

ESG Report



Report on Non-Financial Information
of the Apator Group for 2023

TABLE OF CONTENTS

1.	Introduction	03
2.	About Apator Group	04
	2.1. Operations profile and business model	06
	2.2. Business strategy	07
	2.3. Sustainable development	10
	2.4. Relationship with stakeholders	14
3.	GOVERNANCE - Corporate governance	16
	3.1. Fundamentals of organisational culture	17
	3.2. Management structure	18
	3.3. Apator Group Code of Ethics	23
	3.4. Key corporate governance policies	23
	3.4.1. Anti-corruption and anti-bribery policy	23
	3.4.2. Respect for human rights policy	25
	3.4.3. Data security and protection policy	27
	3.5. Compliance system	29
	3.6. Risk management at the Apator Group	31
	3.7. ESG risks	33
	3.8. Climate-related risks and opportunities	37
4.	SOCIAL AREA43	
	4.1. Employee relations	44
	4.2. Occupational health and safety	57
	4.3. Customer relations	59
	4.4. Cooperation with suppliers	69
	4.5. Industry environment	72
	4.6. Supporting communities	75
5.	ENVIRONMENTAL - Impact on the environment78	
	5.1. Technologies to support energy transition, efficiency and resource conservation	79
	5.2. Management of environmental aspects	79
	5.3. Indicators in the environmental area	85
	5.4. Classification of activities according to EU Taxonomy	88
6.	About the report112	
7.	GRI index113	

1. INTRODUCTION

Dear All,

Dear Shareholders, Customers, Employees and Partners of the Apator Group,

we are pleased to give you another report presenting the most important challenges of the Apator Group on the way to sustainable development and our achievements in the corporate governance, social and environmental areas.

Despite the long tradition of the Apator Group to publish reports on the so-called "non-financial information", the process is still evolving, as the understanding and perception of ESG issues by our Stakeholders is changing. This is undoubtedly linked to new regulations: the CSRD, the new European Sustainability Reporting Standards, the EU Taxonomy. At the same time, there is a growing awareness and expectations regarding the effective management of ESG issues both among financial stakeholders as well as our customers and business partners. The way companies approach ESG issues today makes it possible to assess their resilience to turmoil and crises, their potential to create long-term value, their ability to seize opportunities and manage risks arising from economic, environmental and social aspects.

Sustainable development can be approached idealistically, but also more pragmatically. We are drawn closer to this practical side of the idea of balancing all aspects of the business, where financial goals and corporate growth are achieved through high ethical standards and a balanced approach to social and environmental issues. We nurture good quality relations with employees, customers, suppliers and business partners, as this bears fruit. Respect and relations based on mutual trust build the value of a company – just like products and services that are well-designed, solidly manufactured and delivered on time. Care for the environment is implemented through efficient operational processes: responsible management of raw materials, reduction of wastefulness, minimisation of waste. We are transforming and modernising our factories, and actively participating in the transformation of the energy, gas, water and heat sectors.

Our mission is to create solutions that help our customers to manage their consumption of energy utilities and water more consciously and efficiently. Our products support the utility sector in the effective management of distribution networks, green and blue transformation. We support clean energy producers and help them manage their energy sources, both renewable and traditional, in a better, smarter way. This is our contribution to the sustainable development of the economy as a whole.

Our priority and commitment is to be successful in achieving the business objectives we have set and to make our economic, social and environmental initiatives effective. I hope you will find this report a valuable source of information to assess how effectively and successfully we are pursuing our mission as a responsible, sustainable organisation.

Maciej Wyczesany
President of the Management Board of Apator SA



2. About Apator Group

ca. **2.3**
thousand
employees

more than **60**
markets around
the **WORLD**

5 million
water, heat, gas
and **electricity**
meters delivered



more than **38%**
of the Group's
revenue was
generated from the
SALE of smart
solutions

of which more than
65%
of sales
in the
electricity meters
line were smart **devices**

44%
of SALES
are achieved
in **export**
markets

PLN 1.137
million generated
REVENUE

more than
PLN **46** million
INVESTMENTS

nearly **70%** of
our purchases of
materials and services
are made in the
domestic market
SUPPORTING
local content

for **27** years
on the **Warsaw**
Stock Exchange
(GPW)

2.1. OPERATIONS PROFILE AND BUSINESS MODEL

Apator forms an international group of manufacturers and distributors of metering equipment and systems, as well as suppliers of solutions supporting the operation of the power grid and water and gas networks. The largest group of customers for these solutions are utilities companies.

The Apator Group is also expanding the offer for the renewable energy sector, IT systems for businesses and local authorities and automation and robotisation solutions for industrial companies.

The Group brings technologically advanced products and solutions to the market, including:

- a wide range of utility metering equipment: electricity meters, gas meters, water meters and heat meters, including smart solutions,
- remote utility reading systems,
- enterprise systems for managing utility consumption,
- specialised apparatus for the protection, monitoring and control of the power grid,
- systems to support the management of utility distribution networks,
- solutions for the RES sector, including protection, controllers, electricity meters and control and monitoring systems for photovoltaic farms, wind farms or other renewable sources, as well as solutions for local energy management (targeted at energy clusters and cooperatives),
- energy storage to support balancing and stabilisation of power grid operation,
- software solutions enabling business process optimisation (e.g. applications for asset or service team management),
- solutions and services for manufacturing process automation and robotisation.

Apator Group companies are market leaders both in Poland and in European markets. Apator is a renowned and recognisable European brand in the area of solutions for the modern power, gas and water and sewage sectors.

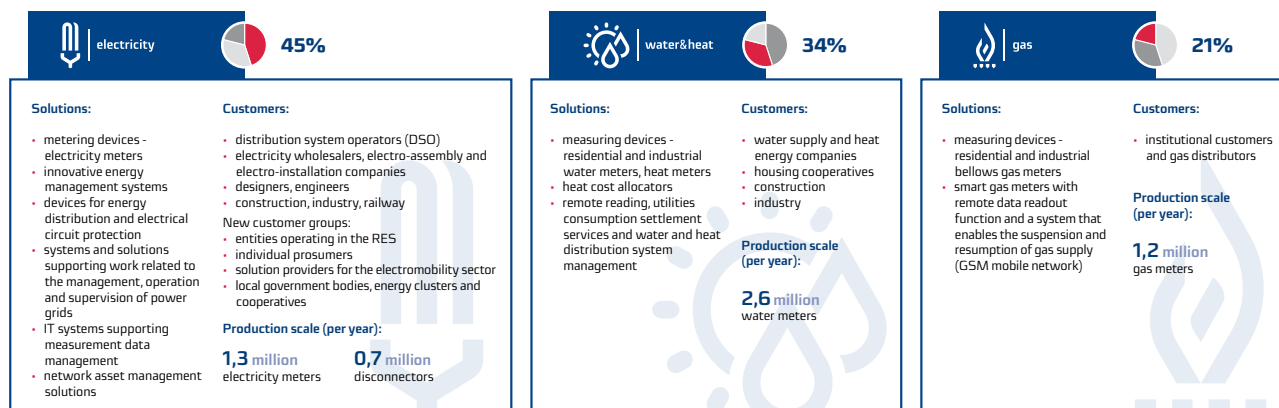
Nearly 45% of the Group's revenue comes from exports, with solutions and products distributed to more than 60 countries worldwide. The largest markets in 2023, apart from Poland, included Germany, Czechia, Belgium, the UK, Romania, Turkey and Greece.

The parent entity of the Apator Group of Companies is Apator SA with its registered office in Toruń.

Apator SA makes strategic decisions regarding the Group's development and coordinates the implementation of the Apator Group's strategy, as well as initiating strategic group projects, and supporting financial management, controlling, corporate governance, IT, HR and promotion activities.

Business model

The Apator Group operates within three business sectors: Electricity, Water and Heat, and Gas



2.2. BUSINESS STRATEGY

In 2023, the Apator Group continued to pursue the development directions chosen in its business strategy. They are a response to the challenges of transformation of the energy sector, including:

- increase in energy and fuel prices forcing an improvement in the efficiency of their use, diversification of fuels, dispersal of energy sources, acceleration of RES development and modernisation of the electricity grid,
- consistent shift away from Russian gas,
- a package of EU regulations related to the green and blue transition of the European economy: the Fit for 55 and RePowerEU programmes and the accompanying programme funds.

In view of the rapidly changing needs of customers operating in the energy, heat and water sectors, the Apator Group has focused on the development of comprehensive solutions covering not only the traditional elements of the Apator offer (equipment), but also services for the integration of various components covering, among other things, energy storages, scalable SCADA class control systems and energy efficiency management systems (both energy and other power utilities) together with comprehensive turnkey implementations.

The Group continues to develop and provide technical solutions for its existing customer groups in the utilities sector (electricity and gas distribution system operators, district heating and water and sewerage companies). At the same time, it is targeting new groups of customers with its offer, which are: DSOs (entities building or having their own small distribution networks), local energy communities, clusters, municipalities, industrial plants and prosumers, for which Apator prepares dedicated solutions and products under more than a dozen new strategic initiatives. Technical solutions offered under the Apator brand support active and conscious participants in the energy market by offering them functional benefits and savings. Apator thus supports the decarbonisation, decentralisation and digitalisation of the Polish and European power sector (3D).

The Gas unit remains the most challenging area of business in the Group. Its prospects are strongly correlated with energy policy and the approach to gas fuel in the EU. The strategy for this segment is to diversify the offer in the case of Europe's faster shift away from fossil fuels. Due to the uncertainty of the development direction of the gas meter market, the Gas segment undertook development work on new solutions to attract new customer groups.

Due to the unstable geopolitical situation, dynamic changes in the economic environment and the increasing pace of technological change, the strategy of the Apator Group will be subject to more frequent review and adjustment to the needs of customers and organisations.

Factors affecting business strategy implementation in 2023

Macroeconomic context

Climate change:

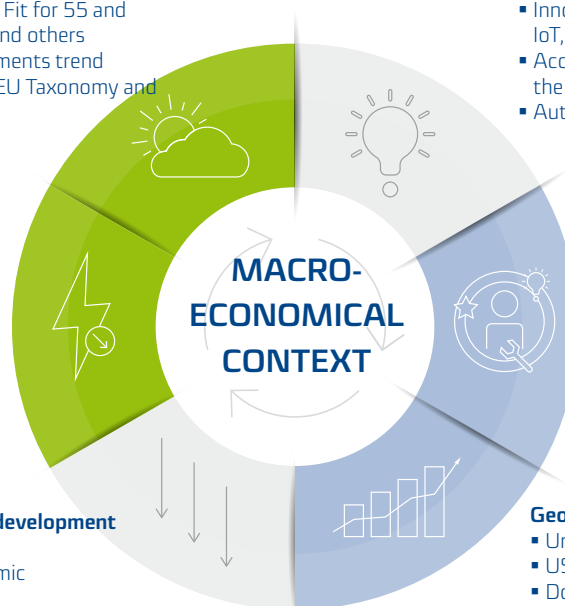
- Decarbonisation
- RES development
- Green Deal, Blue Deal, Fit for 55 and REPowerEU, RED III and others
- Growing green investments trend
- ESG regulations (the EU Taxonomy and others)

New technology development:

- Accelerating the transformation of the energy and other utility sectors
- Innovations in the area of alternative fuels, IoT, AI and power electronics
- Acceleration of digitalisation in all sectors of the economy
- Automation and robotisation of processes

Energy:

- EU energy market reform – protecting consumers from electricity price fluctuations
- Gradual stabilisation of energy resource prices
- Negotiations on revising the ETS scheme
- Financial support for energy transition



Availability of R&D competences:

- Rapid technological obsolescence
- Increasing demands of engineers / employee market
- Increased labour costs
- Global competition for skilled workers

Pace of economic development in the EU:

- Continued economic slowdown
- Falling inflation
- Tightening of monetary policy
- Decreasing competitiveness of EU producers

Geopolitical conflicts:

- Unstable geopolitical situation
- US/PRC trade war
- Dominance of the PRC in value chain elements crucial to the transformation (batteries, PV, inverters, etc.).
- Market disturbances in raw materials and components
- Trade interventionism, local content policy (US, India, soon EU)

Industry context

Decarbonisation and transformation of energy utilities and water sector actors (new services, new players)

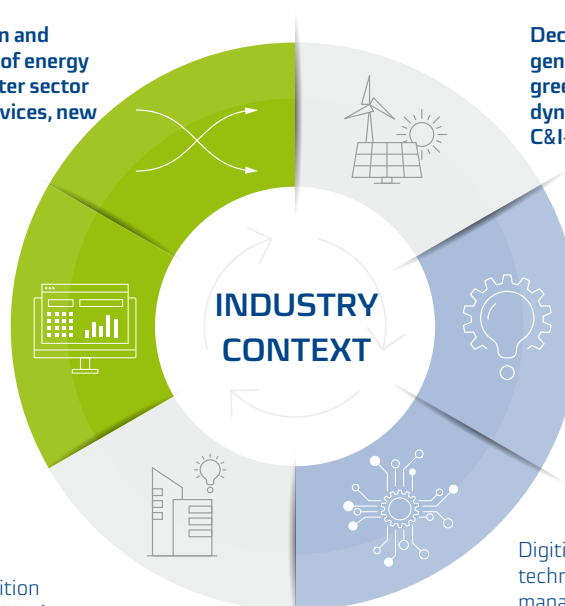
Decentralisation of the generation market and green energy sources, dynamic development of C&I-PV

Security of critical infrastructure - increasing importance of cybersecurity, directives NIS2, CER, CRA, RED

New EU regulations and programmes supporting energy transition, energy efficiency and conservation of natural resources, including water, AI, digital security, etc.

Constant search for innovation, technology race, increased competition (including cost competition)

Digitisation and the rise of technical solutions that enable management and automation



The impact of the war in Ukraine on the implementation of the Apator Group's business strategy in 2023

As of the date of this report, the Apator Group continues to identify risks arising from the war in Ukraine; however, their level depends on the further development of the situation and its impact on exchange rates, prices of raw materials and other areas of operations.

Since the outbreak of war in February 2022, the Group has completely ceased sales in the Russian and Belarusian markets. Sales to Ukraine accounted for ca. 1.4% of the Apator Group's total sales in 2023. As regards receivables from contractors from the endangered markets, at the end of 2023, the share of receivables from the Ukrainian market in the total value of receivables of the Apator Group was about 0.7%. The Group had no trade receivables from the Russian and Belarusian markets. In view of the above, the war in Ukraine has no significant direct impact on the financial results of Apator SA and the entire group of companies.

The energy crisis triggered by Russia's invasion of Ukraine accelerated the energy sector transition and triggered the launch of new EU policies and programmes aimed at making the EU economy less dependent on Russian raw materials and fuels.

As a result, the challenges of the conflict affecting Poland's eastern neighbour and the energy transition have brought new opportunities for the Apator Group, resulting from:

- pressure on efficiency in using water, energy, heat and gas,
- growing demand for RES sector technologies,
- accelerated digitisation and automation of business processes in all sectors of the economy.

In view of the challenges of the energy crisis, but also of the progressing climate change and the need to accelerate the energy transition process, the Apator Group is subjecting its business strategy to more frequent reviews and updates (more in chapter: Business strategy).

Financial commitments arising from the 2019-23 CSR strategy:

- We strive to increase our revenue and EBITDA through sustainable growth, assuming:
 - operations diversification — a business model based on 3 segments,
 - participation of major stakeholder groups in the financial resources of the Apator Group.

Operations scale and financial indicators of the Apator Group

Revenue from sales by segments *	2023	2022	Change	YOY dynamics	
	thou. PLN	thou. PLN	thou. PLN	%	
Electricity Segment	514,978	439,511	75,467	117.2%	
Gas Segment	242,576	281,342	-38,766	86.2%	
Water & Heat Segment	379,620	360,939	18,681	105.2%	
Total revenue	1,137,134	1,081,792	55,382	105.1%	
	domestic	640,513	571,450	69,063	112.1%
	export	496,661	510,342	-13,681	97.3%

Basic financial data	2023	2022	Change	YOY dynamics
	thou. PLN	thou. PLN	thou. PLN	%
Revenue from sales	1,137,134	1,081,792	55,382	105.1%
Profit on sales	57,270	45,090	12,180	127.0%
Profit from operational activities	40,132	31,340	8,792	128.1%
EBITDA	96,546	87,067	9,479	110.9%
Net profit	8,504	7,205	1,299	118.0%
Equity	539,023	539,148	-125	100.0%
Long-term liabilities	80,106	45,174	34,932	177.3%
Short-term liabilities	356,069	457,725	-101,656	77.8%
Total assets	975,198	1,042,047	-66,849	93.6%
Gross remuneration (with overheads)	253,362	240,150	13,212	105.5%
Income tax	19,040	8,710	10,330	218.6%
Current income tax	7,326	9,019	-1,693	81.2%
Deferred income tax	11,714	-309	12,023	-
Rate of Social Insurance Fund contributions*	40,630	36,557	4,073	111.1%
Rate of contributions to other funds (National Disabled Persons Rehabilitation Fund (PFRON), Guaranteed Employee Benefits Fund)*	3,145	3,161	-16	99.5%

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

2.3. SUSTAINABLE DEVELOPMENT

The Apator Group CSR Strategy was published in 2020, and its time horizon ends in 2023. It is closely related to the business operations of the Apator Group and supports the fulfilment of the Group's business objectives.

The Apator Group's responsibility in the area of ESG, as well as its obligations towards customers and business partners, and internal declarations, establishing objectives and rules of conduct within Apator Group, are defined by:

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

Further, the assumptions of the Apator Group CSR Strategy in force until the end of 2023 include:

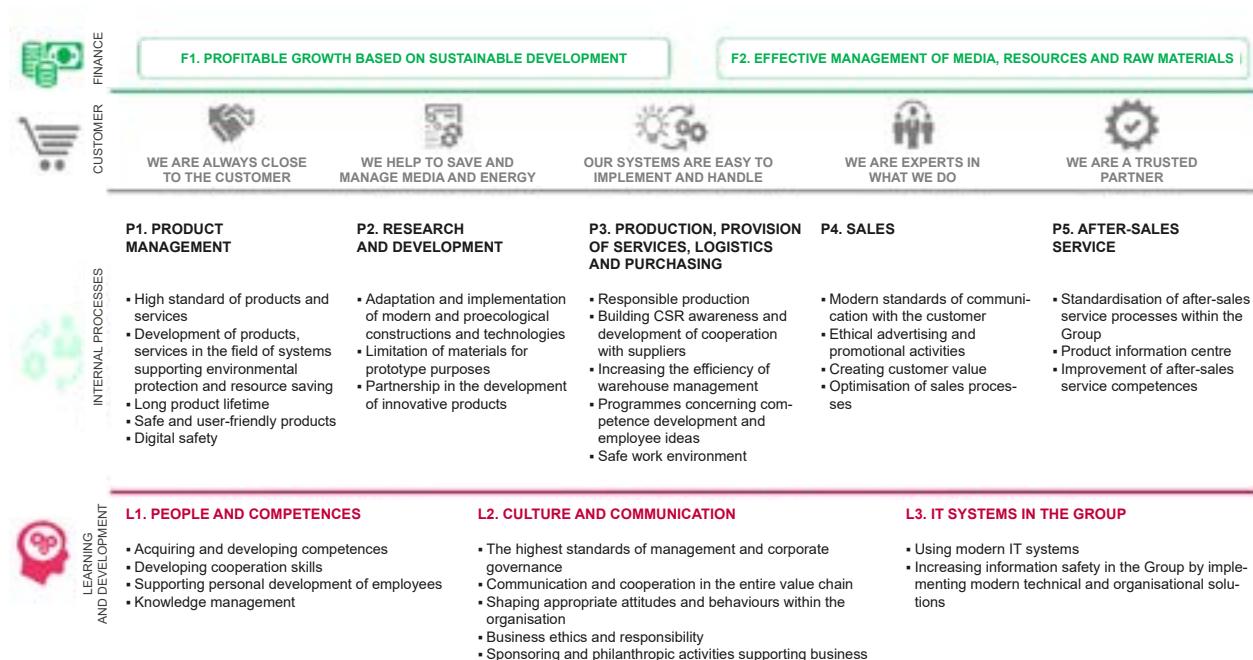
- Recommendations and good practices for reporting non-financial data,
- 2021 Best Practice for GPW Listed Companies,
- The 2030 Agenda for Sustainable Development, adopted by the UN in 2015.

The various dimensions of CSR activity have been assigned sets of quantitative and qualitative indicators, which have been developed based on:

- regulatory requirements, in particular the Act on Accounting (implementing the Non-Financial Reporting Directive, NFRD) and the EU Taxonomy Regulation,
- Management System strategic and operational measures and performance indicators (including ISO 14001, 9001, 45001),
- good practices and recommendations of, inter alia, the Non-Financial Information Standard (SIN) and the Guidelines for ESG Reporting (Best Practice for GPW Listed Companies, May 2021 edition)

CSR strategies map

The Apator Group CSR Strategy identifies 4 dimensions: Finance, Customer, Key Processes and Learning & Development. Within each of these four dimensions, leading priorities, commitments, key initiatives and metrics have been identified.



The commitments in each dimension, the key initiatives and the quantitative and qualitative indicators assigned to them are presented in the individual chapters of this report.

Work on the Apator Group ESG strategy

In September 2023, an internal project to update the Apator Group's sustainable development strategy was launched.

Project objectives:

- updating the directions defined in the Apator Group CSR Strategy for 2019-23 (in relation to the business strategy of the Group),
- defining challenges, opportunities and risks related to sustainable development,
- aligning the organisation with the sustainability expectations of stakeholders and the environment,
- preparing the Apator Group for regulatory and reporting requirements (including the new CSRD, European Sustainability Reporting Standards (ESRS) and the requirements of the EU Taxonomy Regulation).

Work stages completed in 2023:

1. diagnosis of the Group's preparedness for the requirements of the CSRD and ESRS standards,
2. gap summary in relation to ESRS and market expectations,
3. mapping of indicators: basic scope (obligatory), full scope (selected after carrying out materiality study), scope of indicators reported so far in the Apator Group,
4. update of the stakeholder map of the Apator Group,
5. compilation of climate risks (physical risks and transition risks) for the Apator Group,
6. development of common methodology for the Apator Group for the calculation of EU Taxonomy indicators,
7. the scope of ESG issues for materiality study, preparation of assumptions of the study.

Work on the Apator Group ESG Strategy will continue in 2024.

UN Sustainable Development Goals

The so-called 2030 Agenda, a UN resolution (adopted by 193 UN member states, including Poland) represents a global commitment to work towards a better world in which a balance between economic, social and environmental aspects will be achieved. The 2030 Agenda defines 17 Sustainable Development Goals (SDGs) to which governments and the wider economic environment should be committed.

In defining the Apator Group CSR Strategy's objectives for 2019-23, we have taken into account the UN Sustainable Development Goals, which are relevant to the specificity of the operations and the challenges faced by the industries in which the Group operates.

Sustainable Development Goals pursued by the Apator Group



One of the key programmes implementing Agenda 2030 at the EU level is the European Green Deal, a new growth strategy to transform the EU into a fair, inclusive and prosperous society with a modern, knowledge-based, resource-efficient and competitive economy with no net greenhouse gas emissions by 2050, which would protect, preserve and enhance the EU's natural capital while also safeguarding citizens' health and well-being against environmental risks.

The Apator Group's contribution to the implementation of Agenda 2030 and the related EU climate and energy policy is as follows:

Objectives

Providing the market with solutions and technologies to support the efficient and sustainable use of electricity, water, heat and gas.



Developing technological solutions for the renewable energy sector.



Developing technological solutions for utility distribution network operators to enable effective distribution network management (to ensure network reliability and energy security and improve the quality indicators of electricity supply to DSO customers, among other things).



Developing a portfolio of products and services for businesses and local authorities (cities, municipalities) to support energy efficiency and sustainable asset management.



The Apator Group also contributes to other Agenda 2030 objectives in the following way:

Objectives

Each year, the Apator Group invests in the development of new products and innovations, offering innovative solutions to customers in Poland and abroad and sharing technical expertise with them. It develops industrial infrastructure at home and in other European countries where its affiliates operate, building new capacity and automating manufacturing lines.



The Group employs approximately 2,300 people at its manufacturing facilities in Poland and elsewhere in Europe and works with a wide range of local and regional suppliers and subcontractors. It adheres to high ethical standards while promoting team member development, decent working and collaborative conditions, as well as employee and co-operator health and safety.



The Apator Group places a strong emphasis on the cybersecurity of the solutions provided and actively carries out awareness campaigns, with Apator Group experts sharing their technical knowledge to make Polish power grids more secure.



Apator Group experts are active members of industry organisations; technological partnerships have also been established, and new technologies are being developed with other Polish companies in the ICT sector, particularly for effective and secure telecommunications and metering data transmission.



2.4. RELATIONSHIP WITH STAKEHOLDERS

For the Apator Group, the key Stakeholders are customers, business partners, suppliers, as well as institutions cooperating with the companies, and social partners (the so-called external stakeholders); however, the internal stakeholders – employees of Apator Group companies – are by no means less important. The Apator Group aims to understand well the needs and expectations of all stakeholders and to meet them, acting in the good interest of the Group and respecting the capital of its shareholders.

In their activities, Apator Group companies interact with various groups of stakeholders and build relationships based on effective, mutually-beneficial cooperation and trust

Group of stakeholders	Communication objectives	Communication forms	Basis for identification
Key stakeholder groups			
Investors, stock exchange analysts, business media journalists	Fair and honest communication and reporting on the current situation of the group of companies - in accordance with the requirements, regulations and good practices for the circulation of information for the companies on the regulated market.	Current reports; financial statements; conferences; meetings; newsletters; website; Facebook and LinkedIn profiles; press releases in the form of interviews and articles; day-to-day communication with journalists.	As a GPW-listed company, Apator SA prioritises building relationships with capital market participants.
Customers	Collaborating on optimising the customer's business; developing technologies and solutions; exchanging/sharing technical knowledge; familiarising customers with products and terms and conditions of commercial cooperation.	Face-to-face meetings; trade fairs; conferences; training sessions; newsletters; website; product promotional materials; Facebook and LinkedIn profiles.	The Apator Group fulfills its business objectives by providing its customers with solutions and products that meet their expectations and needs.
Employees	Communicating the organisation's goals and values; providing ongoing information on the company's condition and financial performance, key organisational and personnel decisions and changes, as well as social activities. Building a common organisational culture.	Management meetings; department/office meetings; awareness campaigns; group's internal magazine "Flesz Apatora" (The Apator Flash); newsletters; website; Facebook and LinkedIn profiles. Depending on the practices in a given company, there are also meetings between Management Boards and employees, website for employees, PA system in Apator SA.	The Apator Group fulfills its business objectives thanks to the commitment and competences of its employees.
Suppliers	Sharing knowledge and communicating mutual expectations for efficient operations and effective cooperation.	Regular meetings and presentations; audits; website; Facebook and LinkedIn profiles.	The Apator Group fulfills its business objectives by choosing partners that are reliable and meet certain quality requirements, taking into consideration the pricing requirements.
Technology partners	Cooperating and sharing lessons learned in the development of new solutions and technologies.	Meetings; presentations; joint communication in the media and at industry and business events.	The Apator Group develops new solutions and technologies for its customers at its own R&D offices, but also through cooperation and knowledge exchange with technological partners.

Group of stakeholders	Communication objectives	Communication forms	Basis for identification
Other groups of stakeholders			
Government and regulators, industry organisations, financial institutions	Activities to shape and develop the smart metering/smart grid market; promoting efficient solutions and technologies. Working to develop cybersecurity standards.	Participation in consultation meetings, conferences, symposia; actions targeted at associations and industry organisations.	The Apator Group operates in accordance with the requirements of law and morality, sharing its knowledge and best practices for the development of new technologies and efficient management of utilities.
Media	Conscious shaping of the company's image and brand by informing the market environment about the company's operations.	Press materials and releases; industry press articles; press conferences; website; Facebook and LinkedIn profiles.	The Apator Group works with industry, specialist and local media, exchanging expert knowledge, promoting its products, showcasing the effects of its business and non-business activities and shaping the company/brand image on the market.
Local authorities (local governments, counties, municipalities)	Communicating to ensure effective cooperation and organisation's development in line with local community needs and local government expectations.	Face-to-face meetings; participating in local events; website; Facebook and LinkedIn profiles.	Apator Group companies operating in the area subordinate to local governments cooperate with local authorities to ensure the successful development of businesses and local communities.
Social institutions, non-profit organisations, artists, athletes, social environment	Working together to implement worthwhile community initiatives.	Ongoing project collaboration; conferences and meetings; website; Facebook and LinkedIn profile.	Apator Group companies enter into business and non-business relationships with local institutions, supporting valuable initiatives and donating to organisations that carry out social missions.
Scientific community, public education centres, research institutes	Exchanging knowledge and experience; strengthening cooperation and implementing joint scientific and development projects; popularising science; showcasing company activities.	Ongoing cooperation in the implementation of projects, participation in conferences and meetings.	Cooperation between scientific community and business aims at the development of the company and science, and is an impulse for the development of new technologies and products. Apator Group companies recruit employees among university students and graduates.



3. GOVERNANCE

Corporate Governance

At the Apator Group, the overriding value is **responsibility**, which means full compliance with the applicable law, but also with internal procedures and regulations. The Group enforces and promotes ethical principles in all aspects of its operations and builds relationships with its Stakeholders based on integrity and partnership.

2019–2023 CSR strategy commitments

The Apator Group has made the following commitments in the LEARNING AND DEVELOPMENT dimension:

- Like in the case of ethics, our overriding value is responsibility, meaning full compliance with the applicable law, but also honesty in our relations with others.

Apator SA has undertaken to comply with the principles of corporate governance, i.e. "2021 Best Practice for GPW Listed Companies", introduced by Resolution No. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange dated 29 March 2021. The Company complies with most principles set out in the Best Practice document except the following:

- 2.1, 2.2 and 2.11.6 — due to the lack of measurable targets and deadlines for achieving adequate parity with regard to the diversity policy regarding the Management Board and the Supervisory Board,
- 4.1 — no possibility for shareholders to participate in the General Shareholders Meeting by means of electronic communication (e-meeting).

For more information on how the company applies the principles set out in "2021 Best Practice for GPW Listed Companies", please visit www.apator.com, [Investor Relations -> Corporate Governance](#).

3.1. FUNDAMENTALS OF ORGANISATIONAL CULTURE

3.1.1. Mission and vision

The Apator Group invariably strives to maintain its position as a European leader in supplying Smart Metering/Smart Grid equipment and systems as well as solutions to support customers in the effective management of all types of energy utilities. We are developing our product portfolio to meet economic and climate challenges, including: the transformation of the energy sector, the dynamic development of distributed energy and the increasing digitalisation and automation of processes.

The mission of the Apator Group is to disseminate advanced technologies to a broader group of recipients which, apart from the utilities sector, include entrepreneurs and the public. The Apator Group wants to create tomorrow's solutions for active and conscious market participants who care about the environment, the planet and future generations, supporting them to self-generate, manage and share green energy and save natural resources.

Our slogan for 2023 was:

Green technology
for your business and home

3.1.2. Company values

The company values of the Apator Group are the basis for shaping the organisational culture. They are a signpost in everyday operations, a reference point for decisions made and a guideline of how the employees of Apator Group companies should work, what they should be guided by and in which areas they ought to be particularly committed, as well as of how to cooperate and communicate.

The introduction of company values at the Apator Group was accompanied by an extensive awareness campaign. This included the creation of "Wartościaki" (Valuers), characters embodying individual company values which are now present in the company space and appear in various communication activities. All newly hired employees are introduced to the company values, and the entire team commits to promoting these values through their attitude and conduct in daily work.

Values of the Apator Group



3.2. MANAGEMENT STRUCTURE

3.2.1. Management principles at Apator SA and the Apator Group

Apator SA is a joint-stock company, the parent entity of the Apator Group. According to the Polish Code of Commercial Companies, the organs of a public limited company are the General Shareholders Meeting, the Supervisory Board and the Management Board.

Structure of Apator SA authorities as at 31 December 2023



A detailed description of the corporate governance framework is available in the Report of the Management Board on the activity of Apator SA in 2023. It includes, among other things:

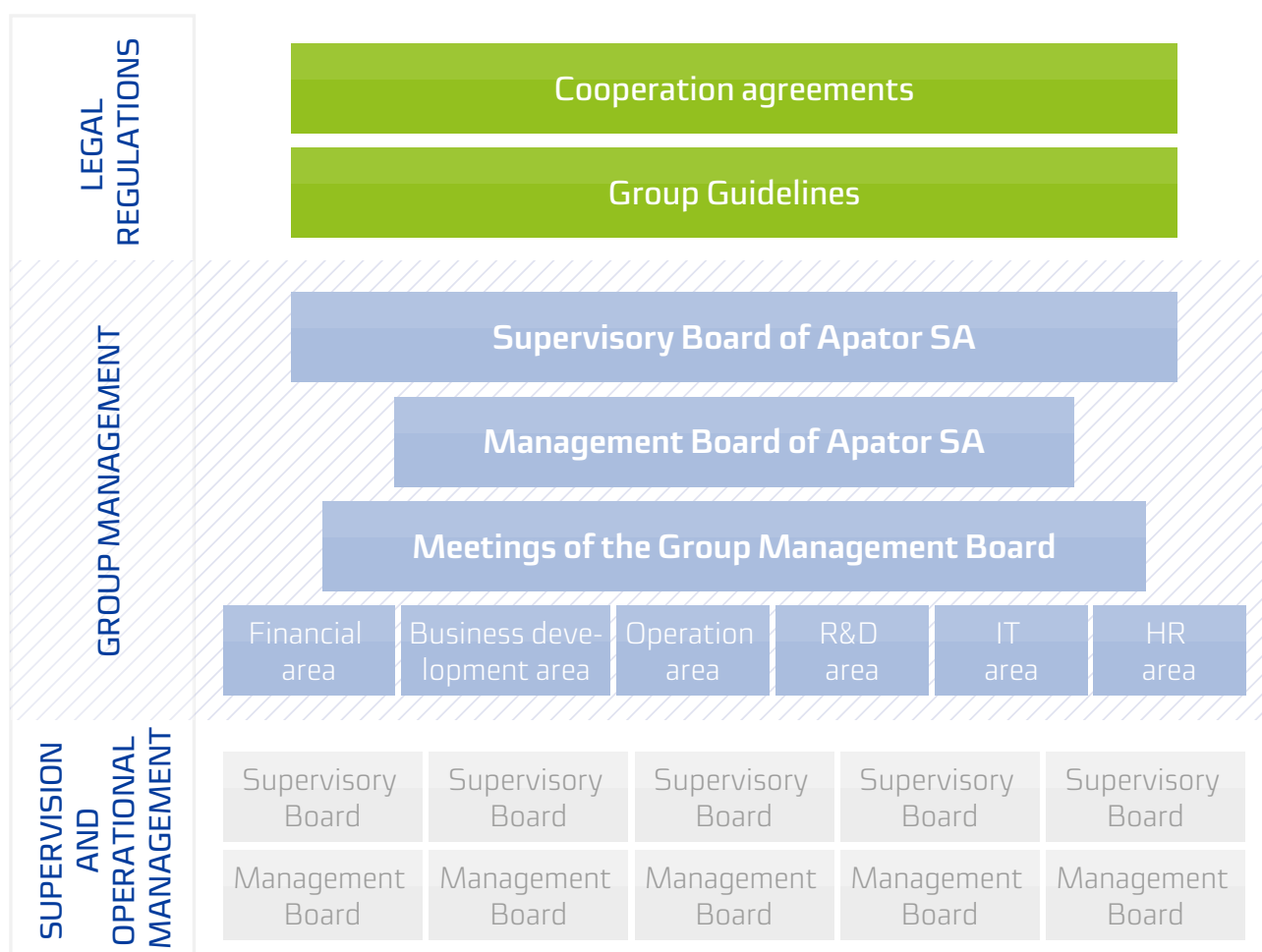
- description of the activities of the supervisory and management bodies,
- information on the experience, competencies and degree of independence of the members of the supervisory and management bodies,
- information on powers, duties and manner of appointment of supervisory and management bodies at Apator SA,
- auditor selection procedures,
- information on the remuneration policy applicable to Management Board and Supervisory Board members.

For the full document, please visit www.apator.com, [Investor Relations -> Corporate Governance](#).

Unified corporate governance applies in all Polish companies of the Apator Group of Companies. Corporate governance takes place through:

- personnel changes on the Management Boards and Supervisory Boards,
- internal regulations in the form of group guidelines, which are established by cooperation agreements,
- activities of committees established within the Apator Group,
- internal audit,
- shared functions (finance and controlling, HR, IT, IR communication and promotion).

Management system at the Apator Group



Group guidelines

The documents establishing group guidelines standardise key processes and introduce common operating principles at Apator Group companies. These concern such areas as:

- managing the strategy of the Apator Group,
- Apator Group Code of Ethics,
- compliance,
- CSR strategy,
- information (principles of communication, principles of transfer of confidential information, regulations in corporate documents of the companies, among other things),
- financial (concerning insurance and umbrella credit facility, financial risk hedging, among other things)
- area-related (concerning the purchasing process, IT, environmental protection, marketing and promotion, among other things).

As of 2023, three group committees were active at the Apator Group:

- Financial Committee — responsible for such things as the analysis and assessment of the current financial situation of Apator Group companies, presenting forecasts for subsequent periods in relation to the approved budget, as well as analysing the regulatory environment in terms of changes and their relevance,
- Management System Officers Committee — responsible for improving management systems at the Apator Group through their integration in selected areas,
- R&D Committee — focused on integration and implementation of common R&D solutions in the Apator Group.

Integrated Management System

Apator Group companies operate in accordance with an Integrated Management System covering policies on:

- quality management,
- environmental management,
- health and safety management,
- information security.

Management Systems are tailored to the specific operations of individual companies. The Group's domestic companies that carry out manufacturing operations comply with the following standards:

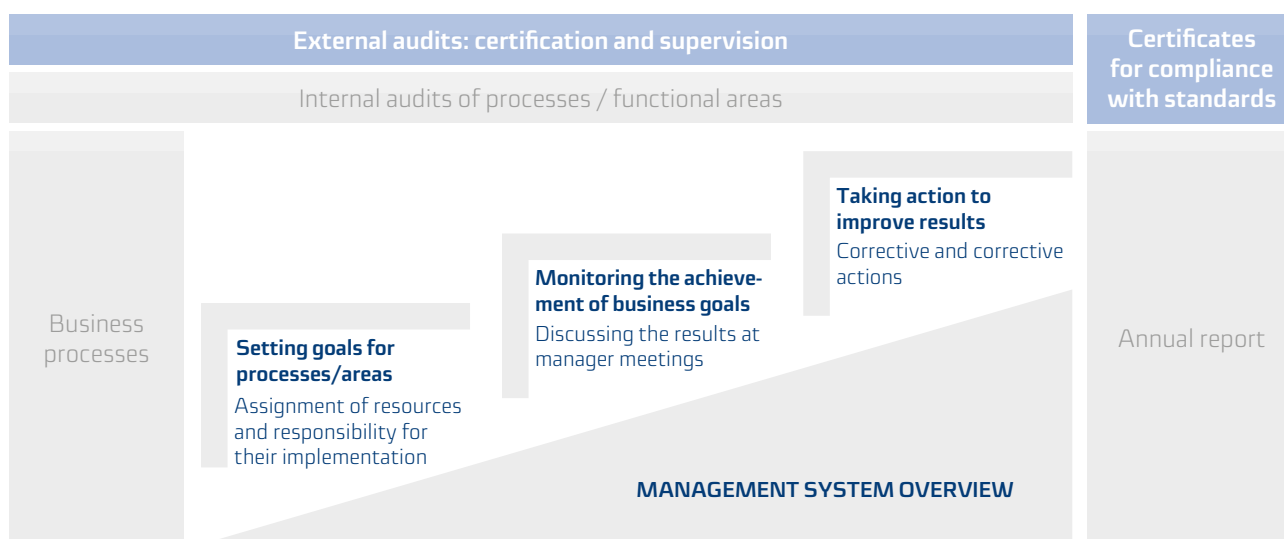
Standard type	Apator	Apator Metrix	Apator Powogaz	FAP PAFAL	Apator Telemetria
PN-EN ISO 9001:2015	X	X	X	X	X
PN-EN ISO 14001:2015	X	X	X	X	X
PN-ISO 45001:2018	X	X	X	X	X
PN ISO/IEC 27001:2014-12	X	X			X

Integrated Management System policy at Apator SA

The Integrated Management System covers all key areas of the company's operations: quality, environment, health and safety and information security. System integration allows processes, procedures and operating practices to be made more consistent, resources to be better planned and, as a result, the organisation's efficiency to be continuously improved.

Integrated management system policy			
GOALS OF QUALITY MANAGEMENT SYSTEM	GOALS OF THE ENVIRONMENTAL MANAGEMENT SYSTEM	GOALS OF THE INFORMATION SECURITY MANAGEMENT SYSTEM	GOALS OF THE OCCUPATIONAL SAFETY MANAGEMENT SYSTEM
ISO 9001	ISO 14001	ISO 27001	ISO 45001
<ul style="list-style-type: none"> Financial goals Goals of the sales process Goals of the purchasing process Goals of the production process, including quality indicators Objectives of the human resources management process 	<ul style="list-style-type: none"> Waste management Media management Energy intensity Water consumption 	<ul style="list-style-type: none"> Availability of critical systems Incident management 	<ul style="list-style-type: none"> Accident

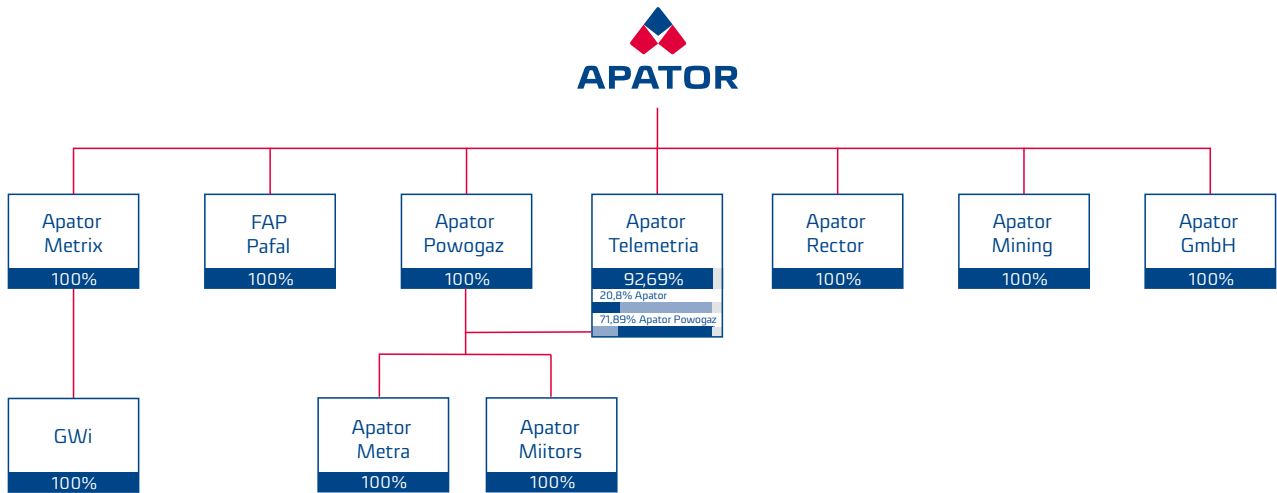
The diagram below shows the elements of the Apator SA management system:



Analogous Integrated Management Systems operate in other Apator Group companies that have implemented and certified management systems.

3.2.2. Structure of the Apator Group

Structure of the Apator Group as at 31 December 2023, is as follows:



Main manufacturing facilities in Poland

	<p>Ostaszewo near Toruń</p> <p>Production of electricity meters and switchgear</p>	<p>Łódź</p> <p>Production of automated protection systems and telemechanics</p>	
	<p>Jaryszki near Poznań</p> <p>Production of water and heat meters</p>	<p>Tczew</p> <p>Production of gas meters</p>	
	<p>Słupsk</p> <p>Systems and devices for remote reading</p>		

3.3. APATOR GROUP CODE OF ETHICS

The Apator Group Code of Ethics is a set of overriding principles setting the framework for business conduct. It contains examples of good practices and guidelines that apply in business relations with customers, suppliers and business partners and serve as the basis for cooperation within the Group in contacts between team members.

The implementation of the Code of Ethics in the Apator Group was accompanied by a wide educational campaign among the employees. In 2023, as a reminder of ethical principles in force within the organisation, internal training on counteracting mobbing and discrimination was carried out in selected companies.

The provisions of the Apator Group Code of Ethics are periodically subject to in-house verification by the compliance team and selected managers of the Apator Group. The Apator Group Code of Ethics is available in Polish and English at www.apator.com. Another review of the Code of Ethics is planned in 2024, as part of the work on updating the Apator Group ESG Strategy.

Ethical clauses have been introduced in contracts with business partners (suppliers, co-operators), whereby the contracting parties agree to comply with ethical principle, including: anti-corruption procedures, no conflict of interest, observance of human rights and employee rights, provisions of the GDPR and compliance with ESG standards. In the case of cooperation based on an order and confirmation of order acceptance, the supplier/business partner is obliged to sign a statement confirming that it has read the principles set out in the Apator Group Code of Ethics.

As part of improving the compliance process in the Apator Group, a review of documentation and standardisation of provisions concerning ethical clauses applied in the companies as well as verification of their application by contractors (in agreement with purchasing departments responsible for cooperation with suppliers) is planned for 2024.

3.4. KEY CORPORATE GOVERNANCE POLICIES

3.4.1. Anti-corruption and anti-bribery policy

Apator Group companies pledge to operate to act in accordance with the applicable law, to uphold high ethical standards and to pursue a zero-tolerance policy for any manifestations of corruption. The Group systematically analyses the potential corruption risks that may arise in the ongoing activities and applies countermeasures to reduce the likelihood of corrupt conduct.

Actions in this respect are specified by the **Apator Group Code of Ethics**, which establishes the overriding principle that the Apator Group does not accept any conduct that violates impartial business decision-making. Among other things, this means that Group employees are not allowed to accept or offer material benefits that could influence business activities and decisions.

The Apator Group prohibits any and all kinds of corruption, including:

- giving, promising to give, offering or soliciting a gratuity in the form of payment, gifts, trips or any other benefits in order to obtain or thank someone for obtaining a business advantage,
- accepting gifts, trips, invitations or other benefits or promises to receive them from a third party (subject to exceptions set out in the Apator Group Code of Ethics),
- using company funds for private purposes or personal gain and knowingly mismanaging company assets in breach of generally accepted principles,
- giving or promising to give an intermediary a financial or personal benefit in exchange for intermediation, e.g. supporting the selection of a given supplier, contractor or service provider,

- nepotism, cronyism — favouring relatives, relations by affinity or colleagues.

Other crucial components of the anti-corruption system at the Apator Group include:

- unambiguous and transparent operating procedures that are known and available to both Group employees and customers and business associates,
- monitoring all processes for the possibility of corruption risks and analysing the risk of corrupt conduct,
- raising awareness among Group employees by enhancing the organisation's culture, streamlining internal communication and improving incentive systems,
- building ethical leadership related to internal communication, promoting ethical attitudes, reinforcing Apator's image of an ethical organisation,
- educational activities related to ethics and anti-corruption and targeted at employees.

The principles of the anti-corruption policy apply to all employees of the Apator Group, as well as its management and supervisory bodies, and co-operators and business partners acting on behalf of Apator Group companies.

Executives are required to take a leading role in creating an organisational culture in which corruption will not have a chance to exist and will be treated as a strictly prohibited phenomenon.

Each Apator Group employee has a duty to prevent, report and identify cases of corruption. The way of handling any reports of corrupt conduct is set out in the Group's Guidelines — see "Identification of Legal Requirements and Compliance Management". The Apator Group Code of Ethics also presents the path for reporting violations and transmitting possible questions or for employees to share ethical concerns.

Protecting whistleblowers' identities

At Apator Group, a system of reporting violations has been established that enables employees, co-operators, contractors and partners, including business partners and anyone performing any activities on behalf or for the benefit of Apator Group companies to provide information and report violations in a confidential manner, with the system ensuring anonymity to protect whistleblower identity. For more details, see the chapter: [Operation of the compliance system](#).

Three defence lines model

The model introduces uniform principles for the division of roles and responsibilities at the Apator Group in terms of functional internal control, risk management and compliance, as well as a common set of techniques and tools. This ensures compliance with the obligations under the "2021 Best Practice for GPW Listed Companies" but, above all, allows risks in all business areas, including the risk of corruption and bribery, to be minimised and effectively eliminated. For more details, see the chapter: [Risk management](#)

3.4.2. Human rights policy

The Apator Group strives to create an environment of work and cooperation with the business community in which **human rights are unquestionably respected and, with this in mind, implements practices to prevent circumstances that could lead to human rights violations.**

All Apator Group entities comply with Polish and international law in this area and act in accordance with the highest standards defined in internal documents. The most important of them are: Apator Group Code of Ethics, Personnel Strategy, CSR Strategy and Work Regulations of individual companies.

The Group's commitments to respecting human rights cover the following areas:

- Employees – all employees are treated with respect irrespective of their position, sex, age, nationality, ethnicity, sexual orientation, family situation, disability, or political and religious views. Apator Group companies comply with all applicable legislation on employment conditions, improve human resources management processes and ensure a friendly workplace atmosphere. They also combat mobbing and discriminatory practices.
- Contractors – employees of Apator Group companies undertake to respect and promote human rights in their relations with suppliers, customers and business partners, and to exercise due diligence to verify that key partners respect human rights. In collaboration with strategic suppliers and business partners, additional ESG criteria were developed in 2023 to more effectively verify their respect for human rights and environmental requirements.
- Shareholders — Apator SA operates in such a way as to secure the interests of the company shareholders. It also places great importance on providing shareholders with reliable and up-to-date information on the current situation of Group entities and on events that have a potential impact on the Group's results.

As part of the due diligence process, in order to ensure compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the principles and rights set out in the International Bill of Human Rights, the Apator Group adopted a methodology for assessing compliance with minimal social safeguards in line with the recommendations of the Platform on Sustainable Finance.

The results of the analysis included in the chapter: [Classification of activities according to EU Taxonomy](#).

Equal opportunities and mutual respect

At the Apator Group, we apply the principles of equal treatment of all employees with regard to:

- establishing and terminating employment relationships,
- terms and conditions of employment,
- promotion,
- access to training to improve professional qualifications.

Equal treatment means not discriminating directly or indirectly in any way, irrespective of sex, age, disability, race, religion, nationality, political views, trade union membership, ethnicity, religion, sexual orientation, or of whether the employment is for a finite or indefinite time, full-time or part-time.

Diversity in the workplace

Due to the specific nature of their operations on the public tenders market, Apator Group companies periodically increase employment in the manufacturing area with the help of a flexible workforce agency to handle larger order volumes. Among the temporary workers hired for this purpose are both Polish nationals and foreigners (primarily from Eastern Europe). Regardless of the form of employment, work in similar positions is remunerated according to the same rules. Depending on the extent of other benefits offered by the employer during the year, all employees receive Christmas gifts and participate in team-building events. The company ensures the adaptation of foreigners and a good working atmosphere for the entire team.

The Apator Group has not developed a standalone Employee Diversity Policy. The basis for action in this area is the provisions of the Apator Group Code of Ethics, Personnel Strategy, CSR Strategy and the Work Regulations of individual companies. All Apator Group employees are subject to uniform rules concerning development opportunities and the remuneration and bonus system, which is closely linked to employee tasks, commitment and results.

- As of 2023, the share of women at the Apator Group was 46% of total employees compared to 47% in 2022.
- The proportion of the Apator Group's foreign employees increased from 3.0% of total employees in 2022 to 3.5% of total employees in 2023.
- People with disabilities accounted for 3.0% of total employees at the Apator Group (compared to 2.8% in 2022).

For more information on our efforts to ensure that employee human rights are respected, including gender pay equity indicators, see the chapter: [Employee relations](#).

Diversity in supervisory bodies

In accordance with the "2021 Best Practice for GPW Listed Companies", Apator SA has developed a diversity policy for the company's governing bodies and key management positions; however, it does not include measurable targets and deadlines for achieving appropriate parity.

The composition of the Supervisory Board results from decisions taken by the General Shareholders Meeting, whereas that of the Management Board is determined by the Supervisory Board of the respective company. The Apator Group recognises the growing importance of creating a diverse working environment. Accordingly, in appointing company bodies and managers, the competent authorities seek to ensure comprehensiveness and diversity, particularly in terms of education, age, work experience and gender. Nonetheless, due to the specific character of the industry and the technical nature of the business, the decisive aspect here is, first and foremost, the relevant competencies and professional background required for a particular position.

Indicators related to prevention of corruption and bribery and respect for human rights

Anti-corruption and anti-bribery	2023	2022
Number of reports on corruption and bribery	0	0
Apator Group companies assessed in terms of corruption risk*.	10	10
Percentage of companies belonging to the Apator Group of Companies evaluated in terms of corruption risk	100%	100%
Value of donations to political parties and institutions of a similar nature	0	0
Respecting human rights	2023	2022
Reported cases of discrimination/mobbing/intimidation etc.	0	0
Group entities assessed for risk of human rights violations	10	10
Percentage of Group entities assessed for risk of human rights violations	100%	100%

*The summary does not include Apator Mining (non-core business).

**The above summary includes reports that were found to have merit.

3.4.3. Data security and protection policy

In the Apator Group, a number of internal regulations have been introduced that define safety policies related to:

- information security,
- ICT security,
- personal data protection,
- optimisation of the area of cybersecurity in Apator Group companies.

Information security

The Apator Group's Information Security Management System is part of the Integrated Management System and covers the establishment, implementation, operation, monitoring, maintenance and improvement of information security. The vast majority of Group companies operate in accordance with the requirements of the PN-ISO/IEC 27001 standard (preparation for the implementation of the standard in Apator Powogaz is in progress).

The main guidelines of the system are contained in the Information Security Process Procedure. The Procedure details the principles of information management and the process in question, in particular:

- Characteristics of the information processing area
- Information classification
- Information asset management and inventory principles
- Handling of security incidents
- Risk management methods
- Actions to ensure continuous operation of the information security system
- Information security areas
- Process monitoring and improvement methods

The principles and safeguards adopted are based on the results and conclusions of the processes of estimating and handling risks, as well as analysing legal requirements and contractual requirements in relation to information security. The system is subject to periodic certification audits.

Personal Data Protection

Considering the nature, scope, context and purposes of data processing and the risk of infringement of rights or freedoms of natural persons, characterised by varying probability and threat severity, as well as to ensure the processing of personal data in accordance with the applicable law, Apator SA (ADO) has established the Personal Data Protection Policy, which is addressed to everyone employed at Apator SA or authorised to process data on its behalf.

The policy specifies in particular:

- authorisations and information obligations,
- personal data outsourcing and sharing principles,
- handling data protection incidents,
- methods of securing personal data,
- employee training,
- data subject rights and their exercise,
- action by the Data Protection Officer.

ICT security

Apator Group companies have implemented system-wide instructions regarding ICT security. They set out detailed procedures and modus operandi to ensure due diligence in the processing of personal data of natural persons in accordance with applicable law and to strengthen the area of digital security.

In particular, they specify:

- ICT infrastructure management rules,
- access control, including physical and environmental security, permission management process, cryptographic security policy, password policy, clean desk and clear screen policy,
- software management, including software security, change management, system monitoring and supervision, principles of information systems audits,
- personnel security, including staff responsibilities and qualifications, staff training,
- ICT environment continuity, including backup rules (business continuity plan defined in an additional detailed instruction),
- IT security exception management,
- risk assessment and mitigation,
- ICT security incident management (additional detailed instruction),
- third-party access security (additional detailed instruction).

The pace of technology development, the exponential growth of generated and processed data (which poses a serious challenge to systems, especially backup systems) and the need to provide direct IT support across numerous Apator Group facilities raises many new challenges related to cybersecurity. The Apator Group has introduced the Group Guideline "Optimisation of cybersecurity at the Apator Group", which aims to determine the scope of actions to be taken by the Group's management boards to verify the level of IT infrastructure security. The Guidelines also introduce a plan for consistent actions to bolster the Group's cybersecurity.

Further, the Guidelines set out a detailed range of activities on:

- penetration testing of IT infrastructure,
- a series of employee training courses,
- continuous monitoring of incoming and outgoing internet traffic,
- carrying out verification of e-mail account compliance with the least functionality principle,
- verifying and modifying the Active Directory structure.

A number of security enhancement measures have been implemented in 2023, including the implementation of additional malware protection systems (antivirus, EDR), remote access security systems, cryptographic systems and a partnership with a third-party provider of continuous monitoring of the main Internet resources and connections (SOC).

Periodic educational activities are carried out in the Group to raise employees' awareness of digital security and to verify the knowledge passed on and acquired in this area. In 2023, a series of four multimedia training sessions on cybersecurity was conducted in Apator SA. The training sessions covered the topics of safe use of the Internet, recognising and responding to phishing messages as well as updates on the latest types of attacks on a wide range of users of the global web. A practical test of the knowledge gained was subjecting a random group of people to a test in the form of a phishing or vishing campaign (a telephone call designed to prompt the user to take specific action). If employees achieve an insufficient level of knowledge, they are subjected to additional verification in the form of tests on the theory of cybersecurity issues.

In Apator Powogaz, a series of training sessions on the GDPR was additionally conducted. Preparations are under way to carry out penetration testing of IT infrastructure in this company.

Information security indicators

Apator SA

Information security indicators*	2023	2022
SLA (solving IT incidents according to assumed SLA limits)	89.4	91.0
Critical IT systems availability indicator**	100.0	95.7

Apator Metrix SA

Critical systems availability indicators	2023	2022
Critical IT systems availability indicator - Internet	100.0	99.9
Critical IT systems availability indicator - local services and network resources*	98.9	99.2

* e.g. ERP, identification, production processes

In 2024, the scope of activities in the Apator Group has been extended in order to strengthen the level of IT infrastructure security measures in place (update of the group guideline). One of the activities was the obligation of direct subsidiaries of Apator SA to extend the scope of monitored and reported indicators of information security – among other things, obligatory quarterly measurements of the availability of key IT systems have been introduced. Information security indicators for the remaining companies will be presented in subsequent reporting periods (starting with the 2024 ESG Report).

3.5. OPERATION OF THE COMPLIANCE SYSTEM

3.5.1. Description of policies and methods of operation

The principles of the compliance system are specified in the Group Guideline "Identification of Legal Requirements and Compliance Management". Activities in this area are aimed at:

- ensuring that business operations carried out by Apator Group companies comply with the applicable law and ethical principles and procedures included in the Apator Group Code of Ethics,
- increasing the legal awareness of employees and preventing criminal acts or taking other illegal actions,
- protecting Apator Group companies against the risk of legal sanctions resulting from illegal actions of employees or companies and against loss of good reputation of the companies,
- supporting employees in identifying legislation affecting their activities and in implementing legal obligations into internal procedures,
- defining the modus operandi for handling breaches, as well as whistleblower protection rules.

A Compliance Team has been established in the Apator Group and tasked with:

- supporting employees and managers in identifying planned or enacted legal acts affecting the activity of Apator Group companies and distributing information to the relevant Apator SA companies or organisational units,
- supporting employees and managers in the implementation of legal requirements into the internal procedures of individual companies or group guidelines,
- supporting auditors in the verification of adaptation (implementation) measures,
- investigating reported cases of abuse.

During regular meetings, the Team analyses new or amended legislation, identifies its impact on the Company and the Group and then distributes this information to the relevant people in the organisation.

Reporting of violations

The Group Guideline "Identification of Legal Requirements and Compliance Management" specifies how to report legal violations. If any violations are identified in the activities of an organisational unit or company, each employee is obliged to report this. Legal violations may also be reported by colleagues, contractors and other company stakeholders. (information is posted on www.apator.com).

Violations can be reported by:

- e-mail to: compliance@apator.com,
- in writing to the Apator SA Plant in Ostaszewo, with the following note: "attn. Member of the Compliance Team",
- using dedicated on-site boxes available at Apator Group companies, labelled "Report of violations – attn. Member of the Compliance Team".

The following methods are used to investigate violations at the company:

- employee interviews (explanatory meetings),
- institutional internal control,
- internal audit.

The Compliance Team reviews the reports and, after consultation with the staff of the department/area concerned, depending on their nature, forwards information to the Management Board and Supervisory Board of the relevant company. The information includes: a detailed description of the report/issue and a deadline by which explanations must be provided (position on the veracity of the report, description of the reasons for non-compliance, proposed actions). It is the responsibility of all members of the Compliance Team and those involved in the report reviewing process to maintain the confidentiality of all information obtained. Only the Compliance Team has access to the whistleblower's personal data.

No person may suffer any negative consequences in connection with a report made, whether directly or indirectly. In particular, making a report cannot be the basis for employee termination or changing working or pay conditions to less favourable ones.

At least once per six months at its meeting, the Supervisory Board of Apator SA reviews all notifications from the last six months together with the description of verification actions taken and, if justified, also corrective actions.

The performance of the system and the Compliance Team is reviewed annually by the Supervisory Board of Apator SA under the "Internal Control, Risk Management and Compliance System Effectiveness Evaluation".

3.5.2. Activities and results

The following activities were carried out as part of the compliance system in 2023:

Monitoring and communicating legal changes, including:

- rights and duties of the Supervisory Boards,
- corporate and holding company law,
- Public Procurement Law,
- key environmental legislation,
- Polish Deal and tax regulations,
- Labour Code,
- health and safety regulations,
- "covid" regulations.

Internal documents and regulations, including:

- proposed amendments to guidelines, procedures and instructions,
- updates to company articles of association, bylaws and deeds,
- updates to the lists of powers of attorney and commercial representation.

Legal services, including:

- reviewing and drafting of contracts,
- preparing legal analyses,
- participating in negotiation processes,
- legal services for shareholders' meetings and Supervisory Board meetings,
- interpreting legislation and providing legal advice,
- representation in court proceedings.

Internal training

- amendments to the law, including:
 - Public Procurement Law,
 - securing the performance of contracts,
 - labour law,
- internal regulations, conclusion of contracts.

Internal audits

- audit of the work of the internal auditor and the Apator Group Chief Financial Officer (audit reports were presented at the Audit Committee meeting in 2023).
- partial audits in selected areas, inter alia, concerning the manner and scope of legal services in selected Apator Group companies, manners of giving opinions and verification of contracts in terms of legal risks, regulation of legal issues related to copyrights.

The activities planned in 2024 include, but are not limited to, increasing competencies related to the growing regulatory requirements in the EU affecting the activity of the Apator Group or its customers, the extension of the Compliance Team to include representatives of companies from the group of companies in order to improve information flow, and the continuation of the training process for employees in order to increase their legal awareness.

3.6. RISK MANAGEMENT AT THE APATOR GROUP

3.6.1. Description of policies and methods of operation

Risk management at the Apator Group aims to ensure that all relevant risks are identified, analysed and controlled on an ongoing basis. Risk management is implemented based on the three defence lines model and the uniform principles and methodology stemming from the international standard ISO 31001. At the individual Group companies, risk management is an integral part of their management systems and continues to be supervised by the parent company.

The risk management policy adopted at the Group includes risk controls broken down into:

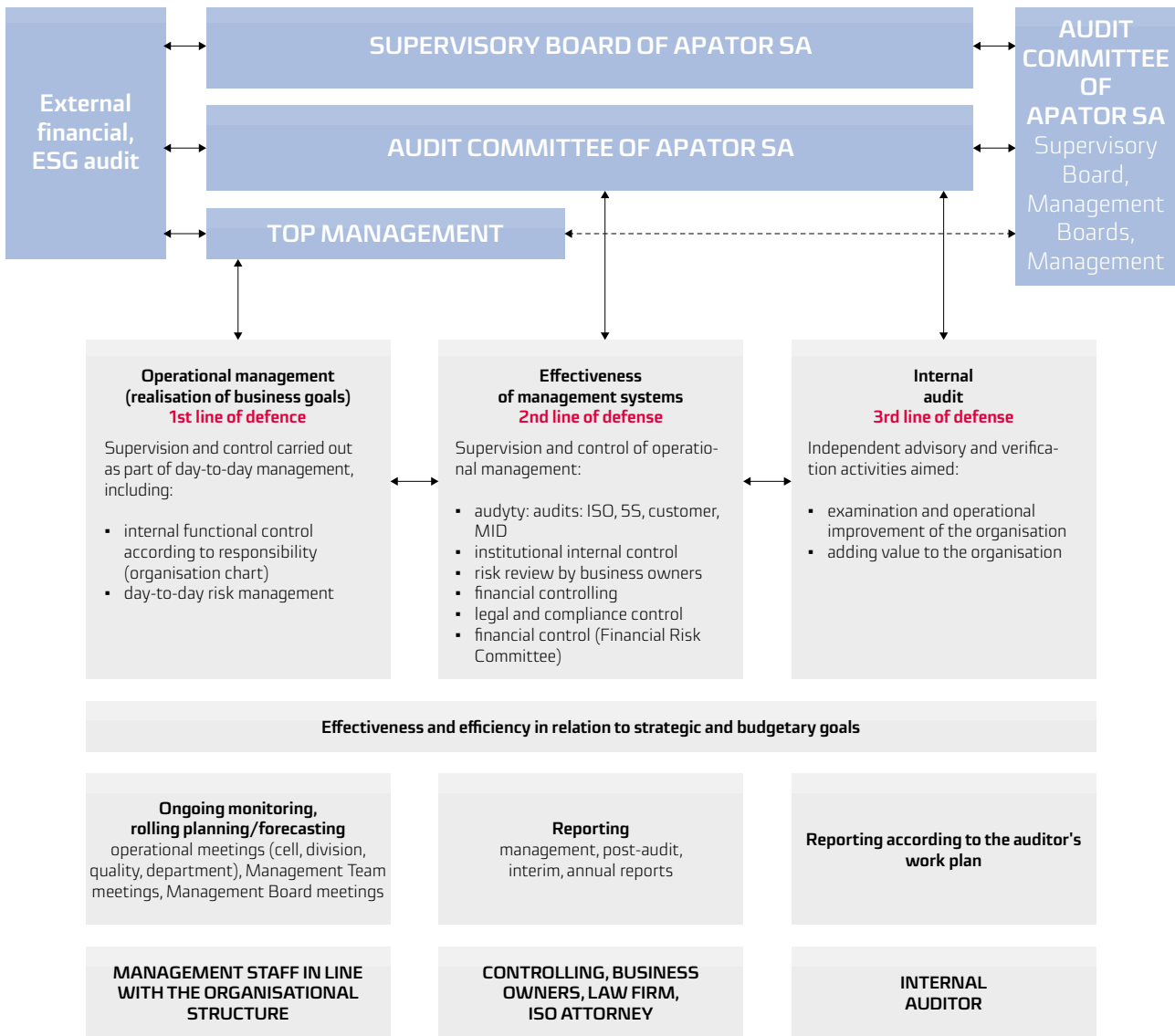
- financial management risk,
- strategic risk related to the development and value creation of the Apator Group,
- operational risk, including day-to-day performance, legal compliance, occupational health and safety, information security and environmental protection.

The principles of risk management are defined in the Group Guideline "Risk Management Process at the Apator Group". The Guideline introduces uniform principles for the division of roles and responsibilities in terms of functional internal control, risk management and compliance and a common set of techniques and tools across the Group.

Risk control structure:

- 1st line of defence — represents the supervision and control exercised as part of managerial and management functions (operational management),
- 2nd line of defence — consists in verifying the correctness of operations and compliance with internal and external regulations by dedicated units,
- 3rd line of defence — independent verification and advisory activity carried out by the internal auditor, aimed at improving the operational performance of the organisation and adding value to it.

The diagram below shows the approach to assessing the effectiveness of the internal control, risk management and compliance system at the Apator Group:



THREE LINES OF DEFENSE

A cyclical risk review takes place once a year in accordance with the corporate guideline "Risk Management Process at the Apator Group". Risk sheets and risk maps are prepared (responsibility of business owners). Once the year has ended, the risk report of the Apator Group is drawn up and, after the approval of the Management Board of Apator SA, it is presented to the Audit Committee of the Supervisory Board of Apator SA. Based on it, the Committee performs the evaluation of effectiveness of the internal control, risk management and compliance system and internal audit.

Internal audit

The internal audit at the Apator Group is based on a Group Guideline that regulates the basic principles of internal audits and the competencies and scope of powers of the Internal Auditor.

Principles of Internal Audit at the Apator Group:

- the Internal Auditor is authorised to carry out the following audits at the Apator Group companies: financial, operational, system, IT, compliance or any other audit ordered by the Audit Committee,
- the Internal Auditor reports directly to the President of the Management Board of Apator SA, the Audit Committee and the

Apator SA Supervisory Board, as well as the President of the Management Board and the Supervisory Board of the audited Company,

- based on recommendations of the Audit Committee, the Apator SA Supervisory Board may appoint or dismiss the person in charge of the Internal Audit function and change their remuneration,
- the Audit Committee monitors audit independence,
- the Internal Auditor prepares an internal audit report that presents, in a clear, fair and concise manner, the findings and conclusions of the internal audit and makes recommendations,
- the Auditor submits the entire audit report along with recommendations to the Apator SA Supervisory Board and the part of the report concerning the given company to the Supervisory Board and the President of the Management Board of the company in question,
- Once the recommendations have been implemented, those responsible send a brief communication to the Internal Auditor on their completion,
- by 31 March each year, the Internal Auditor prepares and submits to the President of the Management Board of Apator SA and the Apator SA Supervisory Board a summary report on the audit for the previous year together with the information on the actions taken at the companies,
- at least once a year, the Internal Auditor and the Management Board present their own assessment of the effectiveness of the internal control, risk management and compliance systems to the Supervisory Board.

3.6.2. Activities and results

Activities carried out in 2023:

- risks were reviewed in line with the Group Guideline,
- the internal auditor conducted three internal audits. Moreover, the auditor supported the Executive Board of Apator SA in investment projects and prepared ad hoc analyses,
- As part of the audits carried out in accordance with the 2023 plan adopted by the Supervisory Board, the following issues were analysed:
 - course and perspectives of the investment "Relocation of Apator Powogaz SA",
 - implementation of the MES system in Apator SA.

Conclusions and recommendations of the auditor became the basis for recommendations of the Supervisory Board to be implemented by the Management Board.

3.7. ESG risks

Risk and hazard factors related to business activities are described in detail in the [Report of the Management Board on the activity of Apator SA in 2023](#). The summary presented in this report includes ESG risks, i.e. those related to the area of corporate governance, environment and climate, as well as to the social impact of Apator Group.

3.7.1. Corporate governance/ethics risks

Anti-corruption and anti-bribery risks

1. Risk of (employee) abuse

Preventive measures:

- disseminating ethical attitudes and ethical conduct models contained in the Code of Ethics and other documents across the Group and at individual companies,
- provision of training for employees in the area of ethics, organisational culture, and principles of corporate governance;
- unambiguous definition and promotion of knowledge about applicable procedures in the event of abuse among employees;
- internal control system and systematic monitoring to identify potential abuse,
- internal and external audits of Group regulations and processes.

2. Risk of unethical conduct in relations with suppliers, business partners and business partners

Preventive measures:

- compliance with the law,

- promoting principles (ethics, integrity, partnership) for building relationships with partners based on mutual trust and mutual benefit in all aspects of company operations,
- clearly defined criteria for assessing and selecting business partners,
- establishing cooperation with suppliers who offer performance guarantees,
- obliging suppliers to read and comply with the Apator Group Code of Ethics,
- current and periodic evaluation of suppliers/audits of suppliers;
- training for employees in terms of purchases and cooperation with suppliers;

3. Risk of a conflict of interest

Preventive measures:

- promotion (among employees and managers/supervisors) of knowledge/awareness of potentially conflicting situations and training in this respect;
- strict compliance with the law, the provisions of the "2021 Best Practice for GPW Listed Companies" and internal regulations (Supervisory Board Regulations, Management Board Regulations),
- relevant provisions in employment contracts/cooperation contracts.

4. Risk of (financial) data manipulation

Preventive measures:

- implementation of the highest standards of corporate governance in order to carry out a transparent and effective information policy;
- external auditing of financial statements;
- consciously shaping investor relations and providing the environment with reliable information on the Group's activities carried out through such means as:
 - running an investor relations website,
 - publishing current and periodic reports;
 - holding conferences for media, investors, and analysts;
 - regular meetings with investors and analysts;
 - press officer activity,
 - working with an investor relations agency,
 - Audit Committee activities supporting the Apator SA Supervisory Board in matters concerning separate and consolidated financial reporting, internal control, risk management and working with statutory auditors.

5. Risk of non-compliance with the law

Preventive measures:

- actions of the Compliance Team,
- actions of the Internal Auditor,
- internal audits of procedures for legal compliance and process compliance,
- contract review and approval process,
- database of model contracts and mandatory clauses,
- general conditions of sales and purchase contracts,
- financial audits,
- compliance training,
- contractor verification procedures.

Human rights risks

1. Risk of discriminatory practices within the organisation

Preventive measures:

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

2. Risk of abuse within the organisation and in relations with partners

Preventive measures:

- disseminating ethical attitudes and ethical conduct models contained in the Code of Ethics and other documents across the Group and at individual companies,
- employee training in ethics, company values, organisational culture and applicable law,
- internal control system and systematic monitoring of human rights compliance within the organisation and in relations with partners,
- internal and external audits on compliance with Group regulations and processes.

3.7.2. Labour risks

1. Risk of staff availability (finding employees with the right qualifications and loss of key employees)

Preventive measures:

- strengthening and developing the HR function, implementing the HR programme for further business lines,
- early human resources planning (annual and multi-annual staffing plans),
- employer branding activities in the area of external recruitment (job fairs, working with universities, internship programmes, apprenticeships) and internal recruitment,
- implemented onboarding process, proper employee onboarding and training; clearly defining the scope of responsibility of the new hires,
- building and developing staff competencies and developing team management skills among managers and executives,
- building effective motivation systems (Management by Objectives); recognising achievements and initiatives (Periodic Competence Assessment System), non-financial benefits
- a total remuneration policy based on the market median,
- informed and clear communication with employees.

2. Risk of non-compliance with the GDPR

Preventive measures:

- adapting internal regulations and corporate documentation to the GDPR requirements,
- adapting data sharing and outsourcing rules accordingly,
- awareness-raising for employees, e.g. through training, internal publications,
- adapting data privacy notices and personal data processing and storage consent forms to the GDPR requirements,
- adapting contractual provisions with contractors to the GDPR requirements,
- validating technical and ICT security features,
- actions taken by the Data Protection Officer,
- internal GDPR compliance audits.

3. Risk of no identification with organisational culture

Preventive measures:

- remuneration system based on transparent criteria that favours the development of employees;
- Corporate Collective Labour Agreements,
- trade union activities,
- enabling employees to receive feedback on performance through the Periodic Competence Assessment System,
- promoting company values and actions in line with the Code of Ethics and the organisational culture,
- consistently counteracting and combating negative conduct (discrimination, bullying, mobbing, harassment),
- social measures to foster employee integration and identification with the Group culture.

4. Risk of unsafe working conditions

Preventive action — appropriate procedures for managing occupational risks:

- internal health and safety audits and assessments of individual workstations,
- providing workstations with technical equipment and work organisation compliant with the legal regulations, including the Labour Code;
- organisation of workstations in accordance with principles of ergonomics;
- application of protection measures and technical means of work that satisfy specific requirements;
- employing staff with qualifications and health and physical conditions appropriate to the requirements of the job,
- initial, periodic and follow-up medical examinations,
- initial and periodic health and safety training, job instructions, educational activities,
- actions taken by the Social Labour Inspectors and the OHS Committee that focus on, in particular, periodic inspection of working conditions, evaluation of health and safety, formulation of proposals for the improvement of working conditions;
- systematic monitoring of working area risks; internal audits,
- procedures in the event of an emergency, accident, failure or crisis (e.g. an epidemic),
- procedures for handling increased morbidity caused by viral infections,
- preventive and awareness-raising education campaigns on hygiene and health rules.

3.7.3. Social risks

Social risks

1. Risk in relations with customers

Preventive measures:

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

2. Risks in local community relations

Preventive measures:

- working and maintaining dialogue with NGOs and social partners,
- agreements on cooperation with social partners, confirmed by reports on the services rendered,
- keeping abreast of ongoing projects.

3. Risk of reputation

Preventive measures:

- maintaining an information policy in line with the "2021 Best Practice for GPW Listed Companies" and internal regulations; ensuring easy and non-discriminatory access to disclosed information for anyone, via various communication tools,
- provision of training for employees in the area of ethics, organisational culture, and applicable law;
- cyclical meetings of the Management Boards of the various Group companies with employees and effective internal communication,
- open, transparent communication; effective marketing and PR activities.

3.7.4. Environmental risks

1. Risk of non-compliance with applicable legislation, resulting in fines/increased environmental charges

Preventive measures:

- systematic monitoring of existing legislation (amendments to existing legislation, new regulations) and deadlines,
- monitoring the core business activity of Apator Group companies for compliance with applicable regulations,
- adapting the Group's internal rules and regulations to changing legislation,
- reporting to the competent authorities and institutions responsible for environmental management,
- adequate financial mechanisms to secure funding for the timely payment of any fees or damages,
- employee environmental protection training.

2. Risk of creating/increasing environmental impacts in terms of: 1. volume of raw material consumption, including non-renewable raw resources, 2. volume of emissions of pollutants (agents harmful to the environment) resulting in the deterioration of the environment (air, water, soil etc.)

Preventive measures:

- continuous environmental impact monitoring as part of the Environmental Management System,
- analysing the environmental aspects at each stage of the value chain to identify activities that may affect the environment,
- taking environmental considerations into account at the manufacturing process planning and optimisation stages,
- implementation of solutions/technologies that limit the environmental impact of the business;
- implementation of solutions and technologies to manage and optimise the use of electricity, water, heat, gas,
- audits of the environmental management system;
- inspections of the environmental management system on a yearly basis.

3.8. Climate-related risks and opportunities

As part of the work on updating the ESG strategy of Apator Group and preparation to meet the requirements of the CSRD (Corporate Sustainability Reporting Directive) and the ESRS (European Sustainability Reporting Standard), identification and assessment of climate risks related to the current and future activity of Apator Group were made.

In line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), key climate-related business drivers have been taken into account, i.e.:

- the impact of the business on climate change,
- the impact of climate change on the company.

Methodology of work:

1. Analysis of regulatory requirements and TCFD recommendations,
2. Assessment of reporting on climate issues in the Apator Group (consulting company),
3. Development of preliminary statement of climate risks and opportunities - internal expert team,
4. Consultation in Apator Group - verification and completion of the statement by persons managing the issues related to environment in Apator Group companies (ENVIRONMENTAL TEAM),
5. The development of a statement of climate risks and opportunities for Apator Group with the determination of the type of risks/opportunities, factors and effects and the perspective of the impact on the business (short, medium or long term),
6. Expert assessment of risks and opportunities in terms of probability and strength of impact (consequences) by the ENVIRONMENTAL TEAM and TOP MANAGEMENT,
7. Drawing up a matrix of climate risks,
8. Integration of climate risks into the risk management process in the Apator Group (2024),
9. Strategic response of the Apator Group to risks and opportunities related to climate - under the updated ESG Strategy of the Apator Group (2024).

As a result of the analysis, a total of nine opportunities and 15 climate-related risks were identified for the Apator Group. The analysis included risks associated with climate change, i.e.:

- physical risks - associated with extreme weather events or gradual, cumulative changes over the medium to long term (e.g. increases in average temperature, changes in precipitation patterns or rising sea levels).
- transition risks - relating to, among other things, policy and regulatory reforms related to emissions reductions, technological advances and changes in stakeholder expectations of climate action.

The result of assessing risks in terms of likelihood and strength of impact is the climate risk matrix.

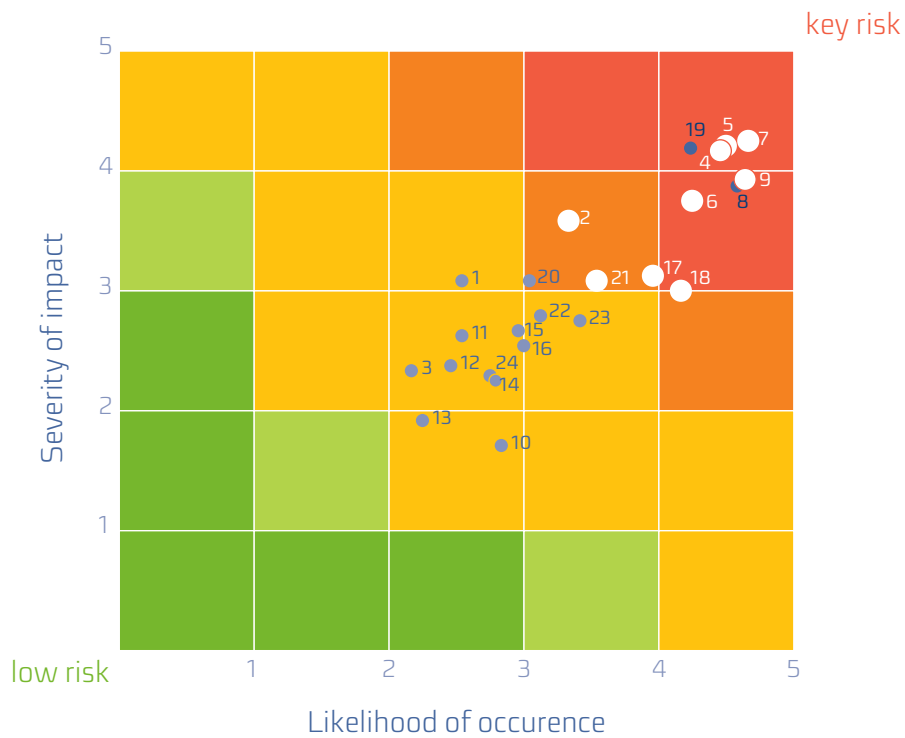
Statement of climatic risks for the Apator Group

No.	Risk category	Risk subcategory	Nature of risk	Risk name
1	Physical risk (long-term)	Changes in climate patterns	risk	Increase in average temperature, extreme weather events, desertification of Europe (droughts), commodity market turbulence
2	Physical risk (long-term)	Changes in climate patterns	opportunity	Increase in average temperature, extreme weather events, desertification of Europe (droughts), commodity market turbulence
3	Physical risk (acute)	Sudden weather events	risk	Unexpected severe weather phenomenon (cyclone, hurricane, flooding, etc.) affecting the factories of the Apator Group or its key suppliers
4	Risk of transition	Political	opportunity	EU climate policy with regard to energy transition and climate neutrality of the EU economy (Green Deal, Fit for 55 et al.) and Blue Deal (sustainable water management)
5	Risk of transition	Political	opportunity	Energy Policy of Poland until 2040
6	Risk of transition	Political	opportunity	Rebuilding relations with the EU/unlocking recovery plan (KPO) for energy transition
7	Risk of transition	Legal/market	opportunity	Energy law - rollout of smart meters as a basis for smart grids
8	Risk of transition	Legal/market	risk	Energy law - rollout of smart meters as a basis for smart grids
9	Risk of transition	Legal/market	opportunity	Energy Efficiency Act - rollout of water and heat meters
10	Risk of transition	Legal	risk	Meeting the requirements of the Electromobility Act
11	Risk of transition	Legal	risk	Meeting increasing ESG reporting requirements
12	Risk of transition	Legal/market	risk	Meeting current and new environmental regulations

No.	Risk category	Risk subcategory	Nature of risk	Risk name
13	Risk of transition	Legal	risk	Risks associated with monitoring and managing direct and indirect emissions of greenhouse gases and other air pollutants
14	Risk of transition	Legal	risk	Increased costs of conducting business due to rising environmental charges (product fees, waste management, batteries, etc.).
15	Risk of transition	Technological	risk	Energy- and material-intensive manufacturing technologies, ageing infrastructure, insufficient rate of replacement of infrastructure with environmentally efficient ones
16	Risk of transition	Technological	risk	High costs of adapting infrastructure to environmental and climate requirements, including zero-carbon
17	Risk of transition	Technological	opportunity	Opportunity to apply in-house solutions to improve the energy efficiency of operations
18	Risk of transition	Technological	opportunity	Own RES sources
19	Risk of transition	Market/legal	risk	Limitation of gas meter market capacity in relation to EU energy policy
20	Risk of transition	Market	risk	Increasing and radical customer expectations regarding ESG issues (e.g. reduction of the carbon footprint of products, increase in the share of recycled raw materials in a closed loop, "lean" products)
21	Risk of transition	Market	opportunity	Increasing and radical customer expectations regarding ESG issues (e.g. product origin, certified suppliers, carbon footprint - shorter supply chain)
22	Risk of transition	Market	risk	Failure to translate the increasing importance of environmental aspects into customers' purchasing decisions (tender scoring)
23	Risk of transition	Market	risk	Higher cost of capital resulting from failure to meet "green" funding criteria
24	Risk of transition	Reputational	risk	Insufficient pace of implementation of energy, raw material and RES efficiency solutions in own operations (consistency of organisations)

*Risks - red and opportunities - green, which were assessed as key risks, are highlighted in colour.

Climate risk matrix for the Apator Group



Key risks for the Apator Group related to climate

Risk category	Risk subcategory	Risk name	Risk factors	Preventive actions
Risk of transition	Legal/market	Energy law - rollout of smart meters as a basis for smart grids	Increased competition, margin pressure	Optimisation of operational processes, search for competitive sources of supply, implementation of new optimised product designs
Risk of transition	Market/legal	Limitation of gas meter market capacity in relation to EU energy policy	Changing strategic priorities for the EU gas market	Implementation of new optimised gas meters to ensure competitiveness and reach new markets, diversification of the Gas segment offering
Risk of transition	Market	Increasing and radical customer expectations regarding ESG issues (e.g. reduction of the carbon footprint of products, increase in the share of recycled raw materials in a closed loop, "lean" products)	Market pressure on suppliers to meet ESG criteria	Improvement of the process of managing and reporting ESG issues to stakeholders, monitoring and aligning the organisation with regulatory requirements (CSRD, ESRS, EU Taxonomy et al.), ESG initiatives

Key opportunities for the Apator Group related to climate

Risk category	Risk subcategory	Risk name	Risk factors	Preventive actions
Physical risk (long-term)	Changes in climate patterns	Increase in average temperature, extreme weather events, desertification of Europe (droughts), commodity market turbulence	Increased competition, margin pressure	Optimisation of operational processes, search for competitive sources of supply, implementation of new optimised product designs
Risk of transition	Political	EU climate policy with regard to energy transition and climate neutrality of the EU economy (Green Deal, Fit for 55 et al.) and Blue Deal (sustainable water management)	Regulations favouring the implementation of efficiency solutions (energy utilities, water, RES)	Development of a range of solutions (equipment, systems) to support energy transition and sustainable water management, construction and optimisation of production capacity utilisation
Risk of transition	Political	Energy Policy of Poland until 2040	Regulations favouring the implementation of efficiency solutions (energy utilities, water, RES)	Development of energy efficiency offerings, utility management and dedicated solutions for RES
Risk of transition	Political	Rebuilding relations with the EU/unlocking recovery plan (KPO) for energy transition	Increased resources on the market to finance investments related to transformation, energy efficiency, RES	Reaching out to potential beneficiaries of support measures
Risk of transition	Legal/market	Energy law - rollout of smart meters as a basis for smart grids	Regulations introducing a schedule for rollout implementation in PL	Active participation in announced tenders, technical dialogues and close cooperation with customers
Risk of transition	Legal/market	Energy Efficiency Act - rollout of water and heat meters	Legislation to make installation of remote reading devices mandatory by the end of 2026	Active participation in announced tenders, support activities to reach a dispersed group of customers (cooperatives, housing communities), training, technical dialogues and close cooperation with customers
Risk of transition	Technological	Opportunity to apply in-house solutions to improve the energy efficiency of operations	Own solutions and know-how	Activities to support operational efficiency, creation of innovations and customer solutions, acquisition of new attractive market niches

Risk category	Risk subcategory	Risk name	Risk factors	Preventive actions
Risk of transition	Technological	Own RES sources	Own source of renewable energy - PV plant (approx. 12% of annual demand of Ostaszewo plant)	Decarbonisation through RES use in own operations - reduction of carbon footprint, possibility to test own RES solutions
Risk of transition	Market	Increasing and radical customer expectations regarding ESG issues (e.g. product origin, certified suppliers, carbon footprint - shorter supply chain)	Better standing in tenders from European suppliers (certification, shorter supply chains)	Improvement of the process of managing and reporting ESG issues to stakeholders, monitoring and aligning the organisation with regulatory requirements (CSRD, ESRS, EU Taxonomy et al.), ESG initiatives



4. SOCIAL

4.1. EMPLOYEE RELATIONS

Apator Group companies operate in the technology and industrial sector, coordinating the full value chain: from the design process and preparation for the implementation of new solutions on the market, to their manufacture in their own companies and industrial plants and then distribution of products and services on the market.

Implementing new technologies and building an advantage in a highly competitive market requires investing in human, intellectual and relationship resources, which are the sum of the Group's accumulated expertise, experience and specialised team competencies, developed and proven operating procedures, intellectual property (patents, trademarks, etc.), manufacturing technologies and long-lasting relationships with customers, suppliers and technology partners.

At the Apator Group, company operations are based on creating a friendly, development-oriented workplace and shaping the organisation's culture around the company values of responsibility, development, collaboration and agility. The priorities in the employee relations area concern:

- improving human resources management processes,
- implementing tools to support employee development,
- building team commitment, loyalty and motivation.

Ensuring employee safety is a key element in creating a good workplace. Apator Group companies have developed the necessary procedures and are taking subsequent measures to eliminate accident hazards and minimise the harmful workplace factors affecting employees.

4.1.1. Employment structure at the Apator Group

At the end of 2023, the Apator Group employed 2,289 employees, 46% of whom were women and 54% men.

Employment indicators, including employment form

Employment in Apator Group*	2023	2022	YOY dynamics [%]
Annual Work Units [AWU**], including:	2,284.3	2,274.2	100%
covered by collective labour agreements	1,450.9	1,417.1	102%
Employment at the end of the year [persons], including:	2,289	2,408	95%
women	1,057	1,132	93%
men	1,232	1,276	97%
Employment at the end of the year [persons], including:			
1. Full-time employees [persons]	2,257	2,370	95%
women	1,038	1,111	93%
men	1,219	1,259	97%
2. Part-time employees [persons]	32	38	84%
women	19	21	90%
men	13	17	76%
Employment at the end of the year [FTEs], including:	2,284.3	2,397.0	95%
women	1,055.2	1,126.2	94%
men	1,229.1	1,270.8	97%
Employment at the end of the year [FTEs], including:			
1. Contracts for an indefinite period	1,868.3	1,893.3	99%
women	812.2	816.5	99%
men	1,056.1	1,076.8	98%
2. Fixed term contracts	407.0	468.8	87%
women	242.0	290.8	83%
men	165.0	178.0	93%
3. Contracts for a trial period	9.0	35.0	26%
women	1.0	19.0	5%
men	8.0	16.0	50%
Employment at branches other than the companies' headquarters [FTEs]	185.3	212.6	87%

* Excluding employees on maternity leave and leave under maternity leave conditions, as well as on paternity, childcare or parental leave, and vocational education leave.

** AWU — Annual Work Units, i.e. the number of full-time equivalent (FTE) employees working at or on behalf of a given enterprise during the entire reference year.

Employment indicators including diversity indicators: gender breakdown, employment of people with disabilities, employment of foreigners

Disabled people's employment	2023	2022	YOY dynamics [%]
Persons with disabilities employed			
year-end status [persons]	69.0	67.0	103%
annual average [persons]	62.8	66.8	94%

Employment of foreigners	2023	2022	YOY dynamics [%]
Nationals of the company's country of residence employed			
year-end status [persons]	2,206.0	2,337.0	94%
annual average [persons]	2,186.8	2,222.3	98%
Number of foreigners employed			
year-end status [persons]	81.0	71.0	114%
annual average [persons]	66.4	52.3	127%

Changes in employment during the year, turnover rate

Changes in Apator Group employment	2023	2022	YOY dynamics [%]
New persons employed during the year [persons], including:			
manufacturing workers	216	375	58%
non-manufacturing workers	98	296	33%
Employees dismissed during the year [persons], including:			
manufacturing workers	322	262	123%
non-manufacturing workers	100	163	61%
voluntary quitting	195	297	66%
involuntary quitting, including:	227	128	177%
retirement/pensions	89	45	198%
Turnover ratio [%]*	18.4	17.6	104%

* The ratio has been given by: (Number of dismissals during the year [persons]/Employment as at the end of the year [persons])*100

4.1.2. Description of policies and methods of operation

Labour rules within the Group's individual companies are governed by generally applicable laws (including the Labour Code) and internal procedures, instructions and regulations, including Work Regulations and Corporate Collective Labour Agreements. The Personnel Policy of the Apator Group plays a key role in determining the approach to managing employee issues at the Group level. The rules of conduct in compliance with external and internal regulations are defined by the Code of Ethics of the Apator Group, while a complementary role in defining the standards of policy towards employees is fulfilled, among others, by the Corporate Social Responsibility (CSR) Strategy, covering the horizon 2019-23.

The basic rights and obligations of the employer and the employee are specified by the provisions of the work regulations in force in all domestic companies of the Apator Group. They contain the regulations required by law concerning: the organisation of work, the conditions of being on the premises of the workplace during and after work, employees' equipment (including, e.g. personal protective equipment, work clothing and footwear), the working time system and schedule, as well as the reference periods, nighttime, pay frequency and amount, work permitted and prohibited for women; the list of jobs permitted for young workers, obligations concerning health and safety at work, methods of confirming attendance and justifying absences from work.

The work regulations in the companies of the Apator Group also include:

- the rules of equal treatment of employees,
- the rules of the internal anti-bullying policy.

Any employee has the right to report violations of the work regulations to the persons in charge (General Director, heads of divisions, heads of organisational units) or to the employee's immediate superior. Notices shall be processed promptly, no later than 14 days from the date of submission.

The objectives of the HR business strategy.

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

2019–2023 CSR strategy commitments

In terms of LEARNING AND DEVELOPMENT, the Apator Group has made the following commitments:

- Closer to the employee - we invest in people, development of their competences and work environment through:
 - improving relations with employees,
 - ensuring health and safety at work.
- We improve the organisational culture and communication and take care of the good image of the Apator brand by:
 - Implementing new IT tools supporting the digitalisation of business processes, cooperation within companies and the Apator Group as well as information security,
 - improving communication.

Development of competences in the Apator Group

The competency model implemented in the Apator Group companies is a coherent system describing a set of all competences required in the organisation at various positions together with the expected level of their fulfilment, allowing employees to perform tasks effectively. It relates to knowledge, skills and personality traits. The competency model forms the basis of HR processes.

The competency model forms the basis of HR processes:

- recruitment and selection of job applicants,
- creating an employee evaluation system,
- training needs analysis,
- evaluation of the effects of conducted training,
- shaping career paths,
- deciding on personnel changes in companies.

Each position has been assigned a competency profile, i.e. sets of competencies with specific levels of fulfilment required for specific positions, thanks to which employees know exactly what is expected of them. The competency matrix also includes indicators and measures to assess the level and progress in acquiring a given competency. The competence levels are the basis for the annual employee appraisals.

The key competences of employees in the Apator Group are based on four corporate values. These, in turn, were transferred to a set of managerial and functional competences.

Key competences based on values of the Apator Group

1 RESPONSIBILITY

Awareness of business objectives and commitment to their implementation, a focus on achieving and increasing the company's results, respect for the capital entrusted, care for the tools and workplace, honesty and respect in relations with others, keeping the word given to customers and associates, reliability and commitment in the implementation of tasks and duties, attention to the quality and timeliness of the tasks performed, delivery of products in the quantity, quality and time required by customers, compliance with the rules and procedures.

AGILITY 2

Openness to changes, the ability to intelligently and efficiently adapt our activities to the needs of the customer, market and organisation, active implementation and communication of changes, predicting the consequences and assessment of undertaken or planned actions, flexibility of action taking into account financial and efficiency goals and the conditions of the organisation's functioning, the ability to argue and build acceptance for change.

3 DEVELOPMENT

Willingness to undertake challenges, proactively seeking new markets, solutions, products or improvements, following market and technological trends, constantly looking for unique solutions that build the organisation's competitive advantage and grow the business, implementing breakthrough innovations, attention to efficiency and cost-effectiveness of operations, effective management of resources, proactive approach, creativity and courage, thinking outside the box, translating concepts into specific solutions and action plans, updating and developing knowledge and competences, willingness to learn, curiosity and a broad view of business and interpersonal relationships.

COOPERATION 4

Openness to the needs of the external and internal customers, building relationships based on trust and respect, supporting others, partnership approach to relationships with others, openness to other points of view, ability to work in a team and collaborate to achieve the organisation's goals, willingness to compromise, ability to communicate and be open to feedback, breaking down barriers and "silos", sharing knowledge, personal culture and empathy in relationships with others, building "team spirit".

Remuneration system

In accordance with the Personnel Policy implemented in companies within the Apator Group, the remuneration system for employees at particular positions is based on market benchmarks (pay scales based on market median) and closely connected with tasks, commitment, results achieved by the employee and their seniority. The companies take care of the transparency of this process.

The basis of the remuneration policy is an implemented competence matrix with a map of positions and clearly defined criteria for the evaluation, promotion and remuneration of employees. These tools minimise the risks of possible inequalities. The bonus system, on the other hand, depends on the degree of achievement of the set goals.

Employee training

Creating an inspiring place for professional development and an environment that unlocks an employee's energy requires a structured approach to the organisation of training that includes the planning and applying processes as well as funding rules. Apator Group companies have developed and implemented their own procedures for the organisation of employee training.

The operation of the companies within the Apator Group is based on the support of the development of employees in many fields, among others through:

- the organisation of compulsory training courses necessary for the performance of professional duties (initial and periodic training),
- the organisation of specific training courses linked to the development of the employee's professional competences,
- funding for learning foreign languages,
- training aimed at improving soft skills,
- funding for education and university studies,
- support for the employee's personal development.

Employee training courses are carried out on the basis of annual Training Plans which are closely connected with the directions of development and goals of the Apator Group's business strategy as well as with the demand on particular competencies within individual companies. During the annual assessment talks, the employee's personal development needs and specific requirements in terms of hard and soft skills are established. The scope and budget of training depends on the financial situation of a given company.

Onboarding

One of the tasks of the human resources management process is the correct adaptation of the employee to the workplace. A new employee's first steps in the company, a good introduction to their new responsibilities and familiarisation with the organisational culture not only help to build a positive image of the company, but above all translate into greater involvement and motivation of the new employee in the tasks performed.

Employee adaptation programmes are aimed at new hires, those changing jobs and those returning to work after an extended break of at least six months. Each company within the Group implements them according to its own rules, adapting the activities to the character and needs of the company in question.

Depending on the type of position, employees go through an onboarding process in several stages, the aim of which is to introduce them to the key issues of functioning in the organisation and at a given position. The companies' internal onboarding policies define the duties, responsibilities and rights of the people in the organisation (HR departments, immediate superiors and internal trainers). Each newly hired employee undergoes a multi-stage series of meetings, during which they receive a full range of information about the company, is shown around and introduced to selected departments with which they will have contact, participates in mandatory training courses (in addition to health and safety and position training courses, also in the necessary IT systems and processes), and receives a welcome gift from the company.

Employee fringe benefits

Depending on the specificity of their operation and the needs of their employees, Apator Group companies offer their employees a number of various benefits, including:

- benefits under the Company Social Benefits Fund (e.g. allowances and loans, holiday co-financing, additional holiday benefits, etc.),
- group insurance,
- subsidies for private medical care,
- co-financing for a sports card,
- funding for education,
- co-financing of sports activities,
- access to language learning platform (Apator SA and Apator Powogaz),
- access to library (Apator Rector) and digital library (Apator SA),
- subsidies to commuting (Apator Powogaz),
- subsidies to meals and hot drinks (Apator Powogaz),
- subsidy to parking place in the city centre (Apator Rector),
- 50% tax deductible costs due to use or sale of copyrights (Apator SA),

- company cars for private use (for selected positions).

All employees employed by the companies (i.e. full-time positions for an indefinite period of time, fixed-term contracts, part-time positions or contracts for a trail periods) receive full access to benefits.

4.1.3. Activities and results

Competency development and employee training initiatives.

In 2023, many development initiatives, building both hard and soft skills, were carried out in Apator Group companies, organised by external partners and internal trainers.

Training courses covered a range of issues and areas of focus, including:

1. Cybersecurity,
2. Regulatory changes, adaptation of the organisation to new regulations (e.g. Environmental Law and related laws, Intrastat and customs procedures - training for all logistics and accounting staff, Public procurement law course - specialised practical workshops, Public procurement of IT supplies and services, training on payment congestion, CSEF - changes in invoicing, Transfer pricing 2023),
3. Industry standards and certifications (e.g. training in improving knowledge of standards and ISO systems management),
4. Efficiency in the organisation (e.g. LEAN, 8D Report - an effective problem-solving method, "Waste in the process"),
5. Team management (e.g. "Effective Team" for key executives, Leader Psychology, Team Coaching/ Team Building),
6. Specialised and technical training (e.g. forklift operator training with Technical Supervision Office examination, energy licensing, PARMI AOI/SPI training for process engineers, Programming and operation of industrial robots),
7. Training to improve employees' skills in the use of tools (e.g. external and internal Excel course for administrative staff and foremen, series of internal training courses on SQL and PL/SQL basics for intermediates, Agile Product Design - agile design of products and services).

The companies provide their employees with training tools and platforms, e.g. Expert4you for finance and HR employees, Ude-my for Business, etutor and Preply for language learning, Lean Academy for lean manufacturing specialists, PluralSight for R&D departments.

As part of the own e-learning platform launched at Apator Rector, a wide range of training courses were made available to employees, such as:

- training on customer applications provided by the company,
- soft skills training (e.g. personal effectiveness, mobbing prevention, the power of appreciation),
- training on the systems the company uses (e.g. JIRA).

Apator SA periodically organises training courses on new products (e.g. energy storages) and the RES E-Academy - a series of online training courses which can be attended by both customers and employees interested in RES.

Examples of other employee competence building activities:

TWI (Training Within Industry)

Continuation of the training cycle at Apator SA, during which emphasis is placed on training new operators and managing their development according to established standards. This professional group has a very significant impact on manufacturing scheduling, product quality and profitability of the company. In the next phase, a training room is planned to be set up (so-called DOJO), where employees will be able to practise the acquisition of new competences in a test environment (off the manufacturing line) under the watchful eye of the trainer.

IPC 610A compliance training

The training concerns the quality standard of electronic circuit assembly at Apator SA. Based on the knowledge acquired during external training courses culminating in a certificate, selected employees have created educational material and are providing in-house training to other employees in the electronics production department on the pcb assembly standard.

Work standardisation

Apator SA successively takes measures to standardise work in switchgear assembly departments, to increase awareness of the employees, to introduce new operators efficiently and to perform operations in a strictly defined sequence. For this purpose,

"LEGO" type workplace instructions were prepared - in the form of simple drawings/diagrams and short video materials. They were displayed at each manufacturing station on monitors (as part of the MES system).

Talent Review Process

In Apator Powogaz, a cyclical process called Talent Review Process is carried out, which provides the basis for analysing the ways of attracting and retaining talents within the organisation. The aim is to identify and effectively manage key employees, satisfy their ambitions in terms of development and develop succession plans in order to ensure the necessary competences to achieve the goals of the company's business strategy.

Domain-Driven Design

The training enabled Apator Powogaz employees to learn the principals and objectives of using Domain-Drive Design, how to discover, distil and classify business sub-domains, how to integrate Bounded Contexts based on Domain Message Flow Modeling, as well as how to create models for collaboration between project teams using context maps.

Leadership programme

As part of the improvement of managerial competences in the operational area at Apator Powogaz, the Leadership programme, which includes a series of workshops for managers and foremen, was continued in 2023. The training was preceded by a diagnosis of the participants' managerial competences; in the next stage, employees will broaden their knowledge of competences and skills crucial for team management (e.g. leadership, team management, conflict resolution and others).

Scrum Master

The training was aimed at familiarising Apator Powogaz employees with techniques and tools of workshop work and aspects of facilitation and coaching. The aim of the training was to prepare for the effective implementation and management of SCRUM in the organisation and to increase the effectiveness of teams.

Blaut Academy

A workshop for Apator Rector employees on communication. The training was aimed at improving team communication, building a culture of feedback, sharing information and opinions effectively.

Training in street lighting design

The aim of the training was to familiarise participants with the formal, legal and technical and economic aspects of proper road and street lighting. Particular emphasis was placed on increasing the safety of "vulnerable road users" through proper lighting of pedestrian crossings. An analysis of the technical solutions combined with a case study richly illustrated with pictures along with the financial aspect of these solutions will enable participants to optimally select individual solutions for specific roadway applications. During the training, the design guidelines for road and pedestrian crossing lighting devices and the inspection process for pedestrian crossing lighting were discussed.

Training in Utility Networks in ArcGI

During the training, the employees of Apator Rector learnt about the following topics:

- implementing Utility Network solutions and adding rules to accurately model the connectivity and relationships between data objects,
- the use of a standard workflow for creating and editing network objects and components, while maintaining data integrity,
- carrying out network flow tracking to identify the source of interference and affected customers,
- creating and providing a diagram for the dynamic visualisation of the network.

PRINCE2 FOUNDATION

Continued training for the employees of Apator Rector in project management methodology. Participants learn the basic rules of this methodology, including how to manage risk, quality and supervision. They also learn how to increase their chances of achieving success and their business goal. The training prepares participants for certification.

BPMN (Business Process Model and Notation)

Five employees of Apator Rector, received certification for modelling and process analysis using BPMN.

Transactional analysis

30 employees of Apator Rector took part in a training course on E. Berne's transactional analysis, which is applied both in the process of personal development and in the development of an organisation. During the training, issues related to relationships, motivation, psychological needs, among others, were discussed.

Digital library for employees

In order to support personal development, employees of Apator SA were given access to a digital platform containing 60,000 e-books and 4,500 audiobooks. Employees were able to use a library full of books on a variety of topics including collections on business, development, law and language textbooks. In 2023, approximately 220 people actively used the platform.

Employee Ideas Programme

Each year, Apator encourages its employees to be creative and take the initiative at their position as part of the Employee Ideas Programme, which has been running for years. Employees have the opportunity to submit improvement suggestions not only at their position, but also throughout the workplace. If an idea is accepted and implemented, an employee can expect to be paid according to the criteria for evaluating ideas. The assessment takes into account: impact on quality, impact on productivity, innovation, savings, OSH, environmental protection, communication and workflow. An additional incentive for employees are annual awards in the categories of best team and best idea.

In the edition of the Programme covering the period from 1 September 2022 to 31 August 2023, 18 projects submitted by employees were implemented. These generated over PLN 200,000 in annual savings.

SGA workshops at Apator Powogaz

The SGA (Small Group Activity) programme allows us to work on optimising internal processes, seeking greater efficiency and positive change. It involves employees who work in small project groups on solving specific issues. In the first edition of the 2023 programme, 17 participants in four teams developed solutions to problems defined in the areas of warehouse, claims handling, employee training and waste management. The programme showed that bottom-up initiatives have enormous impact and a real influence on building a LEAN culture in an organisation.

Employer branding external and internal

Employer branding

As part of the activities to promote the employer brand, in 2023 Apator Group companies took part in the following initiatives:

- Job fairs at the Nicolaus Copernicus University in Toruń, the University of Zielona Góra, the Jan and Jędrzej Śniadecki University of Technology in Bydgoszcz, and the Poznań University of Technology,
- cooperation with Career Offices at the Nicolaus Copernicus University, University of Zielona Góra,
- conducting internship programmes,
- publication and promotion of employers as part of published job offers,
- company sponsorship activities (brand presence in the social environment),
- Candidate Experience: recruitment process, interviews, feedback regardless of the outcome of the recruitment, pre-onboarding process,
- numerous industry conferences, including participation of employees as experts at conferences.

Commitment and work-life balance

The companies in the Apator Group undertake a wide variety of activities aimed at ensuring a sense of satisfaction and job satisfaction, while respecting and supporting the work-life balance of employees. Examples of activities:

- basic employment standards: a fixed contract, opportunities for vertical and horizontal promotion, internal recruitment - these factors allow the employee to feel stable within the company,
- flexible working mode: 100% remote, hybrid and on-site working,
- flexible working hours for administrative staff,
- discretionary bonus (in cash or in kind) as an appreciation and motivation for performance,
- employee training/team and individual workshops on soft skills,
- subsidised private medical care,
- promotion of periodic medical examinations and blood donations,
- promotion of mental health - training made available on a company platform,
- team-building meetings,
- promotion and celebration of Employee Appreciation Day, joint celebration of popular holidays,
- organisation of sports initiatives in individual companies,
- supporting employees' sporting passions, e.g. Parszywa 12, Bieg Winobraniowy, Ultramaraton, Poland Business Run,
- taking care of the physical health of employees, e.g. by subsidising sports halls and mini-football pitches for employees to play football and volleyball so that they can spend their time actively also after work,
- organising charitable events and environmental initiatives involving employees,
- providing a space in the office to relax and calm down, stocked with board games, a library, Xbox console, stability balls, mas-

- sage cushions (Apator Rector),
- special actions e.g. Variety Day (cyclically once a week) - provision of healthy snacks in the office, "theme" days e.g. popcorn, toast, ice cream, chocolate (Apator Rector).

Knowledge sharing

The primary form of knowledge sharing is ongoing communication between employees and teams (operational meetings, exchange and sharing of information and materials on company cloud platforms). Moreover, additional initiatives were undertaken at the level of the entire Group and individual companies, e.g.

- organisation and sharing of materials from e-learning training courses concerning solutions of the Apator Group,
- sharing knowledge gained from other training courses (internal e-learning platforms),
- organisation of internal workshops - sharing knowledge on trends, markets, technologies, competition and more,
- reports from trade fairs, conferences and industry symposia attended by employees,
- reports from working groups within industry organisations,
- articles in the company magazine, newsletters, broadcasts on the company radio (Apator SA) and other activities as part of educational campaigns for employees.

Shaping organisational culture

COMMUNICATION WITH EMPLOYEES

The purpose of communication activities in the Apator Group is to keep the employees informed about current situation of the companies, financial results, significant changes, perspectives and planned activities, as well as initiatives and events concerning the activity of the entire Apator Group.

Communication with employees of the Apator Group companies takes various forms:

- meetings of employees with the companies' Management Boards - usually held on a regular basis and the purpose of these meetings is to discuss the company's performance, ongoing projects, plans for the coming months and current organisational topics,
- meetings of executives and managers with the Management Board - held on a weekly and monthly basis respectively,
- newsletters with an overview of the most important events,
- cyclical meetings of representatives of substantive areas from Group companies,
- webinars and newsletters dedicated to the presentation of new products on offer,
- ongoing information activities through the communication channels available in a given company (e.g. through advertisements in HRsys, boards and posters, animations on TV screens or broadcasts on the company radio).

Value streams and one point lessons

Value stream meetings are organised in the manufacturing companies to exchange information and resolve quality and process issues on an ongoing basis. The meeting is chaired by the department manager or process engineer, while the participants are foremen and, depending on the needs, quality inspectors. Meetings are held daily in each manufacturing department and usually last about 15 minutes.

One of the ways of counteracting the occurrence of non-conformities is training based on the so-called One Point Lesson in Apator SA, and in other manufacturing companies the so-called QC Alert. Meetings are held on an ongoing basis. The foremen familiarise the employees with the existing non-compliance and present a solution to the problem. Employees are required to read the guidelines and recommendations and apply them in their work.

INTEGRATION OF EMPLOYEES

Each of Apator Group companies implements its own initiatives for the integration of employees that are adapted to the nature of a given team. All the actions taken are aimed at building a friendly workplace and employee engagement.

Examples of activities implemented in Apator Group companies:

- company-wide or in-team building meetings (e.g. in Apator SA in 2023, special team building budgets were in force - employees met among divisions and departments so that their good relations would translate into a good atmosphere and greater effectiveness of cooperation within teams),
- celebrating popular holidays (e.g. Saint Nicholas Day, Women's Day, Fat Thursday), which are opportunities to build a positive atmosphere in the team. Apator Rector team also celebrated Developer's Day, Rectorian's Day, as well as Women's Day and Boy's Day. The companies also added Appreciation Day to their calendars, which takes place every year on the 5th of March,
- numerous social campaigns engaging company employees: collection of donations for the hospice, Help for Children from Care Institutions "Anioły Dzieciom", support for nursing homes, support for the animal shelter, collection of books for oncology wards (cooperation with the Rak'n'Roll Foundation), collection of school supplies, books, educational toys and games for the European Union School Complex in Chełmża and the Centre for Children and Young People with Autism, collection of plastic bottle tops for Hospicjum Nadzieja,
- integration in the field of sport: involvement of company teams in charity runs and other sport events e.g. Parszywa 12, Bieg Winobraniowy, Ultramaraton, Poland Business Run (Apator Rector, Apator Powogaz), organisation of company sport tournaments e.g.: FIFA Tournament, Squash Tournament in Apator Rector, financing of sports halls and mini-football pitches for the employees to play football and volleyball so that they could spend their time actively also after work,
- organisation of events promoting environmental protection, e.g. World Recycling Day, Flower Exchange, Good Practice for the Earth, World Bike-to-Work Day at Apator Rector, participation of the employees of Apator Powogaz in the initiative of the Club Warta Poznań S.A. - action of planting trees #AleZasadził and cleaning up Warta,
- organising other company events at Apator Rector, e.g. Variety Day ("themed" snacks twice a month), Fruit Day and others,
- organising a toys, games and books fair on Saint Nicholas Day — Apator SA employees brought functional, undamaged things they no longer needed to give to others. They also had a chance to pick something off the shelf to bring joy to their loved ones. The initiative was guided by the slogan: "We give things a second life".

Workplace indicators

Training and staff development

Employee training	2023	2022	YOY dynamics [%]
Total training budget [thousands of PLN]	1,297.0	1,456.2	89%
Training budget per employee [PLN]	567.8	640.3	89%

Management skills development programmes	2023	2022	YOY dynamics [%]
Persons who have benefited from the company's financial support for:			
1. postgraduate studies	12	7	171%
2. MBA programmes and studies	4	4	100%
3. other	5	4	125%

The ratio of the lowest to the highest remuneration at the Apator Group and the ratio of the lowest remuneration to the national minimum wage

- The ratio of the lowest to the highest remuneration (excluding memManagement Boardbers of the Management Board) in domestic companies of the Apator Group ranged from 11.4% to 22.3% in 2023.
- The lowest remuneration ranged from 100.0% to 126.1% of the national minimum wage.

Gender Pay Gap (GPG) - the gender pay gap index, i.e. the difference between the average gross hourly pay rate of men and women expressed as a percentage of the average gross hourly pay rate of men.

For individual employee salary grades, the GPG ratios at the Apator Group's domestic companies were as shown in the tables below.

Gender Pay Gap — worker positions	2023	2022
Apator SA	14.0%	15.3%
Apator Metrix	36.9%	36.4%
Apator Powogaz	32.4%	22.0%
FAP PAFAL	28.1%	35.4%
Apator Rector	-	-
Apator Telemetry	30.6%	33.0%

Gender Pay Gap — non-worker positions, managerial positions	2023	2022
Apator SA	11.0%	3.7%
Apator Metrix	-10.5%	0.9%
Apator Powogaz	-21.9%	-19.7%
FAP PAFAL	52.7%	42.4%
Apator Rector	-8.0%	2.2%
Apator Telemetry	69.5%	26.1%

Gender Pay Gap — non-worker positions, non-managerial positions	2023	2022
Apator SA	-22.5%	37.3%
Apator Metrix	16.7%	18.9%
Apator Powogaz	11.9%	29.7%
FAP PAFAL	41.0%	60.1%
Apator Rector	35.0%	32.2%
Apator Telemetry	56.3%	51.8%

Due to the nature of operations of specific Apator Group companies (manufacturing companies, distribution companies, ICT technology segment enterprises), there are some disparities in the GPG indicator. These result from such things as a significant share of higher-remunerated engineering and technical positions (according to the competence matrix) being occupied primarily by men across the Group companies. Apator SA believes that the necessary variation of remuneration resulting from employee skills and qualifications required for specific positions does not constitute discrimination. The Group applies transparent, fair, consistent and non-discriminatory remuneration policies.

In 2023, the share of women in the Apator Group was 46% of total employees (2022: 47%).

Other Diversity indicators

- Foreign nationals accounted for 3.5% of the Apator Group's total employees in 2023 (3.0% in 2022).
- People with disabilities accounted for 3.0% of total employees at the Apator Group (compared to 2.8% in 2022).

Freedom of association and collective bargaining

Average annual number of employees (AWU), including:	2023	2022	2021
1. covered by the collective labor agreement [AWU]	1,450.9	1,417.1	1,299.1
2. not covered by collective agreements [AWU]	833.4	857.1	1,041.1
Total [1+2]	2,284.3	2,274.2	2,340.2

* AWU — Annual Work Units, i.e. the number of full-time equivalent (FTE) employees working at or on behalf of a given enterprise during the entire reference year.

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

Medical packages	2023	2022
Employees using optional medical packages	964	993
Company expenses related to subsidising employee medical packages [thousands of PLN]	612.1	514.5

4.2. OCCUPATIONAL HEALTH AND SAFETY

Ensuring workplace health and safety is one of the priorities of the Apator Group. Apator Group companies comply with high Occupational Health and Safety management standards, working to eliminate accident hazards and reduce OHS risks, limiting employee exposure to harmful workplace factors, and ensuring consultation and participation of employees and their representatives in OHS management.

4.2.1. Description of policies and methods of operation

The basis for action in the area of Occupational Health and Safety is strict compliance with the applicable law. Further, selected Group companies have implemented an Occupational Health and Safety Management System according to the PN-ISO 45001:2018 standard. A number of internal procedures and instructions also govern the ways in which OHS objectives are met.

Apator Group supports the protection of its employees' health, makes continuous efforts to improve safety at work and working conditions, implements solutions in order to avoid accidents at work, occupational diseases, and near misses. The activities implemented to this end include:

- hazard identification and risk assessment for each job,
- initial, return-to-work and periodic health examinations, safeguard measures, initial and periodic occupational health and safety training;
- organisation of workstations in compliance with applicable provisions of law and principles of ergonomics, introduction of modern technological lines and devices that have a positive effect on employees' performance and workload;
- monitoring working conditions by the Occupational Health and Safety Committee;
- separating, marking, and preparing workstations, transport routes, and fire protection measures;
- monitoring identified risks.

OHS process planning and improvement is carried out through an annual plan of objectives and targets, and the way in which these are implemented and monitored is determined by the relevant procedures.

4.2.2. Activities and results

The year 2023 has seen Apator Group companies undertake a wide variety of OHS activities, including organisational, educational and technical ones. The range of activities includes both permanent, described in policies and internal procedures initiatives in the area of OHS and additional activities resulting from current analyses and needs of the companies.

Selected initiatives taken in Apator SA:

- providing pre-medical first aid training as part of raising staff first aid awareness.
- an Emergency Response Group was set up and training in fire fighting and evacuation, pre-medical first aid using specialised training equipment (adult dummy, children's dummy, choking simulator, semi-automatic training defibrillator) was provided,
- extensive educational activities on the subject of OHS were carried out under the campaign: "5 minutes with OHS!". Issues of accidents at work and on the way to work, safe use of chemicals in the workplace, avoiding the danger of electrocution were addressed.

Activities within the framework of improvement of safety of the employees of Apator Metrix:

- auditing the effectiveness of corrective measures —verifying the solutions implemented following workplace accidents and near-misses occurring between 2010 and 2021, including auditing the sites of workplace accidents, drawing conclusions and implementing corrective measures,
- safety during the use of ladders - inventory, marking, inspections, revision of instructions,
- introduction of the use of corrective and protective eyewear at the bonding station on services (agreement with ophthalmologist and optician, full cost reimbursement) as personal protective equipment,
- replacement of evacuation plans,
- medical first aid training for the Robotisation and Automation Department (Gdańsk location),
- mechanism for reporting health and safety incidents - electronic access for all company employees via the InfoKiosk application.

In Apator Powogaz, as part of the continuation of the programme to improve occupational health and safety and fire safety conditions:

- cyclical meetings on occupational safety for managers of individual areas were continued, meetings were held every month, and the most important subjects related to occupational health and safety were discussed at the meetings,
- evacuation drills were organised for all working shifts,
- the "5 minutes for safety" information programme was continued,
- cyclical occupational health and safety reviews were continued with individual managers according to the prepared plan,
- an occupational health and safety knowledge competition was organised for employees,
- system documentation was reviewed and updated,
- a first aid room was established,
- automated external defibrillator (AED) was purchased and first aid training for employees was prepared.

Other OHS activities undertaken at Group companies:

- evacuation drills,
- OHS training courses, including:
 - fire protection,
 - pre-medical first aid,
 - training for new hires: onboarding general OHS training, on-the-job training,
 - periodic training,
 - occupational risk assessment training,
- co-financing of corrective glasses,
- the companies promote a healthy lifestyle for employees by, among other things, subsidising medical care and sports cards, subsidising the rental of sports fields and engaging employees in sports-related activities,
- organisation of educational campaigns, e.g. Mental Health Day.

4.2.3. Occupational Health and Safety indicators

Number and type of accidents

Occupational health and safety	2023	2022	YOY dynamics [%]
Number of accidents at work, including:	23	15	153%
minor accidents	23	15	153%
moderate accidents	0	0	-
major accidents	0	0	-
fatal accidents	0	0	-
Accident frequency rate*	10.1	6.6	153%

* The rate has been given by: (Number of accidents during the year/Average annual employment [AWU])*1000 The number of accidents and the accident frequency rate calculated based on them includes the Polish Apator Group of Companies.

** Due to different methodologies for qualifying workplace accidents in the UK and Poland, the vast majority (33) of the workplace accidents shown in the 2021 statement were related to the UK-based GWi company. In 2022, the company has significantly reduced the scope of its production activities and, as a result, the number of accidents recorded at the company has decreased to 2.

Occupational Health and Safety training (applies to manufacturing companies)

Occupational Health and Safety training	2023	2022	YOY dynamics [%]
Trained employees [persons]	996	1,549	64%
Training hours	5,627	8,048	70%

Employee complaints in the scope of health and safety (by production and administrative staff)

Employee complaints	2023	2022
Health and safety complaints reported by employees, including:	0	0
1. administrative staff	0	0
2. manufacturing workers	0	0

4.3. CUSTOMER RELATIONS

The objectives of the Apator Group business strategy are determined from the perspective of customers, whose expectations and needs determine the direction of R&D activity and development of the product range of Apator Group companies.

Priorities of the Apator Group regarding customer relations:

- **we are always close to our customers,**
- **we help customers save and manage utilities and energy,**
- **we provide them with systems and solutions that are easy to implement and use,**
- **we are a trustworthy partner.**

Apator acts as an industry advisor, working closely with its customers to develop solutions that meet their needs and market trends. In doing so, it draws on its many years of experience and technical expertise acquired through cooperation in the energy, water and gas sectors, but also in the new information technology and industrial automation sectors.

Apator Group customers



Traditional customer groups:

- electricity distribution companies/operators of electricity distribution systems
- electricity wholesalers, electrical assembly and electrical system companies and designers
- construction, industry and railway companies

New customer groups

- a wide range of RES sector stakeholders, including PV and wind farms, energy clusters and cooperatives and energy storage,
- individual prosumers using renewable energy sources for their own needs,
- solution providers for the electromobility sector.

- a large, dispersed group of customers: water supply, thermal energy companies, housing cooperatives, construction and industry.

- institutional customers and gas companies.



4.3.1. Description of policies and methods of operation

The Apator Group's solutions are used in the specialist utility sectors (gas, electricity, water distribution and utilities), industry and the newly developing RES sector, where it is crucial to correctly identify the needs of customers and then translate them into activities in the area of design, development work and design changes. The product range is developed on the basis of an analysis of current customer needs, while development and design work is worked out in the course of ongoing consultations and technical dialogues (through dedicated contact persons with key customers). Apator Group companies provide substantive support by organising training and presentations for customers and providing technical after-sales support.

2019–2023 CSR strategy commitments

In terms of key processes, the Apator Group has undertaken the following commitments:

- **Being closer to the customer and green energy — we advise our customers and help them manage their utilities efficiently, thus contributing to saving the Earth's natural resources.** Our products are easy to use and safe for users and the environment.

Key initiatives:

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

- **Product social responsibility, i.e:**

- implementing modern and pro-environmental designs and technologies,
- manufacturing products with a long life span and striving for their reliability.

Key initiatives:

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

These objectives are pursued through:

- developing modern products and implementing innovations, including increasing smart solution sales and expanding the product range for the RES sector — performance indicators: capital expenditure (CAPEX); share of sales of individual product groups (product mix analysis),
- building customer relations — performance indicators: implementing the promotional communication and PR plan; regular customer satisfaction surveys,
- ensuring product quality and effective sales and after-sales service — performance indicators: sales and after-sales service analysis,
- strategy objective monitoring; strategic initiative implementation reviews.

4.3.2. Activities and results

Innovation and new solutions

The Apator Group focuses on the development of technologically advanced solutions, mainly in the field of smart metering devices and systems, power grid automation, control and supervision, as well as solutions for distribution networks of all utility media, i.e. electricity, gas, water and heat.

Under its business strategy, the Apator Group's development priorities include:

- development of smart metering solutions — smart metering devices and remote utility reading systems for energy, water, heat and gas meters,
- implementation of RES sector solutions — a wide portfolio of protection, control and execution devices, as well as software applications for RES energy management.

New business opportunities for the Group are related to Poland's rapidly growing renewable energy sector and the increasing pressure for more economical, efficient use of electricity, gas, water and heat. The European economy is transitioning towards climate neutrality, hence the increasing role of green technologies and investment projects. On the other hand, the rapid increase in the price of energy raw materials and utilities is stimulating the search for solutions to improve energy efficiency, allowing companies and local authorities to reduce their operating costs.

Manufacturing process automation and robotisation have become yet another area of innovation for the Apator Group. Activities in this area are led by the Apator Metrix Robotisation and Automation Department, which renders services to Apator Group manufacturing companies while offering solutions to external customers. Companies across Poland seek solutions and technologies to increase their productivity, cut down on production costs and ensure high and repeatable product quality.

The Apator Group develops solutions at its own R&D offices, specialising in innovative product, system and service development, and works with other entities under technological partnerships.

Smart metering for efficient utility management

One of the greatest challenges facing modern societies is to reduce the waste of energy, water, heat and gas. Smart power grids and water, heat and gas networks enable control over the volume of utilities used and more rational consumption in industry, business and households. The Apator Group is developing a range of smart devices (including innovative metering solutions based on ultrasonic technology), remote utility reading systems and advanced systems that can be used for predictive purposes and to reduce losses during utility generation, transmission and distribution to final customers.

Green technologies

Today, the Apator Group is one of the largest suppliers of prosumer bi-directional electricity meters (with and without remote communication) used in PV micro-installations, as well as specialised apparatus for connecting and protecting electrical circuits at solar farms. The Group has also implemented numerous solutions to manage energy flows in internal systems and grids featuring PV generation and integrating distributed PV energy sources into a modern large-scale power grid.

Solutions developed by the Group for the RES sector include:

- fuse switch disconnecter (e.g. smartARS pro PV)
- safeguards — BELplus OZE, microBEL CVFPL 014
- solar farm station controller — SPV RM
- solar farm power guard — SPV SM
- electricity meters (e.g. smartESOX pro)
- solar and wind farm monitoring systems (EKTIN PV and EKTIN WT)
- large-scale energy storage.

Customer meetings

Building relationships with customers is traditionally based on ongoing meetings and expert consultations, as well as during industry events where new products and functionalities of solutions offered by Apator Group are presented. Customers are also invited to visit the Group's production facilities, which serves as an opportunity to learn about the Group's technical achievements and production resources.

Trade fairs

In 2023, Apator Group companies took part in the following events:

Foreign trade fairs

- Middle East Energy, Dubai
- E-world, Essen, Germany
- ENLIT, Paris

Domestic events

- Energetics trade fair, Lublin
- Enex trade fair, Kielce
- GreenPOWER trade fair, Poznań
- WOD-KAN-EKO Scientific and Technical Congress, Bydgoszcz

Media4Business conferences

Apator Group companies share their technical expertise at industry conferences and present the functionalities of new solutions and products through customer training and product presentations.

CONSULTING AND TRAINING FOR CUSTOMERS

Training for customers

- Examples of training for Apator SA customers include courses on Apator product functionalities for employees of electricity distribution companies, led by technical support specialists. Training can be provided on-site or remotely, according to customer requirements.
- Managers of housing co-operatives took part in a training session organised by Apator Powogaz which allowed them to learn about the whole spectrum of benefits associated with remote reading and monitoring of water and heat. Technical solutions were presented: ultrasonic water meters and heat meters. The meeting was also attended by RES experts who presented solutions for the efficient use of green energy using the EKTIN system for the supervision of plants and energy storage.

RES e-academy

Apator has organised a series of online training courses on RES and changes to the electricity system. The meetings were attended by the employees and persons from outside the organisation (90 participants)

Conference "Regional energy transformation - directions for the future".

The meeting was aimed at representatives of Local Government Units, Energy Clusters and Energy Communities, interested in the directions of green energy development and, above all, in ways to safely collect, store and optimally use energy.

The conference became a place for exchanging views on the current and future situation of the electricity sector, and above all on new directions of development related to energy storage, creation and operation of energy clusters.

"We light up Poland" project

Apator Rector's initiative for municipalities to apply for funding under the Government Strategic Investment Programme for the replacement of non-energy-efficient luminaires in streets, roads, squares, parks, squares, cycle paths and other public places with LED luminaires. The programme's budget amounted to approx. PLN 1 billion. The Apator Rector team supported the local government units in the preparation of the application and the preparation of the project for the replacement of lighting with energy-efficient lighting.

SHARING OF EXPERT KNOWLEDGE

Apator Group experts participate in numerous conferences and industry events. They take the floor in discussions, present new technologies and market trends, comment on changes taking place in transforming sectors and industries in which the Apator Group companies operate.

Events in which experts of Apator Group were involved in 2023 include:

- SIWE - Information Systems in Power Engineering, Wisła - presentation of representatives of the Apator Group with a lecture entitled "Gdzie leży bezpieczeństwo Krajowego Systemu Energetycznego?" (Where does the safety of the National Power System lie?)
- PIME conference during the Solar Energy Expo in Nadarzyn
- PTPiREE Conference: Measurements and diagnostics in power networks, Kołobrzeg
- Enex trade fair in Kielce - lectures in cooperation with PSME
- Greenpower trade fair in Poznań - lectures in cooperation with PSME
- Conference of Wrocław University of Economics "Klastry Energii wobec transformacji energetycznej w Polsce" (Energy Clusters in the Context of the Energy Transition in Poland) - participation in the expert debate
- TARR conference "Transformacja energetyczna i źródła jej finansowania" (Energy Transformation and its Financing Sources) - lecture on energy storage
- Conference in Myślibórz - "Zielone strefy inwestycyjne w Zachodniej Polsce" (Green Investment Zones in Western Poland).
- Energy storage - PSME's forum of professionals during Energetab trade fair
- Forum Miasteczek Polskich - participation in panel discussions on effective renewable energy management and own stand

Conference organised by Polish Waterworks Chamber of Commerce

Apator Group was a partner of the "Katalog Praktyk Przedsiębiorstw WOD-KAN" conference, which gave an opportunity to exchange knowledge and discuss the following topics:

- building self-sufficiency in energy,
- operation of energy clusters on the example of the Słupsk Cluster project aimed at the creation and development of a local energy market,
- smart water and heat metering and reading systems, which allow for more efficient management of water and heat consumption.

Forum Miasteczek Polskich

The Forum Miasteczek Polskich is a two-day meeting of local government officials, as well as state administration and business representatives, organised to support smaller towns in optimal development and preserving their socio-economic functions. Experts from the Apator Group shared their knowledge on solutions for renewable energy sources and lighting infrastructure management during panel discussions.

PSME's (Polish Energy Storage Association) FORUM OF PROFESSIONALS

During the Forum, we discussed the latest trends, development perspectives and ongoing projects in the field of RES and energy storage. An Apator expert presented practical aspects of the use of energy storage in low-voltage networks.

Quality assurance

Quality management policies implemented in manufacturing companies of Apator Group determine priorities in the scope of all activities directed to: ensuring the highest quality of products and meeting the expectations of customers, ensuring the safety of use of the products of Apator Group, increasing the effectiveness of the operation of the companies and also ensuring the competitiveness of the products. This is carried out through continuous improvement of production processes and through systematic implementation of technical innovations that improve products and production processes.

In the largest manufacturing companies of the Group (Apator, Apator Powogaz and Apator Metrix), quality standards are defined in terms of:

- cooperation with suppliers in order to provide compliant components,
- performance of inter-operation control in the process,
- final control of finished products manufactured,
- ensuring measurement consistency of used control and measuring equipment,
- preventive quality management and monitoring of process variability,
- after-sales customer service in the area of complaints and servicing,
- implementation and monitoring of product lifetime,
- certification and product safety.

Cooperation with suppliers

In the context of the supply chain, the key aspect for Apator Group is cooperation with suppliers. The main indicators to be assessed are timeliness of supplies, quality of supplies and business relations.

Each company has qualified personnel and a testing area to control the quality of components supplied. Deliveries of materials are based on defined instructions and control systems. Inspection records are kept and, if non-conforming material is found, co-operation is initiated with the supplier to clarify the problem. Individual company departments such as the quality department, purchasing/procurement or engineering departments are then involved.

Key aspects in terms of cooperation with suppliers in Apator Group:

- Supplier implementation process - each supplier and detail is subject to a long-term selection and implementation process.
- Statistical control of supplies - in each company, control is performed with the support of ERP systems and on the basis of control tables defining the size of the tested sample.
- Supplier development - cyclical reviews are carried out with key suppliers. Meetings are held in the event of a problem or as part of an audit. Delivery quality is measured using indicators and the effectiveness of improvement activities is monitored through a PDCA cycle.
- 8D methodology - in the case of non-conformities in delivered parts, we work in accordance with the 8D problem-solving methodology, so that we not only solve current problems, but also avoid their occurrence in future deliveries.
- Work based on benchmarks and tests - in order to carry out current inspection of details already at the stage of the manufacturing process of details, we make inspection instruments, standards and tests available to suppliers within the entire Apator Group.

More information on principles of cooperation with suppliers in [chapter -> Cooperation with suppliers](#).

Interoperational control in the process

Each of the manufacturing companies in Apator Group has specific checkpoints incorporated into the production process. Preventive verification in the process is often a part of standard operation of production machines (they are equipped, among other things, with sensors and cameras). In some operations, inter-operational control is also carried out by a production employee, who performs the control on the basis of defined and provided guidelines by relevant specialists and engineers. The companies' quality control processes are governed by dedicated internal instructions.

On the basis of daily work and current analysis of processes, meetings of multidisciplinary teams are organised, where results are discussed and causes of bad quality costs (internal and external) are analysed.

In terms of quality, the tools and working methods used in the Apator Group are as follows:

- DFMEA and PFMEA analyses,
- inspection plans;
- 8D reports, Pareto analyses, Ishikawa diagrams, ABA verifications,
- value stream meetings and one point lessons - to solve quality and process problems,
- product and process audits,
- defined handling of non-conforming product (RC, immediate, corrective and preventive actions).

Taking care of the quality of the finished product (final control)

In terms of taking care of the quality of the finished product, Apator Group also employs the following activities:

- conducting and/or supervising the conformity assessment process,
- statistical control of the finished product,
- monitoring of quality indicators (e.g. ppm, dppm, fpy).

In the case of recorded quality non-conformities, the handling of products is regulated by internal instructions.

- employees ensure that a non-conforming product is not used in the process or sent to the customer,
- non-conformities/stoppages/service repairs are discussed in daily value stream meetings,
- in the case of major/serious stoppages/quality and process issues, appropriate corrective or preventive action is taken and a person responsible for the task in question and a deadline for completion are appointed (PDCA),
- measures are taken both in terms of reducing the number of deficiencies/non-conformities/stoppages and their costs.

Each of the companies periodically presents the cost of poor quality (including, inter alia, the cost of external and internal service, the cost of unrepairable deficiencies, the cost of stock adjustments and the cost of repair orders) to the Management Board.

Targets have been established for the key components of the COPQ indicators, which are pursued by individual teams within the Apator Group companies. A quality mindset with the objective of continuous improvement is practised.

The companies take a variety of initiatives and measures to maintain the high quality of their products. They improve production processes by introducing new solutions and technologies. An example is modern inspection methods, e.g. optical microscopes with automatic measurement up to 1µm and leakage testers at Apator Powogaz.

One of the pro-quality initiatives in 2023 was the implementation of the Radial machine for through-hole materials for the OTUS group of meters at the Apator plant in Ostaszewo - 30% of the materials are applied in the machine. Thanks to this measure, the problem of improper polarisation of capacitors (i.e. assembly of a capacitor in the wrong orientation - shifting by 180 degrees on the board) was eliminated. The companies are also carrying out improvement activities on key machinery - the implementation of 6 Sigma analysis and TPM to reduce stoppages and stabilise the efficiency of the production process has translated into a significant reduction in shortages throughout the process.

Ensuring measurement consistency of control and measuring instruments

As a leading European manufacturer of measuring and switchgear equipment, Apator Group markets products compliant with the latest international standards, as well as harmonised standards and directives of the European Union, i.e. MID, EMC, RED and LVD.

To ensure compliance, the company cooperates with the best institutes and notified bodies, i.e. NMI, CSA, PTB, GUM, VDE, SLM, CMI, IMQ, TECNALIA, DNVGL, BBJ-SEP.

Efficient cooperation with such a wide range of international institutes and notified bodies is ensured by internal laboratories of companies in Apator Group, where experienced engineers, specialists or designers are employed.

Laboratories are equipped with high-end measuring equipment, which is used for such things as:

- metrology validation,
 - electromagnetic compatibility testing,
 - length and angle measurements,
 - environmental and ageing testing,
 - automatic and manual software testing,
 - mechanical testing,
- for compliance with MID, EMC, RED and LVD.

Laboratories are regularly upgraded with state-of-the-art measurement equipment. Each year, investment expenditure on quality development is included as part of Capex.

After-sales customer service in the area of complaints and servicing

Companies of Apator Group make efforts to eliminate the risk of product defects, and all cases of non-compliance are subject to thorough analysis aimed at eliminating the occurrence of problems in the future. Complaint analyses are presented at regular meetings within the individual companies.

The rules for providing warranty and post-warranty services are specified in internal instructions. Pathways for the receipt of claims and post-warranty services (by phone, email or dedicated platform) are defined.

The standard deadline for handling complaints is 14 business days from the date the products are received by the recipient company unless otherwise specified in the contracts concluded with the given customer. The companies monitor sales and after-sales service performance indicators.

Each of the companies, as part of the after-sales complaint service, uses a dedicated portal for customer service. This is, for example, the online platform SDJIRA (used in Apator, Apator Powogaz and Apator Metrix), where a customer (e.g. an employee of a given energy company) can report a complaint and track its status.

In the case of a complaint that requires the involvement of personnel from different organisational units, 8D reports are created to deal with the complaints in a structured way.

Example of complaint procedure in Apator SA

Each repair related to a complaint is recorded in the Apator Portal by repair technicians from the service part of the QC department. Based on the data collected, the employees analyse the most frequent damages and take appropriate corrective and preventive actions. In the case of the necessity to introduce a structural change in the product, a request is set up in the Apator Portal in the "Notification/Root Cause Analysis (RCA)" tab. An important area is to work using data and to be able to take effective action based on it.

Example of pro- customer approach at Apator SA: training and technical advice to customers

In accordance with the provisions of the contracts, but also in response to the needs of the customer, Apator conducts training courses for power plant fitters on the functionality of electricity meters. In 2023, training was conducted for 12 regions. A total of 508 people took part in the training.

Implementation and monitoring of product lifetime

The Apator Group's operating standards in the scope of product safety and quality are defined by the Group Guideline "Product Quality and Lifetime". It obliges each Group company to implement internal instructions and procedures for:

- regular reviews of legal and normative requirements for manufactured products,
- regular reviews of market requirements concerning the life cycle of manufactured products,
- product lifetime and guarantee periods,
- defining a list of components critical from a functionality and availability standpoint for all products,
- defining internal acceptance requirements for critical components,
- defining design requirements for functionally- and cost-optimised product disposal, disassembly and recycling (easy dismantling into fractions corresponding to separate waste codes),
- instructions for introducing substitutes and alternative sources of supply,
- verifying product lifetime, confirmed by functional ageing tests and MTTF/MTBF calculations at the certification stage as well as during day-to-day production,

- defining a list of regular tests similar in scope to a type test and creating a schedule of periodic tests for manufactured product types,
- defining internal acceptance requirements to be met by products before their marketing.

To assess the effectiveness of process implementation, each company must carry out an internal quality management audit once a year to verify its design, certification, and research and testing process.

Certification and safety of products - certificates on products of the Apator brand

Products offered by the Apator Group are CE-marked, which means they comply with the harmonised requirements specified in EU legislation.

Moreover, measuring devices are subject to the following mandatory certification:

- MID certifications for all types of electricity meters, heat meters, water meters and gas meters,
- MessEV certifications for selected types of electricity meters (German market),
- MIR certifications for selected gas meters destined for the UK market (UKCA).

The conformity assessment process for products subject to Directive 2014/32/EU (MID, MIR and MessEV) is detailed in the relevant internal procedure and detailed internal instructions.

Devices equipped with radio communication must comply with standards under the Radio Equipment Directive. Certain types of equipment (e.g. concentrators) must comply with standards according to the Electromagnetic Compatibility (EMC) Directive. Products marketed by Apator comply with MID, EMC, RED and LVD (Low Voltage Directive) requirements for electrical equipment.

[An example of practical care for product and process quality: Polish Quality Award for Apator Powogaz](#)

Apator Powogaz has been awarded the title of winner of the 26th edition of the Polish Quality Award competition in the category: gold medal. The criteria for awarding prizes in the competition are ambitious and rigorous. Companies undergo a 7-stage process of evaluation of the implemented quality management model in the organisation and practical application of the highest quality standards in their operations.

In addition, Phillip Stepniakowski, Quality Manager at Apator Powogaz, won the individual title of Outstanding Quality Manager.

Product cyber security

The requirements for evaluating IT digital systems and devices are set out in ISO 15408, an internationally recognised framework standard for assessing information technology (digital) product capabilities and security features. The framework requirements set out in the standard are called Common Criteria (CC). For specific product classes, e.g. smart energy meters, dedicated national bodies develop detailed requirements called Protection Profiles (PP). Once a national PP has been approved, product manufacturers choose a certification path that is in line with the PP profile and then independently certify the product according to their safety level of choice (typically EAL2 or EAL3 in the case of meters) through a certified laboratory.

Poland has yet to establish a national Protection Profile for smart meters. Apator SA has proposed and promoted a system for admitting smart meters to the Polish market that also takes into account the issue of cyber security and national supplementary specifications.

Apator SA has extensive experience in the manufacture of electronic metering equipment, dating back to the mid-1990s. It was the first company on the market to offer digitally secure prepayment meters and electronic converters for heat meters.

Among other things, Apator carries out the following activities under close scrutiny:

- firmware design and processing procedures,
- encryption security,
- key storage/generation,
- server security and prepayment code generation.

The company has not recorded any major incidents involving security breaches of metering equipment to date.

4.3.3. Indicators related to the customer

Closer to the customer and "green" energy — promoting and implementing solutions tailored to current and future market needs, promoting energy efficiency and addressing technological, climate and social challenges

Smart solutions, RES solutions	2023	2022	Change	YOY dynamics
	thou. PLN	thou. PLN	thou. PLN	%
Sales of smart solutions, including smart meters, gas meters*, water and heat meters, software solutions	438,522	359,063	79,459	122.1%
Sale of RES solutions, including smart meters, switchgear and RES hardware	73,289	36,258	37,032	202.1%

* including smart gas meters offered under an OEM formula

Product social responsibility — using modern, environmentally friendly designs and technologies, long product lifetime, striving for faultlessness and offering effective after-sales service.

1. Development of modern products and implementation of innovations

Investments, R&D activity	2023	2022	Change	YOY dynamics
	thou. PLN	thou. PLN	thou. PLN	%
Investment expenditure (CAPEX), including:	46,470	72,273	-25,803	64.3%
tangible fixed assets	28,884	48,179	-19,295	60.0%
Intangible assets	17,586	24,094	-6,508	73.0%
Investment expenditure (CAPEX), including:				
increase in capacity/efficiency, replacement	10,561	19,657	-9,096	53.7%
R&D, new products	22,656	28,774	-6,118	78.7%
IT, other	13,253	23,842	-10,589	55.6%
Operating costs of research and development (R&D) offices not included in CAPEX	35,434	30,380	5,055	116.6%
Average annual number of R&D employees [AWU*]	175.4	174.1	1.3	100.7%

* AWU — Annual Work Units, i.e. the number of full-time equivalent (FTE) employees working at or on behalf of a given enterprise during the entire reference year.

** The year-on-year decrease in capital expenditure is due, among other things, to the construction of the new Apator Powogaz plant, which was mainly carried out in 2022. Outlays related to the retrofitting of the new plant, which were realised in 2023, were much more limited (amounted to less than PLN 6 million). Significantly lower year-on-year outlays were also realised by the Gas segment due to the generally uncertain situation of the industry.

2. Customer satisfaction

Due to the specific nature of the operation of the Apator Group companies in particular business units (i.e. diverse customer groups and geographical markets, as well as a wide portfolio of solutions and services offered), the Group companies carry out customer satisfaction surveys in their own scope and in the scope and frequency specified by the entity.

COMPANY	CUSTOMER SATISFACTION
Apator SA	<p>No customer satisfaction surveys were carried out in 2023.</p> <p>Information on customer satisfaction was collected during day-to-day business contacts, regular meetings with customers and trade fairs and conferences.</p> <p>Customers, particularly in the area of switchgear, made comments regarding:</p> <ol style="list-style-type: none"> 1. the impossibility of placing a delivery order within the expected (relatively short) timeframe 2. inability to confirm the original service/delivery date 3. occasional failure to meet lead times <p>In response, in 2023 the planning process was improved (minimum stock levels were introduced) and capacity was increased in the switching equipment line.</p>
Apator Powogaz	<p>Overall customer satisfaction - 83%</p> <p>The company's strategic objective in relation to its customers is to deliver the highest quality products on time, in line with customer needs and legal and regulatory requirements. The operational objective is to increase the level of customer satisfaction. The target has been met (increase in satisfaction level from 80% in 2022 to 83% in 2023).</p>
Apator Metrix	<p>Overall cooperation satisfaction - 100%</p> <ul style="list-style-type: none"> ▪ Improvement of quality and sales service indicator y/y ▪ Maintaining high level of indicators: assessment of product quality, assessment of complaints ▪ Slight decrease in the level of satisfaction of customers with respect to timeliness of deliveries
Apator Metra	<p>Customer satisfaction was assessed in the following areas:</p> <ul style="list-style-type: none"> ▪ quality of sales service, speed of confirmation of orders, access and readiness of sales staff to meet customer requirements - very high satisfaction score above 90% ▪ quality of goods/services, complaint management, speed of order execution - high satisfaction score above 80%.

3. 3. Efficient sales and after-sales service — Speed of service (average complaint handling time for manufacturing companies)

Sales and after-sales service	Speed of service (average time to resolve complaints in days)	
	2023	2022
Apator SA	26	16
FAP PAFAL	18	14
Apator Metrix	22	26
Apator Powogaz	8	6
Apator Telemetria	14	20
Apator Metra	18	18

4.4. COOPERATION WITH SUPPLIERS

The Apator Group performs its business objectives in close cooperation with a wide range of business partners, including suppliers of materials and components used in manufacturing processes, as well as business partners performing contractually specified services for Apator Group companies.

Cooperation with suppliers is conditional on the professionalism of their services, meeting certain technical, quality and price criteria, as well as good practice in terms of occupational safety, environmental standards and ethics.

4.4.1. Description of policies and methods of operation

The main principles of working with Apator Group suppliers have been specified in the Group Guideline "Cooperation Between Apator Group Companies and Business Partners and Suppliers", which is binding for all Apator Group manufacturing companies. Each manufacturing company has also developed a series of internal regulations detailing how suppliers and business partner are selected and evaluated. Business relations with customers, suppliers and business partners are guided by the provisions of the Apator Group Code of Ethics.

The guideline determines how the operational processes of purchasing and cooperation are organised, in particular:

- criteria for the selection, qualification and regular evaluation of partners,
- production process organisation requirements,
- methods of auditing and visiting processes,
- methods of communicating the results of qualification and evaluation, the results of supplier/business partner audits and the findings of the visits,
- methodology for estimating supplier/business partner risks.

General principles for working with suppliers:

- When working with suppliers and business partners, Apator Group companies strive to conclude a cooperation agreement, observe internal procedures and use appropriate tools for service and communication with partners,
- The purchasing policy focuses primarily on the choice of reliable partners who meet certain quality criteria, taking into consideration the price requirement,
- Apator Group companies pursue a competitive and open purchasing policy while taking care to comply with the established ethical principles,
- Particular importance is given to respecting intellectual property rights, both in relation to the rights of partners and to the rights of Apator Group companies themselves,
- anti-corruption, data protection and ethical compliance clauses are used in contracts with partners,
- contracts concluded with partners also include supplier and business partner work safety clauses concerning employee and environmental safety,
- business partners are acquainted with the operating standards in force at the Apator Group.
- striving to support their local environment as far as possible, Apator Group companies try to seek and use the services of domestic suppliers and business partners.

The risks associated with individual suppliers are analysed at the supplier qualification stage, followed by their initial assessment and periodic evaluation. The basis for the conclusion of cooperation is strictly defined supplier selection criteria, which include price, payment terms, the supplier's ability to maintain stock, cooperation risks, the result of the qualification and management system evaluation. The results of quality acceptance of deliveries and supplier audits are also taken into account.

Supplier management also includes a supplier evaluation, including audit programmes. These also take into account ESG issues (the list of audit questions includes, among others, occupational health and safety aspects, issues of respect for human and labour rights and environmental aspects).

The requirements presented to suppliers and business partners are based on the main guidelines of the following standards: ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 27001:2013.

Compliance with ethical requirements by suppliers

The purchasing policy in Apator Group companies is based on the assumption of long-term stable cooperation with suppliers. The Apator Group companies build long term relationships especially with the group of key partners so-called strategic suppliers

that play the greatest role in the chain of value of Apator Group. Apator Group companies expect from all their partners to observe the highest ethical standards. Since Apator Group collaborates with wide group of about 7,000 suppliers, its important activities in the area of management of suppliers are focused on 170 of them (strategic suppliers) that are obliged, among other things, to respect human rights, labour rights and environmental standards.

As part of the principles of cooperation with Apator Group, suppliers undertake to comply with the law, in particular with occupational health and safety regulations, to act in accordance with the law, to create a safe workplace, not to allow minors to work, to respect the environment, business ethics and fair competition practices. During a supplier audit, compliance with ESG criteria is assessed. The ESG criteria are also part of the mandatory periodic assessment of strategic suppliers. In the event of a reported non-compliance, the supplier is obliged to take corrective or remedial action.

Product safety rules applicable to suppliers

Suppliers of the Apator Group are obliged by the contractual provisions to ensure that the supplied products, materials, components and hazardous substances comply with the specification provided by the Ordering Party and that any requirements for use, precautions or other protective measures have been communicated and transferred to the Ordering Party so that the items delivered do not pose a threat to its employees or the environment.

Further, suppliers must ensure that transport packaging and the packaging method and materials used for unit and bulk packaging do not pose a risk during logistics operations (unloading, transport, storage) at the customer's premises.

Safety rules in relations with business partners

In accordance with the Management Policy based on the PN-ISO 45001 standard (Health and Safety Management System), Apator Group companies undertake a commitment towards business partners that processes to be performed by business partners do not pose a threat to their employees as long as the rules provided during technical discussions, in information materials, OHS instructions, safety data sheets, DTRs, etc., as confirmed by a written protocol signed by the parties to the contract, are complied with.

At the same time, contractors must guarantee that any of their employees working for Apator Group companies have proper qualifications, evidenced by such documents as licences or certifications, confirming the training they have received.

In the case of factors that may adversely affect employees, processes or the environment, the cooperation parties undertake to provide information, instructions, procedures and safety data sheets for hazardous substances related to the given order before commencing work.

Programmes for the development of cooperation with suppliers

Cooperation with suppliers includes:

- holding regular S&OP meetings,
- periodic review of market risks and suppliers' situations,
- development and training of suppliers,
- cooperation during implementation and launch of new production at the suppliers' premises for Apator Group companies,
- inviting suppliers to actively participate and cooperate in the design of new tools and products.

4.4.2. Activities and results

In recent years, Apator Group companies have operated in an unstable macro environment, facing high inflation and disrupted supply chains. These factors have negatively impacted existing structured supply chain management while motivating operational teams across all companies to effectively manage supply chain risks and take a more flexible, agile approach to supplier relationship management.

In addition to the standard supplier management and oversight activities (described above), a review of purchasing activities in the area of component materials and services for the mechanical parts of manufactured products was completed in 2023 as part of the work of the purchasing groups from the individual companies. As a result of the activities carried out, communication channels were refreshed, tools for verification and exchange of information between companies were introduced and decisions were made concerning joint activities in the area of purchases in the Apator Group aimed at limiting risks and reduction of costs and rationalisation of purchases.

With respect to the new requirements arising from ESG regulations, procedures have been reviewed in Apator Group companies and solutions appropriate to ESG requirements have been introduced in the companies' purchasing organisation, as well as with respect to relations and cooperation with suppliers, incorporating them into new supplier guidelines, agreement drafts and supplier audits, which will be fully effective starting from 2024.

As part of the ESG activities undertaken, in addition to such important issues as safety, non-employment of minors, respect for the environment, business ethics and fair competition practices, efforts have been made to develop a carbon footprint reporting and management system across the Apator Group value chain.

Audits of suppliers

In 2023, Apator Metrix carried out 6 supplier audits. All of them were completed with a positive result, the average number of points obtained during the audits amounted to 8.75 out of 10 possible points. Apator Powogaz performed a single supplier audit (positive result), while Apator SA performed 3 audits concluded with a positive result (above 8.0) and 1 with the result of 7.1 (requires improvement).

Apator SA established cooperation with specialist company V-Trust providing auditing services of Asian suppliers, which will support the company in supplier verification processes starting from 2024.

4.4.3. Indicators related to the suppliers

Apator Group companies carry out responsible manufacturing and optimise stock management while prioritising development and cooperation with suppliers, especially those operating in the local and domestic environment.

Suppliers	2023	2022	YOY dynamics [%]
Total number of suppliers, including:	7,417	7,235	103%
domestic	6,441	6,173	104%
foreign	972	1,057	92%
direct imports	4	5	80%
Strategic suppliers*	167	-	-
Purchases			
Share of purchases from domestic suppliers in total purchases [%]	68.6%	70.7%	-

* In the main manufacturing companies of the Group, the category of strategic suppliers (key suppliers due to the scale of cooperation and suppliers of critical elements of the value chain), which have the greatest impact on the performance of business objectives of the Apator Group, has been distinguished. Starting from 2023, the Apator Group will focus in its reporting of ESG issues on presentation of activities building relations with this group of business partners.

4.5. INDUSTRY ENVIRONMENT

The Group's entities are active in industry organisations and participate in working groups and consultations aimed at developing regulations and technical standards. Apator Group experts share their knowledge of new technologies, market trends and challenges related to such things as the dynamic transition in the energy sector, the increasing share of RES in the system and the implementation of smart grid and smart metering.

4.5.1. Description of policies and methods of operation

Apator Group companies take an active part in the development of technical standards and legislative solutions for the power, gas and water and sewage sectors. Experts are involved in a number of industry organisations and working groups developing recommendations for legal solutions concerning the industries in which the Apator Group operates.

Current list of organisations in which Apator Group companies are members is prepared in the form of the Group Guideline "Membership of Apator Group Companies in Organisations"; said list includes the description of the subject matter of activity of the organisation and indicates the persons who coordinate the cooperation on behalf of the company in terms of formal and technical aspects. Cooperation with industry organisations is carried out on the basis of agreements and contracts.

The principles for activities in the scope of industry cooperation are also set out in the Code of Ethics of the Apator Group. The overriding principle is to act in accordance with the law, and all opinions and recommendations of the Group's experts are provided in accordance with the formal rules applicable to the given process.

4.5.2. Activities in selected industry organisations

Polish Chamber of Commerce for Electronics and Telecommunications

The aim of the organisation is to cooperate with legislative, executive and regulatory authorities by participating in the processes of preparing and issuing opinions on draft legislation and evaluating the functioning of the law, in particular concerning the electronics, electrotechnical and telecommunications sectors. Apator is active in the Smart Grids Section; experts are involved in the activities of working groups, where they participate in public consultations of legal acts concerning the energy sector, propose solutions to technical and legal problems and prepare specifications and recommendations.

Chamber of Commerce for the Gas Industry

The Chamber was established by entities operating in the gas industry in order to represent the economic interests of its members in their dealings with state, local and social authorities, scientific and economic institutions as well as foreign authorities and institutions. Its aim is to integrate the community of natural and legal persons connected with the gas industry, promote modern technical and economic knowledge and collaborate in preparation of programmes for the development of the gas industry. It has 167 member companies connected with the gas industry.

Polish Energy Storage Association

The PESA works towards development of green energy, energy efficiency and energy storage facilities. Within the Association, Apator provides cooperation for the development of distributed energy and the energy storage industry in Poland. Experts from Apator SA take part in consultations and topic-specific conferences coordinated by PESA, while the President of the Management Board of Apator SA represents the company in the Programme Council of PESA.

National Chamber of Energy Clusters

The NCEC works towards development of green energy, energy efficiency and energy clusters. Apator SA joined the Chamber in order to jointly support the energy transformation, taking into account the dynamically developing renewable energy sources. Cooperation includes, among others, participation of experts from Apator SA in conferences organised by the NCEC.

ESMIG (European Smart Metering Industry Group)

Apator SA has joined the organisation bringing together European entities involved in the development and supply of key components of smart energy infrastructure and energy management. Effective cooperation between European suppliers of smart energy solutions is essential to support the energy sector in the face of current challenges. The combination of high engineering competence and experience of ESMIG members will facilitate the development of regulatory and technical solutions to build safe, reliable and sustainable smart grids. Representatives of Apator SA are involved in the work of the following sections: RPG (regulation, policy group), DCP (Data Communication and Protection), MUM (MultiUtility Metering) and MEG (Marketing and

Events Group).

In 2023, Apator Group companies were associated or cooperated within the following national and international organisations:

- Prime Alliance – an organisation dedicated to development and promotion of communications standards, products and systems for use in energy grids
- Standard Transfer Specification Association – an organisation dedicated to development and implementation of an open standard with a global reach, the purpose of which is to enable data exchange between all components of a prepayment system, regardless of their manufacturer
- OSGP Alliance – the aim of this association is to promote the adoption of the Open Smart Grid Protocol (OSGP) for smart grid deployment
- DLMS User Association – this organisation has developed and is improving the protocol and data model standard for modern energy meters (DLMS), which is dominant, among others, in Europe
- UCA International Users Group – giving opinions on new versions of the CIM standards
- European Smart Metering Industry Group (ESMIG) – developing recommendations for the implementation of smart metering in Europe
- Polish Chamber of Commerce for Electronics and Telecommunications
- Association of Polish Electrical Engineers
- Polish Committee for Standardisation
- Association of Stock Exchange Issuers
- Polish Energy Storage Association
- National Chamber of Energy Clusters
- Regional Energy Conservation Agency in Toruń
- Executive Club
- Forum for Supporters of the Distributed Network Protocol – a forum for the exchange of experience related to the DNP protocol
- Oracle Poland
- Microsoft Sp. z o.o.
- IBM Ireland Limited
- ESRI Poland
- AQUA – Association Européenne des Fabricants de Compteurs d'Eau et d'Energie Thermique – standardisation and exchange of manufacturing, technological and legal experience in the field of water and heat meters
- DVGW – German Technical and Scientific Association for Gas and Water – a forum for the exchange of experience on gas and water market innovations and standards
- Lora Alliance – standardisation and large-scale deployment of Low-Power, Wide-Area Networks, i.e. LPWANs, through development and promotion of the LoRaWAN open standard
- IAF (Industry Advisory Forum at the CEN-CENELEC) – supervision of patent applications
- Aqua Thermal Energy – an association which inspires scientific and technical projects
- Association of Polish Mechanical Engineers and Technicians
- Polish ISO 9001 Forum Club
- Polish Waterworks Chamber of Commerce
- Greater Poland Chamber of Commerce and Industry
- Chamber of Commerce for the Gas Industry
- Scientific and Technical Association of Engineers and Technicians of the Oil and Gas Industry
- Farecogaz – Association of European Manufacturers of Gas Meters
- Figawa – Federal Association of Companies in the Gas and Water Industries
- OMS – Working Group (Open Metering System)
- Polish Centre for Accreditation
- ZVEI (Zentralverband Elektrotechnik und Elektronikindustrie e.V.) – an organisation which provides access to technical specifications for smart metering solutions

4.5.3. Sharing expertise in the market

Apator is a well-known and nationally recognised expert in the energy industry, and therefore takes an active part in debates and meetings that integrate energy sector participants. Apator's experts take part in debates and editorial projects and provide expert commentary as part of editorial activities concerning the energy, water and sewage and gas sectors, share their experience regarding the implementation of technological innovations and export activities and promote the idea of economic patriotism

and technological sovereignty of Europe.

Activities in this area are described in the chapter: Customer relations. Other examples of initiatives undertaken in 2023:

▪ **Voice of the experts at the 37th EuroPOWER & RES POWER Energy Conference**

Apator was a content partner at the 37th edition of the EuroPOWER & RES POWER Energy Conference. The aim of the event was to have a broad discussion about the most current challenges and issues affecting the energy sector in Poland and the CEE region. A member of the Management Board of Apator SA participated as an expert in the debate: "How to prepare energy infrastructure for RES development? What next with the Charter for the Efficient Transformation of Poland's Power Distribution Networks?". The event was attended by, among others, the President of the Energy Regulatory Office, the Director of the Low Carbon Economy Department from the Ministry of Development and Technology and representatives of the management boards of distribution companies.

Our presentation focused on two main topics:

- energy storages – important role in grid stabilisation, problems with obtaining financing and profitability of investments – need to mobilise funds, and launch support programmes,
- smart grids and meters – a key role in the energy system, an important issue of cyber security (the energy sector is a critical infrastructure of the state, and as the number of devices with communication installed in the grid increases, so does the risk of cyber attacks).

▪ **Conference "Smart energy sector. Supporting the construction of a smart grid in Poland"**

The project, which is being executed under the leadership of the Ministry of Climate and Environment, entitled "Smart energy sector. Supporting the construction of a smart grid in Poland", aims to promote awareness of the benefits, actions, and plans for the use of smart grid functionalities, the application of new technologies in the energy sector and smart remote meters.

Smart meters represent an important branch of the Polish economy. An expert from Apator SA presented the benefits of sectoral cooperation in the creation of local supply chains of measurement technologies for the Polish energy sector. In our presentation we highlighted key issues such as:

- the technological development of the meters in close cooperation with DSOs,
- the model of providing DSOs with reading data from meters instead of appliances,
- the aspect of energy security.

▪ **Promotion of cyber security and technological sovereignty in the energy sector**

In 2023, Apator SA initiated communication activities aimed at drawing the attention of decision-makers and the public to the threat to digital security of the power grid in the context of the challenges of the energy transition and the ongoing rollout of smart metering in Poland.

An expert analysis of the threats to smart power grids arising from the use of equipment from vendors not verified for digital security was prepared together with ComCERT S.A. of the Asseco Group, a company specialising in CERT-type services. The results of the analysis by a group of experts in cybersecurity and advanced metering technology were presented to representatives of government institutions, industry organisations and management boards of energy companies in order to emphasise the urgent need for action at the regulatory, organisational and technical levels.

Due to the importance of issues related to safety of national energy infrastructure, expert material was also made available to the public via media.

All actions taken by Apator S.A. arise from the Company's sense of responsibility for the offered products and aspiration to provide an effective cyber security system for the energy sector in Poland.

4.5.4. Cooperation with universities

Apator Group companies develop innovative technologies in cooperation with universities – they especially make use of the engineering knowledge, scientific achievements and laboratory facilities of technical universities.

In 2023, joint projects with the following universities were continued:

- **Pilot project for an industrial energy storage facility in Ochotnica, carried out in cooperation with the AGH University of Science and Technology in Kraków**

As part of a joint pilot project with the participation of: Tauron Dystrybucja SA, Apator SA and the AGH University of Science and Technology in Kraków, an innovative energy storage facility developed by Apator SA was installed and tested in Ochotnica Dolna (Lesser Poland Voivodeship). The aim of the project was to analyse the feasibility of stabilisation of a grid with a high proportion of prosumer RES installations through an energy storage facility with a dedicated grid stabilisation algorithm. Within the project, the AGH team was responsible for analysing the grid parameters at the connection point to the storage facility and the impact of the storage facility on improvement of voltage quality. The project was implemented in the following period: August 2022 - February 2023

- **Cooperation with the Łódź University of Technology** – performance of research and development projects co-financed from EU funds. In 2023, the "Management of operation of a low-voltage distribution network, taking into account the active role of the prosumer" project was continued, with the aim of developing and implementing in the pilot space a new service for a modern electricity distribution network as well as a management system based on its use. In 2023, algorithm analyses were conducted in a real pilot environment identified by one of the consortium members.

- **Cooperation with the Warsaw University of Technology** in the scope of technical consultations and development of subject matter and assumptions for joint projects. As part of knowledge exchange, an Apator SA expert presented students with energy storage solutions based on projects implemented by Apator. The cooperation also included the preparation of a joint publication on the applications of energy storage systems and the development of a concept for the use of an energy storage system in the building of the University of Technology.

- **Wrocław University of Science and Technology** – students work on specialised mock-ups with smart energy meters supplied by Apator SA. They make it possible for students who use the PLC laboratory at the Faculty of Electrical Engineering to learn, among others, about telecommunications techniques related to energy measurement and about power grid management systems. The cooperation also includes the participation of a representative of Apator SA in the Social Council of Wrocław University of Science and Technology. Meetings of the Social Council provide an opportunity not only to discuss educational programmes, but also constitute a forum for the exchange of information on the situation of the industry.

- **Gdańsk University of Technology** – cooperation of Apator Metrix with the Faculty of Mechanical Engineering and Ship Technology and the Division of Heating, Ventilation, Air Conditioning and Refrigeration in the performance of tests of components for a new product from the HVAC segment.

- **Cooperation with the Nicolaus Copernicus University (NCU) in Toruń**

Apator was a partner of the Copernican Congress as part of the celebrations of the 550th birthday anniversary of Nicolaus Copernicus – the patron of the University.

4.5.5. Supporting communities

Social aspects are of key importance in the performance of business objectives of the Apator Group. Businesses do not operate in a vacuum, but are firmly embedded in local communities and rely on local infrastructure. Responsibility in relation to the social environment is understood as the contribution of companies and employees of the Apator Group to the local social fabric, support for initiatives organised in cities or regions where the manufacturing plants and companies of the Group are located.

Description of policies and methods of operation

In relations with communities, priorities are determined by the corporate values adopted by the Apator Group and the principles defined in the Code of Ethics, which constitute the reference point for the actions taken and attitudes adopted.

CSR strategy commitments

In terms of LEARNING AND DEVELOPMENT, the Apator Group has made the following commitments:

- **Closer to the community** – we support worthwhile initiatives in the fields of culture, education and sport and help those in need in our immediate environment.

The Apator Group consistently builds positive relationships with its immediate environment. Aware of the needs of the community, it co-finances the organisation of worthwhile events in the fields of culture, art, science and sport. The undertaken activities are local in nature, with potential national or international overtones. In addition to activities carried out at the central level, each company in the Apator Group commits funds to support worthwhile initiatives in its region – in a manner consistent with its financial capabilities.

- In terms of **charitable activities**, support is provided for social institutions and organisations working for the benefit of excluded people and pursuing specific social missions. The priority is to support local charities, hospices and welfare centres. In order to promote **employee volunteering**, companies also seek to involve employees in various social initiatives in the belief that everyone can have a real positive impact on their immediate environment.
- With respect to **sponsorship and social activities**, companies undertake a variety of activities, e.g. provision of sponsorship for educational activities (subject Olympiads) or scientific and cultural events.

The aim of sponsorship activities is to build brand recognition and proper brand perception. Detailed standards for carrying out sponsorship and philanthropic activities are set out in the **Sponsorship Policy of the Apator Group**. A company's financial involvement in sponsorship and philanthropic activities is always regulated by an agreement, and the performance of sponsorship services is confirmed by an activity report.

Apator Group companies do not get involved in projects that are political, religious, violate the law or generally accepted social norms, have a negative impact on the environment or damage objects of historical or artistic significance, as well as projects containing content that is discriminatory, racist, controversial or incites improper attitudes that could offend specific social groups.

Activities and results

Activity in the social aspect is adapted to the needs of the community on the one hand, and to the capabilities and resources of the companies on the other.

Sponsorships

In 2023, Apator Group companies cooperated under a sponsorship agreement with the following partners:

- Nicolaus Copernicus University – World Copernican Congress,
- "Culture Office" Foundation – Toffest Festival,
- Artus Court – Artus Festival,
- Children's Creative Art Centre and Gallery – XXIII International Biennale of Children and Youth Art Competition,
- WARTA-POZNAŃ sports club – the agreement covers promotional activities and the organisation of 6 joint CSR events per year,
- Starogard sports club,
- Muks Wieża Kórnicka – sponsorship of checkers tournaments (competition in Tallinn),
- Business Run competition,
- Chamber of Commerce for the Gas Industry – EXPO-GAS 2023 workshop,
- PREKURSOR Artystyczny (Artistic PRECURSOR) – sponsorship of the event Little Theatre for Big Patients – All Children's Day.

Philanthropic activities

In 2023, Apator Group companies made donations to the following institutions:

- The More Beautiful World Foundation,
- Society of Friends of Children in Toruń,
- Association for the Care of Abandoned Children Oratory of Blessed Father Bronisław Markiewicz,
- St. John Paul II hospice in Toruń,
- Stowarzyszenie Hospicjum Światło (Hospice Association "Light") in Toruń,
- Eco Senior Foundation,
- "Four Paws" Foundation,
- The Great Orchestra of Christmas Charity,
- Purchase of floorball sticks for Primary School No. 5 in Zielona Góra,
- Funding for the 22nd G. Ciechowski Festival.

The companies engage their employees in numerous philanthropic activities and promote volunteering within their teams. Employee volunteering activities are presented in the chapter: [Employee relations](#).

Indicators related to community support

Impact on the neighbourhood	2023	2022	YOY dynamics [%]
Number of events/initiatives supported, including:	21	42	50%
sports events	6	31	19%
cultural events	5	3	167%
educational events	6	7	86%
other	4	1	400%
Expenditure on social activities [thousand PLN], including:	245.2	307.5	80%
donations	62.7	65.7	95%
sponsorships	135.0	218.4	62%
other	47.5	23.4	203%



5. ENVIRONMENTAL – Impact on the environment

The spheres of influence of Apator Group on the environment and climate include:

- provision of products and solutions to support energy transformation, efficiency and resource conservation,
- compliance with regulatory requirements and environmental protection regulations related to the conducted activity,
- use of environmentally friendly construction and technology,
- responsible management of operations and manufacturing processes.

5.1. TECHNOLOGIES TO SUPPORT ENERGY TRANSITION, EFFICIENCY AND RESOURCE CONSERVATION

The Apator Group conducts business activities in sectors of key importance to the climate and environment, working closely with the sector of distribution companies in the area of electricity and gas supply, and a wide group of entities in the heat and water distribution sector. The group also offers solutions for customers outside the utilities sector - companies and industrial plants, local government units and a wide group of entities operating in the renewable energy sector.

How do our products and solutions support transformation, efficiency and resource conservation?

- **enable efficient management of electricity, gas, water and heat,**
- **support the management of the power grid and water and gas networks,**
- **improve the flexibility and stability of the power grid.**
- **integrate renewable sources into the electricity system.**

Solutions of the Apator Group to support efficient use and conservation of resources (energy utilities):

- technically advanced devices for measuring all utilities, including precise ultrasonic measurement technologies and remote utility reading technologies (smart metering),
- ICT solutions to support the management of distribution networks (e.g. operation of the power grid at all voltage levels, automation, grid data management, fault monitoring) and management of metering data and grid assets,
- energy efficiency support systems (e.g. energy management systems for industry, other businesses, municipalities and energy communities),
- technologies applicable in the RES sector (e.g. specialised switchgear and control & supervision equipment, energy management systems for PV and wind farms),
- solutions supporting the integration of renewable energy sources into the electricity grid (e.g. telemechanics and controllers, energy storage with extensive grid stabilisation and balancing functions).

For further information on green technology and innovation, see the chapter [Customer Relations](#).

5.2. MANAGEMENT OF ENVIRONMENTAL ISSUES

Apator Group companies undertake commitments and actions to reduce the negative impact of their own activities on the environment and climate. Particular requirements apply to manufacturing companies which, due to the nature of their manufacturing activities, are obliged to **apply a number of legal provisions and obligations related to the certification of activities and products**.

The high standards implemented in the companies with regard to the efficient use of resources, raw materials and utilities make it possible to minimise the negative impact on the environment, and also translate into improved business efficiency. Companies use and successively implement new **technologies and processes that are optimised in terms of the consumption of raw materials and utilities, as well as the amount of pollution and waste generated**. Priority is given to the safety of workers, especially those who are directly involved in manufacturing processes and may be exposed to chemical impact (pollutants, hazardous substances) and physical impact (noise, vibrations).

5.2.1. Description of policies and methods of operation

The priority of the Apator Group is to provide products safe for users and the natural environment, while minimising the consumption of raw materials and materials and the negative impact of manufacturing processes and other activities on the environment.

The obligations of the Apator Group in the area of environmental protection have been defined in the Integrated Management Policies implemented in some of the companies in the Apator Group, including all the manufacturing companies whose level of the impact on natural environment is relatively the highest. The essential element is compliance with current legislation, but the companies also take on additional obligations that arise from high internal standards and customers' expectations.

To protect the environment, the Group has committed to:

- comply with current legislation on environmental aspects,
- responsible, economical use of resources in manufacturing processes and other activities,
- minimisation of utility consumption and increase in RES use
- reduction of emissions to air, water and soil,
- reduction of waste generation.

Environmental policy and internal regulations

Apator Group companies have different activity profiles (manufacturing, service, commercial, research and development activities), therefore the management of the environmental area is adapted to the nature and scale of the impact of a given activity on the natural environment.

A certified environmental management system according to ISO 14001:2015 standard has been implemented in all Apator Group companies engaged in manufacturing activity, whereas the activity in the context of environmental responsibility is also specified by a number of detailed internal regulations in force at individual Group companies. They concern, among other things, electricity and utility management, waste management, emissions management, ensuring recycling of the electronic equipment, batteries and packaging placed on the market, and environmental measurement, monitoring and analysis.

The environmental objectives are defined and implemented through:

- managing environmental aspects as part of the Environmental Management System,
- optimising operational processes,
- monitoring the management of the Business Strategy and CSR Strategy with regard to aspects related to the environmental area,
- introducing new materials, raw materials and technologies, purchases of machinery, equipment and process lines (capex, opex) taking into account environmental aspects and EU directives (REACH, RoHS and WEEE)
- monitoring the implementation of the budget for environmental charges (included in the operational plan),
- applying solutions optimising the consumption of energy utilities (i.e. electricity, water, heat and gas) in entities Apator Group companies
- increasing employee awareness and sensitising them to environmental issues.

The course of environmental processes at Apator Group companies is systematically supervised and adjusted to changing technological and manufacturing processes and new legal requirements. Elements of the actions that may interact with the environment are identified in each process.

Environmental impact assessment

The purpose of the environmental impact assessment is to determine how a given project (concerning new facilities or the extension of existing ones) may affect the environment, as well as to identify ways of preventing, reducing or minimising the effects of the planned project. It is compulsory for projects that have a significant impact on the environment and, in some cases, for projects that may potentially have a significant impact on the environment.

Under the current investments, Apator Group companies have not been qualified by the decision-making body for the performance of a full environmental impact assessment.

Each company, under the environmental decisions it holds (emissions to air, waste, permits required by Water Law Act), is obliged to monitor its operating activity in terms of its impact on the environment. Additionally, we have implemented internal mechanisms of control of environmental indicators being the part of ISO management system in order to minimise the negative impact of the Apator Group on the natural environment.

Impact on biodiversity

None of manufacturing companies in the Apator Group operates within or in the direct vicinity of protected areas or the areas of high biodiversity value. The companies operate strictly within the framework of the environmental decisions granted. The Apator Group's impact on the natural environment is limited, and there are no protected species, habitats of species or protected areas on the premises of the plants or in the immediate vicinity.

The proper handling of the Group's products throughout their life cycle makes it possible to minimise their possible negative impact on the environment.

Apator Group companies do not monitor the impact on biodiversity in the whole value chain. While executing the purchasing process of key materials and services, Apator Group companies cooperate with selected, qualified suppliers, which conduct their activity respecting the principles, values and the law of EU and the country where the activity of the supplier is performed, which are applied by the Apator Group. This also includes respecting and protecting the natural environment. Suppliers are qualified for cooperation and then assessed periodically based on, among other things, meeting environmental standards, i.e. having a certified environmental management system according to ISO 14001 or another standard, taking measures to limit the negative impact of their activities on the natural environment, including the ecosystem and biodiversity as well as human health. For more information on the principles of cooperation with suppliers, see chapter [Cooperation with suppliers](#).

2019–2023 CSR strategy commitments

In terms of key processes, the Apator Group has undertaken the following commitments:

- **Product social responsibility, i.e:**
 - implementing modern and pro-environmental designs and technologies,
 - manufacturing products with a long life span and striving for their reliability.

Key initiatives:

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

Activities and indicators are described in the chapter [Customer relations](#)

- **Closer to nature - conscious and responsible environmental management**

Key initiatives:

 - conservation of natural resources,
 - maintenance of low emissions and sustainable waste management,
 - optimisation/minimisation of negative environmental impact.

- **Implementing responsible manufacturing and optimising materials 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,
 - further process automation.

Activities and indicators are described in the chapters [Supplier relations](#) and [Customer relations](#)

5.2.2. Activities and results

Changes in the scope of infrastructure and technology are being successively introduced in individual manufacturing companies of the Apator Group in order to minimise the impact of their activities on the environment.

Product social responsibility

Every year, Apator Group companies place new or modified versions of products on the market. Each time products and processes are designed, designers and technologists develop the optimum variant for product manufacturing and for the process, taking into account environmental aspects, including: the consumption of energy, raw materials and natural resources, as well as limiting the use of chemicals (in accordance with the EU REACH regulation) and limiting the use of hazardous substances (in accordance with the Restriction of Hazardous Substances – RoHS – directive).

One of the mandatory steps in the process of designing new products (or modifications to existing products) is an assessment of the environmental friendliness of the design, which includes:

- list of materials and components comprising the product,
- determination of the end-of-life use of the material (proportion of material used, recycled and disposed of), justification for the choice of materials,
- the amount of consumed raw materials and energy,
- impact on air, land and water resources,
- amount of waste,
- raw material/material recycling in the manufacturing process,
- product lifetime,

- recycling of the electronic equipment, batteries and packaging placed on the market,
- the treatment of used products, taking into account, among others, the issue of used packaging and other product components, such as batteries or electronic modules.
- impact on improving the energy efficiency of customers/users.

In 2023, Apator Group companies undertook a number of activities to create environmentally friendly designs and technologies, including:

- design changes in products to extend manufactured product life cycles, e.g. developing an electricity meter design that makes it easier to replace batteries in the device, extending the life of energy meters from 8 to 12 years,
- designing new, 'slimmer' products without compromising on functionality and quality - reducing material consumption in products,
- attention to quality and high durability of manufactured products and solutions,
- streamlining processes in the area of identifying and managing potentially hazardous substances throughout the life cycle of manufactured products, e.g. updating the process for identifying and managing hazardous substances, building a SCIP database to systematise data on water meter components used.

Closer to nature - conscious and responsible environmental management

In 2023, Apator Group companies took the following actions in the operational area:

- consistent optimisation of manufacturing processes and successive replacement of worn-out, less efficient machinery and equipment,
- caring for the proper operation of equipment, carrying out inspections and maintenance, keeping the equipment in good working order,
- successive automation* and robotisation of production processes,
- optimisation of material management,
- monitoring, managing and reducing the waste generated as part of its activities.

* Manufacturing companies of the Apator Group consistently automate manufacturing processes, which generates higher levels of energy consumption (energy necessary for operation of equipment – automatic machines), but also increases efficiency and repeatability of manufacturing, resulting in reduced energy consumption per product unit and optimisation on the side of material consumption.

Examples of actions in Apator SA in the operational area having pro-environmental effect:

- improvement activities on key machinery – the implementation of 6 Sigma analysis and TPM to reduce stoppages and stabilise production efficiency – reduction of energy consumption, reduction of shortages in the process (reduction of wastefulness),
- process efficiency improvements and layout changes that made it possible to move away from the 4-brigade system in the tile installation department – optimisation of energy consumption in the process.

Optimisation of material management

Manufacturing companies of the Apator Group take a number of actions in the area of optimisation of manufacturing processes and material management in order to reduce the consumption of raw materials and materials and eliminate manufacturing waste.

Examples of actions in the area of material management in manufacturing companies:

- implementing new products built from fewer materials and components, as well as optimising manufacturing technology,
- increasing the proportion of recycled materials in manufacturing – with no negative impact on the quality of new products (e.g. selected components are recovered from stripped water meters for reuse in the manufacturing process).
- dismantling selected non-moving products and returning them to the process (instead of disposing of them),
- extending the process of plastics processing by activities related to granulation of gates to injection moulds and reuse of raw material during injection of plastic into the mould (concerns Apator SA and Apator Powogaz). Returning of plastics in the manufacturing process does not have any impact on reduction of parameters of plastic – and thus it has no negative impact on quality of the final product (which was confirmed in laboratory tests). The effect is reduction of consumption of raw material in the manufacturing process and reduction of waste (selected parts in Apator SA are made in 30-50% from recycled material, while in Apator Powogaz 15% of raw material from plastics is returned in the process),
- optimising the management of packaging materials, e.g. reusing packaging, optimising the packaging method to reduce transport operations. This results in decreasing levels of material and raw material consumption and waste generation,
- sorting of manufacturing waste (plastics, electronics, packaging, metals) to enable its recycling,
- managing FAS rotating dividers (used in the transportation of products, protecting them from mechanical damage) in the manufacturing process of water meters. The aim of the project was to reduce the costs associated with the purchase of new dividers by introducing their rotation between supplier>customer>supplier. The result is a reduction in the purchase of new dividers by approximately 60%,

- reducing the use of paper and laminate for printing Standardised Work Instructions at the Jaryszki plant (the instructions are displayed on monitors at a large proportion of workstations).

Waste monitoring

Apator Group companies operate in accordance with the conditions of the permit granted for the generation and storage of waste. They have also implemented a number of internal procedures and instructions concerning waste monitoring and reduction of pollution generated.

Waste management plans include, but are not limited to:

- identification of environmental aspects related to waste,
- identification of the type and quantity of waste,
- obtaining a waste generation permit,
- minimising the amount of waste generated,
- sorting waste at its source,
- labelling waste,
- working only with licensed waste collectors,
- operational monitoring of the amount of waste generated and compliance with the issued permit,
- strict reporting of waste volumes in the Waste Database (BDO).

Waste management in the Apator Group includes, but is not limited to:

- carrying out separate waste collection at the site of waste generation,
- transfer of sorted waste to authorised processing (recovery and disposal) facilities,
- training employees in proper waste management before they start work and as part of regular training,
- storing waste in areas designated for this purpose at the site, in an orderly manner and in such a way as to prevent the contamination of soil and water,
- cooperating with recovery organisations in order to fulfil the obligation to achieve the statutory collection levels for treatment, recycling and disposal of used portable batteries and accumulators and electronic equipment placed on the market, as well as statutory recovery and recycling levels for packaging waste placed on the market and imported,

Examples of waste management actions taken in manufacturing companies:

- automation of gas meter production – use of a grease application device (reduced consumption of materials, electricity),
- increasing the effectiveness of the manufacturing process – obtaining better OEE (Overall Equipment Effectiveness) indicators, productivity and efficiency.
- new wastewater treatment plant at Apator Metrix (reduced consumption of water and materials),
- transport optimisation – increased efficiency and reduced amount of packaging and packaging waste,
- partial multiple use of paper packaging (cardboard boxes) and pallets,
- moving away, where possible, from single-use bulk wood packaging,
- moving away from traditional product marking to laser marking (Aret) in the manufacturing process of water meters. The result is no waste of ink, paint or solvents.

In addition, in previous years the gas meter plant has made changes to operational processes that have a significant long-term impact on reducing the environmental impact of the operation, including:

- decommissioning of the KTL painting line (cataphoresis) - use of galvanised sheet metal in the gas meter manufacturing process (reduction in consumption of electricity, water, materials),
- purchase, for the production of gas meters, of sheet metal in coils with dimensions adapted to the product / technological process (reduction in consumption of electricity and materials).

Water consumption

Apator Group companies use water in the following areas of activity:

- most of Apator Group companies do not carry out activities causing technological water consumption. Water consumption in operational processes concerns:
 - washing, degreasing and passivation of gas meter housings before the powder coating process,
 - use of water in the production process of water meters, especially in the processes of legalisation of water meters (water in the legalisation stations operates in a closed circuit),
 - production processes for electronics manufacturing (electricity meters) and plastics processing (injection moulding machines) - small scale consumption and closed water circuit in the processes,
- wastewater treatment,
- municipal purposes.

Examples of measures to minimise water consumption and wastewater generation:

- decommissioning of the KTL painting line in the gas meter manufacturing process (cataphoretic painting plants consume a large amount of water in the process of rinsing the parts),
- new Ekopil washing facility in the gas meter manufacturing plant – thanks to the chamber design, a partially closed water circuit in the process was achieved,
- a significant reduction in the amount of water consumed at the water meter plant due to the relocation of the plant and new infrastructure (total water consumption at the plant in 2021 was 7,677 m³, after the relocation of the plant in 2022 consumption was 3,015 m³ of water).

Process automation

Apator Group manufacturing companies strive to increase the level of process automation — each year they allocate significant investment funds for this purpose. Automation serves to streamline manufacturing 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 manufacturing waste (including elimination of hazardous waste), reduced consumption of utilities. Modernisation of manufacturing technology also affects the reduction of environmental inconvenience of implemented processes and supplied products.

Own RES sources

In spring 2024, an industrial photovoltaic installation with a capacity of 500 kWp will begin supplying clean, green energy to the modern Apator plant in Ostaszewo near Toruń. In March 2023, Apator SA signed a contract with the contractor for the project. The generation of energy from photovoltaics will help to decarbonise the plant's operations, and will also translate into savings related to electricity consumption in the company's activities. The PV plant will use a number of Apator-developed solutions for metering and control of energy from RES. It will also be a testing ground for new solutions for the renewable sources sector, which the company will be able to offer to its customers.

Apator Metrix also uses its own RES source (a 40 kWp photovoltaic installation).

Development of methodology for counting the carbon footprint (scope 3)

In 2023, an internal project was launched with the aim to standardise the process of calculating the carbon footprint of the organisation and products of Apator Group companies in the entire value chain of the enterprise (scope 3). Reliable and comprehensive calculation of all indirect emissions within scope 3 is necessary to take effective steps to reduce them in the activity of the Apator Group.

The result of the team's work is the developed methodology for the process of calculating the carbon footprint of the companies and products of Apator Group companies and their subsidiaries and branch locations. The basis for the methodology developed is the Greenhouse Gas Protocol (GHG Protocol) standard. The developed corporate guideline sets out definitions, objectives and responsibilities in the Group. It also introduces common methodologies and tools for CF calculations, defines acceptable data sources, specifies ways to collect data from suppliers and rules for reporting information and indicators in the Group.

In 2024, the guideline has been implemented in the Apator Group and the process of calculating the carbon footprint for the organisation throughout the value chain has begun.

Exchange of knowledge and experience

As part of regular meetings, ISO Integrated Systems Officers from the Apator Group exchange experiences and discuss further development of management systems in companies. In 2023, the focus was on analysing the functioning of core processes in individual companies and exchanging experiences in the area of environmental protection.

5.3. INDICATORS RELATED TO THE ENVIRONMENT

Conservation of natural resources, raw materials and fuels

Energy consumption by sources	2023	2022	YOY dynamics [%]
Total electricity consumption [MWh]	9,478.6	11,048.8	85.8%
Total natural gas consumption [thousand m ³]	757.3*	1,563.8*	48.4%
Total heating energy consumption [GJ]	14,384.2	17,292.3	83.2%
Total fuel consumption (oil, diesel, petrol, LPG) [t]	279.0	271.9	102.6%
Water consumption			
Total water consumption [m ³]	18,483.1	18,804.0	98.3%
Consumption of basic raw materials			
Total steel consumption [t]	1,248.6	1,518.7	82.2%
Total consumption of plastics [t]	2,532.1	2,871.7	88.2%
Total copper consumption [t]	674.4	623.1	108.2%
Total consumption of paints, varnishes, solvents [t]	53.9**	68.5**	78.7%

* Significant reduction of natural gas consumption occurred in two companies of the Apator Group:

- FAP Pafal due to a reduction in the company's used floor space, including production space (at the same time, the form of ownership of the premises used, which are now rented, has changed. As a result, the company does not currently have access to actual data on its gas consumption, hence the volume of consumption for 2023 was estimated based on historical data taking into account the limited scale of operations);

- UK-based GWi, which does not use natural gas at all in its new premises (to which it moved in mid-2022).

** A reduction in the consumption of paints, varnishes and solvents in 2023 compared to 2022 occurred at Apator Metrix. The company also used less of other raw materials, including steel, due to the lower YOY scale of production and sales. A significant reduction in steel consumption also occurred at the UK-based GWi. Again, the main reason for this was the lower YOY scale of production.

Energy consumption and productivity indicators for selected domestic companies of the Apator Group with a manufacturing profile of activities (and therefore with potentially the highest impact on the environment)

Energy consumption index [kWh/PLN 100 of sales revenue]	2023	2022	YOY dynamics [%]
Apator SA	0.92	1.19	77.8%
Apator Metrix	1.01	0.94	106.7%
Apator Powogaz	0.44	0.47	93.8%
FAP PAFAL	1.21	3.52	34.4%
Apator Telemetria	0.69	0.42	165.0%

Productivity [kWh/AWU*]	2023	2022	YOY dynamics [%]
Apator SA	5,422.27	6,320.69	85.8%
Apator Metrix	4,720.97	4,927.06	95.8%
Apator Powogaz	3,452.48	3,345.26	103.2%
FAP PAFAL	3,653.01	7,599.04	48.1%
Apator Telemetria	2,641.86	1,819.65	145.2%

*AWU — Annual Work Units, i.e. the number of full-time equivalent (FTE) employees working at or on behalf of a given enterprise during the entire reference year.

In the majority of the Apator Group's manufacturing companies, energy consumption and productivity indicators improved (energy consumption per PLN 100 of sales revenue generated and per AWU was reduced). Apator Metrix and Apator Telemetria are the only exceptions. In the first company, absolute energy consumption in MWh is lower YOY, and the increase in indicators is due to a reduction in revenue and employment. At Apator Telemetrics, the higher YOY indicators stem from both higher absolute energy consumption and lower revenue and employment.

Maintenance of low emissions and sustainable waste management

Waste generation/emission	2023	2022	YOY dynamics [%]
Amount of waste generated [kg], including:			
hazardous waste	49,908.0	53,674.4	93.0%
neutral waste	1,188,950.0	1,378,769.0	86.2%
Recycled waste [kg]	1,000,588.5	1,096,963.0	91.2%
Waste disposed of [kg]	114,285.6	185,812.4	61.5%
Emissions into the atmosphere			
Emissions of carbon dioxide [kg]	1,046,051.9*	1,543,332.5*	67.8%
Emissions of NOx [kg]	1,832.9	2,056.9	89.1%
Emissions of SOx [kg]	6.5	6.6	97.7%

* The reduction in CO2 emissions is a consequence of reduced emissions across the vast majority of companies in the Apator Group, with the largest decreases in emissions occurring in FAP Pafal and GWi due to a change in headquarters/used floor space.

Optimisation/minimisation of environmental impact

Environmental charges	2023	2022	YOY dynamics [%]
Charges for the use of the environment [PLN]	86,077.8	137,582.0	62.6%
Costs of disposing waste [PLN]	636,952.0*	479,053.0*	133.0%
Fees for the recovery and recycling of packaging, electronics, batteries placed on the market [PLN]	253,662.0	246,555.1	102.9%
Costs of physico-chemical analyses [PLN]	10,723.0	24,068.1	44.6%
Costs of water consumption and waste disposal [PLN]	446,915.4	427,936.1	104.4%

* The increase in production waste disposal costs occurred to the greatest extent in companies that significantly increased the scale of production and sales in 2023, i.e. Apator SA and Apator Powogaz.

Environmental fines	2023	2022	YOY dynamics [%]
Amount of fines for negative environmental impact [PLN]	0.0	0.0	-

Carbon footprint and the scope of reported emissions for selected domestic companies of the Apator Group with a manufacturing profile of activities (and therefore with potentially the highest impact on the environment)

SCOPE 1 Carbon footprint [Mg CO ₂ /year]	2023	2022*	YOY dynamics [%]
Apator SA	388	400	96.9%
Apator Metrix	565	584	96.7%
Apator Powogaz	180	170	105.5%
FAP Pafal**	80	360	22.2%
Apator Telemetry	35	29	118.1%

* Carbon footprint values for SCOPE 1 and SCOPE 1+2 for 2022 have been recalculated taking into account updated emissions parameters from company car use (Source for 2022: UK Government GHG Conversion Factors for Company Reporting, version 2.0 for 2022, for 2023: UK Government GHG Conversion Factors for Company Reporting, version 1.1 for 2023)

** The significant reduction in FAP Pafal's carbon footprint is related to the reduction in the floor space and production space used by the company. Due to a change in ownership of the premises used (which are currently rented), the company does not currently have access to actual data on its gas consumption, hence consumption figures for 2023 have been estimated based on historical data, taking into account the limited scale of operations

SCOPE 2 Carbon footprint [Mg CO ₂ /year]	2023	2022	YOY dynamics [%]
Apator SA	3,027	3,456	87.6%
Apator Metrix	1,508	1,643	91.8%
Apator Powogaz	978	986	99.1%
FAP PAFAL	166	458	36.2%
Apator Telemetry	323	239	135.1%

SCOPE 1+2 Carbon footprint [Mg CO ₂ /year]	2023	2022*	YOY dynamics [%]
Apator SA	3,415	3,856	88.6%
Apator Metrix	2,073	2,227	93.1%
Apator Powogaz	1,158	1,157	100.1%
FAP PAFAL	246	819	30.1%
Apator Telemetry	358	269	133.2%

*Reported emissions include scope 1 (direct emissions) and scope 2 (indirect emissions resulting from generation of energy purchased by entities of the Apator Group). The sources of greenhouse gas emissions for scope 1 were the consumption (combustion) of natural gas for heating buildings and in manufacturing processes as well as the use of fuels in vehicles.

NOTE: The above indicators were calculated taking into account the selected Group companies (including all manufacturing companies) which, due to the nature of their activities, are subject to the environmental impact monitoring obligation

- **Indicators in the area of product responsibility and modern, environmentally friendly manufacturing technologies** are presented in the [Customer Relations chapter](#):
 - Development of modern products and introduction of innovations – capital expenditure (CAPEX) and operating costs of R&D offices,
 - Automation of manufacturing processes – expenditure on automation of manufacturing processes and lines

5.4. CLASSIFICATION OF ACTIVITIES ACCORDING TO EU TAXONOMY

In accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereinafter referred to as Regulation 2020/852), the Apator Group has performed an analysis to determine how and to what extent the Group's activities qualify as environmentally sustainable.

In addition to the aforementioned regulation, the analysis and qualification of activities and the presentation of data are based on:

- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 (Delegated Act specifying technical qualification criteria, amended by Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023),
- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 (Delegated Act to Article 8 of the Taxonomy),
- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 (Delegated Act for nuclear and fossil gas related activities),
- Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council and amending Commission Delegated Regulation (EU) 2021/2178.

5.4.1. Stages of assessment of compliance with the taxonomy

In order to complete the due diligence procedures, a group guideline entitled Principles for classifying and reporting environmentally sustainable activities in accordance with the EU Taxonomy was implemented in 2023, which applies to all Apator Group companies. The aim of the guideline is to define a valid process for identifying environmentally sustainable activities and to implement a single, consistent way of measuring the performance of environmentally sustainable activities for the purpose of calculating key performance indicators for taxonomy-aligned activities ('green indicators') to ensure proper compliance with EC obligations.

Identification of environmentally sustainable activities in the Apator Group

Identification of environmentally sustainable activities in the Apator Group is carried out based on the prepared Taxonomy Identification Template (annex to the guideline). Definitions and a precise interpretation of the terms used in the Annex (including a detailed description of the environmental objectives and the methodology for calculating the performance indicators) are included in the Taxonomy Dictionary (annex to the guideline).

The identification process covers all the activities of the Apator Group. It is carried out in several consecutive stages (whereby stages 5-7 are omitted for those types of activities that fail to be classified to the EU Taxonomy at stage 4 – not taxonomy-aligned). The analysis consists of the following stages:

1. identification of the activities with an indication of the product groups and subgroups belonging to the activity category,
2. assignment of NACE codes to the identified activities,
3. identification of the most relevant of the six environmental objectives on which the activity has a significant impact together with a justification for this choice,
4. verification of the qualification of a given activity for the EU Taxonomy with the indication of the appropriate activity type from the Taxonomy (corresponding to the analysed product group),
5. qualification of the analysed activity as a substantial contribution/enabling activity,
6. verification of the fulfilment of technical eligibility criteria for the selected environmental objective,
7. verification of the product group's lack of negative impact on the other five environmental objectives (with justification).

Measurement of the performance of environmentally sustainable activities

The performance of environmentally sustainable activities is measured on an annual basis separately for the three financial categories:

- turnover,
- capital expenditure (CAPEX),
- operating expenditure (OPEX).

The measurement process is carried out for activities (product groups) identified as environmentally sustainable. Definitions, a precise interpretation with examples for each of the above-mentioned financial categories are included in the Taxonomy Dictionary (annex to the guideline).

Turnover is measured directly on the basis of available sales accounting data (source data). Turnover includes revenue recognised in accordance with the International Accounting Standard (IAS). Turnover is understood as net revenue from the sale of products or provision of services, including intangible assets, excluding internal turnover (between the Apator Group companies).

The measurement of capital expenditure and operating expenditure should be carried out based on the Procedure Description contained in the Taxonomy Allocation Template (annex to the guideline). For proper measurement, it is necessary, in particular, to classify fixed assets used for the purposes of a given activity in accordance with the EU Taxonomy to one of the two categories:

1. assets dedicated to a specific activity,
2. assets common to different activities.

CAPEX and OPEX (as defined in the Taxonomy Dictionary) are then measured separately for each of the fixed asset categories indicated above on the basis of available investment and maintenance cost data (source data). For dedicated fixed assets, the measured CAPEX and OPEX figures are treated in their entirety as attributable to taxonomy-aligned activities.

In the case of common fixed assets, the CAPEX and OPEX figures attributed to taxonomy-aligned activities represent only a proportion of the total CAPEX and OPEX figures, with the appropriate percentage to be determined on the basis of accepted, described and justified conversion factors. The final (total) CAPEX and OPEX figures for the type of taxonomy-aligned activity analysed are the sum of the respective figures for dedicated and common fixed assets.

The established capital expenditure and operating expenditure figures for dedicated fixed assets are assumed to be entirely attributable to the type of taxonomy-aligned activity. In the case of common assets, the amounts of CAPEX and OPEX shall be treated as partly attributable to taxonomy-aligned activities, with the appropriate percentage of these activities in the total CAPEX and OPEX being determined by conversion factors based on selected, described and justified criteria. The total final CAPEX and OPEX figures for a given taxonomy-aligned activity are the sums of the respective amounts determined for dedicated and common fixed assets.

Determination of the magnitude of key environmental sustainability performance indicators

Performance indicators for environmentally sustainable activities include:

1. turnover ratio,
2. capital expenditure ratio (CAPEX),
3. operating expenditure ratio (OPEX).

The turnover-related performance indicator (turnover KPI) is calculated as the proportion of net revenue from the sale of products or provision of services, including intangible assets, related to environmentally sustainable business activities (in line with the EU Taxonomy) (numerator) divided by total net revenue from sales (denominator).

The CAPEX-related performance indicator is calculated as the percentage of capital expenditure for taxonomy-aligned activities (numerator) divided by total capital expenditure (denominator). As defined in the Taxonomy Dictionary (annex to the guideline), the accounting treatment of CAPEX should be used, which means that the total CAPEX (the denominator of the indicator) must agree with the table of movement of fixed assets: tangible and intangible assets in the accounting statements.

The OPEX-related performance indicator is calculated as the percentage of operating expenditure for taxonomy-aligned activities (numerator) divided by total operating expenditure (denominator). As defined in the Taxonomy Dictionary (annex to the guideline), OPEX should be interpreted not as typical operating costs, but as a specific group of costs related to the maintenance of fixed assets and ESG training costs. Therefore (unlike for turnover and CAPEX), the denominator of the OPEX indicator will not be equal to any of the typical financial statement items.

Documentation of activities covered by the guideline

Each company in the Apator Group carries out the identification of environmentally sustainable activities individually based on the Taxonomy Identification Template (annex to the guideline), whereby companies with subsidiaries also include the activities of their subsidiaries in their statement. The completed file sent to the head office (Apator SA) serves at the same time as a confirmation of the properly performed identification process.

For the purposes of correct determination of the amount of capital expenditures and operating expenditures for activities classified as environmentally sustainable, each company should ensure the possibility of identifying the relevant amounts (concerning both CAPEX and maintenance costs of fixed assets) at the level of its financial and accounting system (through additional marking of fixed assets as assigned/not assigned to taxonomy-aligned activities).

Since January 2024, in the monthly controlling reports of the Apator Group companies, in the sheets concerning CAPEX capital expenditures, an additional Taxonomy column has been introduced to divide the reported amounts into the following categories: 1) concerning taxonomy-aligned activities 2) outside the EU Taxonomy.

The implementation of the process of identification and measurement of environmentally sustainable activities in the Apator Group was preceded by trainings for financial controllers and team members participating in the ESG reporting process. The identification and verification of the activities of the Apator Group in accordance with the taxonomic classification was subject to final review by the directors responsible for respective business lines and operational divisions in the Apator Group.

5.4.2. Analysis of activities according to EU Taxonomy

The Apator Group companies provide the market with measuring devices and systems and solutions to support the operation of power, water and gas networks. The Apator Group companies are part of the electromechanical sector and focus their activity on manufacturing and sales of measuring equipment (electricity meters, gas meters, water meters and heat meters), control and measurement instruments, distribution and control equipment, IT systems of SCADA class and their supporting telemechanics devices, security and other network devices for distributed systems ensuring the possibility of remote control and supervision of the power grid in the full voltage range, as well as data reading and transmission devices. The Apator Group also implements solutions supporting energy transformation and the development of renewable energy (e.g. automation equipment, RES supervision systems, energy storage facilities).

Based on the analysis of the activity of the Apator Group carried out in terms of contribution to the performance of environmental objectives, it was found that the activity of the Group represents in its majority the so-called enabling activity* in terms of the performance of the following objectives:

Environmental objective	TX activity category	Types of activities of the Apator Group
Objective 1 - Climate change mitigation	3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	<ul style="list-style-type: none"> ▪ Prepayment systems ▪ Switchgear ▪ Solutions for industrial energy distribution ▪ Network asset management systems for DSOs ▪ Energy utility management systems
	3.5 Manufacture of energy efficiency equipment for buildings	<ul style="list-style-type: none"> ▪ Equipment for measuring and billing heat consumption in residential heating systems

Environmental objective	TX activity category	Types of activities of the Apator Group
	4.9 Transmission and distribution of electricity	<ul style="list-style-type: none"> ▪ Measuring equipment - smart meters, data transmission equipment, integrated balancing systems, ▪ Installation services for smart meters ▪ Automation (hardware) ▪ SCADA software systems
	4.10 Storage of electricity	<ul style="list-style-type: none"> ▪ Energy storages
	4.16 Installation and operation of electric heat pumps	<ul style="list-style-type: none"> ▪ HVAC equipment
	7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	<ul style="list-style-type: none"> ▪ Gas meters with communication function
	8.2 Data-driven solutions for GHG emissions reductions	<ul style="list-style-type: none"> ▪ Data-driven services (e.g. street lighting management)
	4.1 Electricity generation using solar photovoltaic technology	<ul style="list-style-type: none"> ▪ Own PV installation (for self-consumption)
Objective 3 - The sustainable use and protection of water and marine resources;	1.1 Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	<ul style="list-style-type: none"> ▪ Smart water meters for drinking water ▪ Remote communication modules
	4.1 Provision of IT/OT data-driven solutions for leakage reduction	<ul style="list-style-type: none"> ▪ Software for monitoring and managing data on consumption and leakage of drinking water in water supply systems

The PV installation, which falls under category 4.1, constitutes a climate change mitigation activity.

Contribution to multiple objectives - all activities realise a contribution to one of the environmental objectives.

Minimum safeguards

Pursuant to Art. 18 of Regulation 2020/852: "The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights."

The examination of compliance with the Minimum Safeguards was carried out in accordance with the recommendations contained in the 'Final Report on Minimum Safeguards' issued in 10.2022 by Platform On Sustainable Finance.

According to the recommendations, non-compliance with the Minimum Safeguards is one of the following four considerations:

1. Inadequate or non-existent human rights, anti-corruption, anti-unfair competition and tax strategy due diligence processes.

The verification of the due diligence processes involved a self-assessment on the basis of a questionnaire based on the methodology proposed by the Platform on Sustainable Finance (World Benchmark Alliance Core UNGP Indicators) and additional analysis of corporate documents and processes by a team consisting of a compliance team, a financial controlling specialist and an ESG manager. As a result of the analysis, it was established that appropriate due diligence processes are in place at the Apator Group.

The Apator Group has implemented mechanisms for counteracting the violation of human rights and anti-corruption procedures. Details of the proceedings have been specified in the Code of Ethics of the Apator Group, Policy in the area of counteracting corruption and bribery, Policy in the area of respecting human rights and in other internal procedures (e.g. operation of the compliance system, procedures regulating the cooperation with suppliers) that apply to all the employees of the Apator Group and its bodies. Moreover, these procedures condition the methods of cooperation with business partners of the Group.

The Apator Group treats tax compliance and tax management as an important element of corporate governance and has implemented appropriate tax risk management strategies and processes. Neither the Group nor any of its companies have been found guilty of breaching tax law.

2. The company is ultimately held liable or found to have violated labour or human rights law in certain types of labour or human rights litigation.

The verification consisted in reviewing - with the participation of the compliance team and the ESG manager - whether there were any final and binding sentences in relation to Apator Group companies in the area of human rights, corruption, fair competition behaviour and taxation. As a result of the verification, it was found that there was no information on such final and binding sentences.

3. Lack of cooperation with the OECD National Contact Point (OECD NCP).

Pursuant to the verification of the OECD NCP database, it was found that there were no filings in relation to Apator Group companies in the period from 1 January 2023 to 31 December 2023.

<https://mneguidelines.oecd.org/database/>

4. The Business and Human Rights Resource Centre (BHRRC) undertook allegations against the company and the company failed to respond within 3 months.

An analysis of the Business and Human Rights Resources Centre's (BHRRC) database as at 31 December 2023 showed that there were no reported allegations against the Apator Group, so the premise of the Group not responding within 3 months to allegations made during this period also does not apply.

<https://www.business-humanrights.org/en/companies>

Turnover of the Apator Group from environmentally sustainable activities in 2023

Business (1)	Code or codes (2)	Turnover (absolute value) (3)	Part of the turnover (4)	Criteria for significant contribution						Criteria for principle "does not cause serious damage"						Percentage of turnover consistent with the taxonomy, 2023	Percentage of turnover consistent with the taxonomy, 2022	Category (supporting activities or ("transition activities")) (20)	Category ("transition activities") (21)
				Mitigating climate change (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Mitigating climate change (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				
A. ACTIVITIES QUALIFYING FOR THE SYSTEMATICS																			
A.1. Types of environmentally sustainable activities (in accordance with the taxonomy)																			
3.20. Manufacture, installation and servicing of high, medium and low voltage electrical equipment for the transmission and distribution of electricity that makes or enables a significant contribution to the mitigation of climate change	CCM 3.20	139 563	12%	100%	%	%	%	%	%	T	T	T	T	T	T	T	11%	E	
3.5. Production of equipment that increases the energy efficiency of buildings	CCM 3.5	54 393	5%	100%	%	%	%	%	%	T	T	T	T	T	T	T	1%	E	
4.1. EE production using photovoltaic technology	CCM 4.1	0	0%	100%	%	%	%	%	%	T	T	T	T	T	T	T	0%	E	
4.9. Transmission and distribution of electricity	CCM 4.9	271 023	24%	100%	%	%	%	%	%	T	T	T	T	T	T	T	24%	E	
4.10. Electricity storage	CCM 4.10	850	0%	100%	%	%	%	%	%	T	T	T	T	T	T	T	0%	E	
4.16. Installation and operation of electric heat pumps	CCM 4.16	0	0%	100%	%	%	%	%	%	T	T	T	T	T	T	T	0%	E	
7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of a building	CCM 7.5	163 593	14%	100%	%	%	%	%	%	T	T	T	T	T	T	T	14%	E	
8.2. Data-driven solutions for reducing greenhouse gas emissions	CCM 8.2	13 861	1%	100%	%	%	%	%	%	T	T	T	T	T	T	T	1%	E	
1.1. Manufacturing, installation and related services of leak control technologies to reduce and prevent leaks in water supply systems	WTR 1.1	281 654	25%	%	%	100%	%	%	%	T	T	T	T	T	T	T	25%	E	
4.1. Providing data-driven IT/OT solutions to reduce leakages	WTR 4.1	208	0%	%	%	100%	%	%	%	T	T	T	T	T	T	T	0%	E	
Turnover from environmentally sustainable activities (in accordance with the taxonomy) (A.1)																			
A.2. Activities qualifying for the taxonomy but environmentally unsustainable (non-taxonomy-compliant activities)																			
4.9. Transmission and distribution of electricity	CCM 4.9	36 408	3%	100%	0%	0%	0%	0%	0%	T	T	T	T	T	T	T	3%	E	
Turnover from activities that qualify for the taxonomy but are environmentally unsustainable (non-compliant activities) (A.2)																			
Total (A.1 + A.2)		925 165	81%														81%		37%
Total (A.1 + A.2)		961 573	85%														85%		37%

B. ACTIVITIES NOT QUALIFIED FOR THE SYSTEMATICS

Turnover from activities not eligible for taxonomy (B)	175 601	15%
Total (A + B)	1 137 174	100%

	Part of turnover / Total turnover	Compliance with the taxonomy divided into objectives	Eligibility for taxonomy by objective
CCM	57%	57%	60%
CCA	0%	0%	0%
WTR	25%	25%	25%
CE	0%	0%	0%

CAPEX of the Apator Group related to environmentally sustainable investment expenditure in 2023

Capex	Business (1)	Code or codes (2)	Turnover (absolute value) (3)	Part of the turnover (4)	Criteria for significant contribution						Criteria for principle "does not cause serious damage"						Minimum guarantees (17)	Percentage of turnover consistent with the taxonomy, 2023	Percentage of turnover consistent with the taxonomy, 2022	Category (supporting activities or (20)	Category ("transition activities") (21)
					Mitigating climate change (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Mitigating climate change (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
A. ACTIVITIES QUALIFYING FOR THE SYSTEMATICS																					
A.1. Types of environmentally sustainable activities (in accordance with the taxonomy)																					
	3.20. Manufacture, installation and servicing of high, medium and low voltage electrical equipment for the transmission and distribution of electricity that makes or enables a significant contribution to the mitigation of climate change	CCM 3.20	1 394	4%	100%	%	%	%	%	%	%	T	T	T	T	T	T	T			
	3.5. Production of equipment that increases the energy efficiency of buildings	CCM 3.5	2 286	6%	100%	%	%	%	%	%	%	T	T	T	T	T	T	T			
	4.1. EE production using photovoltaic technology	CCM 4.1	226	1%	100%	%	%	%	%	%	%	T	T	T	T	T	T	T			
	4.9. Transmission and distribution of electricity	CCM 4.9	4 624	12%	100%	%	%	%	%	%	%	T	T	T	T	T	T	T			
	4.10 Electricity storage	CCM 4.10	0	0%	100%	%	%	%	%	%	%	T	T	T	T	T	T	T			
	4.16 Installation and operation of electric heat pumps	CCM 4.16	567	2%	100%	%	%	%	%	%	%	T	T	T	T	T	T	T			
	7.2. Measurement, monitoring and control systems and services for measuring, regulating and controlling the energy performance of a building	CCM 7.5	4 839	13%	100%	%	%	%	%	%	%	T	T	T	T	T	T	T			
	8.2 Data-driven solutions for reducing greenhouse gas emissions	CCM 8.2	295	1%	100%	%	%	%	%	%	%	T	T	T	T	T	T	T			
	11. Manufacturing, installation and related services of leak control technologies to reduce and prevent leaks in water supply systems	WTR 1.1	13 943	37%	%	%	100%	%	%	%	%	T	T	T	T	T	T	T			
	4.1. Providing data-driven IT/OT solutions to reduce leakages	WTR 4.1	957	3%	%	%	100%	%	%	%	%	T	T	T	T	T	T	T			
Capex from environmentally sustainable activities (in accordance with the taxonomy) (A.1)																					
29 133																					
A.2 Activities qualifying for the taxonomy but environmentally unsustainable (non-taxonomy-compliant activities)																					
	4.9. Transmission and distribution of electricity	CCM 4.9	126	0%	100%	0%	0%	0%	0%	0%	0%	T	T	T	T	T	T	T			
Capex from taxonomy-eligible but environmentally unsustainable activities (non-taxonomy-compliant activities) (A.2)																					
126																					
Total (A.1 + A.2)																					
29 259																					
78%																					
B. ACTIVITIES NOT QUALIFIED FOR THE SYSTEMATICS																					
Capex from activities not eligible for taxonomy (B)																					
8 162																					
22%																					
Total (A + B)																					
37 421																					
100%																					

B. ACTIVITIES NOT QUALIFIED FOR THE SYSTEMATICS

Capex from activities not eligible for taxonomy (B)	8 162	22%
Total (A + B)	37 421	100%

	Part of capex/Total capex	
	Compliance with the taxonomy divided into objectives	Eligibility for taxonomy by objective
CCM	38%	38%
CCA	0%	0%
WTR	40%	40%
CE	0%	0%

OPEX of the Apator Group related to environmentally sustainable activities in 2023

Opex	Business (1)	Code or codes (2)	Turnover (absolute value) (3) thousand PLN	Part of the turnover (4) %	Criteria for significant contribution						Criteria for principle "does not cause serious damage"						Minimum guarantees (17) T/N	Percentage of turnover consistent with the taxonomy, 2023 Percent	Percentage of turnover consistent with the taxonomy, 2022 Percent	Category (supporting activities or (20) E	Category ("transition activities") -21
					Mitigating climate change (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Mitigating climate change (11) T/N	Climate change adaptation (12) T/N	Water and marine resources (13) T/N	Circular economy (14) T/N	Pollution (15) T/N	Biodiversity and ecosystems (16) T/N					
A. ACTIVITIES QUALIFYING FOR THE SYSTEMATICS																					
A.1. Types of environmentally sustainable activities (in accordance with the taxonomy)																					
	32C: Manufacture, installation and servicing of high, medium and low voltage electrical equipment for the transmission and distribution of electricity that makes or enables a significant contribution to the mitigation of climate change	CCM 3.20	1 469	18%	100%	%	%	%	%	%	T	T	T	T	T	0%		E			
	3.3 Production of equipment that increases the energy efficiency of buildings	CCM 3.5	194	2%	100%	%	%	%	%	%	T	T	T	T	T	0%		E			
	4.1 EE production using photovoltaic technology	CCM 4.1	0	0%	100%	%	%	%	%	%	T	T	T	T	T	0%					
	4.9. Transmission and distribution of electricity	CCM 4.9	2 161	27%	100%	%	%	%	%	%	T	T	T	T	T	0%		E			
	4.10 Electricity storage	CCM 4.10	0	0%	100%	%	%	%	%	%	T	T	T	T	T	0%		E			
	4.16 Installation and operation of electric heat pumps	CCM 4.16	0	0%	100%	%	%	%	%	%	T	T	T	T	T	0%		E			
	7.9 Inspection, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of a building	CCM 7.5	1 160	15%	100%	%	%	%	%	%	T	T	T	T	T	15%		E			
	8.2 Data-driven solutions for reducing greenhouse gas emissions	CCM 8.2	0	0%	100%	%	%	%	%	%	T	T	T	T	T	0%		E			
	1.1. Manufacturing, installation and related services of leak control technologies to reduce and prevent leaks in water supply systems	WTR 1.1	1 319	17%	%	100%	100%	%	%	%	T	T	T	T	T	17%		E			
	4.1. Providing data-driven IT/OT solutions to reduce leakages	WTR 4.1	144	2%	%	100%	100%	%	%	%	T	T	T	T	T	2%		E			
Opex from environmentally sustainable activities (in accordance with the taxonomy) (A.1)																					
A.2 Activities qualifying for the taxonomy but environmentally unsustainable (non-taxonomy-compliant activities)																					
	4.9. Transmission and distribution of electricity	CCM 4.9	362	5%	100%	0%	0%	0%	0%	0%	T	T	T	T	T	5%		E			
Opex from activities that qualify for the taxonomy but are environmentally unsustainable (activity that is inconsistent with the taxonomy) (A.2)																					
			362	5%												5%					
Total (A.1 + A.2)			6 810	85%												85%		0%			
B. ACTIVITIES NOT QUALIFIED FOR THE SYSTEMATICS																					
Opex from activities not qualifying for taxonomy (B)																					
			1 180	15%																	
Total (A + B)			7 990	100%														0%			

Part of the opex/ Total opex	
Compliance with the taxonomy divided into objectives	Eligibility for taxonomy by objective

CCM	62%	67%
CCA	0%	0%
WTR	18%	18%
CE	0%	0%

Contextual information

The methodology described in section 1.5 for qualifying activities according to the EU Taxonomy (TX) in the Apator Group was developed in 2023. When analysing the Group's 2023 activities, it was applied in full for the stage of identifying environmentally sustainable activities. This means that each of the Group's companies has carried out a full 7-stage identification process for all of its activities (or, in the case of companies with subsidiaries, for all of its and its subsidiaries' activities).

However, stage 2 related to the measurement of environmentally sustainable performance requires the application of the tools/solutions provided for in the methodology that enable the precise measurement of the source figures (ultimately the precise determination of the values of the key indicators of environmentally sustainable performance, in particular concerning capex and opex). These tools have been applied by entities of the Apator Group to the full extent since the beginning of 2024, therefore, by necessity, the corresponding figures for 2023 have been established in a more simplified manner.

In particular, the part of the incurred capex capital expenditures and opex operating expenditures, where it was not possible to directly assign them to the identified TX activity categories, was assigned to them by means of established allocation keys (based most often on sales revenue volumes).

The percentages (turnover and capex) for 2022 shown in column 19 of the relevant taxonomy tables were presented analogously to their presentation in the Apator Group report for 2022 (due to the lack of identification of opex figures - the reasons for which were explained in the report for 2022 - column 19 of the last taxonomy table shows zeros). The methodology for the qualification of activities according to the EU Taxonomy, as applied by the Apator Group at that time, was much more simplified than the approach developed in 2023 (this also applied to the identification stage), as were the tools used to measure the source figures. Consequently, any attempt to retrospectively identify the relevant turnover figures, and in particular capital expenditure and operating costs, would necessarily involve very large simplifications and subjective conversion assumptions. After analysis, it was considered methodologically more correct to leave the data at the level of detail at which they were originally presented.

The figures in column 19 of the turnover table relate to the following activities:

- Electricity metering - 11%
- Switchgear - 11%
- Control and supervision systems - 2%
- ICT - 0%
- Heat meters - 1%
- Water meters - 13%

In the capex table:

- Electricity metering - 2%
- Switchgear - 3%
- Control and supervision systems - 3%
- ICT - 1%
- Capex of the W&H segment - 26%

The data presented in the taxonomy tables for 2023 indicate a significant increase in the share of taxonomy-aligned activities in the total activity of the Apator Group between 2022 and 2023. It should be explained that this is partly due to the actual increase in the scale of activities compliant with the taxonomy (e.g. in the area of transmission and distribution of electricity), partly due to the change in the applied methodology for the qualification of a taxonomy-aligned activity that occurred between 2022 and 2023. This change involved, among other things, a closer analysis of the Group's activities in order to assign/exclude them more precisely from the taxonomy. As a result, a wider range of activities of the Apator Group was finally included in the taxonomy in 2023 than it was in 2022. In addition, due to the supplementation of the regulations in force, only since 2023 a part of the activity of the Gas segment was included in the taxonomy.

In terms of turnover, the largest year-on-year increases relate to the following activities:

- Gas meters +14%
- Water meters +12%
- Transmission and distribution of electricity +12%

5.4.3 Nuclear and gas related activities in terms of the EU Taxonomy

Disclosure in accordance with Annex III of Commission Delegated Regulation (EU) 2022/1214, supplementing Commission Delegated Regulation (EU) 2021/2178 with Annex XII on standard templates for the disclosure referred to in Article 8 section 6 and 7. – i.e. for nuclear and fossil gas related activities.

Turnover

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES/ <u>NO</u>
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES/ <u>NO</u>
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES/ <u>NO</u>
Row	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES/ <u>NO</u>
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES/ <u>NO</u>
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES/ <u>NO</u>

Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (in thousands PLN)	%	Amount (in thousands PLN)	%	Amount (in thousands PLN)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	643,304	57%	643,304	57%	0	0
8	Total applicable KPI	1,137,174	100%	1,137,174	100%	0	0

Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (in thousands PLN)	%	Amount (in thousands PLN)	%	Amount (in thousands PLN)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable key performance indicator	643,304	100%	643,304	100%	0	0
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	643,304	100%	643,304	100%	0	0

Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (in thousands PLN)	%	Amount (in thousands PLN)	%	Amount (in thousands PLN)	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	36,408	3%	36,408	3%	0	0
8	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	36,408	3%	36,408	3%	0	0

Taxonomy non-eligible economic activities

Row	Economic activities	Amount (in thousands PLN)	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	175,601	15%
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	175,601	15%

Capex

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES/ NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES/ NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES/ NO
Row	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES/ NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES/ NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES/ NO

Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (in thousands PLN)	%	Amount (in thousands PLN)	%	Amount (in thousands PLN)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	14,232	38%	14,232	38%	0	0
8	Total applicable KPI	37,421	100%	37,421	100%	0	0

Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (in thousands PLN)	%	Amount (in thousands PLN)	%	Amount (in thousands PLN)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable key performance indicator	14,232	100%	14,232	100%	0	0
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	14,232	100%	14,232	100%	0	0

Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (in thousands PLN)	%	Amount (in thousands PLN)	%	Amount (in thousands PLN)	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	126	0%	126	0%	0	0
8	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	126	0%	126	0%	0	0

Taxonomy non-eligible economic activities

Row	Economic activities	Amount (in thousands PLN)	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	8,162	22%
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	8,162	22%

Opex

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES/ <u>NO</u>
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES/ <u>NO</u>
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES/ <u>NO</u>
Row	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES/ <u>NO</u>
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES/ <u>NO</u>
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES/ <u>NO</u>

Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (in thousands PLN)	%	Amount (in thousands PLN)	%	Amount (in thousands PLN)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	4,984	62%	4,984	62%	0	0
8	Total applicable KPI	7,990	100%	7,990	100%	0	0

Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (in thousands PLN)	%	Amount (in thousands PLN)	%	Amount (in thousands PLN)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0	0	0	0	0
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable key performance indicator	4,984	100%	4,984	100%	0	0
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	4,984	100%	4,984	100%	0	0

Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (in thousands PLN)	%	Amount (in thousands PLN)	%	Amount (in thousands PLN)	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0	0	0
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	362	5%	362	5%	0	0
8	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	362	5%	362	5%	0	0

Taxonomy non-eligible economic activities

Row	Economic activities	Amount (in thousands PLN)	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,180	15%
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	1,180	15%

6. ABOUT THE REPORT

This report covers non-financial information concerning Apator SA and the Apator Group for the period between 1 January 2023 and 31 December 2023. The report constitutes a statement on non-financial information prepared in accordance with Article 55 sec. 2b-2c of the Accounting Act of 29 September 1994. The report includes indicators prepared on the basis of the Global Reporting Initiative (GRI) Guidelines for Sustainability Reporting

The previous report, which presented activities of the Apator Group in terms of non-financial data for 2022, was published on 26 April 2023.

The Apator Group reports non-financial data on an annual basis. The report has not been externally verified.

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

The data contained in this report presents the economic, social and environmental activities of the entire Apator Group, unless otherwise indicated in a specific section of the report.

Contact details of the person responsible in the Apator Group for the ESG area:

Monika Pietkiewicz
Spokesperson for the Apator Group, ESG Manager
e-mail: rzecznik.prasowy@apator.com

7. GRI INDEX

GRI indicator	Indicator description	Page in the report
Profile indicators		
G4 102-1	Name of the organisation	Page 6
G4 102-2	Main brands, products and services	Page 6
G4 102-3	Location of headquarters	Page 6
G4 102-4	Location of operating activities	Page 6
GRI 102-5	Form of ownership and legal structure of the organisation	Page 6-7
G4 102-6	Markets served	Page 6
G4 102-7	Scale of activities	Page 6-7, 9, 22
GRI 102-8	Data concerning employees	Page 44-58
GRI 102-9	Description of the supply chain	Page 63, 69-71
GRI 102-11	Risk management in the organisation	Page 31-33
GRI 102-12	External initiatives, declarations or policies related to economic, environmental or social issues that the company has signed or applies.	Page 72-73
GRI 102-13	Membership in associations and organisations	Page 72-73
GRI 102-14	Statement by top-level management	Page 3
GRI 102-15	Description of key impacts, opportunities and risks	Page 33-42
GRI 102-16	The organisation's values, code of ethics, principles and standards of conduct	Page 23-24
GRI 102-17	Mechanisms for obtaining advice on conduct with respect to ethical issues	Page 24.30
GRI 102-18	Supervisory structure of the organisation	Page 18-20
GRI 102-40	List of stakeholder groups	Page 14-15
GRI 102-41	Employees covered by collective agreements	Page 46, 56
GRI 102-42	Stakeholder identification and selection	Page 11, 14-15
GRI 102-50	Reporting period	Page 112
GRI 102-51	Date of publication of the last report	Page 112
GRI 102-52	Reporting cycle	Page 112
GRI 102-53	Contact person for questions regarding the report and CSR issues	Page 112
GRI 102-55	GRI Content Index	Page 113-115

Economic parameters

GRI 201-1	Direct economic value generated and distributed	Page 10
-----------	-------------------------------------------------	---------

Indicators related to prevention of corruption and bribery and respect for human rights

GRI 205-1	Total number and percentage of business units analysed in terms of corruption risk	Page 26
GRI 205-2	Communication and training on ethical issues, including prevention of corruption	Page 23-24, 30-31
GRI 205-3	Confirmed cases of corruption and actions taken in response to them	Page 26
GRI 415-1	Value of donations to political parties and institutions of a similar nature	Page 26
GRI 405-1	Diversity in management bodies and in the workforce	Page 25-26
GRI 406-1	Number of reported cases of discrimination/mobbing/intimidation	Page 26

GRI indicator	Indicator description	Page in the report
Workplace indicators		
GRI 102-8	Total number of employees by type of employment and type of employment contract, broken down by gender	Page 45
GRI 401-1	Total number and ratio of new employees and employee turnover by age group, gender and region	Page 46
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, broken down by main business locations	Page 48-49
GRI 403-1	Occupational safety and health management system	Page 57-58
GRI 403-2	Hazard identification, risk assessment, accident analysis	Page 57-58
APA-1	Employee complaints in the scope of OSH	Page 58
GRI 403-5	Occupational Health and Safety training	Page 54
GRI 403-6	Promotion of a healthy lifestyle	Page 527-58
GRI 403-9	Accidents at work	Page 54
GRI 404-1	Employee training	Page 47, 49, 50-54, 58
GRI 404-2	Management skills development and lifelong learning programmes	Page 54
GRI 405-1	Diversity indicators	Page 55-56
GRI 405-2	Gender pay gap index	Page 55
Information security indicators		
APA-2 Implementation of new IT tools supporting digitalisation of business processes, cooperation within companies and within the Apator Group and information security	Information security indicators	Page 29
Indicators related to activities of the Apator Group in the market		
GRI 204-1	Total number of suppliers Share of purchases from domestic suppliers in total purchases	Page 71
APA-3 Attention to product quality	Customer satisfaction surveys	Page 68
APA-4 Effective sales and after-sales service	Speed of service (average time to resolve complaints in days)	Page 68
APA-5 Implementation of solutions to promote energy efficiency and meet technological, climate and social challenges	Sales of smart solutions Growth of sales of solutions for the RES sector	Page 67
APA-6 Development of modern products and implementation of innovations	Capital expenditure (CAPEX) Operating costs of research and development (R&D) offices not included in CAPEX Average annual number of R&D employees	Page 67

GRI indicator	Indicator description	Page in the report
Environmental indicators		
GRI 301-1	Consumption of basic raw materials and fuels	Page 85
GRI 302-1	Energy consumption of the organisation by type of raw materials	Page 85
APA-7 Optimisation/minimisation of the environmental impact of activities	Energy consumption Productivity	Page 85
GRI 303-3	Total water abstraction by source	Page 85
GRI 304-2	Impact of activities on biodiversity	Page 80-81
GRI 305-1	Direct greenhouse gas emissions (scope 1)	Page 86
GRI 305-2	Indirect greenhouse gas emissions (scope 2)	Page 87
GRI 305-7	Emissions of NO _x , SO ₂ and other relevant compounds emitted into the air	Page 86
GRI 306-2	Total weight of waste by type of waste and disposal method	Page 86
GRI 307-1	Monetary value of fines and total number of non-financial sanctions for non-compliance with environmental laws and/or regulations.	Page 86
EU taxonomy		
	Environmentally sustainable activities	Page 88-111
Social indicators		
GRI 203-1	Number of social events/initiatives supported Expenditure on social activities	Page 77

APA – own indicators

Signatures

25 April 2024

Maciej Wyczęsany

signed with a qualified electronic signature

President of the Management Board, General Director of Apator SA

25 April 2024

Łukasz Zaworski

signed with a qualified electronic signature

Member of the Management Board, Product Development Director

25 April 2024

Robert Kowalski

signed with a qualified electronic signature

Member of the Management Board, Strategy Director of the Apator Group



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

Correspondence address:

Apator SA Centrum
Ostaszewo 57C
87-148 Łysomice

Tel: +48 56 61 91 111
Fax +48 56 61 91 295
e-mail: apator@apator.com