*	20,4	17,6	116%

\* Labour turnover calculated using the formula: (Number of redundancies during the year [persons]/Employment at the end of the year [persons])\*100.

## Ratio of the lowest to the highest remuneration in the Apator Group and relation of the lowest remuneration to the minimum national remuneration

The ratio of the lowest to the highest remuneration (excluding the members of the management board) in domestic companies of the Apator Group amounted to 8.3% - 21.7% in 2020, at the same time the lowest remuneration in these entities was amounted to 100.0% - 123.1% of the minimum domestic remuneration.

## Training and development of employees

Employee training	2020	2019	year/year dynamics[%]
Total training budget [TPLN]	918,1	1 702,8	54%
Training budget per employee [PLN]	370,8	654,1	57%

Management skills development programmes	2020	2019	year/year dynamics[%]
Number of persons who have benefited from the company's financial support for:			
1. postgraduate studies	7	21	33%
2. mBA programmes and studies	6	6	100%
3. Manager Academy	-	93	-
4. Management by Objectives (MBO) workshop	18	-	-
5. Other	4	6	67%

## Ensuring Occupational Health and Safety

### Number and type of accidents

Occupational Health and Safety	2020	2019	year/year dynamics[%]
Number of accidents at work, including:	<b>37</b>	<b>32</b>	<b>116%</b>
light accidents	37**	32**	116%
medium accidents	0	0	-
serious accidents	0	0	-
fatal accidents	0	0	-
Accident frequency rate*	14,9	12,3	122%

\* Indicator calculated according to the formula: (Number of accidents per year/Average annual employment [RJR])\*1000. The number of accidents and the accident frequency rate calculated on their basis include Polish companies within ghr Capital Group.

\*\* Due to differences in the methodology for qualifying occupational accidents in the UK compared to Poland, the vast majority of the occupational accidents reported in the summary (20 in 2019 and 30 in 2020 respectively) involved a UK GW company.

### Occupational health and safety training (applies to production companies)

Occupational health and safety training	2020	2019	year/year dynamics[%]
Number of trained employees [persons]	1 423	1 195	119%
Number of training hours	5 756	4 736	122%

### Employees' complaints concerning occupational health and safety (made by production and administrative workers)

Employees' complaints	2020	2019
Number of occupational health and safety complaints made by employees, including:	<b>0</b>	<b>0</b>
1. by administrative workers	0	0
2. by production workers	0	0

### Additional voluntary medical care for employees, co-financed by the employer

Medical packages	2020	2019
Number of employees using additional medical packages	906	893
Company expenses related to co-financing employee medical packages [in PLN thousand]	397,2	430,5

## Improving organisational culture and communication and taking care of good image of the Apator brand

### Implementing new IT tools supporting the digitalisation of business processes, cooperation in companies and Apator Group and information safety

Investment expenditures in the Apator Group in IT category are specified in Chapter 6 / see: CAPEX investment expenditures

Information safety indicators*	2020	2019
SLA (solving IT incidents according to assumed SLA limits)	91,6	94
Critical IT systems availability indicator	100	99,87

\* applies to Apator SA

## Improving communication and sharing knowledge

We take care that the employees of the Apator Group have access to up-to-date information on current situation and effects of activity in the companies and the Apator Group and that they exchange their knowledge about market, trends and new technologies. As part of improving the internal communication process, we use a number of communication tools and methods within the Group:

- face-to-face meetings and contacts (much less frequent in 2020) or online (preferred because of the pandemic),
- newsletters, e-mail industry reviews and announcements in internal employee systems, articles in the internal magazine,
- posters, TV panels, educational exhibitions,
- programmes in company's PA system (Apator SA).

Every year we organise a MEGATRENDS meeting - an internal conference with internal and external experts, which is an opportunity to discuss and exchange knowledge and information about the market. In 2020, the conference was held on 26 February in Turzno near Toruń. Around 80 people attended. More about the meeting is to be found in Chapter 6 "Apator Group on the Market" (Business Cooperation).

In addition, as part of the so-called Meetings with Experts, we arrange meetings with interesting people, scientific authorities or managers from other companies in order to learn about new concepts and models of operation. Analyses and reports prepared or obtained by our experts (e.g. as a result of participation in meetings or industry conferences) are a valuable source of knowledge. Periodic Strategic Reviews are also an opportunity to share knowledge.



## Trainings

Training programmes in 2020 in the majority of companies in the Apator Group have been suspended due to the pandemic. Those training courses were organised which, due to the format, could take place without the physical presence of the participants. For example, Apator Rector organised:

- DISC Theory training - differentiating communication styles and identifying your own leading communication style,
- internal, substantive training (SQL, EA),
- training for Team Managers prior to conducting individual assessments.

## Promotion of health and physical activity

Apator Group companies integrate their employees in common participation in sports events and encourage teams to healthy competition. In 2020, most sports events did not take place due to the prevailing pandemic. During periods of transitional „loosening” of restrictions, initiatives were taken to renew direct relationships between people, to build a good atmosphere and team spirit. For example, colleagues from Apator Rector went canoeing in Lubrza as a reward for exceptional involvement and performance. The teams from Apator Telemetry took part in Witkacy Race in Słupsk running the distance of 10 km.



- Employees of selected companies may benefit from company funding for the purchase of Multisport Card, medical packages and free annual influenza vaccinations.
- Fruit days - in selected companies, employees are given fruit snacks once a week.

## Good team spirit

Each company of the Apator Group makes efforts to make its employees feel good in their circle. Some good practices have been adopted by many companies, while others have developed their own ways of building good relations among their employees. All such initiatives are valuable. Examples of such activities are joint celebrations of holidays such as Saint Nicholas' Day, Women's Day, Fat Thursday, which are an opportunity to build a positive atmosphere in the team and remind employees, through a small snack or gift, that the company remembers them. Employees of Apator Rector celebrate also the successes of projects carried out by the company (e.g. by integration at team games such as bowling, squash tournament) and they celebrate other important occasions e.g. Programmer's Day.





## 6. Apator Group on the Market

The challenges of today's world stem from the need to protect the environment and natural resources, which is reflected in the European Union's (EU) climate and energy policy and its long-term vision of moving towards EU climate neutrality by 2050.

Striving for climate neutrality and accompanying transformation of power sector from conventional power engineering to green technologies is consistent with the objectives of the Apator Group resulting directly from its business strategy.

Our mission is to provide customers with user-friendly and intuitive solutions in the scope of **effective management of all types of energy technologies**. Apator Group develops solutions for precise metering of utilities (including smart meters) and effective management of their distribution networks. We implement technologies to support **energy efficiency** and products and services to **integrate renewable energy sources into the electricity grid** and minimise the disruption caused by RES instability. We provide solutions for utility distribution system operators and all active participants in the distributed energy market: energy clusters and cooperatives, energy storage, PV and wind farms and a wide range of prosumers.

## 6.1. CUSTOMER ORIENTATION

Objectives of business strategy of the Apator Group are determined from the perspective of customers whose expectations and needs determine the direction of R&D activity and development of product offer of the Apator Group.

Apator Group has defined its priorities in this area, i.e:

- **we are always customer-oriented,**
- **we help customers save and manage media and energy,**
- **we provide them with systems and solutions that are easy to implement and use,**
- **we are a trusted partner.**

Apator plays the role of a technological advisor which - in close cooperation with customers - develops solutions corresponding to their needs and market trends. We draw on our many years of experience and technical knowledge gained through cooperation in the energy, water supply and sewerage and gas sectors but also in the new IT technologies and industrial automation sectors.



### Traditional customer groups:

- power distribution companies/ operators of electricity distribution systems
- electricity wholesalers, electro-assembly and electro-installation companies, designers
- construction, industry, railway

### New customer groups

- a broad group of entities operating in the RES sector, including: PV and wind farms, energy clusters and cooperatives and energy storage,
- individual prosumers producing energy from RES for their own needs,
- provider of solutions for the electromobility sector.

- large, scattered group of customers: water supply, heat energy companies, housing cooperatives, construction, industry,

- institutional customers and gas companies.



## LIABILITIES RESULTING FROM CSR STRATEGY

**Apator Group assumed the following liabilities in the area of key processes:**

- Customer-orientation and „green“ energy - we advise our customers and help them manage their utilities and energy efficiently, thus we help to save the earth's natural resources. Our products are easy to use and safe for the user and the environment.

**Key initiatives:**

- promoting and implementing solutions tailored to current and future market needs, supporting energy efficiency and meeting technological, climate and social challenges,
- education of the Group's social and market environment on energy efficiency, green energy, environmentally friendly solutions.

- Product social responsibility i.e:

- implementation of modern and proecological constructions and technologies,
- manufacturing products with a long life span and striving for failure-free products.

**Key initiatives:**

- development of modern products and implementation of innovations,
- attention to product quality.

The abovementioned objectives are defined and implemented through:

- monitoring the management of the Business Strategy and CSR Strategy, i.e. monitoring and implementation of strategy objectives, reviewing the implementation of strategic initiatives,
- development of modern products and implementation of innovations, including growth in sales of smart solutions and offer for the RES sector - investment expenditures (CAPEX), share in sales of individual product groups (product mix analysis),
- taking care of product quality and effective sales and after-sales service - analysing complaints handling,
- building customer relationships - promotional communication and PR plan, periodic customer satisfaction surveys.

## Our Achievements

Apator Group's companies operate in specialist sector of power engineering and industry, where the proper identification of needs of customers and then their translation into activities in the area of design, development works and construction changes are of key importance. Group entities flexibly adapt their offer to current customer needs, while development and construction work is consulted directly with customers (through dedicated key account managers). The companies provide substantive support by organising training and presentations for customers, technical after-sales support, and analyse customer satisfaction levels after the completion of a large-scale implementation project.

### Innovation and new solutions

Apator Group concentrates on development of advanced technological solutions, mainly in the field of smart metering equipment and systems, automation, control and supervision over the operation of power grid and solutions to be applied in distribution networks of other utility media (gas, water and heat). With the dynamic development of RES sector in Poland, Apator Group companies undertook to update their business strategy in order to adjust the offer even better to the needs of power sector – both professional power industry and new entities that appeared in relation to connection of renewable energy sources to the public power grid and formation of self-sufficient independent micro-networks (cooperatives, clusters and other power communities). Innovations are also facilitated by an increasing pressure to save consumption of electricity (but also other utility services) in connection with growing prices of utilities - these trends determine the direction of development of solutions for improvement of energy efficiency that leads to operational and cost optimisation of the operation of companies using Apator solutions.

Apator Group each year allocates significant resources to the development activity. Apator develops solutions in its own R&D offices specialised in the development of innovative products, systems and services and it cooperates with

other entities in technological partnerships.

### Meetings with customers

Building relationships with customers traditionally takes place through individual meetings and expert consultations as well as at industry events where new products are presented. Customers are also invited to visit our plants where we can present both our technical achievements and production resources. Due to the prevailing pandemic in 2020, the number of customer meetings and visits to our companies has been severely reduced. Most industry events and trade fairs did not take place, and customer contacts moved to the online sphere or took place through other, indirect channels.

### Trade fairs

In 2020, we took part in two trade fairs held earlier in the year:

- 11-13 February 2020 E-world in Essen (Germany) - measuring devices and systems
- 03-05 March 2020 Middle East Energy, Dubai (United Arab Emirates)

Many trade fairs were postponed to the following year as a result of the pandemic. In the case of those trade fairs that - despite the prevailing conditions - took place physically, we decided not to participate so as not to endanger our customers and employees.

### Trainings and presentations

Apator Group's companies share specialist technical knowledge and present functionalities of new solutions and products in the form of trainings for customers and product presentations. Due to the pandemic, we have adapted our activities to the new conditions and moved activities online.

### A series of online trainings for customers and designers

Apator encouraged its customers and business partners to take part in a series of trainings on switchgear that were held in the form of convenient and safe webinars. During successive cycles of Apator's E-academy it was possible to get acquainted with functionalities of current products and novelties in the field of switchgear, among others: ARS series bar disconnectors, RBK series cassette disconnectors, surge arresters, cam switches and APASYS 60 system. The winter series of training sessions took place on Tuesdays and Thursdays at 10 a.m. and was very popular with customers, designers but also employees eager to learn more about the new products on offer.



## 6.2. SOLUTIONS SUPPORTING THE „GREEN DEAL“

**The European economy renewal programme relies heavily on projects related to the EU's "Green Deal". It assumes a gradual transformation of the EU economies into modern, resource-saving and climate and environment neutral economies.** The legislation adopted in March 2019 by the European Parliament as part of the so-called "Winter Package" marks the start of new rules for the energy market. The transformation is guided by the slogan „Clean energy for all Europeans" and its identification mark is the 3xD (Decarbonisation, Decentralisation and Digitalisation). The new law has accelerated the implementation of modern technologies and solutions.

The main challenges for the Polish power engineering and industry are set out in the Polish Energy Policy 2040 (PEP 2040) and the amended Energy Law (EP) together with implementing acts which introduces the obligation of and framework for the implementation of smart meters in the domestic market.

### Apator Group actively acts to transform power industry and develops „green" technologies

Our motto is:

**WE HELP OUR CUSTOMERS SAVE AND MANAGE MEDIA AND ENERGY.**

We use our experience and know-how to develop and deliver innovative solutions to the market in the areas of energy efficiency, efficient management of utilities and network assets, and network stability management with increasing number of RES. We are developing technical tools to operate the distributed electricity grid and also to improve the quality of power in the grid. We are developing an offer for new participants in this market, e.g. energy communities (clusters, energy cooperatives and other prosumers), among others, in the field of RES energy measurement and management.

Also in other business areas (Gas and Water and Heat segments), the Group is intensifying its efforts to develop solutions for more efficient resource management. The Group is implementing successive generations of smart meters, including smart class gas meters and water meters with radio modules as well as new generations of water meters, i.e. ultrasonic meters and traditional water meters with higher accuracy class, enabling even more precise water metering in order to rationally manage this precious natural resource.

Directions of development of the Apator Group's offer as part of its business strategy include:

- **development of smart metering solutions** — smart meters, remote reading systems for energy, water, heat and gas meters and AMI (Advanced Metering Infrastructure) advanced metering systems.
- **implementation of solutions for the RES sector** — a wide portfolio of protection, control and executive devices, as well as software applications for RES energy management.

### Smart metering and the environment

Smart meters are metering systems that enable automatic collection, storage and transfer of electricity, gas, water or heat consumption data. They eliminate the need to manually check the status of meters and, thanks to data transfer, allow for monitoring the level of utility consumption in real time.

For example, the ability to monitor a consumer's energy consumption is an opportunity for better, conscious management of energy consumption. Analysing how individual household appliances affect household energy consumption allows us to change our habits, use energy more rationally and make real savings (e.g. by limiting the use of appliances at times when energy is most expensive).

Thanks to two-way communication between the meter and the central dispatch system, operators (OSD) receive detailed information on current demand and consumption profiles, which is the basis for more effective energy demand forecasting. In addition, the meters provide information on the quality of the supplied energy – they detect breaks in supply and automatically inform the dispatch centre about this fact, which speeds up the process of removing failures.

With smart meters, Transmission System Operators (OSP) gain additional possibilities to plan the operation of the transmission network more efficiently and to ensure energy security. Indirectly, power generators (power plants) will benefit

from smart metering thanks to the possibility of equalising electricity generation profile (reducing peak demand). This can influence the decisions concerning the operation of blocks and will reduce the cost of electricity generation. The positive effect for the environment is the reduction of used and burned raw material and the resulting pollution.

Also in the Gas segment the trend is gradually moving away from traditional mechanical gas meters towards smart gas metering. The change involves mainly selected EU markets which are particularly aware of the need for better, more rational management of this valuable fuel. In 2020, the Polish market also opened up to smart metering in gas - Apator Metrix delivered the first batch of smart gas meters for PSG, which may be a breakthrough in even more effective management of the distribution network and rational use of gas by domestic customers.

It is worth mentioning that the Apator Group's companies also participate in research projects related to the application of hydrogen in traditional gas network (testing of correct operation of gas meters for specified levels of hydrogen and gas mixture) and potential future application of advanced infrastructure for hydrogen transmission and storage.

Smart metering gains particular importance in the Water and Heat segment because of the need for rational worldwide management of this precious, non-renewable resource. Accurate real-time consumption data would enable more efficient management of the distribution network, better balancing of water consumption, reduction of water wastage (through monitoring of failures and leaks) and more effective planning of necessary investments and upgrades.

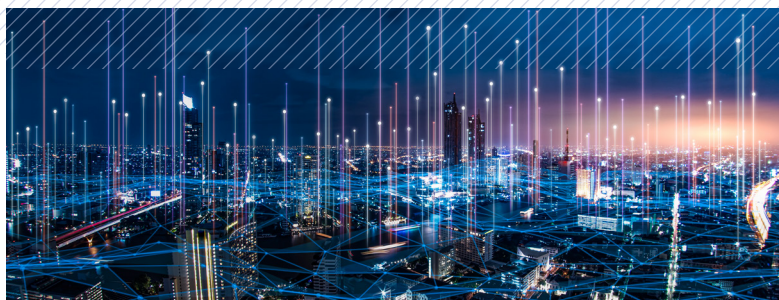
Smart metering of water consumption supports changes in consumer habits - the need to use water rationally is obvious to environmentally conscious people, while others may be convinced by real savings on bills or possible financial incentives.

An additional new aspect is the development of technology for measuring water quality, e.g. by using special sensors monitoring specific water parameters.

Smart metering brings a number of benefits to all participants in the electricity, gas as well as water supply and sewerage markets. It can also make an important contribution to better, more rational human use of natural resources and energy utilities. Importantly, smart metering opens the door to the development of new functions and services related to more efficient and sustainable management of the Earth's precious resources.

### Smart metering for better utility management

One of the greatest challenges of modern societies is to reduce the waste of energy, water, heat and gas. Smart power, water, heat and gas networks enable control over the amount of utilities used and more rational consumption in industry, business and households. Apator Group is developing the offer of smart meters, remote meter reading systems and advanced AMI systems which can be used for predictive purposes and reduction of losses during generation, transmission and distribution of utilities to final customers.



## Solutions for RES

Moving away from conventional sources which are responsible for the devastation of the environment, and using renewable energy sources on a larger scale is becoming a global trend increasingly emphasised by global organisations and national governments. In Poland, the RES sector is relatively young but in the last decade it has been experiencing dynamic development accompanied by increased innovation and technological progress.

Apator Group actively participates in the development of RES market in Poland. We are currently the biggest supplier of prosumer bidirectional electricity meters (with and without communication) used in PV micro installations as well as specialised equipment for connecting and protecting the electrical circuits in PV farms. Apator Group has also implemented solutions for the management of energy flow in installations and internal networks containing PV generation and providing the integration of dispersed PV energy sources with modern large-scale power grid.

## Green technologies for the energy industry

In 2020, EKTIN PV, a comprehensive system for the supervision and management of photovoltaic farms, debuted on the market. It is a SCADA class solution thanks to which the customer can observe the operation of RES in real time, monitor the basic parameters as well as track the most important rates indicating the use of the potential of green energy production. Apator Elkomtech carried out pilot installations of the system on several photovoltaic farms, also the first commercial implementation of the EKTIN system for a wind farm was made.

## Our Achievements

In all Apator Group's business segments a number of solutions supporting green transformation of power sector as well as sustainable, more effective management of electricity, gas, water and heat have been developed and placed on the market.

Examples of solutions and product innovations implemented by the Apator Group:

### ELECTRICITY SEGMENT

- new lines of smart meters with two-way communication for prosumer installations,
- new solutions for securing networks with renewable sources, including controllers from the microBEL family and smartARS pro PV disconnectors,
- EKTIN - SCADA class system for RES, micro-networks and industry,
- GIS Lighting - an application to manage network assets in the field. The product is aimed at companies and local government units that manage utilities,
- WFM - a mobile application enabling effective planning and realisation of works of teams in the field, their monitoring and optimal allocation of tasks for all OSD services - as a result, better planning of resources and fuel savings (optimisation of routes taken by services to failures).

### GAS SEGMENT

- iSmart smart gas meters (including Poland's first pilot implementation of smart gas meters for PSG),
- smart gas meters for the UK market and an offer of smart gas meters supplied to EU markets through cooperation with business partners in the OEM formula (Original Equipment Manufacturer, i.e. under the brands of other manufacturers),
- development of ICT solutions for the gas segment, e.g. in the areas of data collection from telemetry devices and GIS systems.

## WATER AND HEAT SEGMENT

- new technologies in water metering, placing on the market the Ultrimis family of water meters based on the proprietary W-Sonic Technology ultrasonic metering method,
- software for remote reading of water meters and heat allocators,
- induction caps on water meters - with possibility of remote reading and device configuration via GSM network,
- ELF2 heat meter - a higher metrological class of the device results in more precise measurement of heat consumption.

### Our Challenges

- further development of smart metering, offer for RES, solutions supporting energy efficiency and effective management of utility consumption,
- expanding the range of ultrasonic water meters providing more precise water measurement,
- increase sales of smart gas meters in Europe,
- development of automation and robotisation area (both within the Apator Group and gradually going out with the offer to the market) that allows to optimise manufacturing processes in terms of quality of products, reduction of raw materials and manufacturing wastes and more effective use of energy and fuels used for manufacturing of products,
- development of the offer for communication modules, multi-media metering and reading systems and other advanced ICT solutions for utility management and energy efficiency,
- promotion of the above mentioned solutions on the market in order to popularise efficient technologies and implement the „Green Deal“.

### Effective water metering for conservation of natural resources

In accordance with the expectations of the market, Apator Powogaz develops the offer of equipment with high and permanent metrological parameters, resistant to difficult working conditions, with low start-up threshold allowing to measure precisely even the smallest portion of water. An effective solution for the water supply and sewerage industry is the family of modern ultrasonic water meters offered on the market under the Ultrimis brand. Powogaz is also meeting new trends related to the use of IoT technology enabling not only the remote reading of device readings but also the development of monitoring and balancing services for water supply and sewerage networks.

### Energy storage

FAP Pafal (Apator Group's company), as a supplier of MY-SOFT Sp. z o.o., participated in 2020 in the project of construction of energy storage on commission of PKP Energetyka. Pafal was responsible for the construction and electrical works associated with the installation and effective integration of the RES infrastructure into the central electricity grid. This is the first order of this type which was an opportunity for the company to gain valuable experience and know-how in the new and very promising energy storage sector.

## 6.3. BUSINESS COOPERATION

Apator Group performs its business goals in close cooperation with a wide group of business partners among which are suppliers and cooperators, technological partners and consortium members, universities and research institutes and trade organisations.

### Suppliers/cooperators

Effective cooperation with suppliers is essential for the performance of business goals of the Apator Group. We are guided here by the following principles:

- When working with suppliers and cooperators, we strive to conclude cooperation contracts and we also follow internal procedures and use appropriate tools for handling and communicating with partners,
- Procurement strategy is focused mainly on selecting reliable partners who meet defined quality criteria, in account for pricing requirements,
- Apator Group companies conduct a competitive and open procurement policy, simultaneously ensuring compliance with rules of ethics,
- We pay special attention to respecting intellectual property rights of our partners and we expect similar behaviours on their part,
- We familiarise our business partners with our standards of operation and react to any signs of violating law regulations and applicable rules of cooperation,
- Within the scope of supporting our local community, we attempt to seek and use the services of national suppliers and cooperators to the widest extent possible.

### Technology partners and consortium members

We work with a group of carefully selected business partners with whom we jointly develop innovative technical solutions and promote them to our customers. Cooperation is based on achieving synergy, sharing knowledge, know-how and available resources in order to develop innovative solutions and technologies. This cooperation is always governed by contracts and is carried out in compliance with the ethical principles laid down in our Code.

### New generation meter in cooperation with Phoenix Systems

Apator SA together with Phoenix Systems from the Atende Group are working on innovative meter based on IoT technology. The new device will be easily and remotely reconfigured and new functionality will be introduced through applications (as in a smartphone). The meter will allow users to manage lighting or inverters, for example. Universal and flexible technology will evolve with the market and customer needs.

### Industry environment

The Group's entities actively participate in consultations on regulations and technical standards as well as share their knowledge of new technologies, market trends, challenges and problems related to, among other things, the dynamic transformation of the energy sector and the growing share of unstable energy sources, the implementation of smart grids and smart metering.

## Activities in professional organisations

Apator Group companies are active in development of technological standards and legislative solutions for the power sector. Apator Group Experts are involved in activity of several industry organisations and working groups that prepare recommendations for legal solutions concerning the industries in which the Apator Group operates.

Activity in 2020 mostly involved collaboration with:

- **Polish Chamber of Commerce for Electronics and Telecommunications**

The aim of the organisation is to cooperate with the legislative, executive and regulatory authorities by participating in the processes of preparing and issuing opinions legislation projects and evaluating the functioning of the law, in particular concerning the electronics, electrotechnical and telecommunications sectors. Apator is active in Smart Grids Section, our experts are included in works of working groups where we participate in social consultations of legal acts concerning power sector, we propose solutions of technical and legal problems, we prepare specifications and recommendations.

- **Industrial PV Panel**

“Industrial PV Panel”, the agreement of Polish entrepreneurs in the photovoltaic industry within the framework of the Panel of Photovoltaic Devices Manufacturers Initiated by the Institute of Renewable Energy, aims at developing the photovoltaic industry in Poland and emphasising and increasing the role of Polish manufacturers. One of the ongoing tasks in which we are involved is the development of a methodology for calculating and verifying the share of national suppliers of materials, components and services (the so-called local content) and guidelines for a subsidy scheme to promote equipment manufactured within the EU according to the share of local content.

- **Industry agreement for the development of the PV industry under the Ministry of Climate and Environment**

Its idea is to bring business and government together to build a value chain for the Polish photovoltaic industry. The signatories of the letter, including Apator SA, undertook to take joint actions aiming at the development of the photovoltaic market in Poland and the development of recommendations concerning the best standards and technologies, PV industry Good Practice Catalogue, to create the base of local manufacturers and products and to search for methods to strengthen the position of Polish manufacturers in the PV sector.

Moreover, in 2020 Apator Group companies were associated or cooperated in the following national and international organisations:

- Regional Agency for Saving Energy in Toruń
- Prime Alliance (an organisation dedicated to the development and promotion of standards and communication products and systems used in energy networks)
- Association of Polish Electrical Engineers
- Polish Committee for Standardisation
- ESMIG (an organisation which provides support to European Union Institutions, Member States and standardisation organisations, the aim of the group is to assist in the development of national and European smart metering initiatives and solutions)
- Chamber of Commerce and Industry in Toruń
- Wielkopolska Chamber of Commerce and Industry
- Polish Association of Listed Companies
- UCA International Users Group
- Forum for Supporters of the Distributed Network Protocol - a forum for the exchange of experience on DNP
- Oracle Poland
- ESRI Poland
- IBM Ireland Limited
- Microsoft

- Association of Polish Mechanical Engineers and Technicians
- Economic Chamber of Polish Waterworks
- Association of Polish Utilities Settlement Companies
- ISO 9000 Polish Forum Club
- Scientific and Technical Association of Oil and Gas Industry Engineers and Technicians
- Chamber of Commerce of the Gas Industry
- Association of European Gas Meter Manufacturers (Farecogaz)
- Federal Association of Gas and Water Companies (Figawa)
- OMS - Working Group (Open Metering System)
- ZVEI - Zentralverband Elektrotechnik und Elektronikindustrie e.V. (an organisation which provides quick access to technical specifications for smart metering solutions)
- Polish Centre for Accreditation

## We share our expert knowledge on the market and within the Apator Group

Apator is a well known and valued expert in power sector in Poland and therefore it takes active part in debates and meetings integrating participants of power sector, it shares experience and knowledge gained on international markets, it proposes solutions and standards supporting transformation of power sector and implementation of the best innovations and new technologies in power and fuel sector.

### The voice of experts during EEC Online debates

In May, Apator was a partner of the three-day EEC Online congress. It is an economic event whose agenda is filled with live transmissions, presentations, talks, webinars and debates on the economy. Mirosław Klepacki, the President of the Management Board of Apator SA took part in the debate „Energy, power industry, market - different approach”. Topics discussed included the direction of necessary changes in the energy sector, the possible impact of pandemic on investment levels and the phenomenon of protectionism in Western European countries.

### Apator as a contents partner of 12th European Economic Congress in Katowice

The European Economic Congress (EEC) in Katowice is a three-day series of debates, meetings and accompanying events with the participation of guests from Poland, Europe and around the world. The most important issues for Europe’s development are discussed in the form of an open public debate among opinion leaders.

During the three congress days (2-4 September), the International Congress Centre in Katowice hosted a total of over 70 debates and discussions with the participation of around 400 speakers. Among the speakers were representatives of the Apator Group: Tomasz Łątka, Member of the Management Board of Apator SA, President of the Management Board of Apator Elkomtech and Artur Bratkowski, Metering Equipment & Systems Director, Apator SA. The former took part in a debate organised by Apator on economic patriotism, while the latter shared his knowledge on the cyber security of the electricity grid.

The event was organised in a hybrid formula - stationary and online. In 2020 Katowice was visited by nearly 3,500 visitors, more than 6,700 people registered to participate in the online discussions and the unique number of users who watched the online debates on 2-4 September 2020 exceeded 100,000.

### ICAN Management Review Congress „LEADERS OF TOMORROW”

During the two October days, experts and experienced managers discussed remotely how to operate effectively in the „new normal 2.0”. Apator was one of the partners of this year’s edition of the event. Tomasz Łątka, member of the Management Board of Apator SA gave a speech in the debate „Economic patriotism as investment in the development of Polish innovation and technology”. Guests discussed what is crucial for business in times of

pandemics and whether Poland has a chance to be the 'Tiger of Europe'. They discussed, among other things, how Polish business can survive the crisis, how to take care of the safety of employees, how to fight to keep jobs (so as not to lose competences developed over the years) and how to look for development opportunities.

### **PAIH Debate**

How to take the first steps on foreign markets and what difficulties one has to take into account when entering a given market, which expansion directions are attractive for Polish companies and what the process of introducing a company and a product on a foreign market looks like - these are the topics discussed during an expert debate organised by the Polish Investment and Trade Agency. Artur Bratkowski, Metering Equipment & Systems Director at Apator SA, shared his experience in developing export markets.

### **MEGATRENDS 2020 internal conference**

MEGATRENDS is an annual meeting that is devoted to, among other things, analysis of the situation on the market, the most interesting trends in our industries and discussion on the most important challenges for the companies of the Apator Group in the context of technological revolution and regulatory changes. In order to broaden the spectrum of topics and open to new ideas, Apator invites also external experts to open discussion, among whom are representatives of technology companies, business partners and scientists from technical universities. The third edition of the conference took place at the end of February 2020 and was attended by around 80 people.

Expert discussions during the 2020 edition revolved around topics which the energy industry lives with today or which may significantly influence the energy industry in the near future, such as the sector's challenges in the face of the growing number of distributed sources, changes in the wholesale energy market, virtual power plants, new communication technologies for smart grids or, finally, possible applications of artificial intelligence in data analysis and optimisation of complex processes.

A summary of the meeting with the most important conclusions for the industry was published in an extensive article in „Rzeczpospolita” and on rp.pl as well as on wnp.pl and energia.news.pl industry portals.

### **Meetings with experts**

Apator initiates meetings that integrate experts, scientists, market practitioners and innovators. The meetings are aimed at mutual exchange of knowledge and presentation of interesting projects, solutions, technological innovations and concepts regarding the industries in which the Apator Group operates or which may be promising in the context of development of our business.

### **“Interesting people, interesting technologies” expert meetings**

In March 2020, a videoconference was held with Mariola Sawczuk, president of MODUS, a company specialising in energy efficiency audits and assessments. It is one of the larger and more experienced companies on the Polish market operating in the field of energy audits. During the meeting, the President presented how the process of improving the company's energy efficiency is carried out. She also recalled that, globally, businesses account for 36% of the consumed energy. Customers around the world are starting to pay more and more attention to whether a product is manufactured in a way that not only respects the environment but is also energy efficient. Therefore, companies will surely strive to carry out energy audits and be ISO 50001 certified. This is very important because it gives every organisation the chance to optimally manage its energy consumption while complying with legal requirements.

## Cooperation with business and industry media

Apator experts take part in debates and editorial projects and they give expert comments within the editorial activities concerning energy, water supply and sewerage as well as gas sectors, they share their experience in implementation of technological innovations, export activity and they promote the idea of economic patriotism.

### „Fight for climate” - „Rzeczpospolita” project

Green Poland requires investment in technology - we argued in a publication within „Fight for climate” - „Rzeczpospolita” editorial project. „Rzeczpospolita” journalists periodically take up important topics related to climate policy, energy strategy, the development of electromobility or the closed-circuit economy, inviting representatives of business, science, government administration and social organisations. Apator joins this discussion convincing about the necessity of undertaking actions and developing technologies which will enable more effective protection of natural resources.

### #PolishMyChoice campaign

In 2020, Apator initiated a wide discussion on the idea of economic patriotism. We are committed to promoting conscious consumer and business choices, taking into account economic considerations such as a company’s contribution to the national budget, investment in national infrastructure, job creation, specialisation of personnel and development of Polish technical thought, or support for the local social environment.

A series of activities were undertaken under the media campaign, including:

- an editorial project in the “Rzeczpospolita” daily and on rp.pl websites - a series of publications and an editorial debate on economic patriotism (how it should manifest itself in different areas: companies’ purchasing policies, government support, consumer choices, etc.)

### “Rzeczpospolita” debate on „Buy Polish - how to put the idea of economic patriotism into practice”

„The path of development starts with investing in what is very important for the economy, namely know-how. We use the acquired knowledge for production in the country” - Mirosław Klepacki emphasised during the debate at the headquarters of „Rzeczpospolita”. Representatives of various economic sectors and government administration discussed various dimensions of economic patriotism.

- „Economic patriotism - support Polish brands!” - ICAN Institute (Harvard Business Review) project including:
  1. a report on Economic Patriotism - based on a survey among individual and corporate customers on the level of interest in Polish brands and suppliers (what is the attitude of B2B and B2C customers to Polish brands and how has the image of local suppliers changed; what is the role of Polish character in B2B and B2C purchasing processes, in which categories do customers prefer local suppliers and how has their purchasing behaviour changed in the pandemic period)
  2. ICAN Management Review Poland online congress - participation of Apator in „Economic patriotism” panel discussion.
- interviews and publications in print and online media (ICAN Management Review Poland, „Rzeczpospolita”, „Rzecz o biznesie”, rp.pl, energianews.pl wnp.pl, local media i.e. „Nowości toruńskie”)

## Interview for ICAN Management

What is modern economic patriotism? How can consumer and business attitudes directly affect the health of the national economy? Mirosław Klepacki, President of Management Board of Apator SA was interviewed by ICAN Management Review Poland.

- the idea of „economic patriotism” as the motto of the speech at the European Economic Congress (September 2020)
- communication activities raising customers’ awareness that by supporting a Polish brand they strengthen the Polish economy within their own communication channels, i.e:
  - website,
  - social media,
  - films with the participation of the employees of the Apator Group and social partners.
- campaign among the employees - we encouraged the employees of Apator Group companies and supporters of the company to get involved and join the #PolishMyChoice action, by:
  - publishing interesting facts on our company profiles on FB and LinkedIn,
  - creating a special section on our website dedicated to the #PolishMyChoice campaign where new information was published periodically: <http://www.apator.com/pl/grupa-apator/polskiemojwybor>,
  - distributing newsletters and articles in company magazine „Flesz Apatora” where the employees shared their knowledge about manifestations of economic patriotism, market conditions and consumer behaviour,
  - organising competitions and #ideaexchange - gifts (local, Toruń specialities) were prepared for the most active participants.

## Cooperation with higher education institutions

Apator Group companies develop innovative technologies in cooperation with higher education institutions - especially, we use engineering knowledge, scientific achievements and laboratory facilities of technical universities. In 2020, we conducted joint projects with the following higher education institutions:

- **Cooperation with Lodz University of Technology** — implementation of the project „Management of the low voltage distribution network including the active role of the prosumer”. The aim of the project is to develop and implement in a pilot space a new service for a modern electricity distribution network and a management system based on its use.
- **Cooperation with Cracow University of Technology** — implementation of a project for motor field protection with predictive elements, involving the development of functionality to include motor cage protection, short circuit detection and early warning of such phenomena.
- **Cooperation with Gdańsk University of Technology** — cooperation with the Faculty of Electrical and Control Engineering in the field of research and expertise, among others in the field of examining the impact of microgeneration on the power grid.
- **Cooperation with Brno University of Technology** — at the Faculty of Electrical Engineering and Communication our special smart meter designs were tested, among others.
- **Cooperation with Nicolaus Copernicus University in Toruń**

Apator cooperates with, among others, the Faculty of Physics, Astronomy and Informatics of Nicolaus Copernicus University and Aleksander Jabłoński Foundation whose aim is to directly support people of science and the development of scientific research, in particular innovation-oriented research. The cooperation with Nicolaus Copernicus University resulted also in Apator’s participation in the annual Festival of Science and Art (which

- because of the pandemic in 2020 - did not take place) and also in the perspective of broader cooperation under the project of construction of the Centre of Technical Sciences and co-creation of the Strategy of Nicolaus Copernicus University in the scope of development of cooperation between the scientific community and representatives of business.

## 6.4. INDICATORS IN THE ABOVEMENTIONED AREAS

**Customer Orientation and “green” energy - promoting and implementing solutions tailored to current and future market needs, supporting energy efficiency and meeting technological, climate and social challenges.**

Smart solutions, solutions for RES	2020	2019	Change	year/year dynamics
	PLN	PLN	PLN	%
Sales of smart solutions, including: smart meters, gas meters*, water and heat meters, software solutions, software and drive applications	333 722	222 121	111 601	150,2%
<b>Sales of solutions for RES, including: smart meters, smartARS pro-PV disconnectors, hardware for RES and energy storage</b>	<b>44 556</b>	<b>42 820</b>	<b>1 736</b>	<b>104,1%</b>

\* including smart gas meters offered under an OEM formula

**Social responsibility for the product - use of modern, environmentally friendly designs and technologies, long product life span, striving for failure-free operation, effective after-sales service.**

### 1. Development of modern products and implementation of innovations

Investments, R&D activities	2020	2019	Change	year/year dynamics
	PLN	PLN	PLN	%
CAPEX investment expenditures, including:	<b>77 510</b>	<b>61 890</b>	<b>15 620</b>	<b>125,2%</b>
tangible fixed assets	55 953	42 267	13 686	132,4%
intangible assets	21 557	19 623	1 934	109,9%
<b>CAPEX investment expenditures, including:</b>				
replacement	9 861	13 443	-3 582	73,4%
increase in power/efficiency**	23 471	-	23 471	-
on new products	10 141	5 640	4 501	179,8%
R&D	12 137	16 336	-4 199	74,3%
IT	3 030	4 943	-1 913	61,3%
other	18 870	21 528	-2 658	87,8%
<b>Running costs of development offices (R&amp;D) not included in CAPEX</b>	<b>32 207</b>	<b>29 567</b>	<b>2 640</b>	<b>108,9%</b>
Average annual number of employees in R&D [RJR*]	165,4	164,8	0,6	100,4%

\* RJR - annual work units, i.e. the number of employees calculated into full-time positions within the company in question or on its behalf during the entire reference year.

\*\* In 2019, companies made investments to increase power/efficiency, but these expenditures were qualified in other CAPEX categories.

## 2. Attention to product quality

Due to the specific character of operation of Apator Group companies in particular business segments (i.e. diverse groups of customers and geographical markets and wide portfolio of offered solutions and services), Apator Group companies carry out their own customer satisfaction surveys in the scope and frequency specified by a given entity. In 2020 such a survey was carried out by the companies: Apator Metrix, Apator Elkomtech (Toruń branch), FAP PAFAL, Apator Powogaz and Apator Metra (Czech Republic).

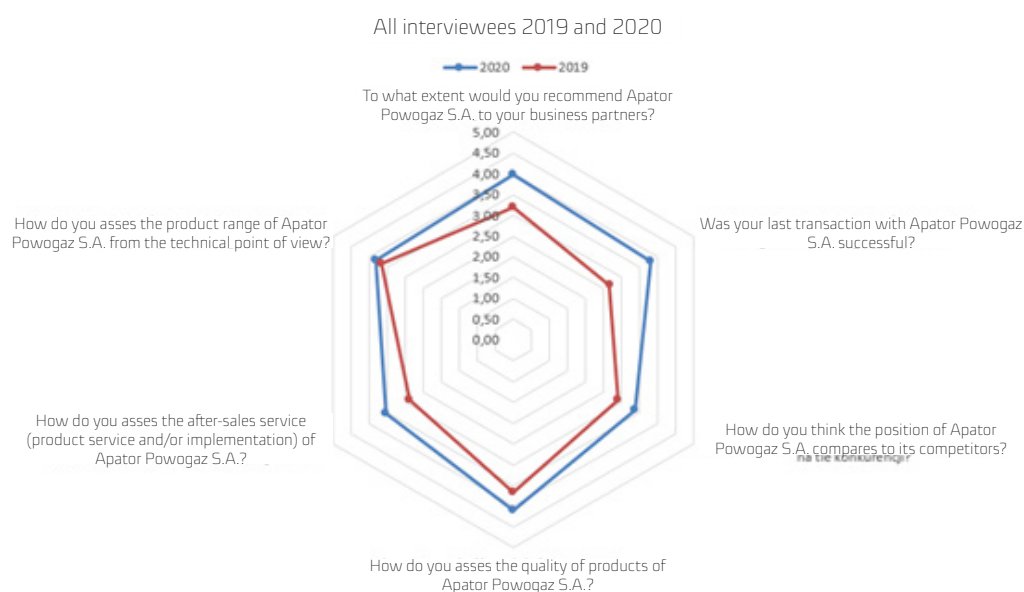
Survey on satisfaction of Apator Metrix customers - results	2020	2019
<b>Percentage of customers satisfied with cooperation with the company [%], including:</b>		
1. quality of products/services [%]	100,0%	88,0%
2. quality of sales service [%]	95,0%	100,0%
3. complaint handling* [%]	87,0%	100,0%
4. satisfaction with cooperation [%]	96,0%	100,0%
5. satisfaction with on-time delivery [%]	88,0%	76,0%
* The deterioration of the indicator results mainly from operating under pandemic conditions - difficulties in terms of cooperation and communication.		

Survey on satisfaction of Apator Elkomtech (Toruń branch) customers - results	2020	2019
<b>Percentage of customers satisfied with cooperation with the company [%], including:</b>		
1. quality of products/services [%]	84,0%	85,0%
2. quality of sales service [%]	75,0%	75,0%
3. complaint handling [%]	90,0%	90,0%

Survey on satisfaction of FAP PAFAL customers - results	2020	2019
<b>Percentage of customers satisfied with cooperation with the company [%], including:</b>		
1. quality of products/services [%]	98,3%	98,3%
2. quality of sales service [%]	100,0%	100,0%
3. complaint handling [%]	100,0%	98,3%
4. technical cooperation [%]	96,7%	95,0%
5. compliance with OHS standards [%]	100,0%	100,0%
6. order processing flexibility [%]	100,0%	100,0%
7. logistics [%]	100,0%	100,0%
8. company brand [%]	100,0%	98,3%
9. on-time order processing [%]	98,3%	100,0%
10. payment terms [%]	96,7%	95,0%
11. order processing speed [%]	96,7%	91,7%
12. product price [%]	93,3%	93,3%
13. compliance with environmental requirements [%].	100,0%	100,0%

Survey on satisfaction of Apator Metra customers - results	2020	2019
<b>Percentage of customers satisfied with cooperation with the company [%], including:</b>		
1. quality of products/services [%]	86,0%	84,0%
2. quality of sales services [%]	97,0%	96,0%
3. claims management [%]	86,0%	85,0%
4. order processing speed [%]	90,0%	92,0%
5. confirmation of order speed [%]	97,0%	96,0%
6. access and willingness of sales employees to meet customer requirements [%]	98,0%	98,0%

### Survey on satisfaction of Apator Powogaz customers - results



32 interviewees country and export  
 6 closed-end questions and 1 open-end question  
 • Answer average – 3,77  
 • Variability (sample standard deviation) – 1,1  
 • Population average (estimation) with 95% probability - from 3.56 to 3.97

### 3. Effective sales and after-sales service - Speed of service (average time for processing complaints for manufacturing companies)

Sales and after-sales service	Speed of service (average complaint handling time in days)	
	2020	2019
Apator SA	22	13
Apator Elkomtech	5	7
FAP Pafal	15	13
Apator Metrix	24	26
Apator Powogaz	21	4
Apator Telemetry	30	22
Apator Metra	18	17

We implement responsible production and optimise stock management while prioritising development and cooperation with suppliers, especially those operating in the local and domestic environment.

### 1. Programme for the development of cooperation with suppliers

Suppliers	2020	2019	year/year dynamics [%]
<b>Total number of suppliers, including:</b>	<b>7 453</b>	<b>7 855</b>	<b>95%</b>
<b>1. Cooperators (service providers), including:</b>	<b>3 050</b>	<b>3 460</b>	<b>88%</b>
domestic	2 765	3 233	86%
foreign	280	227	123%
indirect import	5	-	-
<b>2. Other suppliers, including:</b>	<b>4 403</b>	<b>4 395</b>	<b>100%</b>
domestic	3 581	3 478	103%
foreign	788	824	96%
indirect import	34	93	37%
<b>Purchases</b>			
Share of purchases from domestic suppliers in total purchases [%]	62,4%	61,7%	-

### 2. Process automation

Apator Group consequently optimises internal processes, each year allocating considerable funds for automation and robotisation of production processes in order to increase scalability of the production. Investments in 2020 mainly concerned the Water & Heat and Electricity segments.

Total CAPEX for power/process efficiency improvements is given in the table above / **see: CAPEX investment expenditures**

#### Examples of investments in this area in 2020 included:

- Apator SA: semi-automatic assembly line for OTUS meters, automatic assembly PBS, ARS rails, automation of assembly operations, e.g. automatic filing and rotation of electronic boards, selective soldering, etc.
- Apator Powogaz Group: automation of assembly of water meter elements, process of legalization of residential water meters, assembly of SMD boards, automation of operations e.g. packaging, storing of products, cleaning and disinfection of products, device for visual inspection etc.
- Apator Metrix: automatic assembly of a nipple (a connector in the form of a short externally threaded pipe used for pipe connections in gas installations), palletising system, leakage tests, etc.

### Investments in the automation of key areas – Apator SA



New line for the automatic assembly of ee OTUS3 meters

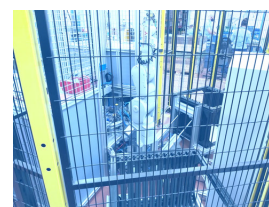
Manual assembly

**15** → **500**  
persons      pieces



Assembly on the line

**8** → **800**  
persons      pieces



Assembly of casing for smart ARS 00 apparatus

Manual assembly

**2** → **200**  
persons      pieces

Assembly on the line

**1** → **400**  
persons      pieces



## 7. Environmental Solutions

Apator Group manufacturing companies set high standards regarding effective management of resources, raw materials and utilities and strive to minimise the negative impact of their activity on the environment. We use and implement new **technologies and processes that are optimised in terms of the consumption of raw materials and utilities as well as pollution and waste**. We take care of the safety of all our employees, especially those who are directly involved in production processes and may be exposed to contaminants and hazardous substances.

## 7.1. ENVIRONMENTALLY FRIENDLY PROCESSES

**Our priority is to deliver products safe for the user and the environment, simultaneously minimising the adverse environmental effect of manufacturing processes and other operations.**

We manage the environmental area consciously and responsibly under the Integrated Management Policies implemented in some of the companies within the Apator Group, including all the manufacturing companies whose level of the impact on natural environment is relatively the highest. Not only do we comply with current legislation, but we also assume additional obligations that arise from our high internal standards and our customers' expectations.

For the sake of the environment, the Group is committed to:

- **observe the requirements** of law regulations on environmental aspects, including norms of contaminations emitted into the air, sewage and generated waste,
- **responsible, economical use of resources** in production processes and other activities, in particular:
  - maintaining low emissions of pollutants,
  - saving natural resources and utilities,
  - sustainable waste management.

### LIABILITIES RESULTING FROM CSR STRATEGY

**Apator Group assumed the following liabilities in the area of key processes:**

- Product social responsibility i.e:
  - implementation of modern and proecological constructions and technologies,
  - manufacturing products with a long life span and striving for failure-free products.

**Key initiatives:**

  - development of modern products and implementation of innovations,
  - attention to product quality.
- Closer to nature - conscious and responsible environmental management
 

**Key initiatives:**

  - saving natural resources,
  - maintaining low emission of pollutants and sustainable waste management,
  - optimisation/minimisation of negative environmental impact.
- **Responsible production and optimisation of stock management** while prioritising development and cooperation with suppliers, especially those operating in the local and domestic environment.
 

**Key initiatives:**

  - programme for the development of cooperation with suppliers,
  - process automation.

The environmental objectives are defined and implemented through:

- monitoring environmental aspects within the Environmental Management System (plan of objectives and tasks) and improving processes in terms of environmental objectives,
- monitoring the management of the Business Strategy and CSR Strategy with regard to aspects related to the environmental area (reviews of the implementation of strategic initiatives, including: analysis of key internal pro-

- cesses, planning and execution of R&D operation),
- analysis of the introduction of new materials, raw materials and technologies, purchases of machinery, equipment and technological lines, taking into account environmental aspects,
- the budget for environmental charges (included in the operational plan),
- application of solutions optimising the consumption of energy utilities (i.e. electricity, water, heat and gas) in Apator Group companies.
- raising employees' awareness and sensitising them to environmental issues (educational campaigns, collection of batteries and electronic waste, etc.).

High quality of environmental processes is confirmed by compliance with the requirements of the PN-EN ISO 14001:2015 standard, and the operation in the context of environmental responsibility is specified in a number of detailed internal regulations in force at individual Group companies, concerning, for example, electricity and utility management, waste management, environmental measurements, monitoring and analyses, etc.

None of the production companies operate within or in the immediate vicinity of protected areas or areas of high biodiversity value, and the proper handling of the Group's products throughout their life cycle helps to minimise any potential negative impact on the environment.

Environmental processes in the Apator Group are systematically supervised and adjusted to the changing technological and manufacturing processes and new legal requirements. Each process identifies elements of actions that may interact with the environment. Apator Group manufacturing companies strive to increase the level of automation of processes - each year they allocate significant investment funds for this purpose. Automation serves to streamline production processes and optimise them in terms of productivity, costs, quality and work safety. When investing in new machines and technologies, each time pro-environmental premises are also taken into account as very important, i.e. reduced consumption of raw materials, minimisation of production waste (including elimination of hazardous waste), reduced utilities consumption. Modernisation of production technology also affects the reduction of environmental inconvenience of implemented processes and supplied products.

## 7.2. ACHIEVEMENTS AND CHALLENGES

### Existing environmental policy achievements

In particular Apator Group manufacturing companies a number of technological and infrastructural changes have been introduced in order to minimise the operational impact on natural environment.

### Examples of changes and directions of investments in effective technologies in Apator Group manufacturing companies:

- Starting new automatic assembly lines for ee meters and other assembly operations - increasing process efficiency and reducing electricity consumption per production unit.
- Automation of the soldering process (so-called selective soldering) - reducing fume emissions and improving worker safety.
- Automation of functional testing of electronic boards for meters - shortening the test cycle, improving the quality and efficiency of the process.
- Implementation of further automatic workstations in the gas meter production plant - increasing the efficiency of the technological process, reducing electricity consumption per production unit and reducing chemical consumption.
- Implementation of new products optimised both in terms of quality, material efficiency and manufacturing costs.
- Consistent optimisation of production processes and successive replacement of worn-out, less efficient machinery and equipment.

## Goals and challenges in the field of natural environment:

In 2021 key environmental challenges for the Apator Group include:

- achievement of environmental indicators at levels defined in the operational plans of individual companies,
- further investment in modern, automated machinery and production technologies guaranteeing - in addition to the systematic improvement of the efficiency of production processes - also the minimisation of the environmental impact of our activities,
- planning the construction of the new headquarters of Apator Powogaz (manufacturing of water meters) taking into consideration the highest environmental standards,
- raising the awareness of the market environment and employees regarding environmental challenges and effective prevention of the degradation of natural resources.

## 7.3. INDICATORS IN THE FIELD OF NATURAL ENVIRONMENT\*

### ▪ Saving natural resources, raw materials and fuels

Energy consumption by source	2020	2019	year/year dynamics [%]
Total electricity consumption [MWh]	11 427,0	12 268,7	93,1%
Total natural gas consumption [thousand m <sup>3</sup> ]	2 453,5	2 456,8	99,9%
Total heat energy consumption [GJ]	20 549,6	22 642,9	90,8%
Total fuel consumption (oil, diesel, petrol, LPG) [t]	209,2	303,2	69,0%
Water consumption			
Total water consumption [m <sup>3</sup> ]	20 967,8	21 676,0	96,7%
Consumption of basic raw materials			
Total steel consumption [t]	2 182,4	2 661,1	82,0%
Total plastic consumption [t]	1 812,1	1 804,3	100,4%
Total copper consumption [t]	527,5	528,9	99,7%
Total consumption of paints, varnishes, solvents [t]	67,4	83,1	81,1%

### ▪ Indicators of energy consumption and productivity for selected Apator Group companies

Energy consumption indicator [kWh/PLN 100]	2020	2019	Productivity [kWh/RJR]	2020	2019
Apator SA	1,15	1,45	Apator SA	5 980,66	5 032,95
Apator Metrix SA	1,28	1,50	Apator Metrix SA	5 452,33	6 130,36
Apator Powogaz SA	0,75	0,76	Apator Powogaz SA	3 814,60	3 951,28
FAP Pafal	2,01	2,30	FAP Pafal	5 245,11	4 915,94

▪ **Maintaining low emission of pollutants and sustainable waste management**

Waste generation/emission	2020	2019	year/year dynamics [%]
Amount of generated waste [kg], including:			
hazardous waste	66 430,0	85 600,0	77,6%
inert waste	1 475	1 617	91,2%
	254,7	910,0	
Recycled waste [kg]	1 235	1 409	87,7%
Waste disposed of [kg]	708,0	376,0	89,4%
	198 648,7	222 184,0	
Emissions to air			
Carbon dioxide emissions [kg]	1 238	1 259	98,3%
NOx emissions [kg]	209,1	527,8	133,9%
SOx emissions [kg]	1 283,4	958,6	103,3%
	5,8	5,6	

▪ **Optimisation/minimisation of environmental impact**

Environmental charges	2020	2019	year/year dynamics [%]
Environmental charges [PLN]	108 506,4	137 922,5	78,7%
Production waste disposal costs [PLN]	577 985,2	335 306,9	172,4%
Charges for recovery and recycling of packaging, electronics, batteries placed on the market [PLN]	100 294,1	112 213,2	89,4%
Costs of physical and chemical analyses [PLN]	19 739,5	21 797,7	90,6%
Costs of water consumption and sewage disposal [PLN]	426 260,2	410 957,8	103,7%

Environmental penalties	2020	2019	year/year dynamics [%]
Amount of penalties for negative impact on the environment [PLN]	0,0	0,0	-

Carbon footprint [Mg CO <sub>2</sub> /year]	2020	2019
Apator S.A.	3 399	3 431
Apator Metrix S.A.	2 699	2 983
Apator Powogaz S.A.	1 405	1 659
FAP Pafal	974	1 120

\* Indicators calculated taking into account selected Group companies (including all manufacturing companies) which, due to their type of operation, are obliged to monitor their environmental impact.

- **Indicators in the area of product responsibility and modern, pro-ecological manufacturing technologies** have been presented in Chapter 6 „Apator Group on the market“. This applies to the following indicators:
  - Development of modern products and implementation of innovations - capital expenditures (CAPEX) and operating costs of R&D offices
  - Automation of production processes - expenditures on automation of production processes and lines

## Educational campaigns for employees

At Apator we organise the celebration of ecological holidays such as Earth Day and Car Free Day. The initiatives build employees' environmental awareness, signal the dangers of climate devastation and promote actions to counteract environmental damage, e.g. the use of environmentally friendly means of transport.

As part of the campaign, we broadcast educational programmes on our PA system and organise competitions to verify employees' knowledge of environmental protection.



## 8. Apator for the Community

Social aspects have key importance in the performance of business objectives of the Apator Group. Companies do not operate in a vacuum but are firmly embedded in local communities and rely on local infrastructure. At the same time, by operating on a broader, national or international scale, business interacts directly or indirectly with groups of customers, users of products and solutions, suppliers and cooperators.

**In relationships with each of these social groups, priorities are determined by corporate values adopted by the Apator Group and principles specified in the Code of Ethics that are the point of reference for our actions and attitudes.**

## 8.1. APPROACH TO THE MANAGEMENT OF SOCIAL ISSUES

Social issues, in particular related to the relationships of the Apator Group with customers, suppliers, employees and the industry environment have been discussed in the previous chapters.

**We understand our responsibility in relation to social environment as the contribution of Apator Group companies to the local social fabric, supporting the initiatives organised in towns/cities or regions where our manufacturing plants and companies are located.**

### LIABILITIES RESULTING FROM CSR STRATEGY

**Apator Group assumed the following liability in the area of LEARNING AND DEVELOPMENT:**

- Community orientation — we support worthwhile cultural, educational and sports initiatives and help those in need in our immediate vicinity.

Apator Group strives to build positive relationships with its immediate environment. Being aware of the needs of communities, we co-finance interesting events in the area of culture, art, education and sports. The activities undertaken are of local character with possible national or international tone.

In our charity activities we support social institutions and organisations which act for the benefit of excluded persons and conduct certain social mission. Our priority is to support local charity organisations, hospices and support centres. We also want to involve employees in various social initiatives believing that each of us can have a real, positive impact on our immediate environment.

Every year, Apator SA allocates 0,5% of its net profit to sponsoring and social activity, so it has the possibility to support and perform many actions - the patronage over subject olympiads, sponsoring of scientific and cultural events. Other Apator Group companies also allocate funds to support valuable initiatives in their regions.

Sponsoring activity is subject to the main goal specified in business strategy of the Apator Group that is to build brand recognition and its proper perception. Detailed standards in conducting sponsoring and philanthropic activities are specified in Sponsoring Policy of the Apator Group. Each time the company's financial engagement in sponsoring and philanthropic activities is regulated in a concluded contract, whereas providing sponsorship benefits is confirmed by the sponsored entity in a relevant report.

Apator Group's companies do not engage in political or religious projects, any projects that violate the law or general social norms, or which adversely affect the natural environment or may be harmful to facilities with historic or artistic importance, or projects which include discriminatory, racist, controversial content or content which promotes improper attitude that could disrespect certain social groups.

## 8.2. ACHIEVEMENTS AND CHALLENGES

We adapt our social activities to the needs of the community on the one hand, and to the capabilities and resources of our

companies on the other. 2020 was difficult due to the crisis caused by pandemic and broken supply chains. Many events and initiatives have been cancelled or moved online. Our companies have effectively adapted to conditions and constraints and have not been indifferent to the pressing needs of communities and institutions struggling with COVID-19.

- Apator has taken active part **in the fight against pandemic** by giving financial support to hospitals in Toruń:
  - Ludwik Rydygier Voivodship Polyclinical Hospital in Toruń
  - Nicolaus Copernicus Specialist Municipal Hospital in Toruń
 In addition, we joined the campaign conducted by the Municipality of Toruń and donated funds to the “We Test - Support Medics” campaign.



▪ **Christmas aid:**

- we organised a collection of Christmas gifts for the wards and their families from the Social and Charitable Foundation TO HELP THE FAMILY AND THE EARTH (HOPE Hospice)
- Apator provided small gifts for volunteers participating in „Noble Gift” action and organising help for those in need in Toruń.
- we provided financial support to the Polish Scouting and Guiding Association group which organised Christmas Eve (delivered) for the inhabitants of Toruń.
- vouchers for public benefit organisations provided to customers of Apator Powogaz as part of Christmas action.



▪ **Sponsorship**

In 2020 Apator supported (among others):

- 29. Polish Masters Indoor Light Athletics Championships
- Twarde Pierniki SA Toruń Club (senior and youth team)
- Motor Sport Supporters’ Association “Stal” Toruń
- “Blue Ribbon of the Guld of Gdańsk” regatta
- International Sports Club „Sokoły” from Toruń
- Polish Mathematical Society, Toruń Branch (prizes for the winners of the Józef Marcinkiewicz Mathematical Competition)
- Artus Festival - music festival, meetings with artists and exhibitions
- Tofifest International Film Festival - festival of uncompromising cinema
- 4th National Review of Children and Youth Visual Arts „My Beautiful - Safe Place 2020”
- Foundation for a More Beautiful World



Moreover, Apator Metrix supports the organisers of the Grzegorz Ciecowski Festival. In case of Apator Powogaz, the actions taken together with housing cooperatives (both in the aspect of relationships with the cooperatives as customers and local community) are of key importance. The company supports initiatives organised by the housing cooperatives for tenants (e.g. renovation of the playground, subsidising interest circles operating at local Cultural Centres, etc.).

▪ **Philanthropic activities:**

Apator SA provided support to the following charity organisations:



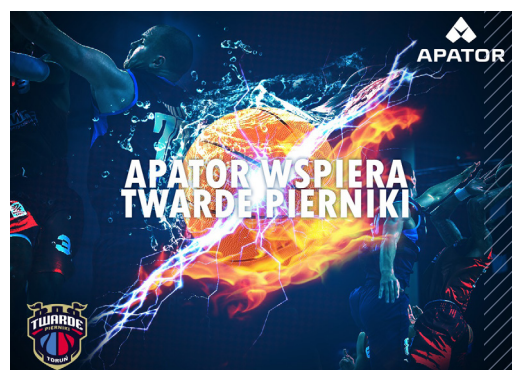
- Social and Charitable Foundation to Help the Family and the Earth (HOPE Hospice)
- Friends of Children Society in Toruń
- Blessed ks. Br. Markiewicz Care Centre in Toruń (Association for the Care of Abandoned Children)
- Polish Red Cross

Moreover, Apator Group companies are involved in the following initiatives:

- Computers provided by Apator Powogaz for children from families in Gułtowy
- Financial support provided by Apator Powogaz for one of the housing cooperatives in Poznań after fire that took place in one of the buildings of the cooperative

### Examples of cultural events supported by Apator in 2020:

- Twarde Pierniki SA Toruń Club (senior and youth team)**  
 Supporting local sports teams, especially their youth sections, plays an important role in our sponsorship strategy. We are proud to support a team that has been successful again in recent years, that is from our region and that brings joy to so many fans. We took special care of the youth teams whose players are taking their first steps in basketball. Supporting and promoting a healthy and active lifestyle among younger people is very important to us.
- Artus Festival**  
 Music festival, meetings with artists and exhibitions - this is a cultural event at the highest level. The Artus Festival has an international character and offers an opportunity for a direct encounter with culture, artists and actors through concerts, exhibitions and meetings with authors. Such initiatives and events allow for a closer contact with culture and its values.
- Tofifest International Film Festival**  
 The festival has an international scope and an original formula, as it presents non-mainstream cinema and brings viewers closer to the artists and films that are uncompromising. It is an event that allows you to look at cinema from a different perspective. Tofifest is a festival of world cinema, European cinema, but above all Polish cinema. Although it is based in Toruń, its scale and scope, like ours, are international and the films presented often touch on the most important problems of the contemporary world.



## Policy challenges in the field of social issues

Sponsoring policy will be still performed according to accepted principles and directions and it is subject to business strategy of the Aparator Group. In the current environment, it is important to effectively adapt the way we operate to the constraints that arise from a prolonged pandemic.

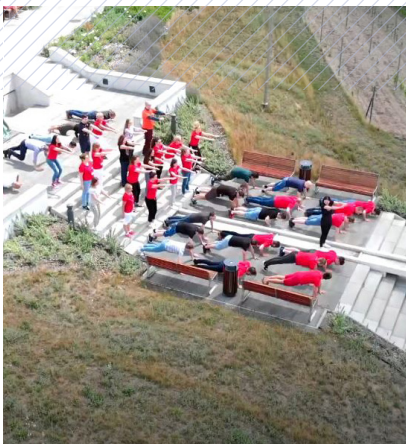
### Initiatives planned in 2021:

- We plan to use the potential of hybrid or online events to reach with our message even further beyond local borders. The challenge in building and maintaining customer relationships will be to further develop online communication, as it is difficult to predict when a return to safe meetings, conferences and trade fairs will be possible.
- We plan to continue our series of remote product trainings for various target groups.
- We prepare video materials which allow us to reach our customers with news, product information and novelties in a convenient and effective way.
- We are developing a new website that will provide convenient access to knowledge about our solutions and will be equipped with new functionalities that will make it easier to work with our products and to contact us.

## Aparator socially

The Gaszyn Challenge is an action initiated by volunteer firefighters from Gaszyn in Łódź voivodeship which has spread across the country. The rules are simple: whoever does 10 push-ups (or 10 sit-ups) pays PLN 5. Those who do not - pay PLN 10. Individuals, employees of institutions, foundations and companies record their activities and post them online. The money collected during the event goes to the accounts of the „Siepomaga” foundation which then transfers it to the treatment of sick children.

The employees of Aparator Rector in Zielona Góra, Aparator Telemetria in Słupsk and the team of Aparator SA enthusiastically joined the action. Thanks to the commitment of our employees, we made a contribution to help sick children under the care of the „Siepomaga” foundation.



## Smiling Day

Around 200 children from educational care facilities in the Kuyavian-Pomeranian Voivodeship had a great time at the Dinosaur Park in Solec Kujawski. And all this as part of the of the „Smiling Day” action organised by the publisher of „Nowości” (daily Toruń newspaper) and „Gazeta Pomorska”. Apator was one of the sponsors of the event.



## Computers for special tasks

For many children, learning in the age of pandemics was challenging. How to do homework online when you do not have a computer? Jadwiga Kubiak, headmaster of primary school in Gułtowy, lent school equipment to the pupils so that all the kids could learn from home.

Apator Powogaz joined the action and provided computers to families in need.



## Christmas help with Apator Powogaz SA

Apator Powogaz presented its key business partners in a unique way. Ten customers were given the opportunity to help those who need it the most. Each partner company has chosen a public benefit organisation on the account of which Apator Powogaz has transferred PLN 3000. Thus, by the decision of our contractors, support was provided to:

- Association „Koniczynka” acting for the benefit of children with mental disabilities
- „AMAZONKI” Club in Kępno
- Foundation for Children and the Sick „Kawałek Nieba” - support for Amelia Rutkowska
- Foundation for Children with Cancer „Wyspy Szczęśliwe”
- Polish Tourist and Sightseeing Society, Stefan Lachowicz Bytom Branch
- Polish Society for Nature Protection “Salamandra”
- Noble Gift
- „Krewniacy” - European Foundation for Voluntary Blood Donors
- “DROGA” Family Support Association
- Catholic Association „Świąteczko”.

The action was enthusiastically received by the managements of the companies that were given the vouchers. Their members were often personally involved in the donation.



## “Psu na budę” campaign

Apator Rector team is involved in many local social initiatives. One of these is helping shelter animals. In 2020, the employees of Apator Rector organised the collection of items necessary for animals from the shelter in Zielona Góra. During the „Psu na budę” campaign, numerous „gifts” were collected as well as money which was used to buy specialist food for the shelter’s most needy animals. Thanks to the Rectorian’s involvement, it was a little easier for the animals to survive the most difficult winter time.



## 8.3. INDICATORS IN THE FIELD OF EMPLOYEE ISSUES

Impact on the environment	2020	2019	year/year dynamics [%]
<b>Number of supported events/initiatives, including:</b>	<b>37</b>	<b>91</b>	<b>41%</b>
sports events	16	39	41%
cultural events	8	7	114%
educational events	5	9	56%
other	8	36	22%
<b>Expenditure on social activity [PLN thousand], including:</b>	<b>633,5</b>	<b>536,6</b>	<b>118%</b>
donations	242,7	108,2	224%
sponsorship	343,5	359,1	96%
other	47,3	69,3	68%



## 9. Non-financial Risk Management

Risk management in the Apator Group is aimed at ensuring that all significant risk factors are identified, analysed and controlled on an ongoing basis. Risk management is carried out on the basis of the three lines of defence model and the uniform principles and methodology developed on the basis of the international standard ISO 31000. In the individual Group companies, risk management is an integral part of their management systems and is under the supervision of the parent company.

The risk management policies adopted by the Group include risk control divided into:

- financial risk associated with financial management,
- strategic risk related to the development and creation of the value of the Apator Group,
- operational risk, including day-to-day performance, legal compliance, occupational safety, information security and environmental protection.

The risks related to the financial area and strategic development were described in detail in the Report of the Management Board on Apator Group's operation in 2020, in the chapter 8 „Risk and Hazard Factors“. The summary presented in this report includes risks related to non-financial, social area of activity of the Apator Group i.e. the area of ethics, workplace, environment and relationships with the social environment.

## 9.1. ETHICAL RISK

### Anti-corruption Risk

#### 1. Risk of (employee) abuse

Preventive action:

- disseminating ethical attitudes and ethical behavioural patterns contained in the Code of Ethics and other documents within the Group and in individual companies,
- employee training on ethics, organisational culture and corporate governance,
- clearly defining and promoting among employees the knowledge on the applicable procedures relating to abuse.
- internal control system and systematic monitoring to identify potential abuse,
- internal and external audits of the Group's regulations and processes.

#### 2. Risk of unethical behaviour in relations with suppliers, co-operators and business partners

Preventive action:

- compliance with the law,
- promoting principles (ethics, integrity, partnership) in all aspects of operation to build relationships with partners based on mutual trust and benefit,
- clearly defined criteria for assessing and selecting business partners,
- establishing cooperation with suppliers providing contract performance guarantees,
- obligation of the suppliers to get acquainted with and observe the Code of Ethics of Apator Group,
- ongoing and periodic supplier assessments (supplier audits),
- training for employees in the area of purchasing and cooperation with suppliers.

#### 3. Risk of conflict of interest

Preventive action:

- promoting (among employees and managers/supervisors) knowledge/awareness
- on potential conflict situations and trainings in this area,
- absolute observance of legal regulations, provisions of the „Good Practices of WSE Listed Companies“ and

internal regulations (Regulations of Supervisory Boards, Regulations of Management Boards),

- relevant provisions in employment contracts/cooperation contracts.

#### **4. Risk of manipulation of (financial) data**

Preventive action:

- implementing the highest standards of corporate governance in order to pursue a transparent and effective information policy,
- having the financial statements externally audited,
- consciously shaping investor relations and providing reliable information to the environment about the Group's activities carried out, among others, through:
  - running an investor service,
  - publishing current and periodic reports,
  - organising conferences for the press, investors and analysts,
  - ongoing meetings with investors and analysts,
  - the action of the press officer,
  - cooperation with an investor relations agency,
  - operation of Audit Committee that supports the Supervisory Board of Apator SA in matters concerning individual and consolidated financial reporting, internal control, risk management and cooperation with statutory auditors.

#### **5. Risk of non-compliance with the law**

Preventive action:

- operation of the compliance team,
- action of the internal auditor,
- internal audits of procedures for legitimacy and process compliance,
- implementation of rules on the opinion and acceptance of contracts,
- database of model contracts and mandatory clauses,
- general conditions of sales and purchase contracts,
- financial audits,
- compliance trainings,
- contractor verification procedures.

### **Human Rights Risk\***

#### **1. Risk of discriminatory actions within the organisation**

Preventive action:

- employee training on ethics, company values, organisational culture and applicable law,
- Promoting among employees the internal standards on reporting irregularities and provision of information and support.

#### **2. Risk of abuse within the organisation and in relationships with partners**

Preventive action:

- disseminating ethical attitudes and ethical behavioural patterns contained in the Code of Ethics and other documents within the Group and in individual companies,
- employee training on ethics, company values, organisational culture and applicable law,
- a system of internal control and systematic monitoring of respect for human rights within the organisation and

- in relations with partners,
- internal and external audits of the Group's compliance with regulations and processes.

\* Excluding the risks in supplier/contractor relationships described in section: Anti-Corruption.

## 9.2. LABOUR RISK

### 1. Risk of epidemiological risk/coronavirus infection

In 2020 the actions of the companies in the Apator Group were focused on protection of life and health of the employees in the face of spreading pandemic of coronavirus, at the same time maintaining the continuity of operation of the companies.

Since the beginning of the pandemic the companies have implemented a number of internal procedures and rules to protect employee health and prevent the spread of COVID-19, including:

- in order to protect employees and contractors from the risk of infection, the companies have introduced additional personal protection measures (face masks, disposable gloves, hand and surface disinfectant) and temperature measurement of people entering the company (thermal imaging camera, thermometers),
- remote or hybrid working has been introduced for most office workers,
- face-to-face meetings were replaced by video and teleconferencing and most business travels were suspended,
- changes have been made to working time schedules so that employees in different production departments start and finish work at different times. For the greater safety of the crew, working hours were reduced to 7.5h. Similarly, changes were made to the timetable for breakfast breaks to prevent workers from gathering in larger groups. Rigid rules also apply to those in changing rooms.
- systematic disinfection of changing rooms, all flat surfaces, doorknobs and handrails has been introduced,
- instructions and procedures are in place to deal with any suspicion of illness (if an employee shows symptoms of illness, they are tested for the virus),
- pedestrian routes and zones were designated and marked to prevent the spread of COVID-19, rules for the movement of shipping companies entering the premises were introduced, contactless collection of goods and other additional orders to protect the health of contractors and workers encountering them was made possible,
- in all the companies in the Apator Group educational campaigns are carried out to remind and raise awareness in the scope of hygiene principles, prevention of virus infection, recognition of symptoms and new procedures.

### 2. Staff availability risk (finding staff with the right skills and losing key staff)

Preventive action:

- strengthening and developing the HR function, implementing the HR programme for further business lines,
- sufficiently early planning of human resources (annual and multiannual employment plans),
- employer branding activities in the area of external recruitment (participation in job fairs, cooperation with higher education institutions, media presence, internship programs, apprenticeships) and internal recruitment,
- proper onboarding of the employee, training and clear assignment of responsibilities to the new employee,
- building and developing of employee competences and developing team management skills among managers and executives,
- building effective motivation systems (management by objectives system), appreciation of achievements and initiatives (system of periodic evaluation of competences),
- conscious and clear communication with employees.

### 3. Risk of non-compliance with GDPR

Preventive action:

- adaptation of internal regulations and corporate documentation to the requirements of GDPR,
- adapting the rules on data sharing and outsourcing,
- awareness-raising among employees, e.g. through training, internal publications,
- adapting information clauses and consents for data processing and storage to the requirements of GDPR,
- adjusting the provisions of contracts with contractors to the requirements of GDPR,
- validation of technical and ICT security features,
- internal audits for compliance with GDPR.

#### 4. Risk of lack of identification with the organisation's culture

Preventive action:

- a remuneration system that encourages employee development and is based on clear criteria,
- Company Collective Agreements,
- trade union activities,
- enabling employees to receive feedback on their performance through the Periodic Competence Assessment System,
- Promotion of corporate values and actions in line with the Code of Ethics and the organisational culture,
- consistently preventing and combating negative behaviour (discrimination, bullying, harassment),
- activities of a social nature that foster integration among employees and identification with the Group's culture.

#### 5. Risks of unsafe working conditions

Preventive action - appropriate procedures for managing occupational risks:

- internal audits and evaluations of individual work stations in terms of occupational safety,
- technical equipment of work stations and work organisation in accordance with the requirements of legal regulations, including the Labour Code,
- organisation of work stations taking into account ergonomic principles,
- the use of protective equipment and technical working means that meet specified requirements,
- employing employees with qualifications and health and physical conditions appropriate to the requirements of the position,
- initial, periodic and follow-up medical examinations,
- initial and periodic training in occupational health and safety, job instructions, educational activities,
- activities of the Occupational Health and Safety Commission including, among other things, periodical reviews of working conditions, periodical assessments of the state of health and safety, formulation of proposals for improvement of working conditions,
- systematic monitoring of risk in the area of carried out work, internal audits,
- procedures to be followed in the event of an emergency, accident or breakdown, and of crisis situations (e.g. an epidemic).

## 9.3. INDICATORS IN THE FIELD OF NATURAL ENVIRONMENT

### 1. Risk of non-compliance with applicable laws and regulations, resulting in penalties/increased environmental charges

Preventive action:

- systematic monitoring of current legislation (amendments to existing legislation, new regulations) and its de-

adlines,

- monitoring of basic areas of activity of particular companies in the Apator Group in terms of compliance with binding regulations,
- adapting the Group's internal rules/regulations to changing legislation,
- reporting to the competent authorities and bodies responsible for environmental management,
- appropriate financial mechanisms to secure the financial means to make any required payments (fees, compensation) on time,
- employee training on environmental protection.

**2. Risk of creating/increasing environmental impact in terms of: 1. the volume of consumption of raw materials, including non-renewable raw materials, 2. the volume of emission of pollutants (factors harmful to the environment) causing deterioration of the natural environment (air, water, soil, etc.)**

Preventive action:

- continuous monitoring of environmental impacts as part of the Environmental Management System,
- an analysis of the environmental aspects at each stage of the value chain for the purpose of identifying the activities that may interact with the environment,
- taking environmental considerations into account when planning production processes and optimising them,
- implementation of solutions/technologies reducing the scale of the operational impact on the environment,
- implementation of metering systems to manage the consumption of electricity, water, heat, gas,
- environmental management system audits,
- annual reviews of the environmental management system.

## 9.4. SOCIAL ISSUES MANAGEMENT RISK

### Social issues management risk\*

#### 1. Risk in relationships with customers

Preventive action:

- verification of the legality of contracts,
- training employees in customer service throughout the product life cycle,
- compliance with and training on the Code of Ethics,
- customer satisfaction monitoring,
- internal and external audits of the Group's regulations and processes.

#### 2. Risk in relationships with local communities

Preventive action:

- cooperation and dialogue with NGOs and social partners,
- contracts governing cooperation with the social partners, confirmed by reports on the services provided,
- providing information about the projects in progress on an ongoing basis.

#### 3. Reputational risk

Preventive action:

- adopting information policy in compliance with the "Good Practices of WSE listed Companies" and internal regulations; ensuring easy access to disclosed information for anyone, without discrimination, based on various

communication tools,

- employee training on ethics, organisational culture and applicable law,
- periodic meetings of the Management Boards of individual Group companies with employees and effective internal communication,
- open, reliable communication, conducting effective marketing and PR activities.

\* Risk in relationships with suppliers/contractors are described in the „Anti-Corruption“ section.

## 10. ABOUT THE REPORT

This report covers non-financial information concerning Apator SA capital group for the period since 1 January 2020 till 31 December 2020. The report is a report on non-financial information prepared in accordance with Article 55 (2b-2c) of the Accounting Act of 29 September 1994.

Apator Group SA reports non-financial data in annual cycle. The report has not been subject to external verification.

The process of defining the content of the report and the structure of the report were developed based on four principles: stakeholder inclusion, materiality, sustainability context and completeness.

Data included in this report present economic, social and environmental activity of the entire Apator Group, unless some part of the content indicates otherwise.



APATOR SA  
ul. Gdańska 4a lok. C4  
87-100 Toruń

**Correspondence address:**

Apator SA Centrum  
Ostaszewo 57C  
87-148 Łysomice

phone: +48 56 61 91 111  
fax: +48 56 61 91 295  
e-mail: [apator@apator.com](mailto:apator@apator.com)