



CSR

Social report 2017



By way of a foreword...

What does responsibility mean? According to the English Oxford Living Dictionaries, it is “the state or fact of having a duty to deal with something or of having control over someone”. As a person managing the Apator Group I am aware of a great weight, but also of a complex nature of this responsibility vested in me, and in my whole team.

I understand the responsibility in business as a “continuous striving for business excellence” - meeting customer expectations, and fair and reliable cooperation with our partners in the market. Apator meets the requirements of its customers, and, at the same time, focuses on increasing its operating effectiveness and improving economic results of the Group. This is what our Shareholders expect. Furthermore, as a company listed at a stock exchange and, since 2011, also included in the RESPECT Index, Apator conducts its business operations in accordance with the highest management standards of corporate governance, information governance, and relations with investors. We make all efforts possible for our products to be

manufactured by professionally fulfilled and fairly remunerated employees, in a safe work environment, and without affecting the surrounding nature.

Thus, the social responsibility of the enterprise is multidimensional, and each of these dimensions requires appropriate attention. Investors, customers, suppliers, employees, sector institutions, government bodies at a local and a national levels - all Stakeholders establish strict requirements for our company, expecting standards of operation significantly exceeding the absolute minimum imposed by law. However, in my opinion, all these aspects are dependent on the ethics. This is a crucial value in business operations. Apator has been operating in the market for nearly 70 years - this obliges us to special care for our good name. Therefore, in all aspects of our operations, internal and external alike, we promote ethical principles of operations, while our relations with all our Stakeholders are based on mutual trust and partnership, in accordance with the win-win rule.

The responsibility is also understood as “assuming a duty to care for somebody or something”. As a person managing the entire operations of the Apator Group, I have undertaken to continuously increase the value of the Apator Group, and to ensure its further robust development, while meeting the requirements of all our key Stakeholders. I am truly convinced that operations conducted under the banner of responsibility must be integrated with our business strategy and practised at each stage of creation of the value chain. We will consistently follow this path...

Mirosław Klepacki

General Director
President of Apator SA Management Board

OUR RESPONSIBILITY

The Apator Group report on non-financial information for 2017

TABLE OF CONTENTS:

Introduction - by the President of the Management Board

1. About the Apator Group
 - 1.1. Operations profile and business model
 - 1.2. Management strategy and standards
 - 1.3. Business environment
2. Responsible employer
 - 2.1. Relations with employees
 - 2.2. Occupational safety and health
 - 2.3. Achievements and challenges
 - 2.4. Employment-related indices
 - 2.5. Employment-related risks
3. Business ethics and responsibility
 - 3.1. Anti-corruption and anti-bribery policies
 - 3.2. Achievements and challenges
 - 3.3. Anti-corruption and anti-bribery indices
 - 3.4. Risks related to anti-corruption and anti-bribery activities
4. Human rights
 - 4.1. Human rights related policies
 - 4.2. Achievements and challenges
 - 4.3. Human rights related indices
 - 4.4. Human rights related risks
5. Environmental protection
 - 5.1. Environmental protection policies
 - 5.2. Achievements and challenges
 - 5.3. Environmental indices
 - 5.4. Environmental risks
6. Social environment
 - 6.1. Approach to social issues management
 - 6.2. Achievements and challenges
 - 6.3. Social issues-related indices
 - 6.4. Social issues-related risks

1.1. Operations profile and business model

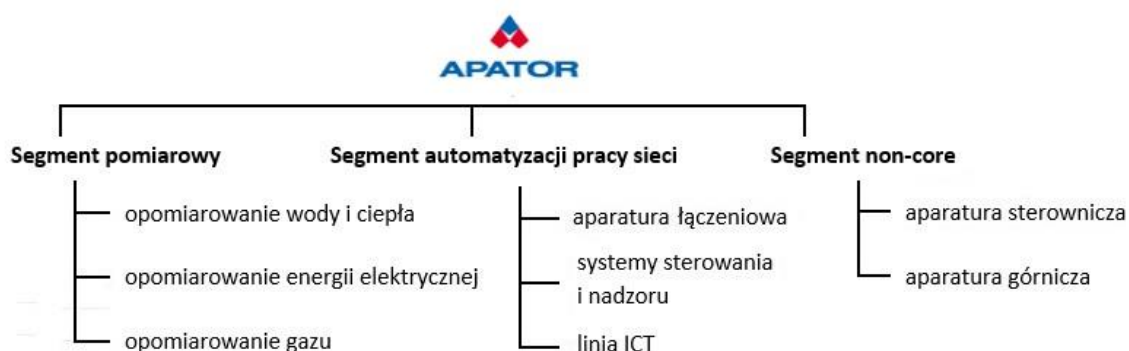
Apator forms an international group of producers and distributors of measuring equipment and systems, as well as suppliers of solutions for power grid automation.

Apator is proud of its tradition. The enterprise, established in Toruń in 1949, underwent an extensive transformation started during the political changes in 1989, and since 1993 it has been operating successfully as a joint-stock company established by employees of the liquidated state enterprise.

Since April 1997 the shares of Apator are listed at the Stock Exchange in Warsaw SA and are included in the following indexes:

- (sWIG80)
- RESPECT Index

In 2017, the Apator Group defined its operations within the following sectors and lines of business*:

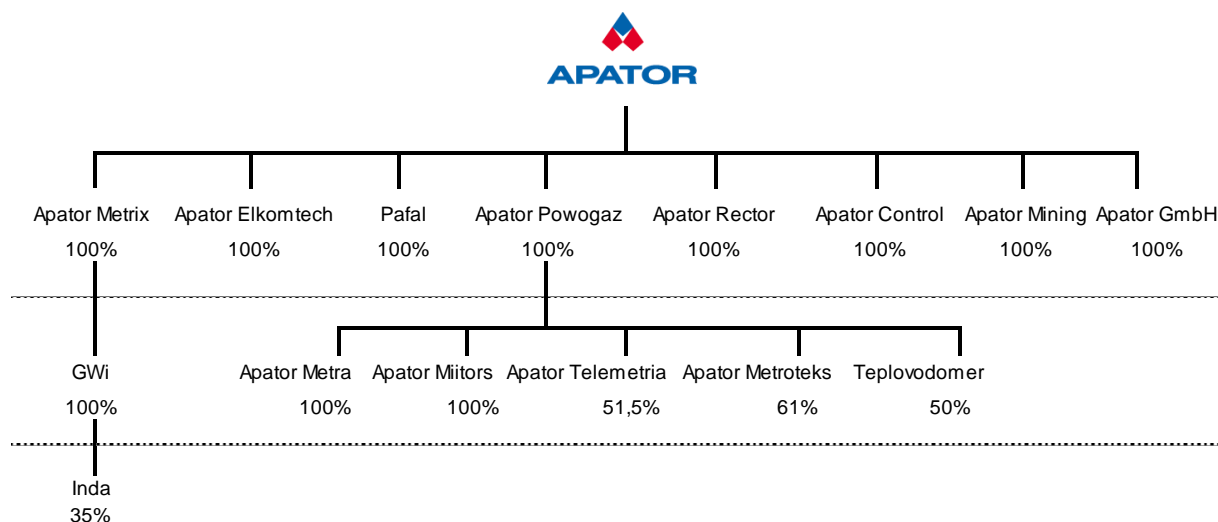


Measuring segment	Grid automation segment	Non-core segment
<ul style="list-style-type: none"> - water and heat metering - electricity metering - gas metering 	<ul style="list-style-type: none"> - connecting equipment - control and monitoring systems - ICT line 	<ul style="list-style-type: none"> - control devices - mining equipment

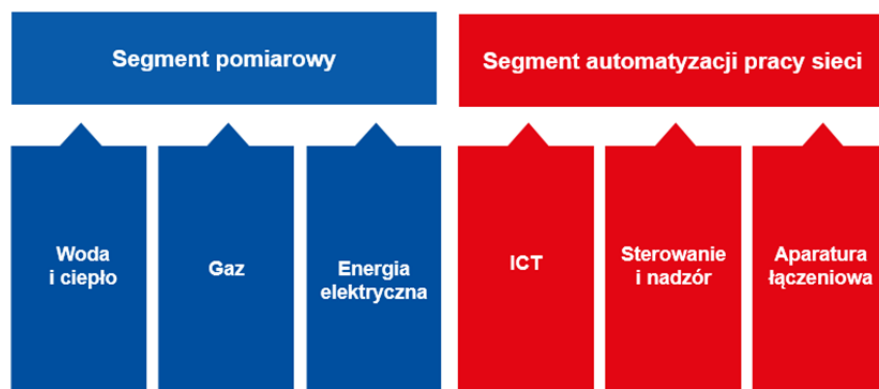
**) Since 2017, the mining equipment is included in discontinued operations, as described in more detail in section 1.4 of the Management Board report on the Apator Group operations in 2017.*

Currently, the group consists of 16 entities. The dominating unit is Apator SA, with its registered office in Toruń.

Apator Group structure



Apator Group business model in 2017



Metering segment			Grid automation segment		
Water and heat	Gas	Electricity	ICT	Control and monitoring	Connecting equipment

Our products

The activities of the Apator Group are focused on manufacturing and sales of metering devices, control and measuring equipment, switchgear and control gear, IT systems of the SCADA class and associated telemechanics devices, security devices and other network equipment for dispersed systems offering an option for remote control and monitoring of electrical grid within the full range of voltages, as well as the devices for data readout and transmission.

PRODUCTS IN THE MAIN LINES OF BUSINESS



<ul style="list-style-type: none"> - water and heat metering - gas metering - electricity metering 	<ul style="list-style-type: none"> - ICT - control and monitoring systems - connecting equipment
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WATER AND HEAT METERING

High-class water meters, heat meters, flow meters, together with flow transducers and cost allocators for heating systems, as well as systems for remote readout of measuring devices and prepayment water metering systems.

GAS METERING

Household and industrial bellows gas meters, and the cutting-edge products of the smart class - smart gas-meters with a remote readout function.

ELECTRICAL POWER METERING

An extensive range of metering devices: from induction meters, through electronic and prepayment devices, up to technologically advanced smart meters, as well as modern systems for energy management.

ICT SOLUTIONS

The advanced IT systems supporting management of measurement information and solutions for effective management of grid assets, including grid passporting services.

GRID CONTROL AND MONITORING

Solutions for a smart energy and power supply grid, improving current monitoring and control of the grid, supporting works of electricity suppliers in grid management, operation and monitoring.

CONNECTING EQUIPMENT

A wide range of devices used for distribution of electricity and to secure electrical circuits against consequences of short circuits and overloads.

1.2. Management strategy and standards

Strategic purposes:

The ambition of the Apator Group is to play a role of the leading supplier of measuring and readout systems and devices for all types of utilities (with special attention on the sector of electricity distribution), a partner for units managing the distribution infrastructure of all types of power utilities for development and supplies of innovative systems, devices, and services conforming to open standards and ensuring effective and safe operation of grid assets.

The main strategic objectives of the Apator Group for the years 2014-2019 were implemented within three areas:

✓ Area 1: position in the supply chain:

- development in the area of teleinformative systems and associated devices for remote monitoring, controlling and readout in the Polish market,
- development in the area of smart devices, cooperation with partners for integration of the systems in other markets,

✓ Area 2: geographical range:

- the leader in terms of its market share (1st-3rd position) in all business lines in Poland,
- CIS, CEE and EU: leading recognized supplier, with a visible and stable share in selected promising markets,
- remaining markets: delivery of goods and services without the engagement of significant R&D resources,

✓ Area 3: financial:

- the target level of revenues above PLN 1.5 billion (average annual increase by 15.1%),
- the average annual increase rate of EBITDA between 10% and 15%,
- over 60% of revenues from foreign markets,
- 50% EBITDA from the sector of electricity distribution.

2018 will be marked with defining of the assumptions for the new strategy for years 2019-23. The companies of the Group will focus, amongst the others, on strengthening the synergy effects to increase their operational effectiveness.

The ratios showing the scale of operations and implementation of strategic objectives

Production in numbers by main product groups	2017	2016	Change	Dynamics yoy
	Thousand of pcs	Thousand of pcs	Thousand of pcs	%
<i>Electricity meters</i>	1,756	1,697	59	103%
<i>Gas meters</i>	1,607	1,206	401	133%
<i>Water meters</i>	2,728	2,051	677	133%
<i>Heat meters</i>	91	83	8	110%

Production in numbers by main product groups	2017	2016	Change	Dynamics yoy
	Thousand of pcs	Thousand of pcs	Thousand of pcs	%
<i>Switch disconnectors</i>	592	527	65	112%
<i>Top radio modules</i>	710	540	170	131%

Sales revenues by segments*	2017	2016	Change	Dynamics y/y
	as PLN thousand	as PLN thousand	as PLN thousand	%
Metering segment	730,237	678,144	52,093	108%
<i>Poland</i>	269,522	275,490	- 5,968	98%
<i>export</i>	460,715	402,654	58,061	114%
Segment of grid operation automation	126,668	138,326	- 11,658	92%
<i>Poland</i>	93,263	104,205	- 10,942	89%
<i>export</i>	33,405	34,121	- 716	98%
Non-core segment	26,291	24,691	1,600	106%
<i>Poland</i>	26,268	24,541	1,727	107%
<i>export</i>	23	150	- 127	15%
Abandoned activities (Apator Mining)	23,706	27,660	- 3,954	86%
Total revenues	906,902	868,821	38,081	104%
<i>Poland</i>	411,936	431,896	- 19,960	95%
<i>export</i>	494,966	436,925	58,041	113%

Basic financial data*

	2017	2016	Change	Dynamics y/y
Apator Group	as PLN thousand	as PLN thousand	as PLN thousand	%
Revenue from sales	883,196	841,161	42,035	105%
Profit on sales	70,250	70,425	- 175	100%
Profit on operations	62,730	67,348	- 4,618	93%
EBITDA	102,014	102,126	- 112	100%
Net profit	43,908	58,140	- 14,232	76%
Equity	455,498	443,280	12,218	103%
Long-term liabilities	65,529	96,259	- 30,730	68%
Short-term liabilities	318,455	302,145	16,310	105%
Assets total	839,482	841,684	-2,202	100%
Gross remunerations (with surcharges)	199,090	188,650	10,440	106%
Income tax	- 15,721	-5,800	- 9,921	271%
Current income tax	- 15,209	- 16,318	1,109	93%
Deferred income tax	- 512	10,518	- 11,030	-

*) The analysis of revenues and financial results was presented in section 2 of the report of the Apator Group Management Board for 2017

Management standards

Companies in the Apator Group operate in accordance with the adopted Integrated Management Systems, covering:

- quality management policy;
- environmental management policy;
- occupational health and safety management policy;
- information security policy.

The Management Systems are adapted to the specific nature of operations of individual companies. The largest companies in the Group conduct their manufacturing operations on a basis of the following standards:

Standard type	Apator	Apator Metrix	Apator Powogaz	Apator Elkomtech	FAP PAFAL
PN-EN ISO 9001:2015	X	X	X	X	X
PN-EN ISO14001:2015	X	X	X		X
PN-N-18001:2004	X	X	X	X	X
PN ISO/IEC 27001:2014-12	X	X		X	

Apator SA, as a company managing a group, undertook to observe principles of corporate governance specified in “Best Practice for WSE-Listed Companies 2016” (adopted pursuant to the Resolution No. 26/1413/2015 of the Council of Securities Stock Exchange of October 13, 2015). In 2017, these principles were applied by Apator, excluding II.Z.3 (only one member of the Supervisory Board meets the independence criterion).

A uniform corporate governance is in force in all Polish companies of the Apator Group. The owners’ supervision is executed through the internally established regulations in the form of corporate guidelines, activities of the committees appointed within the Apator Group, as well as through the controlling, and CFO activities.

Research and development

The extensive experience of the Apator Group in the power supply industry, together with highly qualified staff consisting of constructors, software developers and technologists, facilitates implementation of proprietary solutions and technologies. The Group operates competence R&D centres specialising in development of product innovations for the area of utilities measurements and remote readout, automated systems, and control and monitoring systems for power supply grids.

	2017	2016	Change	Dynamics y/y
	as PLN thousand	as PLN thousand	as PLN thousand	%
Investments, R&D activities				
CAPEX investment outlays, of which	54,809	44,636	10,173	123%
<i>Tangible fixed assets</i>	29,067	23,201	5,866	125%
<i>Intangible and legal values</i>	25,742	21,435	4,307	120%
Costs of development offices (R&D) not included in CAPEX	24,549	19,910	4,639	123%
Average annual number of those employed in R&D [RJR]	146.2	168.1	- 21.9	87%

Product innovations

- In 2017, a team of Danish constructors from the Apator Group developed an innovative Ultrimis water meter based on the ultrasound water flow measurement method.
- In 2017, in R&D offices located in Apator SA, modern smart electricity meters were developed, as well as specialist devices for selected demanding markets (including the German market), and new lines of modern NH fuse switch disconnectors (low voltage).

1.3. Business environment

The Apator Group operates in the environment of an extensive group of internal (employees of the Group companies) and external (including customers, business partners, suppliers, institutions cooperating with companies, and social partners) stakeholders.

Our customers

Our customers form a key group of the stakeholders. Products of the Apator Group are designated mainly for customers operating in the power supply and utilities sectors (operators of distribution systems for utilities, including electricity, water, heat, gas, together with suppliers of products and services for the power supply sector), and for industrial enterprises.

Metering segment

Electricity metering line	Water and heat metering line	Gas metering line
Distribution system operators (electricity providers)	Numerous, scattered group of customers (waterworks, heating suppliers, housing associations, construction, industry)	Institutional customers and gas companies

Grid automation segment

Connecting equipment line	Control and monitoring systems line	ICT line
Electricity and energy wholesalers, electric assembling and electric installation companies	Distribution system operators (electricity providers)	Distribution system operators (electricity providers),

Non-core segment

Controlling equipment	Mining equipment
Numerous, scattered group of customers (construction, industry, railway)	Coal mining companies and manufacturers of mining equipment

Dialogue with stakeholders

In their operations, the companies from the Apator Group interact with various groups of people and shape these relations in the informed way.

STAKEHOLDER GROUP	COMMUNICATION OBJECTIVES	FORMS OF COMMUNICATION	BASIS FOR IDENTIFICATION
Key stakeholders groups			
Investors, stock market analysts, reporters from business media	Reliable and honest communication and reporting on a current situation of the Group, in accordance with requirements, regulations, good practices for information distribution for companies in the regulated market.	Current reports, financial statements, conferences, meetings, newsletters, website, FB and LinkedIn profiles, statements in media in form of interviews, articles, and regular communication with reporters.	For Apator SA, as a company listed on the Warsaw Stock Exchange, development of relationships with investors and analysts is a priority.
Customers	Presentation of the product range, and terms and conditions of commercial cooperation.	Direct meetings, fairs, conferences, trainings, newsletters, website, FB and LinkedIn profiles	The Apator Group pursues its business objectives by delivering to its customers solutions and products meeting their expectations and needs.
Employees	Communicating organisation objectives, presentation of the current situation of the company and its financial results, organisational and personal changes, social activities, etc.	Meetings with managers and directors, the Group internal magazine "Flesz Apatora", newsletters, website, FB and LinkedIn profiles Additionally, depending on practices used in a given company: meetings of the Management Board with employees, employee website,	The Apator Group pursues its business objectives through involvement and competences of its employees.

		company PA system at Apator SA.	
Suppliers	Knowledge sharing and communication of mutual expectations for effective cooperation.	Regular meetings and presentations, audits, website, FB and LinkedIn profiles.	The Apator Group pursues its business objectives through selection of reliable partners meeting specified quality requirements, while taking into account price requirements.
Other stakeholders groups			
Regulatory authorities, industrial organisations, financial institutions	Actions aiming at shaping and development of the smart metering/smart grid market, promoting of effective solutions and technologies.	Participation in the consultation meetings, conferences, symposia, actions as a part of industrial associations and organisations.	The Apator Group acts in accordance with legal requirements and good practices, sharing knowledge and good practices for development of new technologies and effective management of utilities.
Media	Informed shaping of the company image and brand by informing the market environment about company activities.	Press materials and information, articles in sector magazines, press conferences, website, FB and LinkedIn profiles.	The Apator Group cooperates with the sector, specialist, and local media participating in expert knowledge sharing, promoting its products, presenting results of its business and non-business operations, and shaping the brand image in the market.
Local authorities (government, poviata, commune)	Mutual communication of business objectives, cooperation for the organisation development aligned with needs of the local community and expectations of local government.	Direct meetings, participation in local events, website, FB and LinkedIn profiles.	Companies in the Apator Group, operating in the areas controlled by a local government, cooperate with local authorities for a gradual development of the business and of local communities.
Social institutions, non-profit organisations, social environment	Strengthening and execution of cooperation with organisations supporting valuable social initiatives.	Regular cooperation during implementation of projects, fairs, conferences and meetings, website, FB and LinkedIn profiles.	The companies in the Apator Group establish business and non-business relationships with local institutions, supporting valuable initiatives, and granting subventions to organisations implementing social missions.
Scientific circles, public education institutions, research institutes	Sharing knowledge and experience, strengthening and implementation of joint research and business projects, promoting science, presentation of company operations.	Current cooperation for implementation of projects, participation in conferences and meetings.	Cooperation between the scientific circles and business supports the development of the company and the science, and is a stimulus for development of new technologies and products. The companies from the Apator Group recruit their employees amongst university students and graduates.
Scholarship holders, talented youth, their families and teachers	Promotion of ideas and principles of the grant programme, creating motivation for development of hobbies and interests.	Direct contact during implementation of a grant programme, cooperation during implementation of scientific and artistic projects, direct meetings, presentations and interviews, company website and a website dedicated to the Pasjopolis programme, social media profiles	Students (winners in the grant programme Pasjopolis) are direct beneficiaries of the support directed by Apator SA. The Pasjopolis programme is also a tool for parents and teachers of scholarship holders, to motivate young people for further development.

		(company and scholarship).	
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2. Responsible employer

2.1. Relations with employees

The employees and their knowledge, experience and competences are one of the key resources needed to create a competitive edge in the highly competitive and specialised market of modern technologies in which the Apator Group operates. For this reason, the Apator Group regularly improves its processes of human resources management, introducing required tools supporting the development of employees, striving to build their involvement, loyalty and motivation.

Rules of work in individual companies of the Group are governed by generally applicable legal regulations (the Labour Code included), as well as by internal procedures and instructions. **The Code of Ethics of the Apator Group**, in force in Apator SA and its Polish subsidiaries, plays a key role in defining the approach to managing of the employees issues at the Group level. **The Corporate Social Responsibility Strategy (CSR)**, **the Works Regulations** of individual companies and **Collective Labour Agreements**, as well as relevant provisions of the **Integrated Management System Manuals** at individual Group companies supplement the Code in defining standards of the employee policy.

The basic tasks of the Apator Group personnel policy include:

- recruitment of employees with required competences,
- development of competences necessary to implement business strategy,
- building of the engagement and taking care of high level of satisfaction and motivation of employees,
- supporting the business through implementing of the tools to manage human resources and solve current problems.

Key competences

We shape the culture of our organisation on a basis of 3 crucial competences, forming a set of values and principles determining standards of our daily work.

➤ **BUSINESS ORIENTATION** [pokazać ikonkę](#)

The focus on achieving business results and their increase, continuous search for solutions improving and developing company business.

➤ **COMMITMENT** [pokazać ikonkę](#)

Enthusiasm, energy in action, readiness to pursue tasks outside the narrow scope of duties, proactive approach, identification with the company, its strategy and objectives.

➤ **COOPERATION** [pokazać ikonkę](#)

Development of relations based on openness, trust and respect, partnership and team-working skills, good manners and empathy in relations with others.

HR policy

All activities related to the human resources policy are based on treating all employees with due respect and striving to create **equal chances for professional development and promotion**, regardless of their gender, age, national or ethnic background, sexual orientation, family situation, (dis)ability, and political beliefs and religion.

The Companies make all efforts to ensure that all their employees **work in an atmosphere of openness and tolerance for diversity**. The actions undertaken focus on the creation of professional activity, ensuring proper

conditions of work and friendly climate, and on offering possibilities for professional improvement and supporting the development of the organizational culture.

The human resources policy covers:

- planning of human resources;
- process for recruitment, selection and choosing of employees;
- employee induction process;
- development of competences (training and participation in projects);
- motivation (by remuneration and non-remuneration factors)
- evaluation system;
- promotion system;
- communication between employees and Management.

Planning of human resources is based on development of annual and multi-annual employment plans. Recruitment-related employer branding activities are implemented, including participation in work fairs, cooperation with universities and senior secondary schools, presence in the media, sponsoring of competitions for pupils and students, and organising training and internship programs.

When recruiting employees the Group uses both its own resources and the resources available in the labour market. The decision on the recruitment manner is taken up depending on the position hierarchy, the degree of its complexity, competence requirements, availability of the employee with appropriate qualifications and the term to fill in the position. Characteristics considered during selection and recruitment of employees include not only their skills and professional competences, but also their personal characteristic that should be consistent with the organisational culture, values, and a competence model of the Apator Group. According to priorities applying to relations with employees, the Group supports them from the very first day of their employment, both organisationally and materially, by providing them with the necessary work tools and conditions for comfortable and safe performance of the entrusted duties.

The employee qualifications are improved in various ways, including participation in various types of trainings, such as obligatory OHS trainings and concerning relevant substantive and specialist licences required at their position, soft skills supporting their personal development, and all-company skills, e.g., related to the management system. The employees also are provided a possibility to use various forms of co-financing for foreign language courses, as well as for university and post-graduate studies. Planning and budgeting of the trainings takes place in annual cycles, with needs at the level of organization, teams and individual employees taken into account.

The employees are motivated by their remuneration (consisting of fixed and variable components, with the second one depending on results achieved), and by non-remuneration incentives, including an extensive social assistance and various forms of sports activities, events, integration events, health care, and similar.

2.2. Occupational health and safety

The companies in the Apator Group maintain a policy aiming at ensuring occupational health and safety, the main purpose of which is to eliminate risks of accidents and to minimise levels of harmful factors affecting employees at their workplace.

The activities undertaken in this respect comply with current legal regulations and provisions included in the developed¹ occupational health and safety management system, in accordance with PN-N 18001:2004. Furthermore, ways for implementing OHS objectives are governed by a series of internal procedures and instructions in force in individual companies of the Group.

¹ Implemented in some companies.

The Apator Group supports protection of health of its employees, works on a permanent improvement of safety and work conditions, and implements solutions preventing accidents at work, occupational diseases and near miss incidents.

The implemented actions include, among others:

- Identification of risks and an occupational risk assessment for each position,
- initial, periodic and follow-up medical examinations, protective equipment, induction and periodic trainings on OHS rules,
- organization of work positions in accordance with the legal provisions in force and the ergonomic principles, introduction of modern technological lines and devices improving productivity and minimizing the workload for employees,
- monitoring of the work conditions by OHS Committees,
- designating, marking and preparing work positions, traffic routes and firefighting measures,
- monitoring of identified risks.

Planning and improving of the OHS process is based on an annual plan of objectives and tasks, monitored and implemented according to relevant procedures.

2.3. Achievements and challenges

Previous achievements of the HR policy

In 2016–2017, the Apator Group executed many HR-related activities. The most important include:

- drawing up (in 2016) and implementing (in 2017) of new solutions concerning employees' remuneration,
- development of the System for Periodic Assessment of Competences and the System for Management through Objectives;
- development of the employees' portal, HR sys*,
- conducted Employee Satisfaction Surveys*,
- maintaining a relatively low employee turnover.

*concerns Apator SA

**concerns selected companies

Objectives and challenges related to employees issues

Concerning 2019, the key challenges related to employees issues in the Apator Group² include:

- establishing a development programs for the employees,
- implementation of the Talent Management program,
- implementation of regular employee satisfaction and commitment surveys,
- creation of a centre of HR competences in the Apator Group.

² These challenges will be first dealt with by Apator SA, and then, using its experience and following its implementation and verification in that company, they will be transferred to the remaining units in the Group.

2.4. Employment-related indices

Employment in the Apator Group

Employment in the Apator Group*	2017	2016	Dynamics y/y[%]
Average annual working units (AWU), including:	2,609.7	2,515.4	104%
<i>covered by collective agreements</i>	1,446.3	1,396.9	103%
Employment at the end of the year [persons], including:	2,514	2,605	97%
<i>women</i>	1,011	1,064	95%
<i>men</i>	1,503	1,541	98%
Employment at the end of the year [persons], including:			
1. Full time	2,485	2,583	96%
<i>women</i>	999	1,054	95%
<i>men</i>	1,486	1,529	97%
2. Part time	29	22	132%
<i>women</i>	12	10	120%
<i>men</i>	17	12	142%
Employment at the end of the year [positions], including:	2,497.2	2,593.8	96%
<i>women</i>	997.8	1,054.5	95%
<i>men</i>	1,499.4	1,539.3	97%
Employment at the end of the year [positions], including:			
1. Indefinite term contracts	1,835.6	1,862.8	99%
<i>women</i>	675.8	684.0	99%
<i>men</i>	1,159.8	1,178.8	98%
2. Fixed term contracts	611.6	660.0	93%
<i>women</i>	307.0	336.5	91%
<i>men</i>	304.6	323.5	94%
3. Probation period contracts	50.0	71.0	70%
<i>women</i>	15.0	27.0	56%
<i>men</i>	35.0	44.0	80%
Employment outside the head office [positions]	63.0	69.3	91%

*) Excluding employees on maternity leaves and on leaves subject to conditions of a maternity leave, or on paternity, parental, or childcare leave, or for vocational education.

Changes in employment in the Apator Group

	2017	2016	Dynamics y/y[%]
New employees [persons] during the year, including:	490	574	85%
<i>women</i>	207	252	82%
<i>men</i>	283	322	88%
<i>Persons under 30 years of age</i>	216	194	111%
<i>Persons of 30 to 50 years of age</i>	225	296	76%
<i>Persons above 50 years of age</i>	49	84	58%
<i>Blue collars</i>	337	443	76%
<i>White collars</i>	153	131	117%
Employees dismissed [persons] during the year, including:	585	344	170%
<i>women</i>	253	131	193%
<i>men</i>	332	213	156%
<i>Blue collars</i>	422	239	177%
<i>White collars</i>	163	105	155%
<i>Voluntary terminations</i>	290	236	123%
<i>Involuntary terminations, including:</i>	295	108	273%
<i>Retirement/disability pensions</i>	59	43	137%
Turnover ratio [%]**	23.3	13.2	177%

**) The ratio is calculated according to the following formula: (Number of employment terminations during a year [persons])/Employment at the end of the year[persons]) *100

Occupational health and safety

	2017	2016	Dynamics y/y[%]
Number of complaints reported by the employees, including:	0	1	-
White collars	0	1	-
Blue collars	0	0	-
Number of accidents at work, including:	35	21	167%
minor accidents	34	21	162%
moderate accidents	0	0	-
severe accidents	0	0	-
fatalities	1	0	-
Accidents frequency ratio***	13.4		161%

***) the ratio is calculated according to the following formula: (Number of accidents during a year/Average annual employment [AWU])*1000

Employee trainings

	2017	2016	Dynamics y/y[%]
Number of trained employees [persons], including:	1,589	1,467	108%
1. White collars	701	598	117%
women	224	182	123%
men	477	416	115%
2. Blue collars	888	869	102%
women	416	352	118%
men	472	517	91%
Total training budget [TPLN]	1,473.7	1,637.9	90%

2.5. Employment-related risks

To minimize the risk, the HR functions in the Apator Group are strengthened and developed and the program of HR projects is being implemented (currently for business lines dedicated for the servicing of industrial power supply).

1. Risk of losing key employees

Preventive actions:

- strengthening and development of HR functions in the Group, implementation of the HR program for subsequent business lines,
- appropriate preparation of induction, trainings and clear defining of responsibilities of a new employee,
- providing feedback to employees on their work, recognising their achievements and initiatives (a system of periodic evaluation of competences),
- trainings, and development programs,
- development of efficient incentive systems (management through objectives),
- informed and clear communication with the employees,
- ensuring development of team management skills in managers and persons on management positions
- structured procedures for employment termination.

2. Risk of personnel availability (finding specialists/employees with suitable qualifications)

Preventive actions:

- planning of human resources sufficiently in advance (annual and multiannual employment plans),
- employer branding actions in recruitment (participation in work fairs, cooperation with universities, presence in media, internship programs, vocational trainings),

- internal recruitment.

3. Risk of lack of identification with the organization's culture

Preventive actions:

- the remuneration system based on transparent criteria and supporting employee development,
- Collective Labour Agreements at plants,
- activities of trade unions,
- providing employees with feedback on effects of their work through a system of periodic evaluation of competences,
- consistent fighting of negative behaviours (discrimination, bullying, mobbing, harassment),
- actions of social nature, supporting integration of employees, and their identification with the organization's culture.

4. OHS risks

Preventive actions:

- appropriate procedures for managing occupational risk;
- hazard identification and assessment at individual workstations,
- technical equipment at workstations and work organisation in accordance with legal requirements, including the Labour Code,
- workstations organised in accordance with ergonomic principles,
- use of protection equipment and technical work equipment fulfilling defined requirements,
- employment of people with qualifications, and health and physical condition matching the requirements for a given position,
- initial, periodic and follow-up medical examinations,
- induction and periodic OHS trainings, on-job trainings,
- activities of the OHS Commission, including: periodic inspection of work conditions, periodic evaluation of safety and hygiene, making conclusions concerning improvements in work conditions,
- regular monitoring of hazards in the area of performed works,
- procedures in case of a hazard, accident or breakdown.

Good atmosphere in the team

- Each year in June we organise a football tournament Apator Cup for representatives of Apator companies. The aim of this meeting remains the same: integration of employees from our companies, development of positive relations within the Group, as well as promoting of sport activities amongst our employees.
- As a part of the action "Active Apator", we jointly participate in sport events and set new, increasingly ambitious challenges for ourselves. In 2017, our employees jointly covered kilometres in running events such as Run Toruń, Nocna Dycha Kopernikańska or a charity run during the Santa Clauses Festival.
- We maintain a tradition of integration picnics, during which employees can meet and have a good time together, while listening to music.

3. Business ethics and responsibility

3.1. Anti-corruption and anti-bribery policies

The overall purpose of anti-corruption and anti-bribery policies is a regular seeking and analysing of potential hazards of corruption that may occur as a part of conducted activities, and undertaking of remedies reducing a possibility of a corruption activity.

The basic document, defining the policy and governing actions in the anti-corruption and anti-bribery areas at the Apator Group level is the **Code of Ethics**, in which (subsection: Accepting and offering of material benefits), an overriding rule was specified for this area, under which **the Apator Group does not accept any actions that affect objective business decision making**. It means, among others that the Group employees must not accept or offer any material benefits which could influence recipient's actions and decisions, and when they receive a corruptive offer they should immediately inform their superior thereof.

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

- unambiguous and transparent procedures, known and made available both to the Group employees and to its customers and cooperating units,
- monitoring of all processes for possible corruption risks and analysing a risk of possible corruptive activity to occur,
- increasing the awareness of the Group employees by improving the organization culture, increasing efficiency of the internal communication, and improving the incentive systems,
- building of ethical leadership related to internal communication, promotion of ethical attitudes, and strengthening of the image of the ethical organization,
- educational activities concerning ethics and corruption prevention organised for employees.

3.2. Achievements and challenges

Previous achievements of the anti-corruption and anti-bribery policy

The key achievements in this field include:

- working out unambiguous, transparent rules of proceedings, in accordance with the Code of Ethics of the Apator Group, which are communicated both internally, and to its business partners, and confirmed in documents (internal and external) and adopted/implemented procedures (audits, periodical assessments, trainings, contractual clauses),
- implementing the highest standards of corporate governance - transparent and effective policy of communication with stakeholders.

Objectives and challenges for anti-corruption and anti-bribery

In 2019, the key challenges for anti-corruption and anti-bribery in the Apator Group will include:

- drawing up and formal implementation of a code of cooperation with the suppliers³,
- improving the purchases management process, in accordance with assumptions of the business strategy and the planned objectives and tasks,
- improvements in the supply chain.

3.3. Anti-corruption and anti-bribery indices

Prevention of corruption and bribery

	2017	2016
Number of reported cases of corruption and bribery	0	0
Number of the Apator Group units evaluated for a risk of corruption	16	16
Percentage of the Apator Group units evaluated for a risk of corruption	100%	100%
Value of donations to political parties and institutions of similar nature	0	0

³This objective will first concern Apator SA.

3.4. Risks related to anti-corruption and anti-bribery activities

1. Risk of abuses (employees)

Preventive actions:

- promoting ethical attitudes and ethical models of behaviour specified in the Code of Ethics, and remaining documents at the level of the Group and of individual companies,
- trainings of the employees in ethics, organization culture and principles of corporate governance,
- clear defining and promoting among the employees knowledge on current procedures concerning handling cases of abuses,
- internal control system and regular monitoring to identify possible abuses,
- internal and external audits concerning regulations in force in the Group and processes implemented.

2. Risk concerning relations with suppliers, cooperating units and business partners

Preventive actions:

- promoting principles (ethics, honesty, partnership) in all aspects of our activities which serve to build relations with partners based on mutual trust and a win-win principle,
- clearly defined criteria for assessment and selection of business partners,
- concluding contracts with suppliers which guarantee performance of a contract,
- obliging suppliers to read and observe the Apator Group Code of Ethics,
- current and periodical assessment of suppliers (audits at suppliers),
- trainings for employees responsible for purchases and cooperation with the suppliers.

3. Risk of conflict of interests

Preventive actions:

- promoting (among employees and management/supervisors) knowledge/awareness about potential conflicts and trainings in this area,
- strict adherence to legal provisions, provisions of the Best Practice for WSE-Listed Companies and internal Bye-Laws (Supervisory Boards Bye-Laws, Managing Boards Bye-Laws),
- relevant provisions in employment contracts/cooperation agreements.

4. Risk of (financial) data manipulations

Preventive actions:

- implementation of the highest standards of corporate governance to maintain a transparent and effective information policy,
- submitting financial statements to external audits,
- conscious shaping of investors' relations and public disclosing of reliable information on the Group activities through:
 - ✓ maintaining an investors' service
 - ✓ publication of current and periodic reports,
 - ✓ organizing conferences for press, investors and analysts,
 - ✓ current meetings with investors and analysts,
 - ✓ cooperation with an investor relations agency,
 - ✓ activities of the Audit Committee, supporting Supervisory Board in the matters relating to separate and consolidated financial reporting, internal control, risk management and cooperation with chartered accountants,

- regular improvement in the quality of communication with stakeholders to ensure full transparency of the provided information.

Supplier audits

We verify suppliers in terms of professional approach to provided services and quality of delivered products, as well as their practices concerning work safety, environmental standards, and ethical operations. 13 supplier audits in total were conducted in 2017.

4. Human rights

4.1. Human rights related policies

The Apator Group strives to create a work environment and to cooperate with a business environment, in which **human rights are absolutely respected, and it implements policies to prevent situations in which human rights could be abused.**

The units of the Group observe Polish and international law in this respect, and act in accordance with the highest standards regulated by internal documents. The most important of them are: The Code of Ethics of the Apator Group, Corporate Social Responsibility Strategy, work regulations at individual companies, and relevant provisions of the Integrated Management System Manuals at individual companies.

The Group responsibilities concerning the human rights include the following areas:

- Employees - all employees are treated with respect, regardless of their position, gender, age, national or ethnic background, sexual orientation, family situation, (dis)ability and political beliefs and religion. The Group units observe all legal regulations concerning terms and conditions of employment; they also improve processes of human resources management, and ensure a friendly atmosphere at work. They counteract mobbing and discrimination.
- Cooperating units - the Group makes effort to respect and promote human rights in its relations with suppliers, customers and business partners. Cooperation with partners depends, amongst the others, on observation of ethical principles and OHS standards by them.
- Shareholders - the Group runs its operations in a way protecting the interests of the Apator SA shareholders. Furthermore, great attention is paid to reliable and current informing of shareholders about current situation of the Group units and the events concerning them.

4.2 Achievements and challenges

Previous achievements of the human rights policy

- implementing and applying many internal regulations concerning standards and values in force in relations between the employees and with external units. In this respect, the Code of Ethics of the Apator Group plays a special role, as it specifies standards forming a basis for the Group organisational culture, preferred employee behaviours in internal and external relations, and behaviours that organisation combats (e.g., discrimination, intimidation, mobbing, or harassment),
- adopting of a principle, according to which social responsibility issues are taken into account in all Group companies. In doubtful cases, a supplier is requested to provide explanations and to remove the irregularities. A negative assessment concerning observance of ethical and environmental standards excludes the supplier from further cooperation.

Purposes and challenges in the field of human rights respecting

In 2019, the key challenges for respecting the human rights will include:

- shaping appropriate attitudes and educating the employees in ethical values and principles in force in the Group and related attitudes and behaviours,
- permanent monitoring and improvement of employees safety,
- drawing up and formal implementation of the code of cooperation with the suppliers, as well as development of mechanisms for suppliers verification concerning their observance of the code⁴.

4.3 Human rights related indices

Respecting of human rights	2017	2016
Number of reported cases of signs of discrimination/mobbing/intimidation, etc.	0	0
Number of the Group units assessed for a risk of human rights abuses	16	16
Percentage of the Group units assessed for a risk of human rights abuses	100%	100%

4.4 Human rights related risks⁵

1. Risk of discriminatory actions inside the organization

Preventive actions:

- trainings of the employees in ethics, organization culture and binding law,
- promoting among employees internal standards for reporting of irregularities, and providing information and support.

2. Risk of abuses inside organization and in relations with its partners

Preventive actions:

- promoting ethical attitudes and ethical models of behaviour specified in the Code of Ethics, and remaining documents at the level of the Group and of individual companies,
- trainings of the employees in ethics, organization culture and binding law,
- system of internal control and regular monitoring of respecting of human rights inside the organization and in relations with its partners,
- internal and external audits concerning regulations in force in the Group and processes implemented.

Education on principles of education

In 2017, we conducted a training for the employees refreshing rules included in the Code of Ethics of the Apator Group. Issues concerning values around which we develop the culture of our organisation, as well as desirable and unacceptable attitudes inside and outside of the organisation were discussed. The employees were also reminded of internal documents containing information on ethical issues and where to find support in the event of a breach of ethical principles.

⁴ This objective will first concern Apator SA.

⁵ Excluding risks in relations with suppliers/cooperating units described in 13.3 Prevention of corruption and bribery

5. Environmental protection

5.1 Environmental protection policies

In the environmental protection, the overriding objective of the Apator Group is **supplying safe and environmentally friendly products, manufactured in conditions ensuring safety of work**. The activities are based on conscious and responsible environmental management. The companies of the Apator Group adhere to legal regulations, they also undertake additional obligations resulting from high standards and expectations of our customers.

Having environmental protection in mind, the Group undertook to:

- observe the requirements of current legal regulations concerning applicable environmental aspects, such as emissions to the air, wastewater and generated waste;
- raw material savings,
- implementation of measuring systems controlling electricity, water, heat, and gas consumption,
- educate employees in environmental protection issues.

The environmental management system is a crucial component of the Integrated Management Policies implemented in some companies of the Apator Group, including all production companies, which have relatively the greatest environmental impact. Furthermore, none of the production companies does not operate within or in a direct vicinity of protected areas or areas of high biodiversity values, while correctly operated and disposed products of the Group do not pose an environmental hazard.

The environmental objectives focus on:

- maintaining low emission of pollution,
- saving natural resources,
- balanced waste management.

These objectives are defined by:

- drawing up measuring systems optimizing consumption of energy carriers (development strategy),
- budget for environmental fees (operational plan),
- monitoring of environment aspects within the Environmental Management System (planning of objectives and tasks)
- analyses (studies) concerning introduction of new materials, raw materials and technologies, or purchases of machines, equipment and technological lines,
- organizing pro-environmental events, such as collection of batteries, used devices as the element of environmental education.

The high quality of environmental protection processes is confirmed by meeting the requirements of the standard PN-EN ISO 14001:2005. The environmental responsibility operations are furthermore specified in detail in numerous specific internal regulations in force in individual Group companies, concerning, for example, electricity and utilities management, rainwater management, measurements, monitoring and environmental analyses.

Environmental processes are regularly monitored and adapted to changing technological and production processes, and new legal requirements. **The analysis of environmental aspects is conducted at each step of the value chain creation.** In each process, components of operations that may interact with the environment are identified. When production processes are improved and optimised in terms of their efficiency, costs, quality and safety of work, very important environmental aspects are also considered, i.e., lower consumption of raw materials, minimising of production waste (including elimination of hazardous waste), or reduced consumption

of utilities. The innovations aiming at reducing the environmental nuisance of conducted processes and delivered products are implemented.

5.2 Achievements and challenges

Previous achievements of the environmental policy

Many technological and infrastructural changes were introduced in individual production companies of the Apator Group, and they serve to minimize the environmental impact of conducted activities. They include, among others:

- in Apator S.A.:
 - implementation of a semi-automatic line and shortening of the MID compliance assessment, resulting in shortening of Norax3 meter assembly time and reduced electricity consumption,
 - relocation of lightning arresters, in consequence, elimination of emissions of heavy metal oxides, aliphatic hydrocarbons and aromatic hydrocarbons to the air,
 - increased share of cooperation in processing of plastic, resulting in reduced emissions of hydrocarbons to the air,
- in Apator Metrix SA:
 - introduction of a new type of battery, "UG6", resulting in a reduced consumption of materials and electricity for production,
 - thermal efficiency improvement of the company building,
 - modernization of the lighting installation and replacement with LED and separation of switching into sections,
- in Apator Powogaz SA:
 - liquidation of the fluidbed cleaning station for burning paint from painting suspensions and incorrectly painted details - transferring firing of hangers to an external supplier applying a more environmentally friendly technology,
 - purchase of energy saving injection moulding machines,
 - purchase of a machine for printing of calculating mechanisms with a graphic printer and reducing the use of the pad printing station, thus decreasing emission of harmful substances to the air.

Environmental objectives and challenges

In 2019, the key environmental challenges for the Apator Group will include:

- implementation of environment indices at levels specified in action plans of individual companies,
- Environmental education of employees.

5.3 Environmental indices⁶

Power consumption by sources	2017	2016	Dynamics y/y[%]
Total consumption of power [MWh]	12,748.2	13,079.8	97%
Total consumption of natural gas [thousand m3]	2,434.5	2,642.2	92%
Total consumption of heat [GJ]	18,376.0	18,499.0	99%
Total consumption of fuels (oil, diesel, petrol, LPG) [t]	333.0	343.9	97%
Water consumption			
Total consumption of water [m3]	24,583.0	21,183.0	116%

⁶The indices concerning the natural environment were calculated for these units of the Apator Group which, due to the nature of their business, are obliged to monitor their environmental impact.

Power consumption by sources	2017	2016	Dynamics y/y[%]
Consumption of other raw materials			
Total consumption of steel [t]	2,965.4	2,765.6	107%
Total consumption of plastic [t]	1,936.1	2,264.9	85%
Total consumption of copper [t]	591.5	643.1	92%
Total consumption of paint, varnish, solvents [t]	786.1	603.5	130%

Waste generation/emissions volume	2017	2016	Dynamics y/y[%]
Amount of waste generated [kg], including:			
<i>Hazardous waste</i>	68,230.0	56,437.0	121%
<i>Inert waste</i>	1,888,293.0	1,814,901.0	104%
Recycled waste [kg]	1,503,594.0	1,325,654.0	113%
Disposed waste [kg]	198,776.0	154,458.0	129%
Emissions to atmosphere			
Volume of carbon dioxide emission [kg]	1,357,516.8	1,491,623.5	91%
Volume of NOx emission [kg]	1,105.9	1,185.1	93%
Volume of SOx emission [kg]	6.9	10.4	66%

Environmental fees	2017	2016	Dynamics y/y[%]
Environmental fees [PLN]	5,671.3	6,291.2	90%
Costs of production waste disposal [PLN]	229,471.5	171,941.3	133%
Fees for recovery and recycling of packaging, electronics, batteries introduced into the market [PLN]	242,405.5	162,046.2	150%
Costs of physical and chemical analyses [PLN]	24,236.3	22,443.6	108%
Costs of water consumption and wastewater disposal [PLN]	696,724.6	628,208.6	111%

5.4 Environmental risks

1. Risk of a failure to meet applicable legal regulations, and in consequence, of penalties/increase in environmental fees

Preventive actions:

- regular monitoring of current legal regulations (amendments to current regulations, new regulations) and their terms,
- monitoring of basic areas of operations of individual companies in the Apator Group for compliance with the current legal regulations,
- adjusting internal provisions/internal of the Group to changing legal regulations,
- reporting to relevant bodies and institutions responsible for the environmental management,
- appropriate financial mechanisms to secure financial resources for punctual payment of possible due payments (fees, damages),
- environmental trainings for employees.

2. Risk of occurrence/increase of the environmental impact related to:

1. raw materials consumption, including non-renewable materials,

2. emissions of pollutants (factors harmful to the environment) causing deterioration in the environment (air, water, soil, etc.)

Preventive actions:

- continuous monitoring of environmental impacts within the Environmental Management System,
- analysis of environmental aspects at every step of the value chain to identify actions that may interact with the environment,
- taking into account the environmental prerequisites at the stage of planning of production processes and their optimisation,
- implementation of solutions/technologies reducing the environmental impact of conducted operations,
- implementation of measuring systems controlling electricity, water, heat, and gas consumption,

- audits of the environmental management system,
- annual reviews of the environmental management system.

Environmental education

- As a part of improvement activities in Apator SA, an e-learning training was provided for the employees, concerning emergencies and procedures in the event of an emergency, and waste sorting.
- To celebrate the European Earth Day, we distributed amongst our employees seeds of flowers and vegetables encouraging them to sow the plants at their homes and gardens. The action intended to raise awareness how much work growing of own vegetables involves. This way, we will be more prudent in our management of food and environmental resources.
- In the European Mobility Week we encouraged our employees to use public transport and bicycles, and organised a competition promoting healthy and active lifestyle.
- We participated in an environmental session, *For Survival of Mother Earth*, in which 300 students from junior and senior secondary schools from Toruń and surrounding areas participated. The participants analysed imported issues related to nature, destruction of the environment, and civilizational changes. Apator founded awards for young laureates of competitions.

6. Social issues

6.2 Approach to management in the social area

The Apator Group **implements business objectives taking into account social aspects**. It cares for ethics in its supply chain, as well as honesty and openness in its relations with customers. In its production operations, it ensures safety for the employees in the whole cycle of the product manufacturing, at the same time, minimising possible negative impact of its operation on the natural environment in its direct vicinity. The Group actively supports the development of the industry and new technologies. The Group units support local communities by co-financing cultural, art, science, and sport events important for a given region.

The Apator Group observes generally applicable legal regulations (the Labour Code included) and acts in accordance with internal procedures regulating individual processes in the organization, in force in individual companies.

The Group social responsibility covers the following areas:

- Employees - the priority is to ensure for all employees fair remuneration at a market level, and optimum work conditions, in accordance with the most stringent OHS standards.
- Customers - in relations with the customers the Group is directed by the principle of openness and mutual respect, it acts in a professional and impartial manner, in accordance with the applicable law. Providing the complete and reliable information about the product range and terms and conditions of cooperation are considered one of the highest priorities. Individual Group units monitor the expectations of customers, and assess the level of their satisfaction. A number of tools for communication with customers are used for this purpose.
- Suppliers/Partners - effective cooperation with the suppliers is important to implement the business objectives of the Group. The cooperation in this area is regulated by concluded cooperation agreements, defined by internal procedures and implemented using appropriate tools for servicing and communication with partners. The purchase strategy focuses mainly on selection of reliable partners fulfilling specified quality standards, while taking into account price requirements. The Companies in the Apator Group maintain a competitive and open purchase policy, taking care, at the same time, to observe ethical principles in force.
- Industry environment - the Group units actively participate in consultations concerning prospects for development of smart grid and smart metering concepts in Poland, as well as monitor actions taken in that area at the European level.

- Social environment - the Group strives to build positive relations with its nearest community. Being aware of community needs it co-finances valuable cultural, artistic and sport initiatives and undertakings. As a part of its charity activities, the Group supports institutions and social organizations acting for excluded people and pursuing specific social missions. Since 2011, we have been consistently maintaining and developing our proprietary programme Pasjopolis, aiming at supporting talented youth in pursuit of their interests.

6.3 Achievements and challenges

Previous achievements of the social policy

- in the specialist market, in which the Apator Group operates, correct identification of customer needs, followed by their translation into activities in areas of design, research and development, and construction changes, is of a crucial importance; therefore, the Group units flexibly adjust their product ranges to current needs of their customers, while development and construction works are directly consulted with them (through persons designated for contact with key customers. The Group companies provide substantial support, organizing trainings and presentations for their customers, after-sale technical support, while after implementation of a large-scale project they analyse the level of customer satisfaction.
- The Apator Group delivers to the market modern devices and measuring and readout systems for all types of utilities (electricity, water, gas, heat), and advanced technical solutions in the field of automation and energy distribution. It develops innovative technologies in cooperation with organisations supporting research and development processes related to the implementation of smart power grid. The Group actively promotes drawing up of technological standards supporting the development of smart metering in Poland.
- each year, Apator uses 0.5% of its net profit for sponsor and social activities, so it can support and implement many activities, including support for school olympiads, scientific and cultural events (such as Toruń Festival of Science and Art, International Violin Competition, International Biennial of Children and Young People Graphic Art, Probalnica Festival), or for sports. We also assist local associations and foundations pursuing social missions.
- one of the most important social activities conducted by Apator is our proprietary scholarship programme Pasjopolis, aiming at supporting talented youth in pursuit of their interests.

Social policy objectives and challenges

In 2019, the key challenges for social issues will include:

- improving tools for communication with customers and implementing Group indices for assessment of customer satisfaction,
- improving the supply chain and the purchase management process,
- updating the strategy for sponsor and philanthropic activities.

6.4 Social issues-related indices

Our suppliers

Suppliers/Purchases	2017	2016	Dynamics y/y[%]
Total number of suppliers, including:	6,751	6,157	110%
1. Partners:	3,836	3,754	102%
domestic	3,411	3,422	100%
foreign	417	324	129%
Indirect import	8	8	100%
2. Other suppliers, including:	2,915	2,403	121%
domestic	1,827	1,524	120%

Suppliers/Purchases	2017	2016	Dynamics y/y[%]
<i>foreign</i>	993	793	125%
<i>Indirect import</i>	95	86	110%
Share of purchases from domestic suppliers in total purchases [%]	44%	39%	-

Cooperation

Contract/civil law contracts	2017	2016	Dynamics y/y[%]
Total number of self-employed (contracts), including	29	33	88%
<i>women</i>	6	13	46%
<i>men</i>	23	20	115%
Other forms of cooperation [contracts] in total, including:	297	504	59%
1. Contracts of mandate	271	469	58%
<i>women</i>	95	218	44%
<i>men</i>	176	251	70%
2. Contracts for specific work	26	35	74%
<i>women</i>	2	4	50%
<i>men</i>	24	31	77%

Environmental impact

	2017	2016	Dynamics y/y[%]
Number of events/initiatives supported, including:	60	44	136%
<i>sport events</i>	13	11	118%
<i>cultural events</i>	16	13	123%
<i>educational events</i>	8	4	200%
<i>Other</i>	23	16	144%
Expenditures on social activities [PLN thousand], including:	422.5	509.8	83%
<i>donations</i>	145.0	146.3	99%
<i>sponsoring</i>	262.5	240.2	109%
<i>Other</i>	15.0	123.3	12%

6.5 Social issues-related risks⁷

1. Risks in relations with the customers

Preventive actions:

- verification of contracts, for their compliance with the law,
- trainings of the employees concerning customer service throughout the product life,
- observance of the Code of Ethics and trainings in that area,
- customer satisfaction monitoring,
- internal and external audits concerning regulations in force in the Group, and processes implemented.

2. Risk in relations with local communities

Preventive actions:

- cooperation and dialogue with NGOs and social partners,
- providing current information about implemented projects.

3. Risk to reputation

Preventive actions:

- maintaining an information policy in accordance with the Best Practice for WSE-Listed Companies and internal regulations; ensuring easy and non-discriminatory access to disclosed information using various communication tools,
- trainings for the employees in the area of ethics, organization culture and applicable law,
- regular Management Boards meetings with the employees at individual Group companies and effective internal communication,

⁷ Excluding risks in relations with suppliers/cooperating units described in 13.3 Prevention of corruption and bribery

- effective marketing and PR activities.

Supporting people with passion

- Starting with 2011, as a part of our proprietary programme Pasjopolis, Apator funded over 100 scholarships for students in senior secondary schools from 6 towns and cities. Apart from our hometown of Toruń, the programme was also implemented in Poznań (location of Apator Powogaz), Tczew (location of Apator Metrix), Zielona Góra (location of Apator Rector), Łódź (location of Apator Elkomtech) and Słupsk (location of Apator Telemetria). In 2017, Apator established a new project - a grant programme Pasjopolis Master, to co-finance research and scientific projects of students from selected universities in our region.

- Pneumatic power plant, a robot moving on smooth surfaces even an inclination of 90 degrees, or a control system used in wind farms - these, and many other interesting designs were presented by young scientists during the Scientific Festival E(x)plory in Toruń. As Apator supports young people with passion, we simply had to be there.

- Each edition of the Toruń Festival of Science and Art means numerous opportunities to expand your knowledge and see the latest developments in science. During the five days of the Festival, with 135 events from 35 fields, 36 institutional units involved in the event and nearly 30 thousand of participants - this is a summary of the 17th Toruń Festival of Science and Art , representing a fixed component in the sponsorship activities of Apator. For many years, the Company has sponsored the areas of Physics and Astronomy. Furthermore, scholarship holders under the Pasjopolis programme conducted workshops during the Festival.

- Startup Weekend is a global movement with a strong influence on a development of the new technologies market and the start-up sector. Over 1000 events in 120 countries all over the world were organised as a part of this initiative. Apator supported the Toruń edition of the event, in which several dozen of young enthusiasts participated. The main theme was Internet of Things (IoT).