

**REPORT  
ON SOCIAL BUSINESS  
RESPONSIBILITY  
2011**

## Content:

Letter of the President of Apator SA.....	3
INFORMATION ON GRUPA APATOR AND ITS PRODUCTS.....	4
General information .....	4
Vision, Mission, Values .....	5
Strategy of Grupa APATOR .....	5
Make-up of Grupa Apator .....	6
Management in Grupa Apator .....	7
Organization structure .....	8
Products of Grupa Apator and the sales level .....	10
CSR STRATEGY .....	17
Strategic priorities and key issues .....	19
Involvement in external initiatives .....	19
The review of challenges and mean term objectives.....	20
Key events, achievements and failures.....	22
DATA REGARDING THE REPORT .....	22
APATOR AND ETHICS .....	24
Supervision over Apator SA and Grupa Apator.....	25
Management systems in Grupa Apator supporting the conducting of the supervision.....	28
Stakeholders .....	31
Indicators related to the ethics – economical aspect .....	34
Indicators related to ethics – market presence.....	35
Indicators related to the ethics – the Company and its products versus customer, community and the environment .....	36
APATOR AND ECOLOGY - EARTH .....	37
Environmental indicators – raw materials, energy and water consumption .....	38
Environmental indicators – biodiversity .....	40
Environmental indicators – emissions, sewages and wastes.....	41
Environmental indicators – products, their marking and transport.....	43
Environmental indicators – total expenditure for protection of the environment .....	45
APATOR AND WORKPLACE – FIRE.....	46
Indicators regarding employees – employment and descent work.....	47
Indicators regarding employees – safety and health at work .....	50
APATOR AND SOCIETY - AIR .....	51
Membership in organizations .....	51
Awards and distinctions .....	52
Indicator of the impact on community - charity.....	55
Indicator of impact on community – support to education .....	56
Indicator of impact on society – support to culture and art.....	57
Indicator of the impact on society – sport promotion .....	58
Indicator of the impact on society – politics and lobbying .....	59
Completion of the report .....	59
GRI Index .....	60

## ***Letter of the President of Apator SA***

Dear Sirs,

It is true satisfaction to look at achievements of Grupa Apator in 2011. It was successful year. In spite of many complications on world markets, our Company has achieved best financial results in its history, it performed very bravely assumed plans and it put itself ambitious challenges.

On other hand, it was the year of difficult decisions to be made that Apator could still develop and strengthen not within the limits of Toruń but in a new Company in Pomeranian Special Strategic Zone.

The success of the past year was without doubt, the excellent condition of the Company. Owing to it, Apator remains still attractive, steady employer and partner in business.

The affords made to build new manufacturing Company will result further dynamic development of the Company, optimization of manufacturing processes, innovative products, better comfort of working for the employees of Apator. New Company is constructed with the highest care for the environment based on recent developments that minimize the risk related to pollution of water, air and lands.

We live and work in surrounding that fights against many unsolved problems.

Today, our efforts are concentrated on the support of young talented people who need help for the performance of their extraordinary passions, interests and dreams. We believe that among our scholar holders we will find true diamonds; future inventors, great scientists, outstanding humanists and unusual artists. Helping them is our little contribution in the future of the country, such we understand the idea of social involvement and responsible and ethical business.

In 2011, for another time our responsible approach to business and social environment, employees and natural environment surrounded was confirmed by belonging of Apator to RESPECT Index – group of the companies on stock exchanges operating in accordance with the highest standards of corporate social responsibility. We will follow consequently that route.

Yours faithfully,

Janusz Niedźwiecki  
President of Executive Board of Apator S.A.

## **INFORMATION ON GRUPA APATOR AND ITS PRODUCTS**

### **General information**

Apator is the Company with long experience and traditions. It was established in 1949. It manufactured switchgear and mining equipment and distribution and control equipment. It has been Joint Stock Company since 1993. The Joint Stock Company was established by employees of liquidated state-owned company PZAE APATOR. Current object of the activity of Apator SA is; design, manufacturing and sales of metering systems and equipment and switchgear.

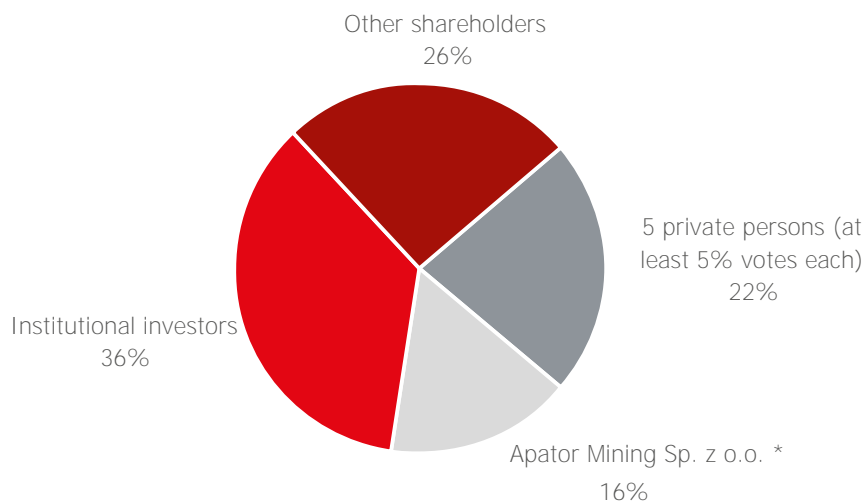
Apator SA is registered in National Court Register, Register of Entrepreneurs under number KRS 0000056456. Since May 2012, the Company is located in Pomeranian Special Economic Zone in Ostaszewo. Address of the headquarters of the Company remains without any change for temporary; Żółkiewskiego 21/29 in Toruń. Apator SA is the owner of land where it operates and the owner of buildings and structures located on that land.

Apator SA is modern and professionally managed Company that ambitiously and consequently takes over other companies on domestic market and foreign markets. Grupa Apator except Apator SA consists of direct six domestic companies and two foreign ones.

The shares of Apator SA are quoted on the basic floor of Warsaw Stock Exchange and in accordance with its classification; the Company belongs to “electric machines” sector. Shares of the Company are quoted in index SWIG 80. First quotations took place on 24<sup>th</sup> April 1997. In January 2011, shares of the Company were quoted in WIGdiv – dividend index and since July 2011 for another time in Respect Index.

The share capital of the Company at 31<sup>st</sup> December 2011 was 3510702,80 PLN and it is divided into registered shares preferred to voting in relation 1:4 and ordinary bearer shares.

The share of investors in capital of Apator SA at 8<sup>th</sup> July 2011 (the day of fixing the right to payment the dividend for 2010) is showed by pie chart below:



\* Apator Mining Sp. z o.o. – subsidiary of Apator SA has in possession the shares acquired according to the Polish Commercial Companies Code and in accordance with art. 613 of the Polish Commercial Companies Code it has the right to vote and take dividend (vested interest)

### ***Vision, Mission, Values***

Vision: Grupa Apator – Leader in Central and Eastern Europe for metering systems and equipment and switchgear

Mission: Our challenge is to create modern technologies governing each kind of energy.

Safety is the aim of our activity.

Values: Reliability, openness, frankness that build good relations with customers, flexibility, enthusiasm, technical competence supported by long experience, modernity, care for environment

### ***Strategy of Grupa APATOR***

Aspiration of Grupa APATOR is to be a leader on domestic market and key leader on foreign markets in the scope of metering systems and equipment and switchgear.

Grupa Apator focuses on the following strategic targets:

1. Geographical expansion – key markets for Grupa Apator covers Central and Eastern Europe, Russia, Balkan countries and it will be extended by Germany, Benelux countries, United Kingdom.
2. Domestic market – winning of new areas and sectors.
3. Development of modern products and services in the scope of manufacturing of switchgear, Grupa Apator will become leading European specialist but in segment of metering equipment, it will be multi integrator supplying among other things innovative metering and data readout systems of electricity, water, heat, and gas consumption.
4. Performance of the policy of one strong "Apator" brand.

Strategic targets of Grupa Apator to be achieved in 2013 are the following:

a) metering segment:

- to be in the top four suppliers of metering equipment in strategic geographical region,

- to achieve and maintain leading position in Poland in scope of smart meters and systems on the market for each of the utility service,
- to achieve the revenues on sales at the level of 370 - 450 m PLN at EBITDA 20 – 25%,
- to achieve 50% of revenues on export,
- 
- to achieve strong position of Apator brand on strategic foreign markets,
- to provide with high quality of the products – annual claims for meters and systems for all utility services to be lower than 0,5% .

2. switchgear segment:

- to be in the top three suppliers of switchgear equipment in strategic geographical region,
- to maintain the leader position on the market of switchgear equipment in Poland,
- to achieve the revenues on sales at the level of 150 - 160 m PLN at EBITDA 20 - 25%,
- to achieve 25% of revenues on export,
- to achieve strong position of Apator brand on strategic foreign markets,
- to provide high quality of the products - annual claims to be lower than 0, 1%

The strategy takes into consideration only organic growth of Grupa Apator and it does not include potential acquisitions.

The above business strategy regards the period 2010-2013. In the first quarter in 2012, the decision was taken regarding the commencement of studies on strategy up to 2017.

### ***Make-up of Grupa Apator***

Apator SA creates the capital group and it has got directly or indirectly shares in the entities specified below:



At the end of 2011 the make –up of Grupa Apator was as follows:

Company	Headquartes	Share in capital	Relationship with Apator SA
Apator Mining Sp. z o.o.	Katowice	100,00%	Subsidiary of Apator SA
Apator Control Sp. z o.o.	Toruń	100,00%	Subsidiary of Apator SA
Apator Metrix SA	Tczew	100,00%	Subsidiary of Apator SA

Company	Headquartes	Share in capital	Relationship with Apator SA
FAP Pafal SA	Świdnica	100,00%	Subsidiary of Apator SA
Apator Rector Sp. z o.o.	Zielona Góra	70,00%	Subsidiary of Apator SA
Apator Powogaz SA	Poznań	100,00%	Subsidiary of Apator SA
Apator GmbH	Berlin (Germany)	100,00%	Subsidiary of Apator SA
Newind Sp. z o.o.	Wrocław	60,00%	Indirect subsidiary through Apator Rector sp. z o. o
		42,00%	Indirect share through Apator Rector sp. z o. o.
Apator Metra s. r. o.	Sumperk (Czech Republic)	100,00%	Indirect subsidiary through Apator Powogaz SA
		100,00%	Indirect share through Apator Powogaz SA
Apator Metroteks Sp. z o. o.	Kiev (Ukraine)	61,00%	Indirect subsidiary through Apator Powogaz SA
		61,00%	Indirect share through Apator Powogaz SA
Apator Telemetry Sp. z o.o..	Ślupsk	50,80%	Indirect subsidiary through Apator Powogaz SA
		50,80%	Indirect share through Apator Powogaz SA
Apator ElektroSA	Moscow (Russia)	50%	Associated with Apator SA
Teplowodomer SA	Mytishchi (Russia)	50,00%	Indirectly associated through Apator Powogaz SA
		50,00%	Indirect share through Apator Powogaz SA

### Changes in make-up of Grupa Apator during 2011

On 1<sup>st</sup> January 2011, Apator Powogaz acquired 360 000 shares (100%) of Metra Sumperk s.r.o. with headquarters in Czech Republic.

On 25<sup>th</sup> May 2011, Apator Rector Sp. z o.o. concluded the contract of acquisition of 60% shares of Newind Grupa Apator Sp. z o.o. with headquarters in Wrocław. The transfer of property of share was made on 31<sup>st</sup> May 2011.

On 8<sup>th</sup> July 2011, Wodpol Sp. z o.o. subsidiary directly of Apator Powogaz SA was liquidated and canceled from register of entrepreneurs.

### **Management in Grupa Apator**

Company at 31.12.2011	Make-up of Supervisory Board	Make up of Executive Board
Apator SA	Janusz Marzygliński, Mariusz Lewicki Ryszard Wojnowski Danuta Guzowska Eryk Karski Krzysztof Kwiatkowski	Janusz Niedźwiecki – President Tomasz Habryka Jerzy Kuś
Apator Metrix SA	Janusz Lewicki Janusz Niedźwiecki Krzysztof Malec	Arkadiusz Chmielewski – Chairman, Ryszard Lippke
FAP Pafal SA	Kazimierz Piotrowski Janusz Niedźwiecki Janina Karaszewska – Zandrowicz Tadeusz Sosgórnik	Tomasz Habryka
Apator Rector sp. zo.o.	Janusz Marzygliński	Krzysztof Wojtczak-

	Marek Kurzawa Jerzy Kuś	Chairman Marek Michalak
Aparator Powogaz SA	Janusz Marzygliński Janina Karaszewska- Zandrowicz Tadeusz Sosgórnik Janusz Niedźwiecki Jolanta Dombrowska	Krzysztof-Prucnal - Chairman Marcin Szczurowi
Aparator Mining sp. z o.o.	Mariusz Lewicki Kazimierz Piotrowski Zbigniew Baranowski	Tadeusz Sosgórnik - Chairman
Aparator Control sp. z o.o.	Ryszard Wojnowski Tomasz Habryka Monika Guzowska	Ryszard Trąbała –Chairman
Aparator Elektro	Aleksander Łapow Mirosław Klepacki	K.G.Burcew A.W. Konfetkin O.W. Petrowa
Aparator GmbH	-	Tomasz Habryka Mirosław Klepacki

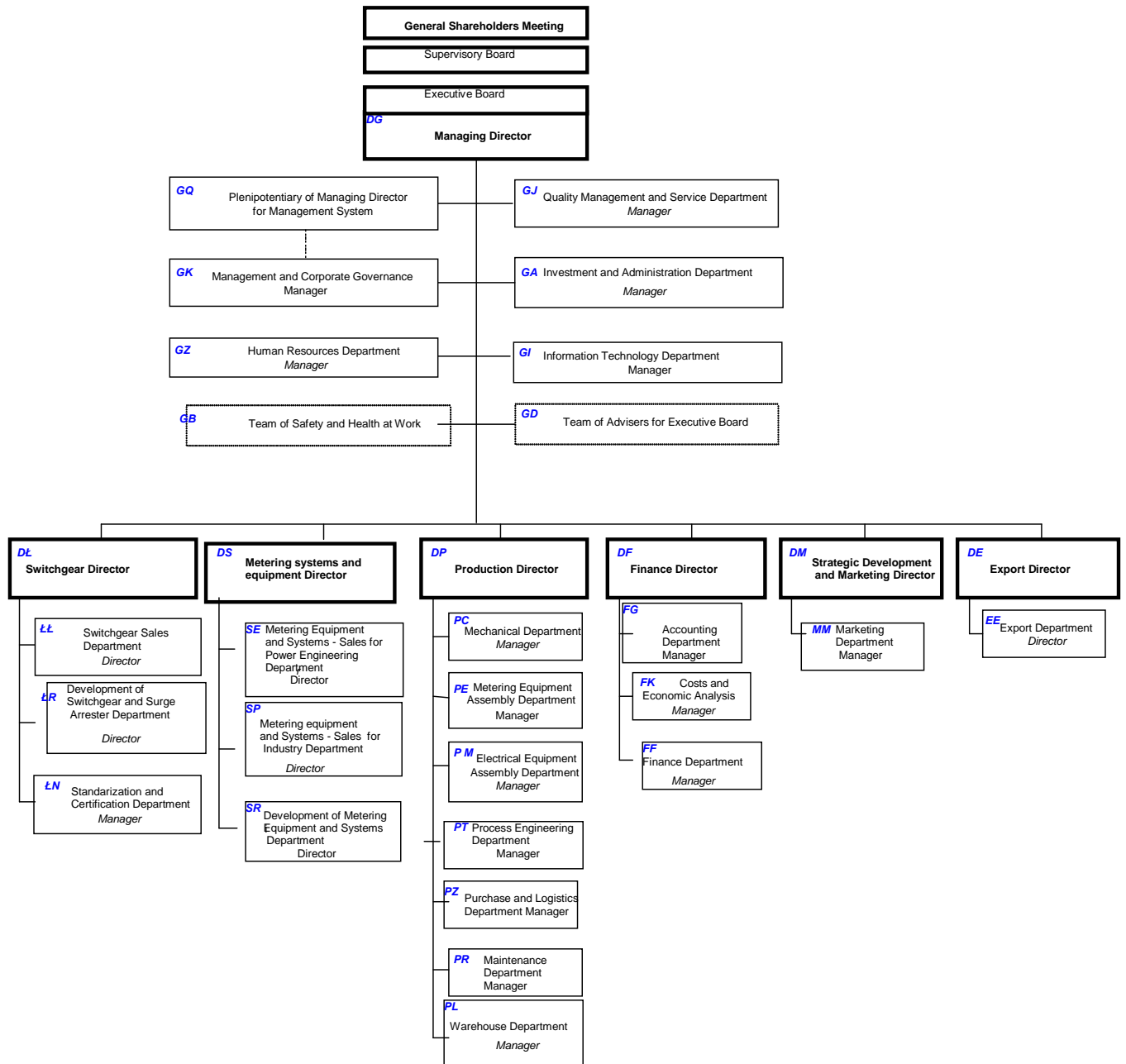
### **Organization structure**

Organization structure of particular entities in Grupa Aparator is varied and optimally suited to the range of their activities. There are processes; design, purchasing, manufacturing and sales in all the entities.

During 2011, some significant changes were made in organizational structure of Aparator SA that came into force on 1<sup>st</sup> April 2011.

- establishment of section of Export Director and Export Department,
- liquidation of Foreign Trade Department for Metering Equipment and Systems operating in section of Metering Equipment and Systems and transfer its scope of activity to the export section
- liquidation of Plenipotentiary of Managing Director for the Implementation of MID Directive

Scheme of organization structure after changes made



There were six organizational sections in Apator SA in 2011:

- managing director – the essential task is management and direct supervision over; quality management system, environmental management system, etc., administration, investments, information technology department and human resources department, supervision over established bodies in Grupa Apator, control of quality and service, investor relations and CSR policy,
- finance – operation in the scope of insurance of property, recording and accounting of the company, recoding of costs, calculations and settlements of costs of activity of the company, settlement of taxes, performance of payment in zloties and foreign currency,
- switchgear – essential task is the design of switchgear and its sales on domestic market, provision of archive of design documentation and standards, protection of intellectual property (patents and trade marks) and proper application of standards, EU directives, testing and certification of switchgear,

- metering – the main tasks are design of metering systems and equipment and their sales on domestic market,
- manufacturing - the activity includes planning and performance of manufacturing, design of technological processes, reviews and repairs of machines, installations and power engineering management, water and sewage management, material procurement and external cooperation, settlement of material consumption and, warehouse management,
- strategic development and marketing – the task of the sector is promotion of Apator brand and products brands, relations with press including sector press, CSR policy, development of marketing materials, care for internet portal of Grupa Apator and participation in domestic and foreign fairs,
- export – the task of the sector is to sell metering systems, equipment, and switchgear on foreign markets.

### ***Products of Grupa Apator and the sales level***

Products of Apator and Grupa Apator provide with advance solutions regarding metering of energy carriers and their data readout, data transmission and readout data visualisation and operation regarding switchgear segment. Products are being offered to customers with Apator brand and with products brands. Main products include metering systems (LEWWSystem Apator, AMR System Apator), electricity meters, gas meters, water meters, heat meters and switchgear are dedicated mainly to power engineering and mining.

# Products of Grupa Apator – metering segment

## METERS OF NEW GENERATION



## ELECTRONIC ELECTRICITY METERS



## LEWsystem APATOR



## INDUCTIVE POST-PAID ELECTRICITY METERS



## Products of Grupa Apator – metering segment

RESIDENTIAL AND INDUSTRIAL GAS METERS



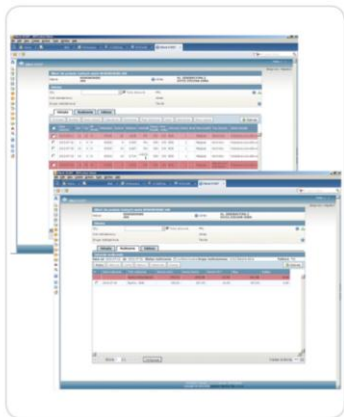
RESIDENTIAL AND INDUSTRIAL WATER METERS



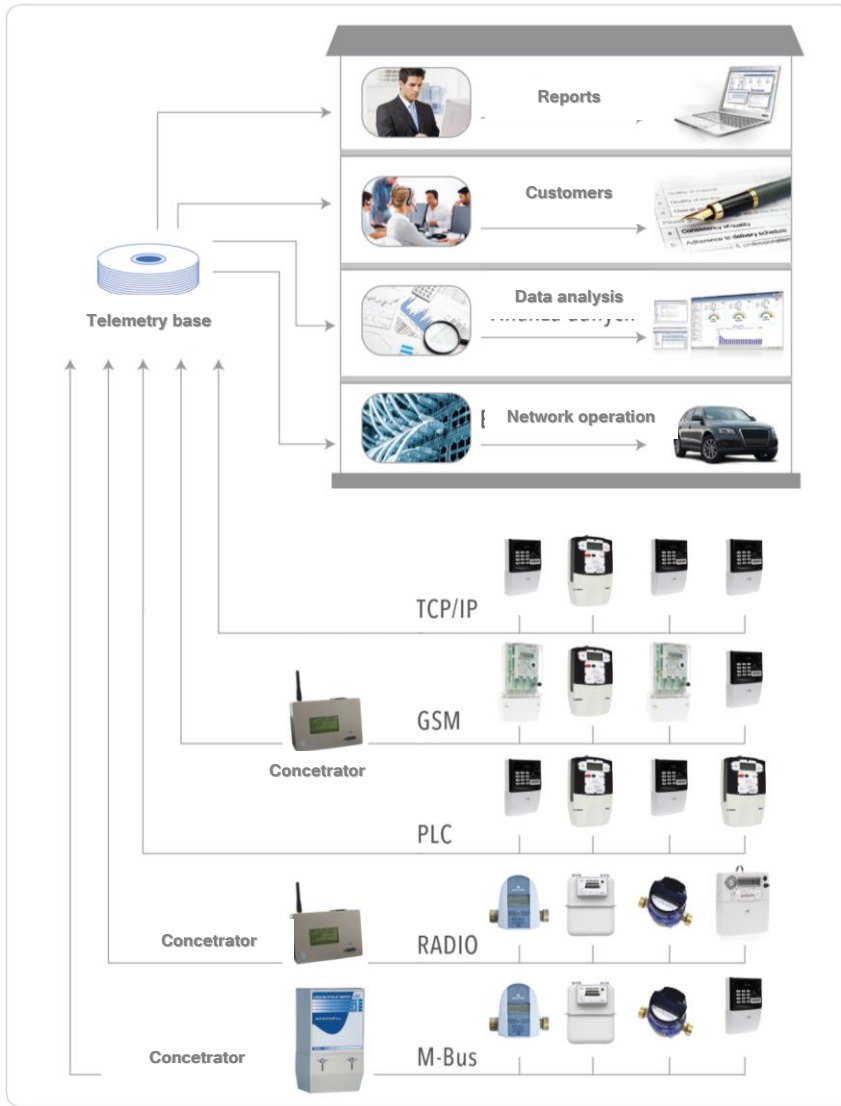
HEAT METERS



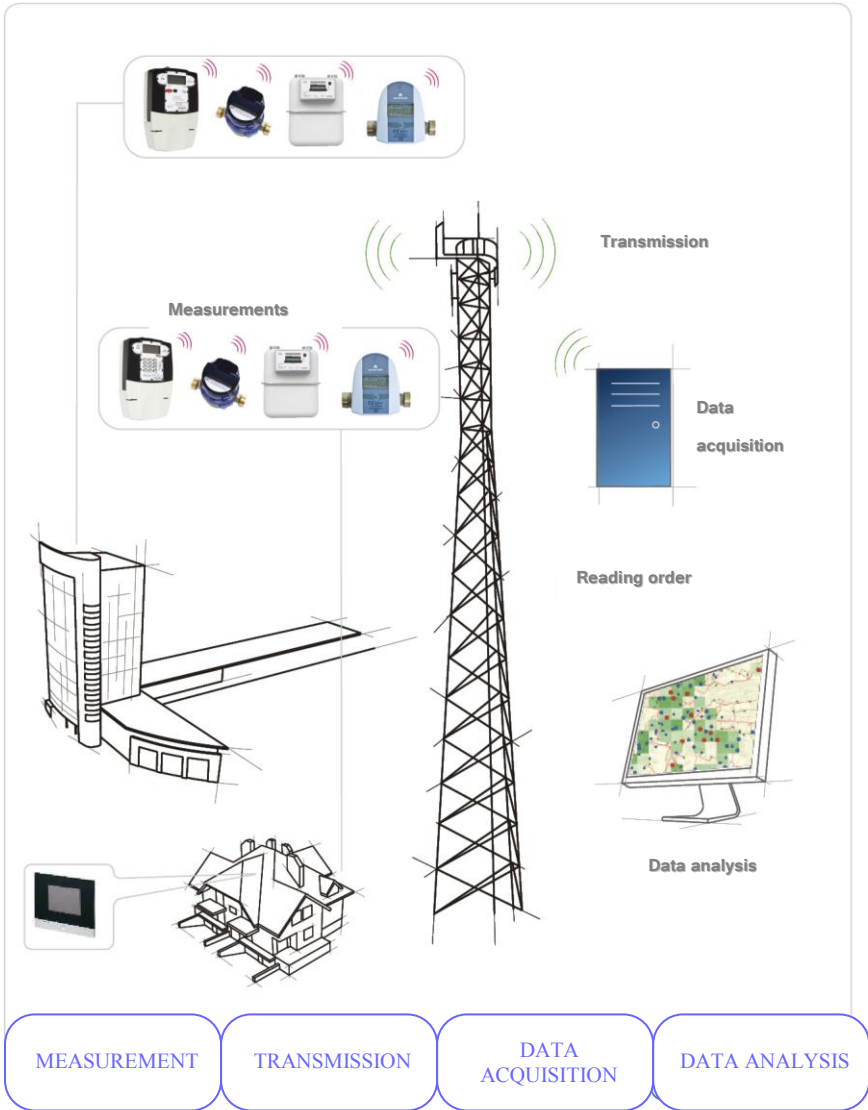
BILLING SYSTEM FOR WATERWORKS



# Remote data readout system



**Remote data readout system**



## Products of Grupa Apator – switchgear segment

RBK00 / RBK 1 TYPE COMPACT  
FUSE SWITCH DISCONNECTORS



RA TYPE SWITCH  
DISCONNECTORS



ASA / ASM SURGE ARRESTERS



ROTARY CAM SWITCHES



ARS TYPE VERTICAL SWITCH  
DISCONNECTORS



**P R O**

- Product line is dedicated  
for power industry
- Higher utilization class
  - Product made of flame  
retardant plastics
  - Wide range of  
accessories and versions

## Products of Grupa Apator – switchgear segment

### MINING EQUIPMENT



Mining Contact Starter



Flame-Proof Air Compressor

### EQUIPMENT FOR AUTOMATION



DC-Thyristor Converter



Frequency  
inverter

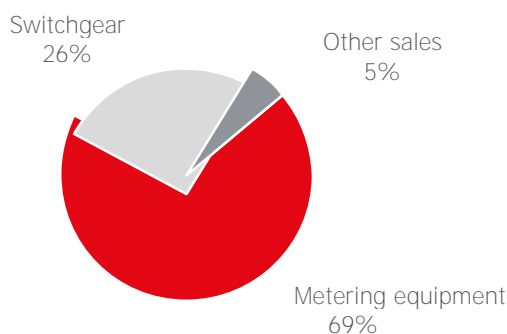


AC Servocontroller

### Sales level and its structure

In 2011 Grupa Apator achieved the revenues on sales in amount of 537.019.000 PLN it means the growth by 127.797.000 PLN that is by 31,23% in relation to 2010. Dominant segment in Grupa Apator is metering one. The share of particular segments in total sales is showed in the pie chart below:

### Structure of revenues on total sales in 2011



Grupa Apator every year achieves growing revenues on sales and it exports its products to almost 60 countries. Increase of export and one strong Apator brand policy are main strategic objectives.

Strategic geographical markets of Grupa Apator are as follows: Central and Eastern Europe countries and Russia, particularly Germany, Austria, Benelux countries, the United Kingdom, Switzerland, Turkey, Balkan countries, and Baltic countries. In this strategic geographical region, we want to maintain its position in top four suppliers of metering equipment and in top three suppliers of switchgear equipment.

The share of export in total sales was as follows;

- Grupa Apator - 36,07 %
- Apator SA - 27,25 %

The main areas of export of Grupa Apator in 2011 include Russia, Denmark, Germany, Czech Republic, Hungary, Ukraine, Lithuania, Egypt, Bulgaria, Spain, Slovenia, Belgium, Georgia, Italy, Turkey, Belarus, Romania, United Kingdom and Sierra Leone.

Grupa Apator is making also use of potential of advance technologically products in Poland, it offers them on developing markets.

## CSR STRATEGY

### **Priorities**

#### **Objectives in relationships with suppliers and customers**

Apator SA is the supplier of safe products – manufacturing of products providing safety of their use.

Apator SA is a guarantor of high quality products and services – increase of satisfaction of customers, responsible marketing and ethical advertisement, protection of personal data.

Apator SA is a partner in business taking care for ethic in the chain of supplies – co-operation with suppliers promoting ethical attitudes and care for being ethical partner in business

#### **Objectives for relationships with employees**

Apator SA is a good employer – provision of high organizational culture of the Company, standing on guard of ethical attitudes of employees, investment in intellectual development of the employees, provision of good conditions in workplace and additional benefits like arrangement of resting of the employees and their families, integration events, events for children of the employees, financial support of recreation.

### **Objectives for relationships with society**

Apator SA is the sponsor of science and art by the support to many local and national artistic events.

Apator SA is the investor for the development of power engineering – membership of the Company of organizations dealing with the workout of the best technological solutions and communication standards for national power engineering market.

### **Objectives for protection of environment**

Apator SA is the guard of protection of environment – minimizing negative impact on environment by optimization of processes including economical processes of raw materials consumption, segregation of wastes, waste and hazardous materials management, application of new ecological technologies in manufacturing processes.

Apator SA is a promoter of ecological attitudes - increase of ecological awareness of the employees by the arrangement of actions in favour of protection of the environment – collection of flat batteries, bottle screw caps and development the habit among the employees to reduce the consumption of paper.

### **Additional objectives that will allow to perform CSR strategy of Apator SA**

Establishment of better communication with stakeholders – establish the mechanisms allowing to efficient and effective getting known of the needs of stakeholders, improvement of contacts with stakeholders and meeting their expectations.

Support to management mechanisms for CSR policy in Grupa Apator – establishment of effective and efficient CSR management in Grupa Apator and quick getting very good opinion of external entities confirming that CSR is the method of effective management not to create the image of the company.

CSR is for us.....

“Effective tool that allows to distinguish the company against competitors, it opens new markets for it, it is the potential for new products and innovations, it can be the medicine for possible legal problems or element of image management. I have noticed in it some inspiring and valuable philosophy of running business, marketing and communication”

Monika Pietkiewicz

Corporate image specialist

“CSR became particularly close for us due to the participation of our company in the project “CSR is the platform of transfer of knowledge and creation of common ventures socially responsible.” Apator SA joined the project in order to deepen the knowledge about corporate social responsibility in business and make contact to commence the cooperation with high education institution particularly with Centre for Leadership and Social Responsibility in Business of Nicolaus Copernicus University in Toruń.

Due to the project, some measures have been taken leading to provide with consistency among measures taken in the scope of CSR with business strategy in the Company and it was more precise distribution of responsibility for planned measures within CSR”.

Jolanta Dombrowska

## **Strategic priorities and key issues**

### Strategic priorities and key issues in view of sustainable environment

Environment	Market	Workplace	Society
- care for products environment friendly - saving of raw materials - establishment of metering systems optimizing the consumption of utility services - educational actions for employees and customers	care for permanent development and better and better quality of products to meet customers' expectations - exchange of experience and knowledge between high education institutions and business; - establishment of market trends and participation in establishment of standards concerning national power engineering sector (works in consortium and non-governmental organizations);	- permanent improvement of qualifications of the employees by training and financial support systems of science - permanent rising the safety standards in addition, good conditions of working by application of innovative technologies and processes. - improvement of internal communication, access of employees to key information concerning the workplace - improvement	- scholarship programme for talented youth - financial support of future engineers by scholarships, trainings and practices - support to initiatives of culture, art and sport - charity for local institutions and organizations giving the help to the people being in difficult situation

## **Involvement in external initiatives**

Apator SA accepts and gives the support to economic, environmental and social declarations, rules and other initiatives. The performance of the rules declared by Apator SA, contributes to the development of the Company in a spirit of social responsibility in business with the profits for the environment.

- Apator SA accepted to apply the provisions of best practice code. The code is titled "The Best Practices for WSE Listed Companies" and it is called soft law. It means that companies should apply them and at the same time in case of their non compliance or partly compliance with code, they are not to be punished by WSE. According to the rule of comply or explain, Apator SA announces the market about its scale of application. The performance of provisions of the code contributes to more transparent the actions of our company and at the same time to strengthen its image and relation with the market. The confirmation of the actions is the Apator SA participation in Index Respect and its presence in elite group of 15 WSE listed companies distinguished to be researched in respect of communication with individual investors. The research was carried out by "Trend" monthly magazine in 2012.
- Apator SA as a member of many organizations such like Business Centre Club or .Association of Polish Exporters has the influence on running of active economic lobbying for the development of free market economy and establishment of good law.
- Apator SA has integrated quality, environment, health and safety at work system. The Company is involved in national initiatives for the collection of waste packaging, flat batteries, electrical and electronic equipment used and collection of manufacturing wastes ,
- Apator SA owing to its membership in Energy Conservation Agency in Toruń, takes active participation in international initiatives aiming at promotion of renewable energy, reduction of energy consumption and implementation of modern technologies less harmful to the environment.

## ***The review of challenges and mean term objectives***

The main challenge of Apator SA and its objectives and 3-5 next years:

### **1. Challenge resulting of business strategy**

Grupa Apator consequently strives to perform its assumptions specified in business strategy. Key objective is to achieve and maintain leading position in metering and switchgear segments on domestic market and on key foreign markets.

One of the most important assumptions of the strategy is intensive geographical expansion on developed markets particularly in Western Europe. Apator expands its current strategic area of interest of markets (Eastern and Central Europe) by Germany, Benelux countries, Great Britain and it intends also to win strong position in metering equipment on Russian market.

The following important point of long-term plan is deep penetration of domestic market aimed at reaching new areas and sectors. The performance of the assumption is based on mainly on intensive development of products and services. The Company builds its offer introducing modern solutions and innovative technology owing to research and develop own design offices. The coming years will be to Grupa Apator the time of intensive growth, particularly in metering sector. The Company is seeking the possibility to acquire the enterprises with the offer that could be expansion or completion of its product offer.

### **2. Grupa Apator is expert in the sector**

Grupa Apator is the supplier of smart systems and equipment that are designed in accordance with needs of customers and expectations of market regulators. The role of Apator on the market is not only the manufacturing of equipment. The group of experts of the Company participates in any governmental initiatives and non governmental institutions to develop the best technological solutions and communication standards for national power engineering market.

Apator SA collaborates with Energy Regulatory Office for the above purposes.

It supervises and regulates energy market in Poland and it is active in works of design teams nominated by Polish Power Transmission and Distribution aiming at Polish standards concerning the power market not to be copied from other countries but to be adapted to the needs and capabilities of the Polish market

Apator SA is the member of Consortium Smart Power Grids Poland that acts to find the concept of development of smart grids in Poland, standards of implementation of smart grid based on domestic conditions.

Apator SA is also the member of the Polish Office Chamber of Electronics and Telecommunication and it participates in establishment of legal draft projects related to new direction of development and solutions concerning power engineering sector in Poland.

Apator SA is involved in studies on global development. It is the member of Prime Alliance international organization gathering the biggest producers of smart intelligent power grids on the market leading to establish global standard for equipment and systems of communication of class MI -PRIME PLC.

Apator SA is also the initiator and organizer of regular sector conference Baltic Smart Grid Meeting where distributors, energy suppliers and manufacturers of equipment and software for power engineering take part in order to discuss about possible solutions, chances and threats being the result of smart grid implementation in Poland.

### **3. Construction of new headquarters in Pomeranian Special Economic Zone in Ostaszewo**

Construction of modern Company and the move all activity to new place in 2012 is important step towards optimization and automation of manufacturing, great chance for further expansion of the offer of modern products and services that meet the challenges of the market and expectations of our customers.

New Company has been designed based on the latest solutions environmental friendly. Low energy lighting system, control of shutters system, heating and air conditioning with heat recuperation system, rain water collection for watering of grass areas have been introduced.

Consequently, technologies that are more effective will be implemented aiming at the reduction of electricity consumption, emission of pollutants into air and the volume of wastes and sewages.

Challenges for power engineering in Poland

- permanent improvement of quality safety of products – lack of harmful impact on health of users
- development of products taking into account protection of environment – minimizing of negative impact of products on environment and reduction of raw materials and effective their usage from ecological point of view.
- meet the expectations of customers –access to the latest technologies in all aspects of life related to expectations of customers concerning safety and innovation of our products,
- improvement of service of customers –permanent improvement of processes related to reliable advising the customers about our products and conditions their purchase
- improvement of provisions of law regulating the market – stable regulation environment and legal one favourable to make long term investment and development plans.

## Key events, achievements and failures

Key events, achievements and failures in reporting period shows the table below:

	<b>Environment</b>	<b>Market</b>	<b>Workplace</b>	<b>Society</b>
<b>Achievements</b>	<ul style="list-style-type: none"> <li>-improvement of waste segregation (cardboard, plastics);</li> <li>- improvement of ecological awareness of the employees by arrangement of regular trainings</li> <li>- withdrawal of raw materials small friendly to environment (thermosetting.);</li> <li>Reduction of volume of municipal waste;</li> <li>-implementation of ecological solutions in 2011 in designing of a new company where all the activity of Apator SA was transferred,</li> <li>-winning the title of Leader of Polish Ecology</li> </ul>	<ul style="list-style-type: none"> <li>-introduction of professional products for more demanding customers and new types of products meeting high quality standards (confirmed by testing in VDE German institute)</li> <li>- activity within organizations: Prime Alliance, Consortium of Smart Power Grids Polska, Polish Economy Chamber for Electronics and Communication</li> <li>-organization of sector conference -Baltic Smart Grids Meeting integrating people in sector</li> <li>In order to establish the standards for introduction of power smart grids in Poland</li> <li>- commencement the process of implementation CRM system in Grupa Apator that will improve the management of relationships with customers (it will increase the work effectiveness of traders and promotion companies, it will make order of information inside the company, it will improve communication between entities in Grupa Apator)</li> <li>-expansion of Grupa Apator by Apator Metra Sp. z o.o. and Newind Grupa Apator Sp. z o.o.</li> <li>-expansion of range of products and services being offered by Apator SA</li> </ul>	<ul style="list-style-type: none"> <li>- modern technologies and equipment rationalizing the work and increasing the safety for example; Automation of assembly of electricity meters, purchase of mixer for slurry of varistors</li> <li>- improvement of internal communication by establishment of internal magazine for the employees</li> <li>Under title "Flesz Apatora" sending of newsletter with current information concerning the Company to the employees</li> <li>- making the design and commencement of construction of the modern Company offering friendly conditions of work, announcement of the employees about future changes</li> </ul>	<ul style="list-style-type: none"> <li>- implementation of programmes for the support of young talented people</li> <li>- scholarship programme for Young Talents;</li> <li>- sponsor contracts giving financial support to young sportsmen</li> <li>- share in programme "CSR the platform of knowledge transfer and creation common ventures of social responsibility</li> </ul>
<b>Failures</b>	<ul style="list-style-type: none"> <li>- ineffective actions in order to reduce water consumption</li> </ul>	<ul style="list-style-type: none"> <li>- part of design projects postponed to 2012 will be followed by later implementation of the product on market</li> </ul>	<ul style="list-style-type: none"> <li>- lack of motivation system – slow process of its implementation – negative result of referendum on introduction of Retirement Programme for Employees</li> </ul>	<ul style="list-style-type: none"> <li>NO – (in reported period the Company strived to participate in all significant social initiatives)</li> </ul>

## DATA REGARDING THE REPORT

The hereby report shows our own routes of social responsibility in business. Practices and indicators presented prove that responsible business can be the reason to obtain the advantage in competition.

The report is divided into 4 strategic areas:

- Apator and market
- Apator and ecology
- Apator and workplace
- Apator and society

Report was prepared according to GRI guidelines. Apator SA applies for level C.

Social responsibility in business has been carried out in the Company since several years therefore, Apator SA meets many requirements concerning higher applications.

Global Reporting Initiative guidelines are international recommendations that refer to preparation of reports on environmental, economic and social activities. The guidelines are not obligatory rules or indicators and they do not force to observe the provisions of code of proceedings in this scope. The objective of the report is to inform large recipient group about the achievements. GRI is based on rules and practices that promote reliable reporting and the compliance with the guidelines. Particular Levels of Applications have been marked by GRI with letters from C (the lowest one) and C+, B, B+, A to A+ (where “+” means external verification of the report).

Social Responsibility Report regards the year 2011. Most of the information included in the report regards parent entity – Apator SA. Some aspects if it is possible, regard other entities in Grupa Apator or consolidated data of Grupa Apator. In every case presented data were distinguished pointing out the specific entity the information is concerned.

Reporting cycle is a calendar year. Report for 2010 was published on 4<sup>th</sup> July 2011 on the website of Apator but the report for 2011 was published on 14<sup>th</sup> July 2012.

Contact persons responsible for preparation of the report are as follows:

- Jolanta Dombrowska – Management and Corporate Governance Department Manager – phone 48-56- 61 91 228
- Monika Pietkiewicz – Corporate Image Specialist – phone 48-56-61 91 318

Frame Rules of Reporting were taken into account in the Report for 2011. Moreover, it followed the rule of magnitude of the issues for:

- sustainable development
- external stakeholders who are looking for reliable information and data prior the decision made

It has significant meaning for different reasons.

- Grupa Apator is on Warsaw Stock Exchange and therefore, it is obligated to provide its shareholders and potential investors with the excess to data and information that will enable to make some comparisons of the state of the Company with other entities on capital market and in sector at home and abroad,
- Vision, mission and strategy of social responsibility refer to such values like: understanding and respect for customer, meeting and observance of individual needs and creation the development and modernity. The challenge to be taken up by Grupa Apator is to develop new technologies that effectively will manage each type of energy. It is some kind of obligation to define standards and favour best practices in management and environment.
- Apator SA is one of the biggest employers in Toruń. Grupa Apator is relatively big employer in Poland (almost 2 thousands employees). Strong market position is the obligation to take the responsibility not only for economic processes and their proper run but also to obtain, maintain and development of human capital. Grupa Apator provides with safe, stable work, good conditions for the performance of business tasks, employment with salaries and wages paid on time with social package included.
- Grupa Apator is aware of its impact on environment. Observance and care to keep the value of natural environment is integral part of strategy of Grupa Apator.
- Environmental management system based on ISO 14001 has already been implemented in the most of entities of Grupa Apator

The report of Social Responsibility is directed to:

- shareholders and potential investors,
- employees of Apator SA and Grupa Apator,
- customers,

- suppliers,
- partner in business,
- trade unions in the company,
- local communities,
- public administration,
- non governmental institutions,
- all persons concerned who are interested in implementation of social responsibility policy and sustainable development in business

In Social Responsibility Report were included selected indicators regarding economic, social and environmental activities. The confirmation of compliance with real data has been made by Executive Board of Apator SA. The indicators reported were obtained from the employees of the Company and BaaN system.

CSR Report was not subject to verification by external entity. However, some part of indicators included in CSR Report was verified during audit of financial statements of Apator SA and Grupa Apator for 2011 by statutory auditor – KPMG Audyt Sp. z o.o.

In current Report, the Company applies for level C according to GRI guidelines. The report was completed in relation to previous year with:

- criteria 1.2,3.13,4.7 -4.8,4.12 and 4.17,
- information regarding the approach to management for each category of indicators,
- new indicators – EC6, EC9, EN29, LA9

## **APATOR AND ETHICS**

Building relationships with partners based on mutual confidence and benefits is the essential principle of our work. Therefore, we promote ethics, honest and partnership in all aspects of our activity. The information policy we perform is open and frank and it regards results and perspective of the company in order to strengthen the main features of our brand.

We take care in order not to loss the confidence that we are inspired by our Partners and Shareholders acting in ethical, responsible and honest manner. The entities of Grupa Apator are the good partners in business and it is proved by the awards granted such like: Credibility Certificate, Pillars of Polish Economy, Pearls of Polish Economy, Business Fair Play and Financially Reliable Company.

Extremely important element that allows ensuring the application of high ethical standards is Code of Ethics of Grupa Apator established in 2011 and published at the beginning of 2012. The Code of Ethics includes fundamental and common accepted ethical values.

The principles are the base to build the image of Grupa Apator in relationships with customers, employees, shareholders and local communities.

The objective of the introduction of the Code of Ethics of Grupa Apator was to ensure the application of principles related to honesty and the observance of ethical principles and at the same time to integrate the employee community within Grupa Apator.

The introduction of the Code of Ethics reduces the risk of potential occurrence of improper phenomena in all the entities in Grupa Apator.

The Code of Ethics of Grupa Apator defines norms and ethical values that support the performance of business tasks and build proper relationships with the environment.

It describes the attitudes and conducts that are mostly expected by our shareholders, customers and partners in business.

The Code of Ethics is for the employees to some extent, the guideline specifying required conduct often in difficult for employees situations requiring the intervention or assistance of the superior. Every employee who will get known about any case of not ethical conduct, fraud, abuse or other action being harmful to the Company is obligated to notify about it its superior, Human Resources Department Manager of the Company or Management and Corporate Governance Department Manager of Apator SA  
There is also anonymous information system of notification about not ethical conducts.  
All preliminary investigations will be carried out with obligated confidentiality.

## ***Supervision over Apator SA and Grupa Apator***

### Supervisory Board

Standing body for supervision and control of Apator SA is the Supervisory Board of Apator SA appointed by General Shareholders Meeting. The Regulations of General Shareholders Meetings is available on our website ([http://investor.apator.eu/lad\\_corporacyjny/regulamin\\_rady\\_nadzorczej](http://investor.apator.eu/lad_corporacyjny/regulamin_rady_nadzorczej)).

According to the Statutes of Apator SA, Supervisory Board is appointed and dismissed by General Shareholders Meeting. It consists from 5 to 7 members appointed for common five – year tenure. The Chairman and Deputy Chairman of Supervisory Board are elected from its members who are not managing directors in Apator SA. Every year, Supervisory Board submits General Shareholders Meeting concise assessment of the Company, taking into consideration the assessment of the system of internal control and risk management system significant for the company.

Description of professional experience and qualification of the members of Supervisory Board is available on the website – Grupa Apator-service ([http://investor.apator.eu/lad\\_corporacyjny/regulamin\\_rady\\_nadzorczej](http://investor.apator.eu/lad_corporacyjny/regulamin_rady_nadzorczej)).

Standing Committee of Supervisory Board is Audit Committee. Audit Committee is consulting committee for Supervisory Board of Apator SA and it consists of three members selected by Supervisory Board among its members. The objective of Audit Committee is consulting for Supervisory Board in aspects concerning individual and consolidated financial reporting, internal control, risk management and cooperation with statutory auditors.  
The regulations of Supervisory Board is available on our website ([http://investor.apator.eu/lad\\_corporacyjny/regulamin\\_rady\\_nadzorczej](http://investor.apator.eu/lad_corporacyjny/regulamin_rady_nadzorczej)).

At the end of 2011 the make-up of Supervisory Board was consisted of 6 persons including 2 independent members (Krzysztof Kwiatkowski, Eryk Karski)

### Corporate Governance

Apator SA in 2011 observed the principles declared by Executive Board of Apator SA on the 30<sup>th</sup> June 2010 ( included in “Best Practices of WSE Listed Companies” ) being the enclosure to the Resolution of Stock Exchange Council no. 17/1249/2010 dated the 19<sup>th</sup> May 2010) excluding:

- principle I.1 concerning the broadcasting the debate of General Shareholders Meeting making use of internet

- principle III.6 concerning the compliance with criterion of independence from the Company and entities significantly related to the company at least by two members of Supervisory Board (the principle was not used till the 20<sup>th</sup> June 2011)

Apator SA makes video recording of the debates of General Shareholders Meetings and makes it public on its website; <http://www.apator.eu>. In case of interest of on-line transmission by shareholders, Apator SA will consider this matter.

Till the 20<sup>th</sup> June 2010 Supervisory Board consisted of five persons:

- four persons who are important shareholders of the Company
- one independent member of Supervisory Board

Based on decision of General Shareholders Meeting since the 20<sup>th</sup> June 2011 the Supervisory Board consists of six persons including:

- four persons who are important shareholders of the Company
- two independent members of Supervisory Board

Changes made in practicing the principles after 31.12.2011:

On the 22<sup>nd</sup> December 2011 the Executive Board of Apator SA declared to observe the principles specified in “Best Practice of WSE Listed Companies” (being the enclosure to the Resolution of Warsaw Stock Exchange Council no 20/1287/2011 dated the 19<sup>th</sup> October 2011) since the 1<sup>st</sup> January 2012 excluding:

- principle I.1 concerning the broadcasting of debates of General Shareholders Meeting with use of internet
- principle IV.10 concerning participation of shareholders in General Shareholders Meeting with use of electronic communication

Apator SA does not practice those principles due to lack of interest of shareholders in them and necessity to bear additional costs.

### The Executive Board

The Executive Board is nominated by the Supervisory Board. The make-up of the Executive Board is from one to three members nominated for the period of three years. The Supervisory Board or General Shareholders Meeting can dismiss the members of the Executive Board any time before the end of the tenure.

The Executive Board manages all the activity of the Company, its property and any matters that have not been restricted for the competency of General Shareholders Meeting and Supervisory Board. Moreover, the Executive Board defines the strategy and main objectives of activity of the Company that are submitted to the opinion to be given by Supervisory Board. It takes care for transparency and effectiveness of management system in the Company and manages the matters in accordance with provisions of law and best practice.

### Making recommendations and guidance to General Shareholders Meeting

In accordance with art.48 of Polish Commercial Companies Codes during the debate of General Shareholders Meeting, the Executive Board is obligated to inform a shareholder at its request about the Company if it is reasonable for the assessment of the issue in agenda.

In Grupa Apator, the mechanisms used in accordance with the above article make able the shareholders to obtain sufficient information concerning the activity of the Company.

In case if information given could be harmful to the interest of the Company, particularly it regards the disclosure of technical, commercial or organizational secrets of the Company and also to be open to criminal, civil or administration liability then the Executive Board should refuse to give such information.

In reasonable cases, the Executive Board can inform in writing a shareholder but not later than two weeks after the day of General Shareholders Meeting held. Such information completed with the date of its submission and the name of the person informed should be disclosed by the Executive Board in writing together with materials being submitted to the next General Shareholders Meeting. It is allowed that materials however, exclude information that had been announced to the public and submitted at General Shareholders Meeting.

According to art 429 of Polish Commercial Companies Code, the shareholder who was refused to get information required and who raised the objection to the minutes during the debate of General Shareholders Meeting, it has the right to apply to registration court to obligate the Executive Board to give the information. Moreover, a shareholder can submit the application to registration court to obligate the company to announce information that has been given to another shareholder apart from General Shareholders Meeting.

During regular meetings of the Executive Board of Apator SA and the employees of the Company, the issues concerning operation of Apator SA and Grupa Apator are presented. There is possibility to submit remarks and postulates to the Executive Board and via the Executive Board to Supervisory Board and General Shareholders Meeting.

#### Bonuses to Supervisory Board and Executive Board versus results of organization

According to the Regulations of General Shareholders Meetings of Grupa Apator at the establishment of remuneration for the members of Supervisory Board, General Shareholders Meeting should take into account financial capabilities of the company. It is important to avoid the remuneration to be significant item in costs of the company and to remain in proper proportion to remuneration of the members of the Executive Board. Remuneration of the members of Supervisory Board of Apator SA is as follows:  
Chairman of Supervisory Board - 6.500 PLN (monthly gross value)  
Member of Supervisory Board - 5.500 PLN (monthly gross value)

Remuneration of the members of the Executive Board is established by the Supervisory Board. There are two systems of awarding bonuses for the Executive Board –quarterly and annual ones. Awarding bonuses system is related to financial results being achieved by the company.

#### Avoidance of conflicts in business

In order to avoid conflicts in business in Apator SA the Company applies the regulations of Polish Commercial Companies Code, Provisions of the Regulations of Supervisory Board and “Best Practice of WSE Listed Companies” too.

According to the regulations of Supervisory Board in case of the conflict in business the Member of Supervisory Board should advise about it other members of the Supervisory Board and restrain from expressing its opinion in discussion and from taking part in

voting on the regulation concerning the issue related to the conflict. Information about conflict notified should be entered in the minutes of the meeting of Supervisory Board.

In accordance with the stipulations of principle no 2 in chapter III of “Best Practice of WSE Listed Companies” the member of Supervisory Board should submit to the Executive Board information on its duties with shareholder holding shares representing not less than 5% total number of votes at General Shareholders Meeting. The above obligation concerns connections of economic nature, family nature or other one that can have the impact on the standpoint of the member of Supervisory Board of the matter being considered. Moreover, the regulations no 4 in chapter III predict that Supervisory Board should be informed about conflict in business or possibility of its occurrence and to restrain the member of Supervisory Board from expressing its opinion in discussion and from taking part in voting on the regulation concerning the matter related to the conflict in business.

The possibility to eliminate the conflict in business of members of the highest supervisory body one can find some guidelines in already mentioned “Best Practice of WSE Listed Companies” – principle no 1 sub point 5 in chapter II. It regards the necessity to give access – in case of appointment of a member of the Supervisory Board by General Shareholders Meeting to justification of candidates put forward with their professional experience in advance to get known about it and at the same time to adopt the resolution with proper identification.

## ***Management systems in Grupa Apator supporting the conducting of the supervision***

The list of systems in Grupa Apator

<b>Name of the company</b>	<b>Implemented and certified</b>
Apator SA	ISO 9001, ISO 14001, PN-N-18001
FAP Pafal S.A.	ISO 9001, ISO 14001,
Apator Metrix S.A.	ISO 9001, ISO 14001,
Apator Powogaz S.A.	ISO 9001, ISO 14001, PN-N-18001
Apator Rector Sp. z o.o.	ISO 9001,
Apator Control Sp. z o.o.	ISO 9001,
Apator Mining Sp. z o.o.	ISO 9001, ISO 14001, PN-N-18001

### Management system in Apator SA

In Apator SA operates integrated management system based on standards: PN-EN-ISO 9001:2000, ISO 14001 and PN-N-18001.

Quality Management System is the first element in Integrated Management System. In order to meet customers’ expectations, increase the effectiveness of operation of the company and provide the competitiveness of the products is related to permanent improvement of main processes and regular implementation of technical innovations that make the product improved.

The activity related to natural environment is the second element in Integrated Management System. The essential principles of the environmental management system are prevention against pollution and saving of natural resources.

The safety and health at work system is focused to strive to reduce the exposure of the employees to factors harmful to health at the workplace. The Executive Board striving to obtain the best market and economic results obligated to permanent care for conditions at work and to implement solutions to prevent accidents at work, professional deceases and accidents not causing serious injures.

#### IT system supporting management process

Electronic Integrated BaaN System was implemented in Apator in 2000. The System performs entire functionality of MRP II and provides complete integration of logistic modules with financial modules. BaaN IV integrates the management of the Company providing at every stage the information and tools to plan tasks at strategic, tactical and operation levels. Each level is different in range of rights and competency; however, the entire process of planning being performed by BaaN System is internally integrated and closely connected with other processes: development of product, purchases, manufacturing, sales and finance.

#### Internal control system and risk management system significant to the Company

Internal control system in Apator SA is based on specified division of rights, duties and responsibility announces in the Company in Organizational Regulations, description of work posts and other regulations like procedures, instructions and orders. System is supervised by managers of branch offices, directors of sections and the Executive Board of the Company in the following moods:

- current one
- weekly meetings of managers in the sector with director of the sector
- monthly meetings of managers and directors of sectors with the Executive Board
- weekly meetings of directors with the Executive Board
- weekly meetings of the Executive Board

Internal control is made directly by every employee including the system of self-assessment. The employee is controlled by its superior and persons co-operating with it in the scope of quality and correctness of the tasks performed. The objective of the actions is to provide the tasks performed to meet biding procedures and requirements including legal requirements. The Executive Board of the Company is responsible for overall internal control being conducted, reduction to minimum the existing risk and identification of new threats. Internal audit is carried out in the Company by Costs and Economic Analysis Department that every month makes analysis of costs incurred by particular organization units, their deviations from planned assumptions and the reasons for those deviations. The work of the above departments is controlled by Finance Director.

The supervision over above aspects is conducted by the Supervisory Board at its meetings by:

- analysis of monthly financial statements of Apator SA and entities of Grupa Apator including monthly consolidated statements
- analysis of quarterly, semi annual and annual financial statements of Apator SA and entities of Grupa Apator including consolidated statements
- analysis of risk identified
- cooperation with statutory auditor

One of the main tools of internal control is BaaN IV Integrated Management System operating both in Apator SA and in subsidiaries: FAP Pafal SA, Apator Metrix SA, Apator Powogaz SA and Apator Control sp. z o.o.

Another tool of control system is management system implemented based on the following standards like ISO 9001:2000, ISO 14001, Safety and Health at Work 18001

The supervision is carried out by the system of quarterly and annual reports on operation of the system in main processes:

- marketing and sales,
- purchasing,
- manufacturing,
- protection of environment,
- safety and health at work

The next tool of control system is financial and management reporting. The results of activity are presented in financial statements being prepared by Accounting Department of Apator SA. Each entity in Grupa Apator has its accounting policy based on principles of records of events being taken into account by parent entity. In consequence of the records made, accounting books are prepared in particular entity in Grupa Apator being further the base to prepare individual financial statements by all the entities in Grupa Apator. Individual financial statements are the basis for preparation of consolidated financial statements in Grupa Apator. The risk areas in Grupa Apator are minimized by internal control systems operating in subsidiaries similarly as in Apator SA, by implementation new, common solutions regulated in corporate guidelines, functioning of Management Manufacturing Committee and by internal control system like:

- common statutory auditor for all the entities in Grupa Apator – KPMG Audyt spółka z ograniczoną odpowiedzialnością sp. k.
- common certifying institution for Management System – Polish Register of Shipping

Based on carried out annual assessment of procedures in use, the Supervisory Board finds that internal control system in Apator SA and Grupa Apator operates correctly and it is effective.

#### Risks significant for Apator SA and Grupa Apator

The main risks are as follows:

- risk related to the change of exchange rate
- bank loan risk
- risk related to the change in sales and financial fluidity

Export is significant source of revenues for Grupa Apator. Further to the above, hedge transactions are permanent element of business activity. The value of export for the year is estimated based on the forecast of traders acting on particular foreign markets.

Next, the decisions are made concerning the level of hedging based on bidding internal regulations.

Bank loan risk is limited by taking loans in Polish zloties. Interest rate depends on WIBOR.

Risk related to sales and fluidity is minimized by application of proceeding procedures such like financial control of sales orders in BaaN system or operation of receivables in proceeding in BaaN system. The Supervisory Board finds that in result of control and monitoring made by the Executive Board of Apator SA and permanent supervision of Audit Committee of the Supervisory Board main risks are significantly limited. Other risks including related to the observation of binding legal provisions and regulations are correctly identified and managed too.

## Stakeholders

### Customers

In competition of markets and globalization, it is more and more difficult to companies to gain and maintain a customer. Therefore, Grupa Apator making use of information about its customers improves its product offer and it puts much stress on business relationships and it meets halfway of customers expectations.

Customers of Grupa Apator:

<b>Customers</b>	<b>Products</b>	<b>Entities in Grupa Apator offering products in particular areas</b>
Power engineering	switchgear, surge protective devices, electricity meters, drives and control IT systems, system solutions	Apator SA Apator Control Sp. z o.o. FAP Pafal S.A. Apator Rector Sp. z o.o. Apator Elektro .A. Apator GmbH .
Water works and sewage system	Water meters, flow meters, ,drives and control, IT systems, system solutions	Apator SA Apator Rector Sp. z o.o. Grupa Apator Powogaz Apator Control Sp. z o.o
Gas industry	Gas meters, IT systems, system solutions	Apator SA Apator Metrix SA Apator Rector Sp. zo.o.
Heat engineering	Heat meters, drives and control, IT systems, system solutions	Apator SA Apator Rector Sp. z o.o. Grupa Apator Powogaz Apator Control Sp. zo.o.
Industry	Switchgear, water meters, flow meters, gas meters, drives and control, mining equipment, IT systems, system solutions	Apator SA Apator Rector Sp. z o.o. Grupa Apator Powogaz Apator Control Sp. z o.o. Apator Mining Sp. z o.o.
Building industry	Switchgear, water meters, flow meters, heat meters ,drives and control, electricity meters	Apator SA Apator Powogaz SA Apator Control Sp. z o.o. FAP PAFAL SA
Administration of real estate	Water meters, flow meters, heat meters, gas meters, IT systems, system solutions	Apator SA Grupa Apator Powogaz SA Apator Control Sp. z o.o Apator Metrix SA
Mining industry	Mining equipment	Apator Mining Sp. z o.o.

Central point is a customer and communication with it. Apator SA verifies customers' needs making the research of satisfaction and by direct contact or on phone with customers. Apator on its side tries to make aware of customers and include customers in sustained consumption to select environmental friendly products that are products of Grupa Apator.

*“Social responsibility in relationships with customers is performed on different grounds by Apator. The basis of activity is reliability and honesty in relationships with customers and business partners. Apator SA acts according to clearly established principles and promotes fair play in business. Care for satisfaction of a customer is the priority.*

*Our marketing activities carried out are differentiated and they contribute to obtain new trade partners. Extremely important are the activities aiming at the good permanent relations with customers to be retained and to provide with satisfying, ethical after sales service. We do our best to make service of a customer to be at the highest level and therefore we permanently improve timeliness of performance of orders and we care for the highest quality of goods and services being provided.”*

Katarzyna Leśniewska  
Foreign Trade Specialist

#### Investors

Intentional shaping of investor relationships and transfer to the environment of reliable information about activity of Grupa Apator has been carried out in the Company since 1996 that is from the moment of making public the shares of Apator SA. Investor relationships are performed by:

- investor service is provided on internet (also in English);
- publishing of current and regular statements
- arrangement of conferences for journalists, investors and financial analysts
- current meetings with investors and financial analysts both in headquarters of the Company and in other cities (Warsaw, Poznań)
- co-operation with PR-P&L agency with headquarters in Warsaw;
- observation of principles specified in Best Practice of WSE Listed Companies.

#### Suppliers

There is the principle that quality is much longer to remember than the price, therefore the purchase strategy of Apator SA is concentrated mainly on selection of reliable and complying with specified quality requirements of business partners taking into consideration price requirements.

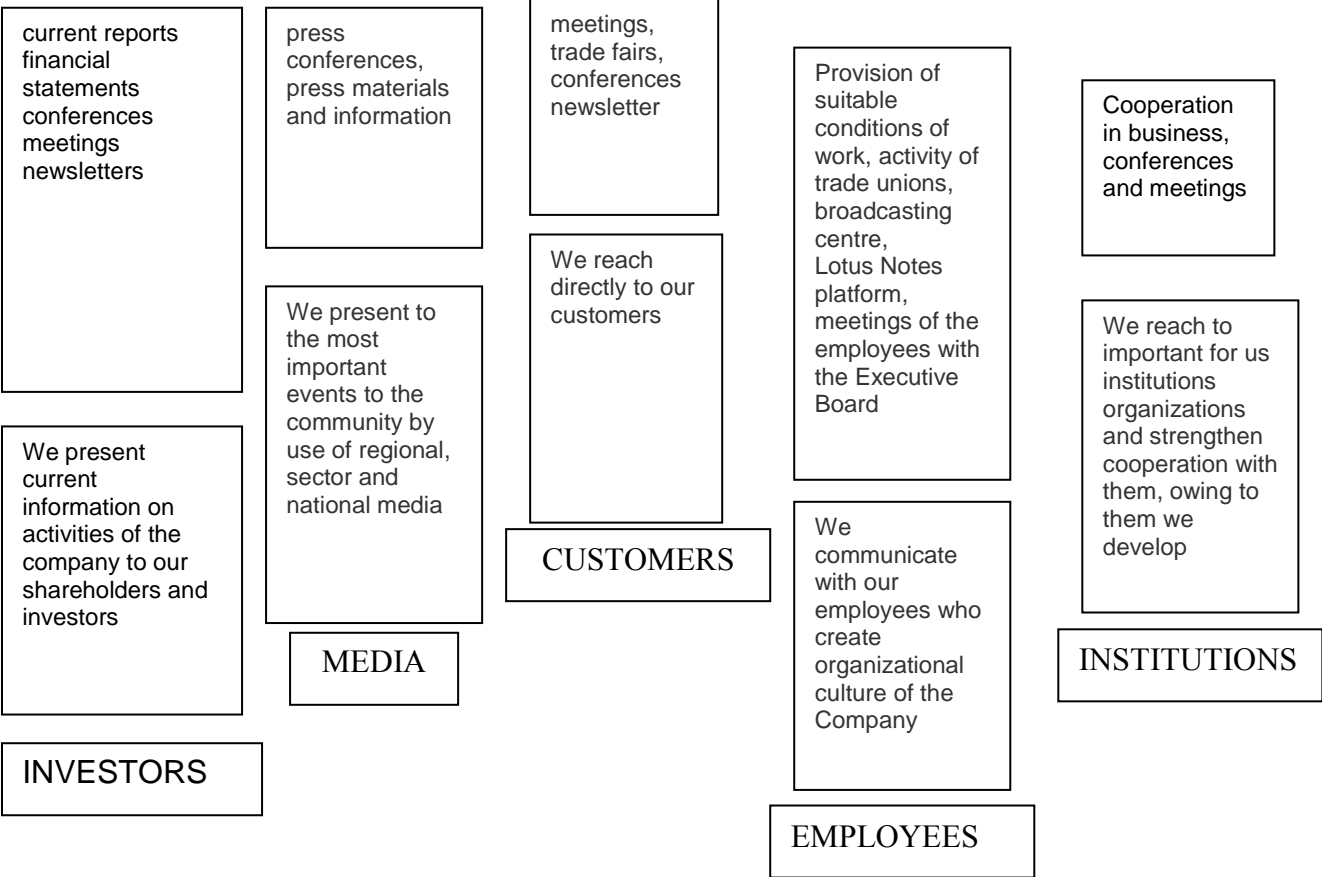
“In relationships with suppliers we strive to create transparent principles of co-operation and we put the stress to observe ethical, natural environment and employees rights principles”.

Tomasz Urbańczyk  
Logistic and Purchase Department Manager  
Employees

There is principle that corporations do not make business but people. Grupa Apator takes care for its employees since they are one of the most important sources to build the advantage in competition. Intentional creation of culture in the enterprise is the guarantor of performance of the strategy accepted.

At the end of 2011 Grupa Apator employed 1922 persons that is in relation to the previous year, it was the increase by 10,27% (179 persons). In parent entity – Apator SA at the end of 2011, the number of 446 persons were employed. The revenues on sales in Grupa Apator in 2011 were 537 019 000 PLN that is 279 000 PLN per one employee. In Apator SA the revenues were 156 092 000 PLN and it was 350 000 PLN per one employee.

Communication with stakeholders



Permanent enhancement of qualifications of the employees leads to focus them on quality of products, protection of environment and safety at work. It enables systematic development of the system, taking into account the significant role of the employees.

Apator SA carries out the audits that have to verify implemented and restrained Integrated Management System and to check if it meets the requirements of the standard. Grupa Apator permanently improves Management System. Partners in business and customers play very important role in it. Much attention is paid to correct communication with stakeholders.

They are currently advised about the activities of Grupa Apator. For that reason, Company’s portal is used and it is divided into corporate, product and investor portals. The basic principle of the employees of Grupa Apator is to build the confidence with partners in business and mutual benefits resulting of the cooperation. Therefore, the Company promotes ethics, partnership, responsibility and honesty in all the aspects of activity. Open and frank policy concerning the results and perspectives of the Company strengthens image of the Company and main features of its brand. When partners in business are being selected, Apator SA takes into account such values like: professionalism, reliability, meeting of appropriate quality and

price requirements. Cooperation with partners in business is based on partnership relations and it is governed by cooperation contracts. The Company takes into account its own purchase procedures. The suppliers are subject to periodical assessment of reliability by use of BaaN system and audits. Owing to such actions, the contracts with suppliers that would require applying human rights clauses have not been identified.

### **Indicators related to the ethics – economic indicators**

EC1 direct economic value created and divided taking into account revenues, operating costs, remuneration of the employees, subsidies and other investments towards community, undistributed profits and payments to the owners of capital and state institutions.

Description concerning Apator SA	At 31.12.2011	(000'PLN)
Net revenues on sales		156 092
Net operating costs		146 030
- including costs concerning remuneration of the employees		22 859
Operating profit		11863
Income tax		2059
Net profit		37731
Equity		165 192
Total assets		258 579
Total liabilities		93 387
Average weighted number of shares		35 107 028
Profit per share [PLN/share]		4,71
Investment in community (donations )		109

EC3 Coverage of retirement liabilities of the organization resulting from the programme specified benefits.

Description	At 31.12.2011	(000'PLN)
Actuarial provision – long-term		4 556
Actuarial provision – short-term		678

EC4 Significant financial support obtained from the government

In 2011 European Union granted Apator SA reimbursement of costs incurred for trade fairs in gross amount of 157 802,42 PLN.

EC 8 The involvement in development of infrastructure and rendering services for local community by commercial actions, transfer of goods or pro-bono actions.

The impact of such actions on community

Apator SA is active participant of many programmes being performed by local community.

The Company strives for the support to the persons the most needed. The heritage is more described in the chapter Apator SA and Community

EC 9 Identification and description of considerable indirect economic influence with the scale and the range of its impact indicated.

Positive impact on market and community

- saving for the users of utility services – products of Grupa Apator being manufactured with the use of the latest technologies providing with high quality of a product and offering possibilities to save utility services
- increase the opportunity to achieve the effect of speed up of economic development all over the country – comprehensive services of Grupa Apator in the range of utility services for metering of utility services
- creation of demand - in 2011 investment expenditures were 40.929 000 PLN (it is 26,22% revenues of Apator SA), including construction of new Company – 34.186 000 PLN,
- increase the opportunity for development for local community - further to construction of a new Company in Pomeranian Special Economic Zone in Ostaszewo, Apator SA created new jobs and the opportunity of professional development.

### **Indicators related to ethics – market attendance**

EC5 Remuneration of the employees of the lowest level in relation to minimal salary and wage on the market in the main locations of the organization.

Relation of the lowest level of basic salary and wage (essential) binding in Apator SA in 2011 that is in gross value of 1 512,00 PLN to minimal salary and wage binding in 2011 that is in gross value of 1386,00 PLN was 109,1%.

EC6 Policy, practices and share of expenditures destined to the service of local suppliers in main locations of the organization.

Apator SA runs competitive purchase policy and on equal rights for all suppliers, taking care for the observation of binding ethical principles. It has been done a lot to have relationships with suppliers and partners in business to be based on clear and transparent principles. Purchase procedure implemented in Apator SA provides with independent and completely justified selection of suppliers. Apator SA when obtains the information about suppliers it takes into consideration the information on certificates of Quality Management System and Environmental Management System or other ones being in possession of the supplier. Apator SA to its extent possible pays attention to the issues related to social responsibility. Verification of systems declared and principles to be applied by entities are for carried out by Apator SA current and regular assessment and audits at suppliers.

In case of doubt, the supplier is called to give clarifications and remedy the irregularities. Negative assessment regarding the observation of ethical and ecological excludes a supplier from further cooperation with Apator SA. Apator SA emphasizes that ethical and protection environment principles and particularly the rights of employees should be respected.

<b>Share of expenditures held for services of local suppliers* in the main locations of the organization</b>	<b>2010</b>	<b>2011</b>
Apator SA	66%	69%

\* local supplier has been defined as entity running business activity in the territory of Poland and it has its Polish Tax Identification Number

EC 7 Employment procedures of the employees from local market and percentage of higher level management obtained from local market mainly in the main locations of the organization.

Apator SA prefers the employment of the persons from the region provided they comply with the requirements of the work post. The Company during recruitment process for management posts prefers internal recruitment.

## ***Indicators related to the ethics – the Company and its products versus customer, community and the environment***

Infringement of free competition principles

S07 Total number of legal measures taken against the organization concerning cases of infringement of free competition principles, monopolistic practices and their effects

Any infringement of free competition principles or uses of monopolistic practices have not been recorded in the reporting period in Apator SA.

Compliance with regulations

S08 Monetary value of penalties and total number of non financial sanctions due to legal and regulation discrepancies

In the reporting period, Apator SA did not pay any fines and there were no non- financial sanctions imposed due to maladjustment to binding law and regulations.

PR4 Total number of cases of discrepancy of regulations and non obligatory codes concerning the marking and information about products and services according to the effects

In 2011 Apator SA did not recorded any cases of discrepancy of regulations or non obligatory codes concerning information about marking of products and services according to the effects.

PR9 Monetary value of significant penalties due to discrepancy of law and regulations concerning the supply and usage of products and services

Apator SA did not record any penalties related to discrepancy of law and regulations concerning supplies and use of products and services in the reporting period.

EN28 The value of significant fines and total value of non financial sanctions regarding discrepancy of law and regulations concerning protection of natural environment.

There were no events of infringement and/or non-compliance of Apator SA with the environmental rights and regulations.

Health and safety of a customer

PR1 The stages of life cycle of a product where the assessment of the impact of products and services on health and safety is made in order to improve the indicators and the percentage of significant category of products and services subject to such procedures.

The procedures binding in Apator SA force to define the impact of all products on health and safety.

The analysis stages of life cycle of a product where the impact on safety and health of the product is being improved cover:

- concept of product development
- research & development
- certification
- distribution and procurement
- production and manufacturing

- marketing and promotion
- usage and services
- cancellation and repeated usage or recycling

Products are submitted to customers with binding technical conditions.

PR2 Total number of cases of non – compliance with regulations and not obligatory codes in the scope of the impact of products and services on health and safety at every stage of life cycle taking into consideration the kind of effects.

In reporting period Apator SA did not record any incidents of non-compliance with binding regulations, provisions and codes in the scope of the impact of a product on health.

Marking of products and services

PR5 Practices related with provision of a customer’s satisfaction including results of the research of customer’s satisfaction.

Apator SA will keep in touch with its customers. In 2011 no survey of customer’s satisfaction was conducted but relations with customers were monitored during trade meetings held at fairs, trainings arranged for customers, conferences and symposiums aimed to exchange the views and they were the occasions to get some information on current needs, opinions and expectations of our customers.

In case of dissatisfaction of customers, Apator SA identifies their reasons, defines the area to be improved and indicates directions for further actions. Therefore, it is better that the time and method of sale and service to be conducted suitably to the expectations of customers.

Marketing communication

PR6 Programmes regarding the compliance with the law, standards and non obligatory codes governing marketing communication aspects taking into consideration, advertisement, promotion and sponsoring.

Apator SA voluntarily complies with standards regulated in Advertisement Ethics Code, therefore it gives support to fair image of the firm on the market.

PR7 Total number of cases of lack of compliance with regulations and non obligatory codes governing marketing communication aspects with consideration of advertisement, promotion and sponsoring according to the kind of effects

In the reporting period in Apator SA did not note any cases of non compliance with regulations and governing the marketing communication aspects.

Protection of customer’s privacy

PR8 Total number of reasonable claims regarding the infringement of customers’ privacy and the data loss

“Among to all accepted rules, the ethics is one of fundamental rule governing the business. However, we remember that the ethics in business depends only on morality of entrepreneurs but it also plays the function similar to the road code. Not all observe it, if there is no road code therefore total chaos could be seen”. D.Dolata

## **APATOR AND ECOLOGY - EARTH**

Apator SA – Leader of Polish Ecology in “Product” category in 2011.

Apator SA conducts the policy directed to protection of the environment and safety at work. The company is environmental friendly. It takes care for ecology by economic management of materials, energy, water and paper and manufacturing environmental friendly products. Apator SA promotes ecological actions among its employees and community.

The objective of Apator SA is to provide safety and environmental friendly products being manufactured in conditions providing safety at work.

In order, take care for natural environment the Company undertakes to meet requirements of binding legal regulations in the scope of the environmental issues in the Company, among other things- emission of pollutants to air, sewages and wastes.

Apator SA takes actions in accordance with binding regulations of law and provisions included in environment management system according to PN EN ISO 14001:2005.

The above requirements are met by design solutions of the products based on materials used and technological processes environmental friendly.

Apator SA provides with safety and environmental friendly products that is proved by the title of Leader of Polish Ecology granted in category "Product" in the scope of prepayment-post payment metering systems. The own developments of Apator SA of the products lead to save the consumption of utility services and it means that they reduce the negative impact on environment and extraction of natural resources.

In the performance of priority objective for us in the scope of management of protection of the environment by provision of safe and environmental friendly products we have the support of protection environment specialists who monitor the progress in reduction of negative impact of the Company on natural environment on current basis

Moreover, the Company carries out ecological sustainability activity leading the awareness of surrounded environment of employees to be enhanced of surrounded environment. The trainings are aimed at building corporate culture in such manner that ecological attitude to be promoted not only at the workplace but beyond it too.

Protection environment activity includes performance of the program for waste segregation and collection of flat batteries. The containers for waste paper and flat batteries are arranged in the entire area of the Company. Moreover, Apator SA arranges free of charge the collection of electrical and electronic equipment used in co-operation with MK-Tech Electrocycling and other entities several times per year.

Milestone of the Company in development of modern and ecological sustainability technological solutions was to make a project of the new Company in Ostaszewo.

The design includes such solutions like; rain water storage, solar energy collectors, energy saving lighting, and limited number of vehicle powered by not renewable fuels.

## ***Environmental indicators – raw materials, energy and water consumption***

EN1 Consumption of raw materials/materials according to their weight and capacity

The share and kind of materials used is similar to materials used in constructions in competitive companies.

The most important raw materials being used in manufacturing are as follows;

<b>Raw materials</b>	<b>Raw materials consumption (tonnes)</b>	<b>Comparison of 2011 versus 2010</b>
Steel	134,4	Increase by 13%
Cooper and alloys	382	Increase by 23%
Aluminum	3,3	Decrease by 33%
Plastics	547,2	Increase by 45%

Increase of consumption of raw materials was caused by increase manufacturing of all segments of the equipment. Both thermoplastics and metal elements are suitable for repeated processing.

EN3 Direct consumption of energy according to initial source of energy

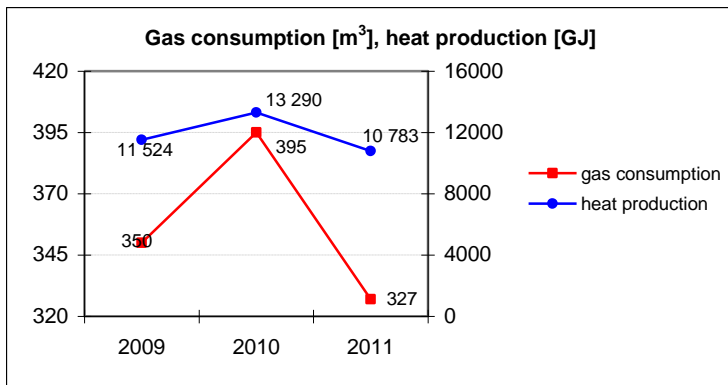
Electrical energy

In 2011 the consumption of electricity was 3 110 MWh. In comparison to 2010 when 2 842 MWh of electricity was consumed but in 2011 it was the increase by 9% that had been caused by increase of manufacturing and it had direct impact on the volume of electricity consumed. The highest increase of electricity consumption was noted in Plastic Processing Department, Surge Arresters Manufacturing Department and Metering Equipment Assembly Department. Taking into account the comparison of energy consumption versus sales value that is comparing electroabsorptivity that was in 2011 20kWh/000 PLN and in 2010 it was 28,11kWh/000 PLN the result is very good.

Fuel consumption

In 2011 during total operation of all boilers during 5589 hours, the value of 326 931 cubic meters of gas was consumed that is by 68 625 cubic meters less than in 2010. Fuel oil was also consumed in volume of 4 300 liters for heating however only to consume all the stock of fuel oil that validity date was approaching very soon.

In 2011, the value of 10 783 GJ of heat energy was produced and in comparison with the value of 13 290 GJ in 2010 it gives the saving of 18%.

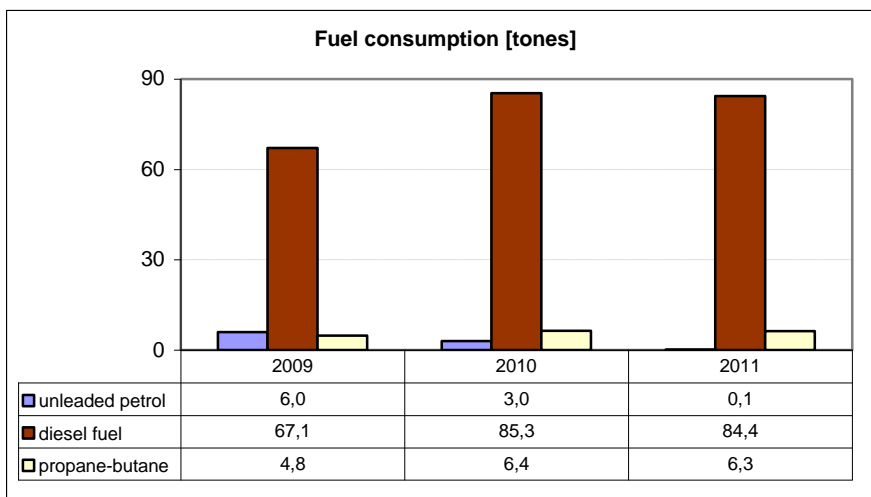


### Fuel consumption by engines in vehicles

In 2011, the volume of 84,4 tonnes of diesel fuel was consumed and in relation to 2010 it gives the drop by 0,9 ton.

Propane-butane (used only by fork lift trucks) was consumed in value of 6,3 ton and in relation to 2010 – 6,4 ton was consumed and it gives similar value.

The volume of 80 kg of unleaded petrol was consumed (only for mowers).



### EN8 Total consumption of water according to place

Water consumption in 2011 was 11 164 cubic meters and it was over 7,5% less than the volume of water consumed in 2010. In spite of increase of employment since January till December by 31 persons, the consumption decreased in relation to the same period in 2010.

### **Environmental indicators – biodiversity**

EN11 Location and area being in possession, rented or managed in protected lands in protected areas or areas of high value of biodiversity outside protected areas or bordering to such areas

In 2011, the area of Apator SA does not border directly to any protected area or area of high biodiversity.

EN12 The description of significant impact products and services activity on biodiversity of protected areas and areas of high biodiversity outside protected areas.

Proper use of the products of Apator SA does not cause significant impact on the environment.

EN13 Protected or revitalized habitats

In 2011, no actions were taken regarding protected habitats or revitalized ones since Apator SA does not border any protected area and area of high biodiversity what has been underlined in EN11.

EN14 Strategies, actions and plans concerning the management under influence of biodiversity.

The negative impact of manufacturing activity of Apator SA on the degree of biodiversity on land and fresh water environment was not found.

### **Environmental indicators – emissions, sewages and wastes**

EN 16 Total direct and indirect emission of green house gas according to weight

Total emission of carbon dioxide (CO<sub>2</sub>) in 2011 was 649, 1873 tones.

EN19 Emissions of substances damaging ozone layer according to weight.

Apator SA do not use and does not emit the substances damaging ozone layer.

EN20 Emission of NO<sub>x</sub> and SO<sub>x</sub> and other significant compounds emitted to air according to type and weight.

Emission	Values defined by decision on permissible emission [kg/year]	2011 [kg/year]
Formaldehyde	122,6	21,64
Styrene	210,2	43,3
Ethylbenzene	376,7	202,04
NO <sub>2</sub>	528,7	5,0
CO	203,7	15,56
Zn	2,2	0,188
Ni	0,9	0,116
Aliphatic hydrocarbons	814,7	76,71
Aromatic hydrocarbons	543,1	42,78
Toluene	54,0	6,91
Sn	0,26	0,06

EN21 Total volume of sewages according to quality and the place of destination

Parameter	Unit	Annual average concentration [mg/l]	Permissible values of indicators for impurities included in the contract with Municipal Waterworks and Sewerage Systems Company in Toruń
BZT <sub>5</sub>	mgO <sub>2</sub> /l	140,0	500,0
CHZT	mgO <sub>2</sub> /l	390,0	700,0
Suspension	mg/l	147,0	300,0
Substances that extract with oil ether	mg/l	28,0	100,0
Ammonium nitrogen	mgN/ <sub>NH4</sub> /l	95,5	200,0
Phosphorus	mgP/l	7,9	15,0

Sulfates	mgSO <sub>4</sub> /l	71,5	500,0
Chlorides	mgCl/l	165,0	1000,0
Zinc	mgZn/l	0,345	5,0
Chromium	mgCR/l	0,002	1,0
Nickel	mgNi/l	0,007	0,8
Cobalt	mgCo/l	0,009	1,0
Antimony	mgAn/l	0,008	0,5
Reaction	pH	8,7	6,5-9,5

EN22 Total weight of wastes according to type and method of their treatment

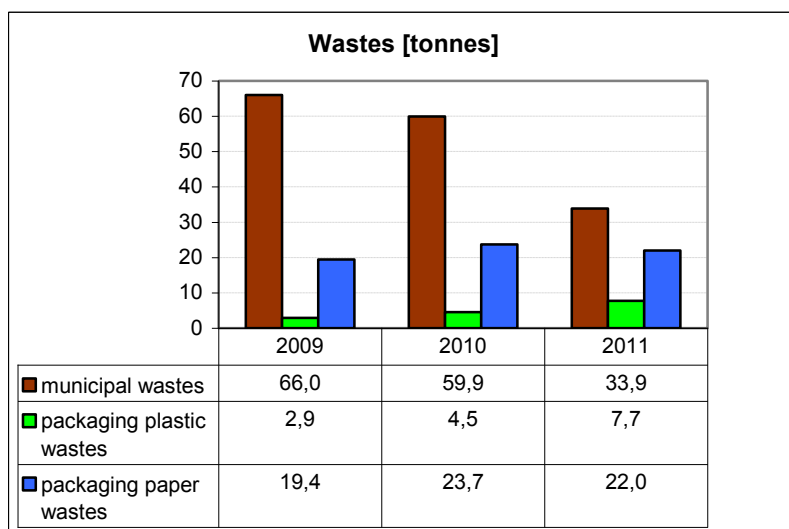
There are 34 types of wastes in the Company:

- it includes 12 hazardous wastes ( like flat batteries and accumulators, oils, oil emulsions used, sorbents, electrical and electronic equipment used)
- other non hazardous wastes (like packaging – cardboard and plastics, municipal wastes, scrap ferrous and not ferrous metal )
- some wastes like manufacturing wastes of plastics, scrap metal, oils used are resold to other companies that deal with recycling and recovery.

APATOR SA strives permanently to reduce quantities and types of wastes. Free of charge collections of electrical and electronic equipment used with collaboration of MK-Tech Electrocyling and other entities are arranged several times per year. In 2011 over 7 tonnes of electrical and electronic equipment used were collected and sold in amount of 5 838,60 PLN.

In 2011, all the actions that already started in 2010 were continued regarding selected collection of plastic wastes and very good results have been achieved. The total weight of wastes collected was 42 tonnes where 13 tonnes were sold for recycling for the amount of 10 600 PLN (it is over 2 500 PLN more than in previous year).

Due to introduction of batteries to national market, Apator SA is subject to the Act on batteries and accumulators. With regard to the introduction of batteries to national market, Apator SA is subject to the Act on batteries and accumulators, submission them to the recovery and recycling. The obligations on behalf of Apator SA are performed by “Reba” Recovery of Batteries and Accumulators.



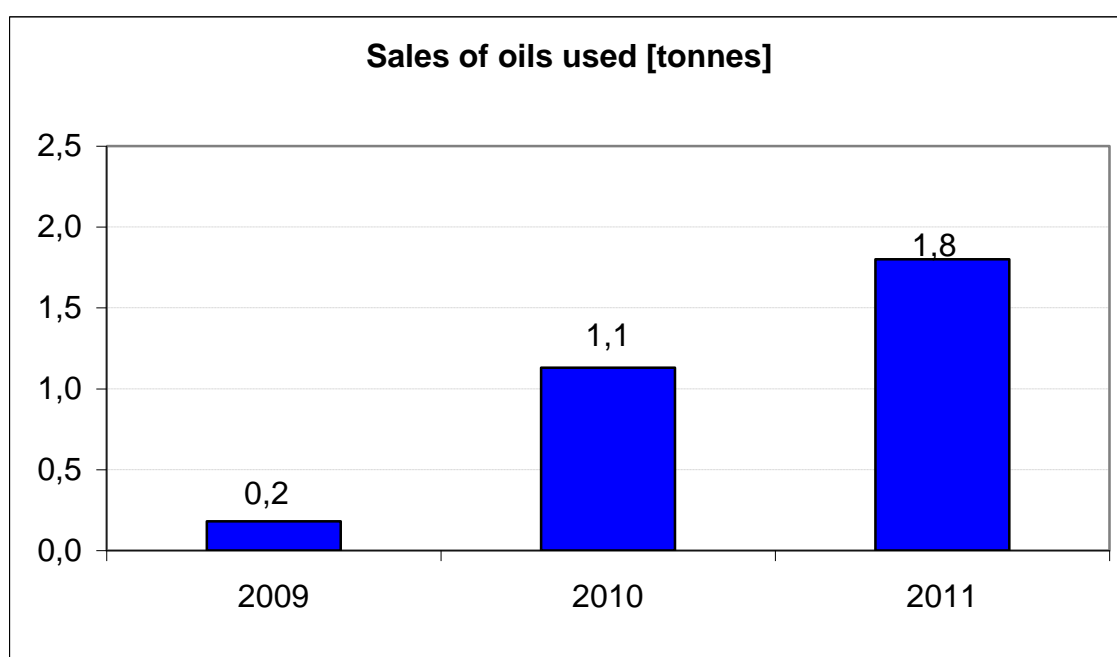
The obligation to achieve proper level of recycling was based on the contract accepted by “Eurobac SA” Recovery and Recycling Organization.

In 2011, the frequency of collection of packaging wastes by Eurobac SA increased due to the increase of manufacturing.

Packaging wastes collected by Apator SA over quantity required by legal provisions are sold to the Organization. In 2011, plastic packaging wastes were sold in quantity of 6 885 kg for the amount of 1400 PLN (in 2010 – 3 719 kg).

Steel and non ferrous metal wastes from manufacturing processes and oils used are also resold to entitled companies.

In 2011, oil used wastes in quantity of 1,8 tones were sold for 841,5 PLN. The increased quantity is the result of the exchange of oil in machines mainly in injection machines, hydraulic presses and cutting machines planned according to the schedule for the exchange of oil in 2011.



EN23 Total number and capacity of considerable leakages

**In 2011, there were no cases of any significant leakages taking into account the impact to the environment.**

### ***Environmental indicators – products, their marking and transport***

PR3 Type of information on products and services required based on procedures and percentage of significant products and services subject to such information requirements.

Apator SA performs the obligation to make information on products available according to the guidelines resulting of regulations and in accordance with binding internal proceeding procedures:

- act on general safety of products obligates the manufacturer to provide a customer information enabling to make the assessment of threats related to a product in normal

period or possible to predict period of use, in case of lack of such threats and appropriate warning, immediately noticeable and the possibility to counteract such threats

- act on freedom of economic activity demands from the person that introduces a good to place its name and address, name of good, other markings and information on it required based on separate regulations
- Regulation of Minister of Economy dated 18<sup>th</sup> December 2006 on essential requirements for metering equipment. The regulation specifies the essential requirements for metering equipment subject to the assessment of conformity, assessment of conformity procedure and also the design of CE mark and the method of marking of metering equipment
- Directive 2006/95/WE of European Parliament and European Council dated 12<sup>th</sup> December 2006 on harmonization of legislation of member countries relating to electrical equipment predicted to apply in defined voltage limits
- Act dated 11<sup>th</sup> May 2001 Measurement Law. The act governs as follows;
  - 1) lawful measurement units and national samples of measurement units
  - 2) lawful metrological control of metering equipment
  - 3) competence and tasks of government administration bodies suitable in metering;
  - 4) report of supervision body over the performance of regulations

Based on binding regulations the following information is placed on products of Apator SA:

- name of a product
- address of the manufacturer
- nominal number of products
- sample of labels and prints
- barcode

Integrated Management System in Apator SA includes several documents governing indirectly and directly manufacturing of products and particularly:

- manufacturing process procedure
- general system instructions
- technological guides
- instructions regarding work posts
- work post training
- marketing and sale procedure
- safety at work procedure

EN26 Initiatives aiming at minimization of the impact of products and services on environment and the range of the impact of the initiatives

Apator SA collaborates with FAP Pafal SA, which transfers worn out electricity meters. The electricity meters are taken from domestic and foreign customers (in relation 1:1 to new meters sold to a customer), they do not require special storage conditions and they are not the threat to environment. The worn out equipment is not introduced again to the market but they are utilized by FAP Pafal SA.

EN27 Percentage of materials recovered from products and their packaging according to category of material.

Company is obligated to achieve the recycling in value of 54% for cardboard packaging wastes and 19% of plastic packaging.

The obligation to achieve suitable level of recycling was established based on the contract by Recovery and Recycling Eurobac SA.

In 2011, the Company achieved independently recycling of paper and cardboard packaging wastes in value of 30,4% (big increase of manufacturing and related to it high application of packaging). Recycling of plastic packaging wastes was 44,9%

EN29 Significant impact on environment by transportation of products and other goods and materials being used by the organization and transportation of employees

Indicators	2010	2011
Number of kilometers with use of diesel oil	1.547.548	1.445.806
Number of kilometers with use of petrol	33.021	-
Number of vehicles being used	45	36
Quantity of fuel consumed – diesel oil	101.538L	100.493
Quantity of fuel consumed – petrol	3.000L	-
Average consumption per 100 km of diesel oil	6.6L	6.9L
Average consumption per 100 km of petrol	9.0L	-

### ***Environmental indicators – total expenditure for protection of the environment***

EN30 Total expenditure incurred for the protection of environment and investments according to the their type

Type of aspect	Expenditure (PLN)
Utilisation of manufacturing wastes	28 450,63
Utilisation of packaging wastes	472,00
Payments for the environment	1824,00
Physical-chemical analysis	34840
Municipal wastes	20436,37
Water and sewage system	109097,19
Total	144409,19

*“Apator SA takes care for natural environment by successive reduction of municipal wastes and emission and use of environmental friendly materials. Our care is confirmed by the title of Leader of Polish Ecology granted and we are very proud of it”*

Bartosz Mińkowski  
Management System Specialist

## **APATOR AND WORKPLACE – FIRE**

Practices regarding the employment and decent work

The success of the Company is the first of all the success of its employees. In 2011 Grupa Apator employed 1922 persons and Apator SA employed 446 persons. In case of such large group of employees, many things can be achieved if their needs and aspirations are respected. Relations with employees are the base for social responsibility in business. Apator SA performs social responsibility of entrepreneur inside the firm. It performs by giving to the employees the access to information, hearing the voice of employees in important matters for the development of the firm, introduction of code of ethics, giving the employees the right to unite, provision of equal rights to employees regardless the gender, religion or views and provision of safe conditions of work.

The involvement of the employees in the matters of the Company, their participation in management process of the firm and in development of its market strategy, Apator SA owes to its human resources policy carried out with care for employees and their professional development and its social activity.

Remuneration system enables the development of skills of the employees on particular work posts, it is favourable for the employees to their striving to raise the competence and it enables the employees to receive the return information on effects of their work and about their strong and weak sides.

There are two formal methods of motivation of the employees in the Company;

- motivation by wages and salaries
- motivation out of wages and salaries

Based on wages and salaries motivation the employees get the essential remuneration according to pay scale that is updated based on pay reports. Apart to it they get motivation extra payment depending on results achieved by the Company and individual results of the employee. In 2011, base remuneration fund of Apator SA was 22859 000 PLN but planned level of remuneration in 2012 is 25736 000 PLN.

Motivation out of wages and salaries is performed in the following forms:

- financial support to renting of the flat
- financial support to commuters
- financial support to rest of employees and their families from Social Benefits Fund of the Company
- financial support to recreation from Social Benefits Fund of the Company
- arrangement of integration meetings (events for families)
- granting the awards: “Best of the good employees” and “Simply good employee”
- financial support to events for children of the employees from Social Benefits Fund of the Company
- holiday payment cards from Social Benefits Fund of the Company
- granting the borrowings from Social Benefits Fund of the Company

Apator SA creates its employees conditions for permanent improvement of professional qualifications by financial support to education at high schools, post diploma education and

English education and regularly arranged topic trainings. In 2011 it is planned to spent the amount of 320 000 PLN.

In order to conduct any training, the training centers are selected that promote the highest level of education and provide wide presentation required the subject matter and provide with the possibility of practical usage of knowledge acquired.

Apator SA arranges internal trainings that are conducted by specialists of the Company. During such trainings the issues of quality system, protection of environment and safety at work are discussed. There is no doubt that internal trainings are contributed to formation of awareness of the employees and strengthen their relations with the Company.

The Company takes care for good mood of the employees not only in their workplace but also beyond it, arranging holidays in its own holiday center in Rowy. Each year about 300 employees with families go to Rowy. For the children of employees each year holiday camps and excursions are arranged and holiday gift packages are prepared. Moreover, Apator SA sends its employees to integration events and garden parties.

Social human resources policy of the Company with no doubt is reflected also to relations between people in the Company. In Grupa Apator are friendly spirit and frankness, inventiveness and attitude to achieve of common success. We make use of mutual skills and experience, learning mutually new things collaborating with everybody.

We appreciate people who involve in business, that desire to change the reality and they act in accordance with ethical principles. There are five principles we take into account:

- Liberty
- Efficiency
- Mutual respect
- Quality
- Responsibility

### ***Indicators regarding employees – employment and descent work***

LA1 Total number of employees according to the kind of employment, type of employment contract and region

The employment in Apator SA at 31.12.2011 was 446 persons.

Location of the office	Full time employment	Part time employment	Employment for unspecified term	Employment for specified term
Toruń	429	2	372	74
Świdnica	5			
Kraków	1			
Zielona Góra	5			
Wrocław	4			
<b>Total</b>	<b>444</b>	<b>2</b>	<b>372</b>	<b>74</b>

LA13 The make-up of governing and supervisory bodies in the Company divided into categories; gender, age, membership of minority and other indicators of diversity.

Description	Men – number of	% of total number of	Women - number of	% of total number of
-------------	-----------------	----------------------	-------------------	----------------------

	persons	employees	persons	employees
Executive Board	3	0,68%	0	0%
Top management	18	4,09%	7	1,59%
Lower management	8	1,82%	1	0,23%
<b>Total</b>	<b>29</b>	<b>6,53%</b>	<b>8</b>	<b>1,79%</b>
Supervisory Board	5	1,12%	1	0,22%

Employees	Up to 30 years old	% of total number of employees	30-50 years old	% of total number of employees	Over 50 years old	% of total number of employees
Executive Board	0	0%	2	0,45%	1	0,23%
Top management	0	0%	10	2,27%	15	3,41%
Lower management	2	0,45%	6	1,36%	1	0,23%
<b>Total</b>	<b>2</b>	<b>0,45%</b>	<b>18</b>	<b>4,09%</b>	<b>17</b>	<b>3,14%</b>
Supervisory Board	0	0%	1	0,22%	5	1,12%

L14 Remuneration of men in relation to remuneration of women according to category of employment

Category of employment	Number		Basic remuneration of men in relation to remuneration of women %
	Men	Women	
Top management (Executive Board included)	23	7	144,3
Lower management	10	1	96,0
Administration	83	30	126,3
Manufacturing	203	89	111,3
<b>Total</b>	<b>319</b>	<b>127</b>	<b>129,3</b>

LA2 Total number of give ups of the jobs and the rotation ratio of employees according to age, gender and region

The rotation ratio of Apator SA (total number of employees who gave up their jobs in 2011 in relation to total number of employees at the end of 2011) was 9,42%.

Gender	Number of give up the job	Rotation ratio
Women	9	2,02%
Man	33	7,40%
<b>Total</b>	<b>42</b>	<b>9,42%</b>
Region	Number of give up jobs	Rotation ratio
Toruń	41	9,19%
Zielona Góra	1	0,22%
<b>Total</b>	<b>42</b>	<b>9,42%</b>

LA3 Extra benefits guaranteed to fulltime employees that are not guaranteed to temporary employees or part time employees according to the main organization units.

Aparator SA provides with the possibility to make use of package of the same social benefits for all the employees. The Company in accordance with Labour Code guarantees childcare leave that is entitled to mother and father and also at its own initiative, it provides with social help in form of borrowings of financial support to resting of employees, employees on retire and children.

LA4 The percentage of employees who are covered by company collective labour agreement. Company Collective Labour Agreement covers 100% of the employees of Aparator SA.

LA5 Minimal advance of information to be announced on significant changes in activity taking into consideration if they are defined in company collective labour agreement

In Company Collective Labour Agreement there are no guidelines regarding the period the employees to be advised before the changes are made. However, the Executive Board announces the employees in advance on changes introduced.

LA12 The percentage of employees subject regular assessment of quality of work and the review of the development of professional career.

The table shows the percentage of employees subject to regular assessment of quality of work and the review of the development of professional career.

Total number of employees	446
Number of persons subject to regular assessment of quality of work and review of the development of professional career	41
Percentage of persons	9,19%
Total number of employees	446
Number of persons subject to regular assessment of quality of work and review of the development of professional career	225
Percentage of persons	50,45%

Practices regarding human rights observation

HR4 Total number of cases of discrimination and measures taken against it

In Aparator SA such discrimination cases due to colour of skin, race, gender, religion, political views, social origin or national origins have never occurred.

HR5 Activity identified that can be the risk of infringement of free right to unite and collective negotiations and measures taken in order to give the support to the possibility to perform those rights.

In Aparator SA there were no actions where rights to unite and conduct negotiations could be infringed.

HR6 Actions identified as bringing the significant risk to make use of the work of children and measures taken in order to eliminate such cases.

In Aparator, there were no such actions that are considered as being significant risk of occurrence of children’s work and young employees exposed to hazardous work for life and health.

HR7 Actions identified as bringing significant risk of occurrence of forced work or obligatory one and measures taken in order to eliminate such cases

In Aparator SA no incidents occurred concerning compulsory and forced work.

## **Indicators regarding employees – safety and health at work**

LA6 Percentage of total number of employees represented in safety and health at work formal commissions including managers and employees that advice on programs concerning safety and health at work and they monitor such programs.

In Apator SA was appointed the commission on Safety and Health at Work according to legal regulations. The commission includes the following representatives:

- representatives of trade unions operating in Apator SA
- safety and health at work inspector
- safety and health at work social inspector
- doctor taking preventive care over employees

Make-up of commission in 2011

Chairman – Marek Kryszak

Deputy Chairman – Wiesław Rakowski

Members – Urszula Wiśniewska, Grzegorz Lipiński, Czesław Bełwon

LA7 Indicator of injures, professional diseases, days lost for that reason and absence from work and number of mortal accidents related to work according to regions.

In 2011 there were no cases of death, professional diseases and others.

LA9 The issues of safety and health at work are taken into account in formal agreements concluded with trade unions

Safety and health at work issues are governed by internal procedures of the Company:

Safer work and identification of threats and evaluation of professional risk

Before procedures and changes to them are published, drafts are submitted to give the opinion by trade unions. Penetrating analysis of the draft of records included in procedures provides with protection of employees of the Company, understand as wide understood safety and health at work.

*“Apator SA is no doubt is a good workplace. The employees of our Company are valuable capital that in high degree decides about the goodwill of the Company. The capital is people connected with Company on permanent basis, its mission, people who are able to work together with creative attitudes and high qualifications. The human capital is the driver for development of the Company. Therefore, the Executive Board of the Company tries to create the best conditions for development, motivation and work of its employees.”*

Mirosława Milewska

Human Resources Department Manager

*“I have been working in Apator SA for 18 years (in August it will be “adult employee”), it is my first job I took after my studies. Among offers of employment received, I chose the job at Apator SA since I guessed that the Company would give me potentially huge possibilities of development and professional career. As large and stable Company gives security of employment and possibilities of trainings that improve the skills. As the employee of significant company, I am invited to take part in conferences and sector trainings. Social benefit fund of the Company, financial support to holidays and the holiday infrastructure being the property of the Company enable to make use of holiday centre of the Company. It is difficult to say about relationships between employees in other Companies but I can say that the mood in Apator SA is good. These relationships are created by the employees on favourable ground of the Company. I know that even in not typical situations I always can count on the assistance of my co-workers.”*

Maciej Leszyński  
Plastics Processing Department Manager

## APATOR AND SOCIETY - AIR

### ***Membership in organizations***

Apator SA is actively engaged in initiatives concerning development and implementation of modern technologies useful for economy and ecology.

European Union has established several legal documents binding member countries of European Union to introduce economic management of resources and to seek alternative sources of energy. Among other things, one should indicate the directive on effectiveness of final use of energy and power engineering services no. 2006/32/WE and climatic package “3x20”.

Apator SA develops smart metering systems, saving the consumption of energy and it operates in different organizations aiming at promotion of saving the energy by implementation of new standards.



Apator SA belongs to the following national and international organizations

- Regional Agency for Saving Energy in Toruń
- Prime Alliance
- Association of Polish Electrical Engineers SEP
- Smart Power Grids Polska
- Polish Chamber of Commerce for Electronics and Telecommunications
- Polish Committee for Standardization

Apator SA belongs to the following business organizations:

- Industrial and Commercial Chamber in Toruń
- Business Center Club

Apator SA belongs to the following special organizations:

- Polish Association of Stock Exchange Issuers
- Association of Polish Exporters

Other entities in Grupa Apator belong to the following organizations:

- FAP Pafal S.A. –Achilles Information GmbH
- Apator Powogaz SA
- Association of Polish Mechanical Engineers and Technicians
- Commerce Chamber for Polish Sewage Systems
- Wielkopolska Chamber of Industry and Commerce
- Association of Polish Firms Industrial Billing the Utility Services
- Polish Forum ISO 9000 Club
- Apator Metrix SA:
- Scientific and Technical Association of Engineers and Technicians of Oil and Natural Gas Industries
- The Chamber of Natural Gas Industry
- FacoGaz
- Apator Rector Sp. z o.o.
- Western Industry and Trade Chamber
- North Chamber of Commerce
- ESRI Polska Sp. z o.o.
- Oracle Polska Sp. z o.o.
- IBM Ireland Limited Oldbrook House
- Microsoft Sp. z o.o.

The membership in above mentioned organizations is voluntary. Grupa Apator gives support to the actions taken by organizations where it is their member and the employees of the Company in accordance with their competence participate in operation of problem groups.

Participation of the entities in contests:

## ***Awards and distinctions***

Apator SA meets the expectation of different groups of stakeholders halfway, aiming to transfer the information on the Company and capital group in volume as big as it is possible and to provide with the possibility of benchmarking to take part every year in the contests presented below:

NAME OF THE CONTEST	NAME OF ORGANIZATION WHERE THE QUESTIONNAIRE IS SENT TO
<b>APATOR SA</b>	
Leader of Polish Business Diamonds 2011	Business Center Club
The List of “Polish Enterprises”	Rzeczypospolita - daily newspaper
The List of 500	Rzeczypospolita - daily newspaper
The List of 500	Polityka –weekly magazine
Pearls of Polish Economy	Institute of Economics –Polish Academy of Science and Social-Economic Information Centre
Business Gazelle	Editor of “Puls Biznesu” daily newspaper
Innovative Company	Institute of Economics –Polish Academy of Science and MSN Scientific Network
Award of Marshall of Kujawsko-Pomorskie	Marshall Office

Province	
Ambassador of Polish Economy	Business Center Club
Outstanding Exporter in 2011	Association of Polish Exporters

In 2011 Apator SA is able to be proud of the following awards in business:

### **APATOR in Golden Hundred in Pomorze and Kujawy Province**

Over one hundred companies took part in XV Edition of the Golden Hundred of Pomorze and Kujawy 2010. In the competition took part both big companies (with employment over 250 employees) – called by ranking organizers Mainstays of the Region – and small and medium companies that had good financial results. Besides revenues and net profit in assessment of the company, profitability of the equity, sales profitability ratio and dynamics of the growth of net profit were also taken into account. Apator SA was among the Mainstays of the Region placing on the sixth position.

### **VI Diamond to Golden Statuette of the Polish Business Leader**

The BCC Grand Summer Gala, where Diamonds were presented to the Best Polish Enterprises was held on the 15<sup>th</sup> June 2011 at Royal Castle in Warsaw.

Apator SA for the sixth time joined the group of the companies that were awarded by the Diamond for the Golden Statuette of the Polish Business Leader.

Diamonds for the Golden Statuette is the special award granted to the enterprises having got not only good position on the market - taking into account economical aspects and the level of investments but also they take care for quality and modernity of their products and they run their business socially responsible. The President of BCC Marek Goliszewski stated:

„Diamonds for the Golden Statuette of the Polish Business Leader are presented to the winners of the Polish economy, the Poles who are the paragons, Olympic champions.”

This year the awards were presented by: prof. Leszek Balcerowicz, Krzysztof Kwiatkowski – Minister of Justice and Jacek Rostowski – Finance Minister

### **Apator SA –the Leader of Polish Export 2011**

The Polish Exporters Association honoured Apator SA with the title for another – the Leader of Polish Export. The award is the recognition of the achievements in the scope of export development and it emphasizes the input of the company into the construction of positive image of Poland in the world. The Medals for the Leaders of Polish Export 2011 were presented on the 7<sup>th</sup> June 2011 during the VII Program Conference of the Polish Exporters Association under the patronage of Waldemar Pawlak -Deputy Prime Minister, Minister of Economy, Ewa Kierzkowska –Deputy Marshal of the Lower Chamber of the Polish Parliament and Marek Sawicki – Minister of Agriculture and Rural Development.

### **NOT awarded the technical achievements of Apator SA**

The Council of Toruń of Association of Scientific and Engineering Associations NOT announced the results of the competition „The review of technical achievements of Toruń for 2010”. Apator was awarded the second grade prize for the study „ Implementation of the manufacturing of RBK 00 type fuse switch disconnectors for 160A rated thermal current, 1000V rated insulation voltage, tailored to the fuse links of size 00”. The competition is aimed

at the promotion of the authors of technical and organizational progress in Kujawy and Pomorze region and in Toruń. The honour patronage over the event took the Mayor of Toruń.

### **Apator SA among 50 most innovative enterprises in Poland in 2009**

On the 19<sup>th</sup> May 2011 in the headquarters of Institute of Economics of the Polish Academy of Sciences in Warsaw the conference was held that was organized by the Institute and MSN Scientific Network under the title „European funds in the development of the innovation of the Polish economy in 2010”. During the conference, the Innovation Certificates were granted to the companies of the first „fifty” in the ranking of 500 the most innovated enterprises in Poland. Apator SA received Innovation Certificate - in recognition of the innovation of the market, process, and expenditure for innovation, patents and European contacts”.

### **Apator SA distinguished in ranking of “Wings of the Business 2011”**

Wings of the Business” is prestigious ranking of the companies of the Ministry of Treasury sector. The task of Ministry of Treasury is to select reliable companies achieving the best financial results. Apator SA joined the honourable group of the enterprises awarded winning the possibility to use the name of “stable company” that in spite of strong competition and unstable time for the economy; they still develop and enjoy the confidence. Apator was distinguished in category of medium size companies in Kujawy and Pomorze province.

### **Apator SA awarded by “Rzeczpospolita” daily newspaper- “Good Company”**

“Rzeczpospolita” - daily newspaper every year makes the „List of 2000” enterprises, this way it picks out „Good firms” – dynamic developing enterprises and effectively which are outstanding ones in the sector. This year „Good firm” diploma was granted to twenty firms and among them was Apator SA.

### **APATOR SA leader of Polish Ecology 2011**

The title of “Leader of Polish Ecology” is granted by Minister of the Environment who awards the companies and local government institutions that use in their activity high standards of protection of environment. They give the support or initiate undertakings to improve the awareness of the society in ecological aspect and they implement innovative and environment friendly technologies and equipment. Apator was awarded in “Product” category that regards to prepaid and postpaid metering systems. Owing to them, the consumers are able to consume economically all kinds of energy and distributors of utility services more effectively and successfully manage the service of customers and have better balance of the costs. Thus, it leads to savings in consumption of utility services and therefore less devastation of the environment and extraction of natural resources are noted.

### **APATOR SA distinguished by PEARL OF POLISH ECONOMY CERTIFICATE**

Editorial staff of “Polish Market” monthly magazine and Institute of Economics of Polish Academy of Science distinguished Apator in Ranking of Polish Enterprises in category Big Pearls this year (enterprises with annual revenues between 100 m PLN to 1 bn PLN).

The Company was distinguished for consequent performance of policy and strategy of the enterprise and position of the leader among the most dynamic and effective enterprises in Poland". Chapter of the contest took into consideration key for the assessment of the enterprise economic factors like dynamics of revenues, profitability, work efficiency or the rate of return of entity. Apator another year was placed among winners of the ranking confirming its strong position on the market and efficiency of acting in the period of slow down of the economy.

### **Statuette for AMR Installation System of 2010 for Apator Powogaz SA**

In contest of readers of "Installation systems" monthly magazine in Automation, Control Equipment category in competition for the best product of 2010 took part 68 solutions, the winner was radio data read out in water meter of Apator Powogaz. Ceremonial gala was the final event of the contest that took place on 4<sup>th</sup> February 2011 in Marriott Hotel in Warsaw.

Maciej Orłoś presented the statuette to the representative of Powogaz.

The distinction brings more satisfaction particularly since the contest of Installation System of the Year was selected by the readers of the magazine – installers, managers, end users who are at the same time recipients and users of the solution presented. The users of the system confirmed that AMR of Apator Powogaz met their expectations as for the quality, functionality and reliability.

### ***Indicator of the impact on local community – S01***

S01 – character, range and efficiency of the programmes and practices in the assessment and management of the impact of organisation on local community including the influence of the entrance on the market, introduction and completion of the activity.

APATOR SA is very much involved in the life of local community. The ratio S01 is described below in the aspect of the following of social support:

- charity
- support to education
- promotion of culture
- support to sport

Apator SA prefers regular activities/events/initiatives that give the possibility to build permanent relations with community.

### ***Indicator of the impact on community - charity***

Since many years, Apator has been involved in charity. In 2011, it gave the support to:

- Society of Children's Friends in Toruń
- Great Orchestra of Christmas Charity Foundation
- "Light" Foundation
- Social-Charity "Help Family and Earth Foundation
- "Better World" Foundation in Skłudzewo
- "Heart for a Child" Foundation
- "Adult for Children" Foundation
- Nursing home in Wielka Nieszawka
- Municipal Help Centre for Family in Toruń

Every year, Apator is the sponsor of children from “Hope” hospice and “Children’s House” in Bąkowo for their staying in Holiday Centre in Rowy.

Apator since 5 years has given the support to the organisers of the concerts of Toruń Mini List of Hits, the profit of the above concert is designed to “Hope” hospice.

On Children’s Day Apator organizes also the event for children from “Hope” hospice. Children receive gift token for Easter and Christmas.

### ***Indicator of impact on community – support to education***

#### **Collaboration of Apator SA with high education institutions in the region and in Poland**

Apator collaborates with some Polish technical education institutions on permanent basis. The Company is the member of Program Committee in Wrocław University of Technology aimed at creating the ground of exchange of views concerning the quality of education of electrical engineers and to create the conditions for better connection of scientific and educational environment and the companies and institutions in sector.

Moreover, Apator collaborates with Technical University of Lodz (the Company financed annual education of the issue “Electrical equipment –construction and design” for 6 students who later were employed in the Company). Apator collaborates also with University of Technology and Agriculture in Bydgoszcz and Nicolaus Copernicus University in Toruń. Apator endowed the awards for the best master’s thesis and doctoral thesis and scholarships for scientists conducting studies (currently Apator SA endows 2 doctor scholarships for students of physics and applied information technology at University of Nicolaus Copernicus in Toruń).

Collaboration with local high institutions is on permanent basis and it covers many areas. Apator since several years has been the partner in arrangement of Education and Science Festival – the Company sponsored the session regarding physics and astronomy in 2011.

Apator SA is involved in the arrangement of the Economist’s Festival. The organizer of the event is Faculty of Economic Science and Management of Nicolaus Copernicus University in Toruń. During festival Apator SA organized the workshops for students. Students studied the issues concerning the building of the model of capital group/architecture of brand.

Apator SA collaborates with the Toruń branch office of AEISEC team – students -trainee from different part of the world pay the visits to the company.

Apator SA within the “Apator – join the best” programme gives also the support to the arrangement of “Euroelektra” The knowledge of Electricity and Electronics Contest. The main organizer of the event is Association of Polish Electrical Engineers – branch office in Bydgoszcz but co-collaborates are: University of Technology and Agriculture in Bydgoszcz, Gdynia Maritime Academy in Gdynia, University of Zielona Góra. The aim of the contest is to make the knowledge deepen and develop professional skills of pupils and to prepare better them for studies in high education institutions. The contest is favourable to make cooperation and exchange of experience between teachers, academics and representatives of business.

The important project aiming the exchange of knowledge and experience between representatives in business and scientific circle was the series of trainings corresponding to Corporate Social Responsibility being performed by Leadership and Corporate Social

Responsibility Centre (Nicolaus Copernicus University in Toruń) and three enterprises in the region (Apator SA, MPO Toruń, Soda Ciech Polska). Based on the project, employees of the high education institutions and the Company's employees studied commonly social projects and in effect it caused to strengthen the collaboration and allowed to make closer the personal relations of partnership between academics and representatives of partner companies.

### **Scholarship program for students of grammar schools**

Apator SA is dynamic and modern company that supports development and innovation.

It promotes young, skilled and talented people.

Collaboration with Platon Foundation which statutory activity is particularly close to our idea resulted of the venture owing to it we are able to help based on planning, directed and in long term. Apator SA and Platon Foundation established scholarship programme for skilled people and people with passion that have particular skills in some area. In the first edition of the programme covering the period of school year 2011/2012, Scholarship Committee selected 7 students from grammar schools in Toruń and granted the scholarships in the following fields:

- science
- humanities
- art
- sport

Scholarship Programme includes single day of workshops regarding science, humanities, art and sport. Programme is performed owing to active support of the headmasters of grammar schools in Toruń.

Patronage over scholarship program took the Rector of University of Nicolaus Copernicus in Torun - prof. dr hab. Andrzej Radzimiński. Media also were involved in action.

### ***Indicator of impact on society – support to culture and art***

The “Pro Baltica” Baltic Countries Music and Art Festival is music and artistic event. It was XII edition in 2011. Concerts were held in Toruń, Grudziądz and Warsaw during two weeks period in May. Outstanding artists and composers gave concerts to people telling them about the culture of Baltic Countries. In the programme of this year's edition of the festival 13 concerts were executed by the artists from Poland, Lithuania, Latvia, Estonia, Germany, Sweden and Denmark who presented their artistic skills. Apator SA has been the sponsor of ProBaltica event since many years.

Torun is well known as City of Angels. It is confirmed by the organizers of Toruń Angels Meetings that were held in 2011 for the six time. The festival promotes the idea of voluntary work and help neighbours that indicates how everybody of us can be the angel.

During Angels Meetings many concerts, exhibitions and spectacles take place. During the Festival the awards so called Toruń Angels are granted. The idea of Angels' Meetings is close to Apator SA, therefore the Company has supported “Civitas Christiana” Association and “Light” Foundation- the organizers of the Festival.

On 11<sup>th</sup> June 2011 at Motoarena in Toruń, 16 000 spectators took part in this great musical show of Rod Stewart, popular singer in the main role. The performance of Scottish vocalist, the star of the world music was the second great music event on held on Motoarena in Toruń. (In July last year we had the guest, the tenor of the all times Jose Carreras). Both concerts could not be performed without sponsoring of Apator SA.

Festival of Science and Art in Toruń is permanent event in the calendar of important cultural and educational events in Toruń. Every year the event attracts the attention of thousands interested in the event from Torun and from the region. Different areas of science and art owing to festival become for several days the subject of excited discussions, experiments and funs.

Festival is the excellent occasion to know from behind the scenes, unavailable on everyday life –laboratories, place of work of scientists and artists and industrial structures, places of operation of firms and institutions collaborating in arrangement of festival.

During the festival about 150 popular science events: meetings, presentations, spectacles, workshops and contests took place since 15<sup>th</sup> April till 19<sup>th</sup> April 2011.

During XI edition of the festival, Apator had as guest in its headquarters the creators of “B61 Institute” who made use of natural “potential” one of not used manufacturing halls to show by not typical manner the phenomena of retention.

International Contest of Artistic Activity of Children and Youth “Always green, always blue” that was organized in 2011 for the sixteen time, it is huge and prestige venture. The jurors assessed 23 thousands of painting works, pictures and engravings of children and youth that had been sent from over 50 countries. After the contest, the Gallery and Artistic Centre of Children’s Creativity in Toruń filled with colours of children’s imagination. The children told their stories about life, world, and reality surrounding them in extraordinary, suggestive, beautiful and magic manner. Apator takes care for young, skilled people. The Company gives the support to the organizers of the contest by awarding the authors of the best works. One of the exhibitions after the contest is organized also in Apator SA.

Apator is attended at XIX KLAMRA 2011 -Alternative Theatre Meetings organized by”Od Nowa” Students’ Creative Work Club. Festival is the place of meetings of enthusiasts of non institutional theatre, the occasion to watch diverse in style spectacles created by recognized theatre group from all over Poland. The edition of this year was held on 12<sup>th</sup>-19<sup>th</sup> March. During 8 festival days, the audience had possibility to watch the spectacles such group like; Teatr Cinema, KTO, Scena Plastyczna KUL or Teatr Węgajty.

### ***Indicator of the impact on society – sport promotion***

Apator gave the support to organizers of XV International Sport Acrobatic Spring Tournament by name of Henryk Chmielewski that is being held every year in Świdnica.

In acrobatic competition took part competitors from different part of the world;

Czech Republic, Germany, Netherlands, Canada, Italy, Hungary and domestic teams.

International Spring Tournament has been organized since many years and it is considered as one of the biggest European events of this sport discipline and competitors participating in the tournament represent very high level of sport skills. The winners in age ranges 11-16 years old and 12-19 years old received the awards endowed by Apator SA.

- Agara Kryger, 14 years old

Vice Junior Champion and Double Junior Champion of Poland in figure skating, 3 gold medals won on National Youth Champion, Vice Senior Champion of Poland (title won in December 2011 at the age only of 14). Up to now her achievements in national and international competitions:

12 gold medals, 7 silver medals, 5 bronze medals.

- Michał Jędrusak , 19 years old

Since 5 years, he has been the member of national team of Poland representing tennis. He has won many times national and international tournaments. In world tournaments –Tennis Europe in age category up to 14 and 16 years old Mikołaj Jędrusak – he stood on the podium for 17 times. In 2010 he won ITF Łotwa Open Junior Tournament and he played in final of ITF in Switzerland (Luzern Junior Competition).

- Football team for boys at age of 15 years old

Since over 6 years, Apator has been taking care of football team of the boys born in years 1998 and 1999. We give the support to group of 22 boys who improve their skills in Province Youth League.

### **Indicator of the impact on society – politics and lobbying**

S06 Donations for political parties

Ethical rules accepted by Apator SA assume not to involve in activity of any political party. Therefore, it does not give any support to political groups.

S05 Policy regarding participation in public life and lobbying

Specialists of Grupa Apator participate actively in meetings where they give their opinions on different documents of high rank. Apator SA indirectly by organizations in sector and in environment impacts on projects suggested.

*“The philosophy of bringing the help others is always close to me. Therefore, I am glad that I am employed in the Company for which the lot of people the most needed is insensible. During my work in the Company I became convinced that corporate social responsibility in Apator SA is not empty declaration. I have taken the participation in the organization aimed social ventures and I observe that the Execute Board is very eager to support charity organization. I am glad that there is scholarship programme in the Company. I am aware of financial support that helps young people to “spread wings” and their ambitious dreams will come true. I consider that the activity of Apator for local community and the region should be the example for other companies.*

Małgorzata Chrystyniak  
Marketing Specialist

## **Completion of the report**

Apator SA has performed the actions regarding social responsibility since many years.

The running of responsible business is for us particular important since we act on many foreign markets where meeting with high standards is the norm binding for all the suppliers.

The year 2011 was the period to put in order of CSR strategy to be the integral part of our vision, mission, and business strategy. The solutions developed by us we presented in the hereby report made again based on Global Reporting Initiative guidelines.

In the following period, the most important task in reporting will be to include much wider range information on Grupa Apator.

## **GRI Index**

1. STRATEGY AND ANALYSIS	
1.1. The statement of top management (managing director, president of executive board or other person of equal position) of the magnitude of sustainable development for organization and its strategy.....	3
1.2. Description of key influences, chances and risks.....	19-22
2. ORGANIZATION PROFILE	
2.1. Name of organization.....	4
2.2. Main brands, products and/or services.....	10
2.3. Operating structure of organization with main departments, subsidiaries, entities and related and specified and ventures like joint venture.....	6-7,9
2.4. Location of the headquarters of the main organization.....	4
2.5. Number of the countries where the organization operates and names of the countries where the main operations of organization are located or those particular adequate to the context of the report.....	6-7
2.6. The ownership and legal structure of the organization.....	4
2.7. Operating markets with their geographical range, operating sectors, characteristics of customers/consumers and beneficiaries.....	16- 17
2.8. Range of operation.....	31-33
2.9. Significant changes in reporting period concerning structure or ownership.....	7-9
2.10 Awards granted in reporting period.....	52-55
3. PARAMETERS OF THE REPORT	
PROFILE OF THE REPORT	
3.1. Reporting period (financial year/calendar year).....	23-24
3.2. Date of publication of the recent report (if published).....	23-24
3.3. Cycle of reporting (annual, biennial etc.).....	23-24
3.4. Contact person.....	23-24
3.5. Process of definition of the content of the report with:	
- establishment of the magnitude of particular issues for organization and its stakeholders,	
- priority of particular issues and	
- identification of stakeholders – readers of the report.....	23-24
3.6. Range of the report (countries, branch offices, subsidiaries, objects rented, undertakings like joint venture, suppliers).....	23-24
3.7. Statement of any restrictions concerning the report and its range.....	23-24
3.8. Information on undertakings like joint venture, subsidiaries, objects rented, outsourcing operations and other entities that significantly can impact on comparison of operation of the organization in particular periods and/or in relation to other organizations.....	6-7
3.9. Techniques used and assumptions made relating to estimations and indicators calculated and other information included in the report.....	24
3.10 Explanations concerning effects of any adjustments to information included in previous reports the reasons given of their introduction and their impact ( mergers, takeovers, change of the year/base period, nature of operation, method of measurement) no adjustments.....	
3.11. Considerable changes in relation to the previous report regarding the report, its range of method of measurement applied in the report.	

## **INDEX OF THE CONTENT OF GRI**

3.12. List of places of Standard Information in the report.....	60-65
VERIFICATION	
3.13. Policy and current practice regarding external verification of the report. If such data are not included in independent report, confirming explanation of the range and reasons of external verification and relations between organization and confirming external entity .....	23-24
4. SUPERVISION, LIABILITIES AND INVOLVEMENT	
SUPERVISION	
4.1. Supervisory structure of the organization and commissions subject to the top supervisory bodies, responsible for particular tasks like creation of strategy or supervision over organization.....	25-26
4.2. Indication if chairman of the highest supervisory body is also managing director (if yes, what functions plays in the executive board with justification for such structure).....	25
4.3. Number of the members of the highest supervisory body with identification of independent and/or non execution members (it regards organization of monistic structure of supervisory board/supervisory body).....	25
4.4. Mechanisms enabling shareholders and employees to give recommendations and instructions to the highest supervisory body.....	26-27
4.5. Relationship between remuneration of the highest supervisory body, higher managing staff and executive board (covering severance pays system) and results of the organization (with social and environmental results included).....	27
4.6. Processes allowing the avoidance of the conflict of interests of the members of the highest supervisory body.....	27-28
4.7. Process of verification of qualifications and experience of the members of the highest supervisory body in view of the establishment of strategy covering economical, environmental and social issues.....	25
4.8. Internal established mission or goodwill of the organization, procedures code and the rules relating to economic, social and environmental aspects of the operation of the organization and level of their implementation.....	5,17-18,24-25
4.9. Procedures of the highest supervisory body regarding supervision over identification and management of economic, environmental and social issues including appropriate risks and chances and adjustment to or compliance with recognised international standards, procedures codes, and rules.....	28-31
4.10. Evaluation process of operation results of the highest supervisory body in relation to economic, environmental and social issues.....	28-31
INVOLVEMENT IN EXTERNAL INITIATIVES	
4.11. Explanation, if and how the organization uses the rule of care.....	28-31
4.12. External accepted or supported by economic organizations, environmental and social declarations, rules and other initiatives.....	19
4.13. Membership in associations (like sector associations) and/or in national/international commission organizations where the organization:	
- it is the member of supervisory bodies,	
- participates in projects or commissions	
- transfer considerable funds apart standard membership fees,	
- recognizes membership as strategic operation.....	51-52
INVOLVEMENT OF STAKEHOLDERS	
4.14. The list of the group of stakeholders involved by organizations.....	31-33
4.15. Foundations of identifications and selection of the groups of stakeholders involved.....	31-33

4.16. Approach to involve of stake holders including the frequency of involvement according to type and group of stake holders.....	31-33
4.17. Key issues and problems brought up by stakeholders and the reply from the organization and by their reporting.....	31-33
Economic indicators	
Approach to management.....	25-31
Aspect: ECONOMIC RESULTS	
EC1 direct economic value created and divided taking into account revenues, operating costs, remuneration of the employees, subsidies and other investments forward community, undistributed profits and payments to the owners of capital and state institutions .....	34
EC3 Coverage of retirement liabilities of the organization resulting from specified benefits.....	34
EC4 Significant financial support obtained from the government.....	34
Aspect: ATTENDANCE ON THE MARKET	
EC5 Remuneration of the employees of the lowest level in relation to minimal salary and wage on the market in the main locations of the organization.....	35
EC6 Policy, practices and share of expenditures designed to the service of local suppliers in main locations of the organization.....	35
EC 7 Employment procedures of the employees from local market and percentage higher level management obtained from local market mainly in the main locations of the organization.....	35
Aspect: INDIRECT ECONOMIC IMPACT	
EC 8 The involvement in development of infrastructure and rendering services for local community by commercial actions, transfer of goods or pro-bono actions. The impact of such actions on community.....	34
EC 9 Identification and description of considerable indirect economic influence with the scale and the range of its impact indicated.....	34
Environmental indicators	
Approach to management.....	38-40
Aspect: RAW MATERIALS/MATERIALS	
EN1 Consumption of raw materials/materials according to weight and capacity.....	38
Aspect: ENERGY	
EN3 Direct consumption of energy according to initial source of energy.....	39
Aspect: WATER	
En8 Total consumption of water according to sources .....	40
Aspect: BIODIVERSITY	
EN11 Location and area that are in possession, rented or managed in protected lands in protected areas or areas of high value of biodiversity outside protected areas or bordering to such areas.....	40
EN12 Description of significant impact of products and services activity on biodiversity of protected areas and areas of high biodiversity outside protected areas.....	41
EN13 Protected or revitalized habitats.....	41
EN14 Strategies, current actions and plans concerning the management under influence of biodiversity.....	41
Aspect: EMISSIONS, SEWAGES AND WASTES	
EN 16 Total direct and indirect emission of green house gas according to weight.....	41
EN19 Emissions of substances damaging ozone layer according to weight.....	41
EN20 Emission of NO <sub>x</sub> and SO <sub>x</sub> and other significant compounds emitted to air according to type and weight.....	41
EN21 Total volume of sewages according to quality and the place of destination.....	41

EN22 Total weight of wastes according to type and method of treat them.....	42
EN23 Total number and capacity of considerable leakages.....	43
Aspect: PRODUCTS AND SERVICES	
EN26 Initiatives aiming at minimization of the impact of products and services and the range of the impact of the initiatives.....	44
EN27 Percentage of materials recovered from products and their packaging according to category of material.....	44
Aspect: COMPLIANCE WITH REGULATIONS	
EN28 The value of significant fines and total value of non financial sanctions for discrepancy concerning law and regulations regarding protection of natural environment.....	36
Aspect: TRANSPORT	
EN29 Significant impact on environment by transportation of products and other goods and materials being used by the organization in its activity and transportation of the employees.....	45
Aspect: GENERAL	
EN30 Total expenditure incurred for the protection of environment and investments according to the their type.....	45
Indicators regarding practices concerning employment and fair work	
Approach to management.....	47-48
Aspect: EMPLOYMENT	
LA1 Total number of employees according to the kind of employment, type of employment contract and region.....	47-48
LA2 Total number of give ups of the jobs and the rotation indicator of employees according to age, gender and region.....	48
LA3 Extra benefits guaranteed to fulltime employees that are not guaranteed to temporary employees or part time employees according to the main organization units.....	49
Aspect: RELATIONSHIPS BETWEEN EMPLOYEES AND MANAGERS	
LA4 The percentage of employees who are covered by company collective labour agreement.....	49
LA5 Minimal advance of information to be announced on significant changes in activity taking into consideration if they are defined in company collective labour agreement.....	49
Aspect: SAFETY AND HEALTH AT WORK	
LA6 Percentage of total number of employees represented in formal safety and health at work commissions include managers and employees that advice on programs concerning safety and health at work and they monitor such programs.....	50
LA7 Indicator of injures, professional diseases, days lost for that reason and absence from work and number of mortal accidents related to work according to regions.....	50
LA9 Safety and health at work are taken into account in formal agreements concluded with trade unions.....	50
LA12 The percentage of employees subject regular assessment of quality of work and the review of the development of professional career.....	49
Aspect: DIVERSITY AND EQUAL CHANCES	
LA13 The make-up of governing and supervisory bodies in the Company divided into categories; gender, age, membership of minority and other indicators of diversity.....	47
L14 Remuneration of men in relation to remuneration of women according to category of employment.....	48
Indicators regarding the respect of human rights	
Approach to management.....	47-48

Aspect: COUNTERACTING DISCRIMINATION	
HR4 Total number of cases of discrimination and measures taken against it.....	49
Aspect: FREEDOM OF UNION AND RIGHT TO COLLECTIVE DISPUTE	
HR5 Activity identified that can be the risk of infringement of freedom to unite and collective disputes and measures taken in order to give the support to the possibility to perform those rights.....	49
Aspect: ABOLITION OF CHILD LABOUR	
HR6 Actions identified as bringing the significant risk to make use of child labour and measures taken in order to eliminate such cases.....	49
Aspect: PREVENTION OF FORCE LABOUR	
HR7 Actions identified as bringing significant risk of occurrence of forced labour or obligatory one and measures taken in order to eliminate such cases.....	49
Indicators of the impact on society	
Approach to management.....	51-52
Aspect: PUBLIC POLICY	
S05 Policy regarding participation in public life and lobbying.....	59
S06 Donation for political parties.....	59
Aspect: CONDUCT INFRINGING FREEDOM OF COMPETITION	
S07 Total number of legal measures taken against the organization concerning cases of infringement of free competition principles, monopolistic practices and their effects.....	36
Aspect: COMPLIANCE WITH REGULATIONS	
S08 Monetary value of penalties and total number of non financial sanctions due to legal and regulation discrepancy.....	36
Indicators of responsibility for the product	
Approach to management.....	17, 20-22
Aspect: HEALTH AND SAFETY OF A CUSTOMER	
PR1 The stages of life cycle of a product where the assessment of the impact of products and services on health and safety is made in order to improve the indicators and the percentage of significant category of products and services subject to such procedures.....	36
PR2 Total number of cases of non – compliance with regulations and not obligatory codes in the scope of the impact of products and services on health and safety at every stage of life cycle taking into consideration the kind of effects.....	37
Aspect: MARKING OF PRODUCTS AND SERVICES	
PR3 Type of information on products and services required based on procedures and percentage of significant products and services subject to such information requirements....	43
PR4 Total number of cases of discrepancy of regulations and non obligatory codes concerning the marking and information about products and services according to the effects.....	36
PR5 Practices related with provision of a customer’s satisfaction including results of the research of customer’s satisfaction.....	37
Aspect: MARKETING COMMUNICATION	
PR6 Programmes regarding the observance of the law, standards and non obligatory codes governing marketing communication aspects taking into consideration, advertisement, promotion and sponsoring.....	37
PR7 Total number of cases of lack of compliance with regulations and non obligatory codes governing marketing communication aspects with consideration of advertisement, promotion and sponsoring according to the kind of effects.....	37
PR8 Total number of reasonable claims regarding the infringement of customers’ privacy and the data loss.....	37
Aspect: COMPLIANCE WITH REGULATIONS	
PR9 Monetary value of significant penalties due to discrepancy of law and regulations	

concerning the supply and usage of products and services.....36