



Apator closer

Report on non-financial information
Apator Group 2019

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1. INTRODUCTION



Dear Sir/Madam,
Dear Shareholders, Customers, Employees and Partners
of the Apator Group

I present you with a report containing a summary of our activities in 2019 in the area of social responsibility, relations with the Group's business environment, initiatives taken to consolidate our corporate culture, consistent with the standards and values that guide our business and non-business activities.

On the day I write these words, our business, economic, political, but above all social environment has changed radically. The familiar world order in which we lived and did business just a few months ago ceased to apply.

People around the world and the entire global economy are struggling with the Covid-19 pandemic. Many Polish companies are also struggling for survival today. The negative impact of the coronavirus epidemic on the Polish economy is undeniable. Many

of us, Polish entrepreneurs, are faced with the need to radically change their business models and are looking for tools that will allow them, on the one hand, to survive a time of serious (or even total) disruption of business continuity during a pandemic, but also to return to full business activity after the crisis. This is our biggest, most difficult challenge today.

Pandemic period is the trial time. Especially the attempts at social responsibility and loyalty to the values we have written on our shields. Nowadays, extensive COOPERATION between business partners and employees will be particularly important. Also the RESPONSIBILITY, understood as mutual help, honesty, keeping promises, is equally significant. Our next values, that is DEVELOPMENT and ACCURACY, seem to be no less important, because today, as never before, we need fresh ideas, entrepreneurship and proactivity, both on the part of the Government of the Republic of Poland, Executive Boards of State Treasury companies (our main clients), industry experts and leaders and employees of our segments and business lines.

We need great, community solidarity - I believe that thanks to it we will come out of the crisis unscathed and will be able to implement further, ambitious business, social and environmental initiatives.

Mirosław Klepacki



President of the Executive Board

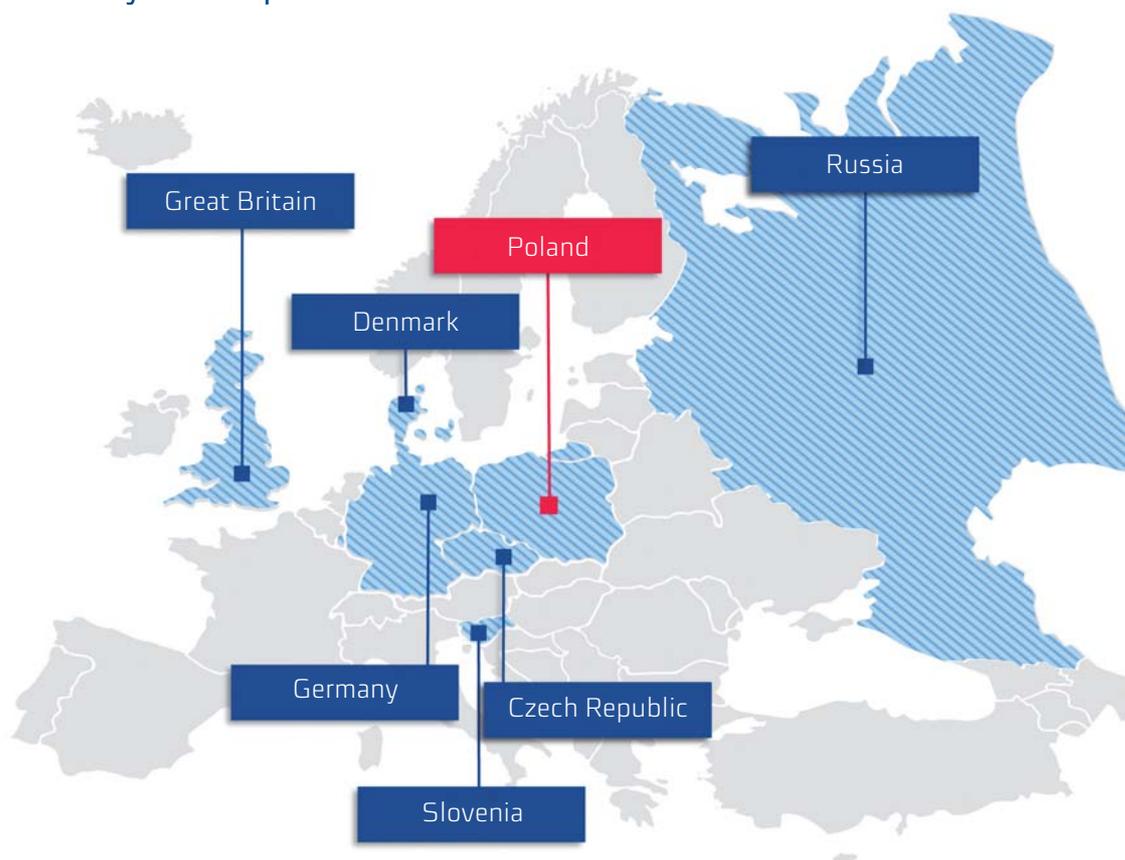


2. Closer about the Apator Group

2.1 OUR BUSINESS

Apator creates international group of manufacturers and distributors of equipment and metering systems and also suppliers of solutions supporting operation of power, water and gas networks. In 2019 the Apator Group performed its activity in 14 domestic and foreign companies having their seats in Poland, Germany, Great Britain, Czech Republic, Russia, Slovenia and Denmark.

Our activity in Europe



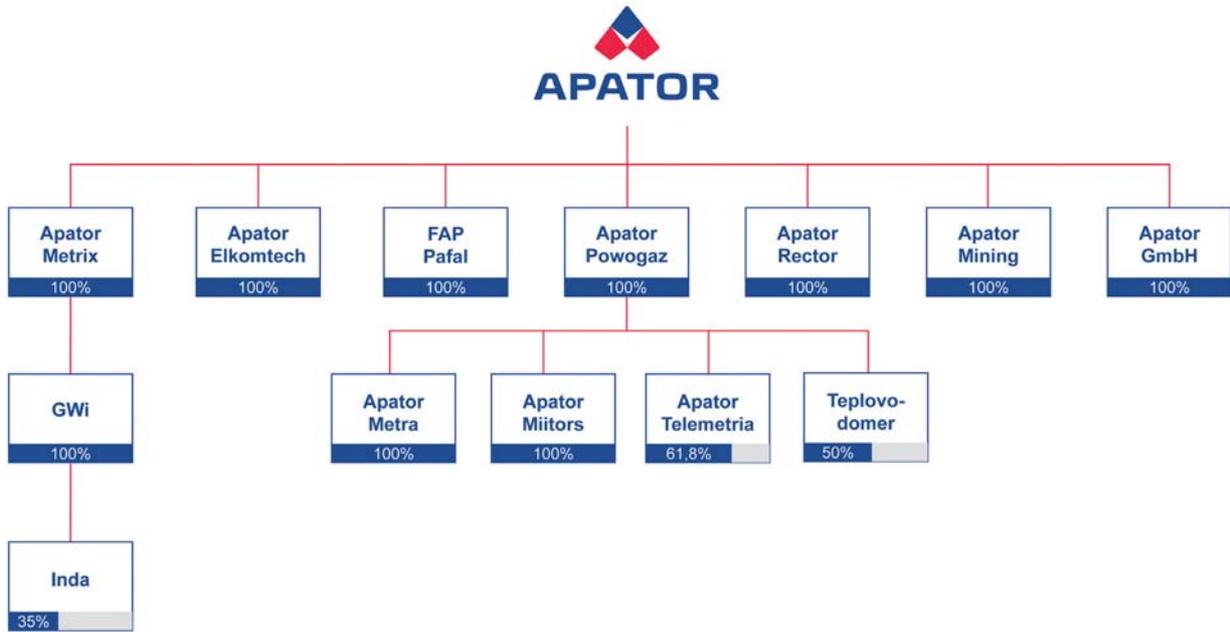
Apator holds high position on the European market and it has built a recognizable brand in the sector of solutions for modern power engineering. Almost half of the Group's revenue comes from exports, while solutions and products are distributed to more than 70 countries worldwide. The dominant foreign markets are the UK, the Netherlands, Germany, Belgium, the Czech Republic, Russia, Ukraine, France, Lithuania and Bulgaria.

The shares of Apator SA are listed on the Warsaw Stock Exchange and they are included in sWIG80 index. Apator for many years invariably remained in the prestigious group of companies meeting the highest management standards in the scope of corporate governance, information governance and investor relations included in RESPECT Index*.

The head of the Group is Apator SA with headquarters in Toruń and manufacturing plant in Ostaszewo near Toruń. The dominant entity determines strategic directions of development of The Apator Group, coordinates the performance of strategy of the Apator Group, initiates strategic group projects, performs the functions of support in the scope of financial management, controlling, corporate governance, IT, HR and marketing.

* On 12.08.2019 The Executive Board of the Warsaw Stock Exchange adopted a resolution to complete the calculation and publication of the RESPECT Index. In this place, the WSE has started to publish the WIG-ESG index, which may include companies from the WIG20 and mWIG40 indices. Apator SA - due to its membership in sWIG80 - is not classified to WIG-ESG.

Structure of The Apator Group



*The Report does not contain the data concerning TOV Apator Metroteks with headquarters in Ukraine that ceased its activity in 2019.

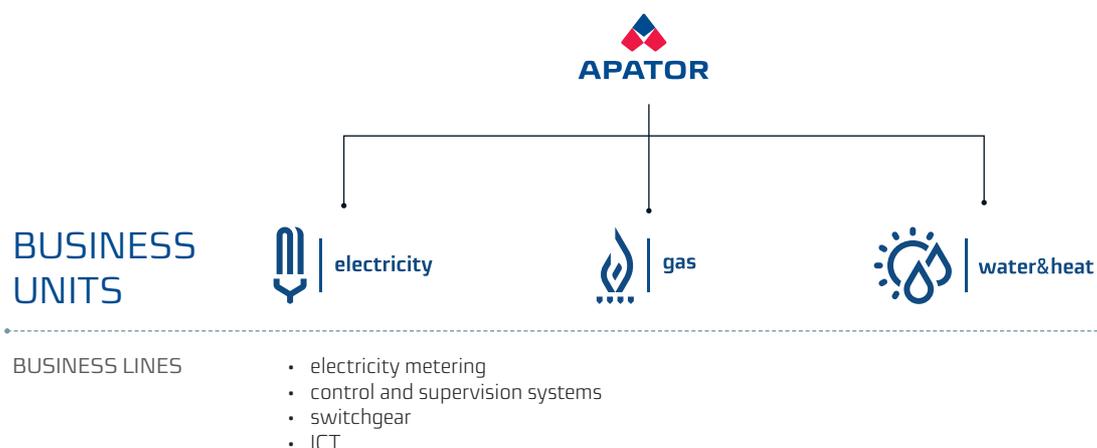
*Structure of The Apator Group at the 31st December 2019.

The Group has 9 production plants and 12 R&D offices specialising in the development of product innovations for the area of measurement and remote reading of utilities (electricity, water, heat and gas), automation and control and supervision systems for the power network.

Company of The Apator Group	R&D activities	Manufacturing activities
Apator	2 R&D offices	X
Apator Powogaz	X	X
Apator Metrix	X	X
Apator Elkomtech - branch of Łódź	X	X
Apator Elkomtech - branch of Toruń	X	X
Apator Rector	X	
Apator Telemetry	X	X
FAP PAFAL		X
Apator Metra	X	X
Apator Miitors	X	
GWi	X	X
Inda	X	

Business model

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



Electricity Segment – focuses on providing a wide range of solutions for modern power grids. These include metering devices: from electronic and prepayment meters to high-tech smart meters as well as modern energy management systems.

The segment's offer also includes equipment used to distribute electricity and protect electrical circuits against the effects of short circuits and overloads. The companies of the Electricity segment are recognized manufacturers of systems and solutions supporting the work of services in the management, operation and supervision of ee networks (e.g. management system for teams operating on WFM networks). They also provide advanced IT systems supporting measurement data management and solutions for effective network asset management, including network passporting services.

Electricity segment in The Apator Group is represented by the companies: Apator, Apator Elkomtech, Apator Rector, FAP Pafal, Apator GmbH.



Water and Heat segment – specializes in the production of residential and industrial water meters, heat meters, as well as heat cost allocators. It offers remote reading services, media consumption billing and management of water and heat distribution systems.

Apator Powogaz, the leading company in Water and Heat segment, is one of the largest manufacturers and suppliers of water meters in Poland and Europe. Following companies also belong to the water and heating segment Apator Metra, Apator Miitors and Apator Telemetry.



Gas segment – specializes in the production of the highest quality gas meters. It offers home and industrial bellows gas meters - including the latest class of intelligent gas meters with remote data readout function and a system that enables the suspension and resumption of gas supply by means of data transmission over the

GSM mobile network using the SMART-GAS protocol.

Apator Metrix, the leading company in Gas segment, is one of the largest manufacturers and suppliers of gas meters in Poland and Europe. The British company GWi also operates in the Gas segment.

2.2. BUSINESS STRATEGY

In the course of works on the strategy in 2018, the Apator Group established strategic objectives and mission, it defined development priorities for the whole Group and objectives for each of its business segments in 5 years perspective (2019-2023). Once a year, the strategic assumptions are analysed and reviewed to adjust their implementation to current trends, changes and market needs.

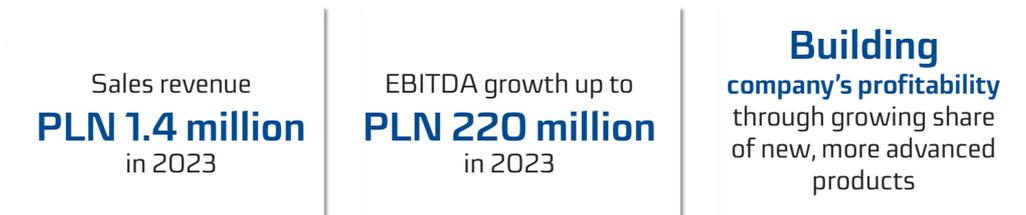
Strategic objectives

Business strategy of The Apator Group defines the following financial targets:

- EBITDA increased to PLN 220m in 2023. (average annual growth rate of about 13%),
- Achieving sales revenue of PLN 1.4 billion in 2023. (average annual growth rate of about 8%).

The Apator Group plans to maintain strong position on the domestic market, to increase the shares on strategic markets (Germany, Central and Eastern Europe) and to use the sales opportunities on other markets. Apator puts the emphasis on segments of customers with high potential of sales and profitability and it wants to develop sales of high-margin products including intelligent solutions. The achievement of the assumed financial targets will also be possible thanks to further improvement of operational efficiency and cost optimization by using synergy effects within the Group.

2019-2023



The Apator Group in the perspective of the next 5 years anticipates significant increase of the value of sales to foreign markets and maintenance of high share of export in total sales (currently about 50%).

In terms of building the offer, the engine of growth will be, among others, the following:

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

The most important activities in the area of internal processes are:

- further, extensive automation and robotization of production processes,
- optimisation of the Group (simplification of structure, further development of common functions),
- reducing the level of costs through more efficient use of resources and group competences.

*Financial targets will be reviewed after the assessment of the final impact of Covid-19 epidemic on the activity of the Apator Group.

Strategic objectives in relation to the client:



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

Mission, vision and values

Obligations towards customers and business partners but also internal declarations that set the objectives and standards of operation within the Apator Group express the mission, vision and corporate values.

- **The vision of The Apator Group** is to



- maintain long-term position of the **industry leader** and expert in Poland



- to be at the **forefront of suppliers** in Germany and Central and Eastern Europe



- to build the **recognition of Apator brand** on selected other markets.

- **The mission of the Apator Group** is to provide the customers with easy to use and intuitive solutions in the scope of effective management of all types of power media.

Values of Apator Group

The Apator Group acts in accordance with the accepted values of the Company that are:



Scale of activity and financial ratios of the Apator Group

Quantitative sales by main product groups	2018 r.	2019 r.	Change	Dynamics y/y
	thousands of units	thousands of units	thousands of units	%
Electricity meter	2 063	2 069	6	100,3%
Gas meters	1 334	1 753	419	131,4%
Water meters	2 764	2 735	- 29	99,0%
Heat meters	80	89	9	110,6%
Isolating switches	514	590	76	114,7%
Radio overlays	720	867	147	120,5%

Revenues from sales by segments*	2018 r.	2019 r.	Change	Dynamics y/y
	thousand PLN	thousand PLN	In thousand PLN	%
Electricity segment	385 922	377 271	- 8 651	97,8%
Gas segment	183 536	243 547	60 011	132,7%
Water and heating segment	258 344	256 775	- 1 569	99,4%
Discontinued operation (Apator Mining)	16 241	-	- 16 241	-
Total revenue	844 043	877 593	33 550	104,0%
domestic	465 299	465 398	99	100,0%
export	378 744	412 195	33 451	108,8%

Basic financial data*	2018 r.	2019 r.	Change	Dynamics y/y
	thousand PLN	thousand PLN	In thousand PLN	%
Sales revenue	844 043	877 593	33 550	104,0%
Sales profit	98 274	74 534	- 23 740	75,8%
Profit from operations	92 529	76 417	- 16 112	82,6%
EBITDA	134 311	126 288	- 8 023	94,0%
Net profit	70 405	55 287	- 15 118	78,5%
Equity capital	476 984	492 889	15 905	103,3%
Long-term liabilities	54 769	57 597	2 828	105,2%
Short-term liabilities	307 437	337 350	29 913	109,7%
Total assets	839 190	887 836	48 646	105,8%
Gross wages and salaries (including surcharges)	202 137	215 408	13 271	106,6%
Income tax	22 773	18 597	- 4 176	81,7%
Current income tax	17 193	15 659	- 1 534	91,1%
Deferred income tax	5 580	2 938	- 2 642	52,7%

*) Continuing and discontinued activity, analysis of revenues and financial results is presented in the Report of the Executive Board of The Apator Group for 2019.

2.3 MANAGEMENT STANDARDS

The companies of The Apator Group conduct business activity in accordance with the adopted Integrated Management System including the policies in the scope:

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

The Management Systems are adapted to the specifics of individual companies. The domestic companies of the Group conducting production activities operate on the basis of the following standards:

Type of norm	Apator	Apator Metrix	Apator Powogaz	Apator Elkomtech	FAP PAFAL	Apator Telemetria
PN-EN ISO 9001:2015	X	X	X	X	X	X
PN-EN ISO14001:2015	X	X	X		X	X
PN-N-18001:2004	X	X	X	X	X	
PN ISO/IEC 27001:2014-12	X	X		X		

Corporate governance

Apator SA as the company coordinating the activity of the capital group and listed on Warsaw Stock Exchange undertook to observe the principles of corporate governance that were included in the collection "Good Practices of Companies Listed on Warsaw Stock Exchange 2016" (adopted by virtue of Resolution No. 26/1413/2015 of the WSE Supervisory Board dated 13.10.2015). Until 18 December 2019 these rules were applied, with the exception of II.Z.3 (only one SB member met the independence criterion). Since the 19th December 2019 Apator SA started to apply the principle II.Z.3 - based on the statements made by the Members of Supervisory Board of Apator SA, two Members of the Supervisory Board met the criteria of independence referred to in principle II.Z.4. Therefore, as of 19 December 2019, the company applies all the detailed rules.

With regard to recommendations, the company does not apply the IV.R.2 rule concerning the possibility of participation in the General Meeting by means of electronic communication, in particular through bilateral communication in real time - due to legal and technical conditions. In order to enable shareholders to familiarise themselves with the proceedings, the company broadcasts the proceedings in real time, and a video record of the proceedings is posted on its website at www.apator.com.

In all domestic entities of Apator CG, uniform corporate governance is obligatory. Ownership supervision is performed by personal unions in the Executive Boards and Supervisory Boards and "internal law" established based on cooperation agreements in form of group guidelines, activity of committees established within the Apator Group, internal audit, common functions i.e. CFO, treasury, controlling, group R&D, IT.

Closer to innovation

The Apator Group concentrates on development of technologically advanced solutions, mainly in the scope of intelligent equipment and metering systems, automation, control and supervision of power network operation and solutions to be applied in distribution networks of other utility services (gas, water and heat).

The Group currently has 12 R&D offices specializing in the development of innovative products, systems and services in the field of smart electricity, water, heat and gas distribution networks.

Investments, R&D activities	2018 r.	2019 r.	Zmiana	Dynamics y/y
	thousand PLN	thousand PLN	In thousand PLN	%
CAPEX capital expenditures, including:	47 282	61 820	14 165	129,7%
tangible fixed assets	32 092	38 050	6 013	118,8%
Intangible and legal assets	15 190	23 770	8 152	152,2%
Operating costs of development offices (R&D) not included in CAPEX	23 830	23 923	93	100,4%
Average annual number of employees in R&D [YES*].	163,7	168,2	4,5	102,7%

*AWU - annual work units, i.e. the number of employees recruited in full-time equivalents within the enterprise or on its behalf during the whole reference year.

Examples of product innovations implemented in 2019



- implementation of new smart class ee meters (OTUS) and design works on a group of meters dedicated to the German market (Apox+, Lepus, eHz),



- new line of solutions from the ARS family of switch disconnectors and PBS fuse bases for export markets,



- intelligent iSmart gas meter with remote data readout function and with a built-in ball valve enabling the suspension and resumption of gas supply by means of data transmission via GSM cellular network using the SMART-GAS protocol, compliant with Polish Technical Standard ST-IGG-0201:2018,



- development of security automation from the BEL family, including the development of an HMI panel for controllers to extend the functionality of the product for solutions related to the protection of installations with renewable sources,



- new generation of the compact heat meter and prototype of a new volume sensor,



- universal radio module for event reading and basic water meter configuration,

- Ultrimis water meter with radio communication mode support

- R&D work on JSh hybrid water meters.

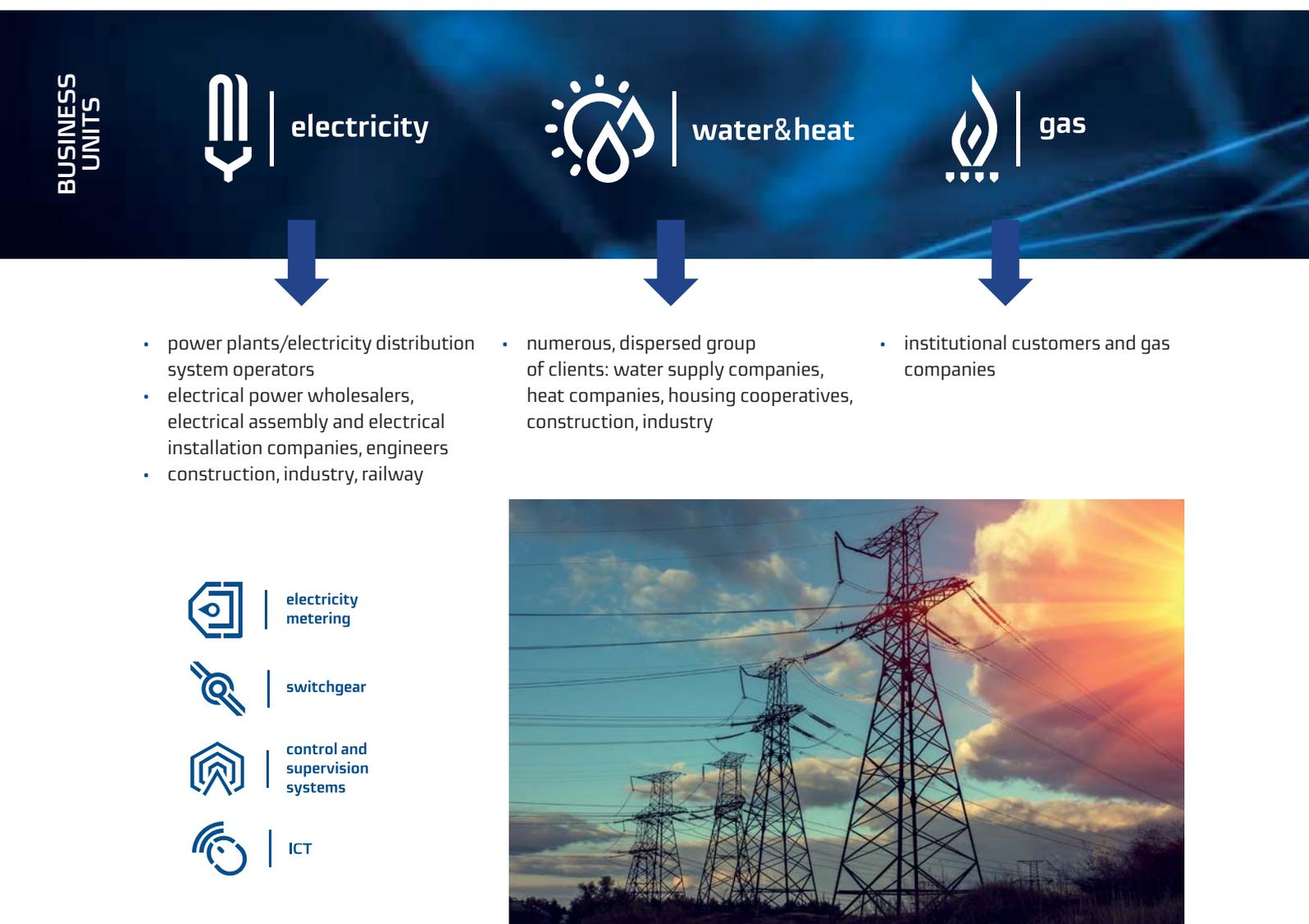
2.4. OUR STAKEHOLDERS

The key group of stakeholders of the Apator Group are customers, business partners, suppliers as well as institutions cooperating with the companies and social partners (so called external stakeholders) but not less important are internal stakeholders - employees of the companies in the Apator Group. Our goal is to understand and meet the needs and concerns of all our stakeholders - acting in the good interest of the Group and respecting the capital of its shareholders.

Closer to customers

The strategy of The Apator Group emphasizes to be **closer to the market and customers** - Apator is the technological adviser that in close cooperation with the customer develops the solutions that meet its needs.

Our offer is addressed to customers operating mainly in the energy sector (operators of distribution systems for utility media such as electricity, water, heat, gas), as well as suppliers of products and services for the energy sector and industrial enterprises.

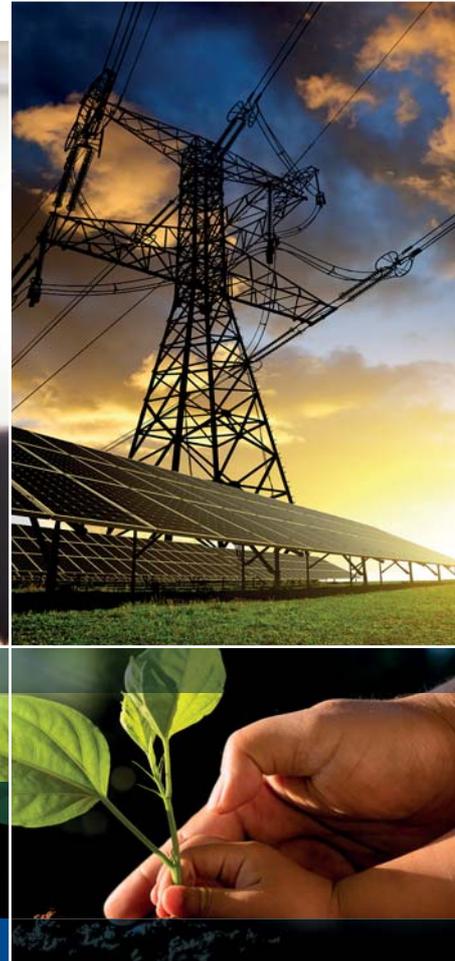


Closer to stakeholders

In our activities we interact with various stakeholder groups and build relationships based on mutual, effective cooperation and trust.

Stakeholder group	Communication objectives	Communication forms	Identification bases
Key stakeholder groups			
Investors, stock market analysts, business media journalists	Reliable and honest communication and reporting on the current situation of the capital group - in accordance with the requirements, regulations and good practices of information circulation for companies on the regulated market.	Current reports, financial reports, conferences, meetings, newsletters, website, social profile on FB and LinkedIn, statements for the media in the form of interviews, articles, current communication with journalists.	For Apator SA as the company listed on Warsaw Stock Exchange, building relationships with investors, analysts and journalists is the priority.
Customers	Cooperation in optimizing the client's business, developing technologies and solutions, exchange/sharing technical knowledge, presentation of the product offer and terms and conditions of commercial cooperation.	Direct meetings, fairs, conferences, trainings, newsletters, website, product materials, social profile on FB and LinkedIn.	Apator Group performs business objectives by providing customers with solutions and products meeting their expectations and needs.
Stakeholder group			
Employees	Communicating the goals and values of the organization, ongoing information about the company's condition and financial results, key decisions and organizational and personal changes, social activities. Building a common organizational culture.	Meetings of managers and directors, department/office meetings, educational campaigns, internal group magazine "Flesh of Apator", newsletters, website, social profile on FB and LinkedIn. Additionally, depending on practices applied in the Company: meetings of the Executive Board with the employees, employee portal, corporate radio station in Apator SA.	Apator Group performs business objectives thanks to commitment and competences of its employees.
Suppliers	Exchange of knowledge and communication of mutual expectations for the purpose of effective implementation of operational processes and effective cooperation.	Regular meetings and presentations, audits, website, social profile on FB and LinkedIn.	Apator Group performs business objectives by selection of reliable and meeting specified quality requirements of partners taking into account price requirements.
Other stakeholder groups			
Government and regulators, industry organisations, financial institutions	Actions to shape and develop the smart metering/smart grid market, promoting effective solutions and technologies.	Participation in consultation meetings, conferences, symposiums, activities within industry associations and organisations.	Apator Group acts in accordance with legal requirements and good practices, sharing knowledge and good practices for the development of new technologies and effective management of utility services.
Media	Conscious shaping of the company's image and brand by informing the market environment about the company's activities.	Press materials and information, industry articles, press conferences, website, social network profile on FB and LinkedIn.	Apator Group collaborates with professional, specialist and local media taking part in the exchange of expert knowledge, promoting its products, presenting the effects of business and non-business activity, shaping the image of the company/brand on the market.

Stakeholder group	Communication objectives	Communication forms	Identification bases
Local authorities (local government, county, gmina)	Communication for effective cooperation, development of the organization in accordance with the needs of the local community and the expectations of local governments.	Direct meetings, participation in local events, website, community profile on FB and LinkedIn.	The entities of the Apator Group acting in the area of subordinate local governments cooperate with local authorities for successive development of business and local communities.
Social institutions, non-profit organisations, artists, athletes, social environment	Cooperation for the implementation of valuable social initiatives.	Ongoing cooperation in the implementation of projects, conferences and meetings, website, social profile on FB and LinkedIn.	The entities of the Apator Group enter into business and non-business relations with local institutions supporting the valuable initiatives by making the donations to the organizations performing the social missions.
Scientific community, public education centres, research institutes	Exchange of knowledge and experience, strengthening of cooperation and implementation of joint scientific and development projects, popularization of science, presentation of the company's activities.	Ongoing cooperation on projects, participation in conferences and meetings.	Cooperation between the scientific community and business serves the development of enterprise and science; it is an impulse to develop new technologies and products. Among students and graduates of universities the Apator Group SA recruits employees.



3. Closer to employee

3.1. RELATIONS WITH EMPLOYEES

The companies in the Apator Group build their competitiveness based on expert knowledge, experience and competences of the employed specialists. Due to the manufacturing activity being performed, Apator needs also reliable and committed employees performing the tasks within manufacturing and assembly processes. The Apator Group improves tools of human resources management to meet the needs and expectations of all these groups.

Business strategy of the Apator Group in 2019-23 particularly emphasizes the area of development and learning that refers to the improvement of human resources management processes, implementation of tools supporting the development of employees, building their commitment, loyalty and motivation.

The newly defined objectives for 2023 are:

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

The principles of work in the individual companies of the Group are governed by generally applicable laws (including the Labour Code) and internal procedures, instructions and regulations. The key role in determining the approach to management of employee issues at the level of the Apator Group is played by the Code of Ethics of the Apator Group binding in Apator and domestic subsidiaries. The complementary role in defining the standards of the policy towards employees is played, among others, by **The strategy in the field of corporate social responsibility (CSR)**, as well as **Work Regulations, Company Collective Bargaining Agreements**, and finally the relevant records of **the Integrated Management System Books** implemented in selected companies.

Personnel strategy of the Apator Group

Personnel strategy of the Apator Group focuses on

- **providing value for the employee through:**
 - creating a friendly and safe workplace,
 - creating an inspiring place for professional development,
 - creating an environment that releases employee energy.
- **providing value for the organisation i.e:**
 - providing employees and competences necessary to achieve business objectives,
 - building commitment and loyalty of employees,
 - the HR team should be a partner for business in human resources management.

Key competencies

We shape the culture of our organization on the basis of four company values that set the standards for our daily work (more about the values in the chapter: **Implementation and promotion of corporate values**).

We transfer the company values developed in 2019 into key competences, which were then transferred to a set of managerial and functional competences.

VALUE	COMPETENCE DESCRIPTION
 Responsibility	<p>Awareness of business goals and commitment to their implementation, focus on achieving and increasing the company's results, respect for entrusted capital, care for tools and workplace, honesty and respect in relations with others, keeping the word to customers and co-workers, reliability and commitment in the implementation of tasks and responsibilities, care for the quality and timeliness of the tasks, delivering products in the quantity, quality and time required by the customer, compliance with rules and procedures.</p>
 Development	<p>Readiness to take up challenges, active search for new markets, solutions, products or improvements, tracking market and technological trends, constant search for unique solutions building competitive advantages of organizations and business development, implementation of breakthrough innovations, taking care of effectiveness and profitability of actions, effective resource management, proactive attitude, creativity and courage, going beyond schemes, transferring concepts into specific solutions and action plans, updating and developing knowledge and competences, willingness to learn, curiosity and a broad view of business and human relations.</p>
 Cooperation	<p>Openness to the needs of external and internal clients, building relationships based on trust and respect, supporting others, partnership approach to relationships with others, openness to other points of view, ability to work in a team and cooperate to achieve the organization's goals, readiness to compromise, communication skills and openness to feedback, breaking down barriers and "silos", sharing knowledge, personal culture and empathy in relationships with others, building "team spirit".</p>
 Agility	<p>Openness to the changes taking place, ability to intelligently and efficiently adapt our actions to the needs of the customer, market and organization, active implementation and communication of changes, anticipation of the effects and evaluation of the actions taken or planned, flexibility of action taking into account financial, efficiency and operating conditions of the organization, ability to argue and build acceptance for changes.</p>

Employee Ideas Programme



Under the programme performed since several years, Apator encourages the staff to be creative and to take over the initiative at their workplace. Each idea is valued and brings real benefit to its creator. An additional incentive for employees are annual awards in the categories: best team and best idea. In 2019, a total of 16 ideas were submitted, 5 of which were related to the health and safety process.

The training project KTI

The abbreviation KTI refers to terms: Knowledge Training Instruction. It is a development project for the production area, in the framework of which trainers who are experts in their area were selected from among the employees on pilot departments. The aim of the project was to introduce a standardized process for the implementation of new employees and the development of already employed people in the area of skills necessary to perform production tasks. The process accelerates implementation and learning, eliminates mistakes and builds commitment and positive perception of the company among employees. The project started in 2018 and continued in 2019

Priorities in the area of personnel policy

- **Conducting effective recruitment:**
 - effective promotion of Apator brand on the labour market,
 - implementation of common recruitment tools in the Group (tools, bases, partners),
 - improving the process of implementing new employees in companies.
- **Creating conditions for employee development:**
 - implementation of a common model for defining competences and evaluation of employees (taking into account the specificity of companies),
 - programming of employee development (clear promotion paths, succession plans, development programs for key employees),
 - providing employees with the opportunity to influence the company's tasks and activities.
- **Building employee involvement in achieving the organization's business goals:**
 - supporting managers in modelling business processes, cascading business goals into workstations,
 - supporting managers in improving relations and communication with employees,
 - implementing good practices to appreciate the commitment and achievements of employees,
 - systematic survey and analysis of employee satisfaction and involvement,
 - integration of the employees around common values of the Apator Group.
- **Shaping the remuneration system**
 - shaping the remuneration system based on market benchmarks,
 - linking the remuneration and bonus system with the tasks and commitment and results achieved by the employee, ensuring transparency of the process,
 - adapting the benefit system to the needs of employees and market requirements.
- **Efficient personnel and payroll service:**
 - centralize employee payroll service,
 - unification of personnel service processes,
 - ensuring that HR solutions comply with applicable law.

The HR strategy also assumes broadening the competence of the HR team, adapting the organization of HR teams to act as a partner for business units and implementing IT systems supporting HR management in the Group.

Implementation of Employee Capital Plans (ECP)



Pracownicze Plany Kapitałowe

APATOR

OSZCZĘDZAJ NA BEZPIECZNA PRZYSZŁOŚĆ

- Na Twój rachunek składasz się Ty,
- Twój pracodawca i Państwo.
- Oszczędności wypłacasz po 60. roku życia.

UWAGA!

- Apator przystępuje do programu od 1. lipca br.*, zajmuje się wszystkimi formalnościami i automatycznie zapisuje wszystkich swoich pracowników.
- Możesz oszczędzać w programie lub zrezygnować z dokonywania wpłat do PPK w dowolnym momencie.
- Materiały informacyjne oraz niezbędne formularze znajdziesz w HRBoys, w kafelku Dokumenty – folder PPK.

*Najpóźniej do 12.11.2019 r. pracodawca podpisuje umowę o prowadzenie programu z instytucją finansową, zaś pierwsze wpłaty do PPK odpracowane zostaną od pierwszego wynagrodzenia po tej dacie.

W przypadku dodatkowych pytań prosimy o kontakt pod nr tel. www. 620 lub 056.

www.apator.com

In accordance with the Act on Employee Capital Plans, the companies of The Apator Group employing at least 250 employees have implemented the voluntary savings programme. During the consultations, which were attended by representatives of employees and trade unions, a review of managing institutions within the ECP was conducted and PKO Towarzystwo Funduszy Inwestycyjnych SA was unanimously elected. Then the companies Apator SA, Apator Metrix SA and Apator Powogaz SA concluded the contracts on management of the employee capital plans and the contracts on running the employee capital plans and started to pay the contributions under the scheme.



The implementation of ECP was accompanied by a broad information campaign including:

- information articles and FAQs published in the company magazine
- newsletters
- educational programmes in the Company's radio station (Apator SA)
- information on monitors installed in Apator SA
- providing employees with information brochures
- poster display
- support for human resources staff

Regular meetings of the Executive Board and the Management with staff



Meetings of employees with the Executive Boards of companies are held periodically 1-2 times a year. Their subject is to discuss the current situation of a given Company and the Group, including financial results, projects underway, plans for the coming months and current organizational topics.

The organisation of such meetings is one of the most important elements of communication in the company: on the one hand, it allows the employees to become familiar with the current situation and the results achieved, but, equally importantly, it is also an opportunity for managers to contact all employees, especially those who do not have direct relations or do not cooperate with managers on a daily basis.

3.2 HEALTH AND SAFETY

Health and safety guarantee is one the priorities of the Apator Group. Our activities are aimed at eliminating accident hazards and minimizing the harmful factors affecting the employee in the workplace. We act in accordance with the applicable law and the provisions of the occupational health and safety management system in force in several companies of the Group according to the PN-N 18001:2007 standard. The ways of achieving H&S objectives are also regulated by a number of internal procedures and instructions in force in the individual companies of the Group.

The Apator Group supports health protection of its employees and works on constant improvement of safety and working conditions, implements solutions to prevent accidents at work, occupational diseases and potential accidents. The activities carried out include:

- hazard identification and risk assessment for each job,
- initial, periodic and follow-up medical examinations, protective measures, initial and periodic training in terms of health and safety rules,
- organization of workstations in accordance with applicable regulations and ergonomic principles, introduction of modern technological lines and devices that positively influence productivity and minimize the load on employees,
- monitoring of working conditions by the Health and Safety Committees,
- separating, marking and preparing workstations, transport routes and fire-fighting agents,
- monitoring of identified threats.

Planning and improvement of the health and safety process shall be carried out through an annual plan of objectives and targets, the implementation and monitoring of which shall be determined by appropriate procedures.

Safety education



Apator SA performs educational and organizational activities of preventive nature e.g:

- raising employees' awareness of first aid - organization of first aid training, communication of health and safety issues and fire protection in the form of thematic broadcasts and poster actions,
- training and education in the field of occupational health and safety for employees in the working, administrative and office, managerial, engineering and technical positions,
- organization of thematic meetings: accident prevention, raising awareness of fire protection,
- conducting evacuation drills of the facility.

3.3 ACHIEVEMENTS AND CHALLENGES

Achievements of HR policy to date

In 2019:

- development of new Personnel Strategy of the Apator Group and the company values,
- conduct an educational campaign on new corporate values and translate them into a competence model,
- implementation of the HRsys IT system in subsequent companies,
- to improve internal communication,
- implementation of the ECP.

Objectives and challenges in the area of employee issues

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

- effective implementation of the group HR strategy and subsequent strategic initiatives,
- developing a target HR structure and measuring the effectiveness of HR teams,
- implementation of the skills matrix, career development tools and talent management system,
- maintaining jobs in crisis situations (e.g. in the face of an epidemic).

3.4. INDICATORS IN THE AREA OF EMPLOYEE ISSUES

Indicators in the area of employee issues

Employment in the Apator Group*	2019 r.	2018 r.	Dynamics y/y %
Average annual employment [YES**], including:	2 597,2	2 485,0	105%
covered by collective agreements	1 537,0	1 436,9	107%
Employment at the end of the year [persons], including:	2 574	2 541	101%
women	1 110	1 084	102%
men	1 464	1 457	101%

Employment in the Apator Group*	2019 r.	2018 r.	Dynamika r/r %
Employment at the end of the year [persons], including:			
1. Full-time positions	2 543	2 503	102%
women	1 095	1 069	102%
men	1 448	1 434	101%
2. Part-time positions	31	38	82%
women	15	15	100%
men	16	23	70%
Employment at the end of the year [FTEs], including:	2 558,3	2 526,7	101%
women	1 074,8	1 076,8	100%
men	1 483,5	1 450,0	102%
Employment at the end of the year [FTEs], including:			
1. Agreements for an indefinite period of time	2 058,3	1 933,7	106%
women	816,8	737,8	111%
men	1 241,5	1 195,9	104%
2. Permanent agreements	458,0	513,5	89%
women	264,0	298,5	88%
men	194,0	215,0	90%
3. Trial period agreements	42,0	79,5	53%
women	20,0	38,5	52%
men	22,0	41,0	54%
Off-site employment [FTE]*	34,5	55,0	63%

* Without employees on maternity leave and on leave under the terms of maternity leave, taking paternity or parental leave for the purpose of professional preparation.

** AWU - annual work units, i.e. the number of employees recruited in full-time equivalents within the enterprise or on its behalf during the whole reference year.

Changes in employment in The Apator Group	2019 r.	2018 r.	Dynamics y/y %
Newly recruited employees during the year [persons], of which:	488	541	90%
production workers	365	404	90%
non-production workers	123	137	90%
Employees made redundant during the year [persons], including:	453	439	103%
production workers	339	289	117%
non-production workers	114	150	76%
voluntary leaves	226	264	86%
involuntary leaves, including	227	175	130%
transition to pensions	68	56	121%
Stock rotation index [%]**	17,6	17,3	102%

*) Indicator calculated according to the formula: (Number of job vacancies during the year [persons]/employment at the end of the year [persons])*100.

The ratio of the lowest to the highest remuneration in the Apator Group and the ratio of the lowest remuneration to the minimum national remuneration.

The relation of the lowest to the highest remuneration (excluding the members of the Executive Board) in domestic entities of the Apator Group was in 2019 from 10.0% to 21.3%, at the same time the lowest remuneration in these entities was in the range from 104.4% to 142.2% of the minimum domestic remuneration.

Health and Safety	2019 r.	2018 r.	Dynamics y/y %
Number of accidents at work, including:	12	20	60%
slight accidents	12	17	71%
medium accidents	0	0	-
serious accidents	0	1	-
fatal accidents	0	2	-
Accident frequency index*	5,2	9,4	55%
Employees training			
Total Training Budget [TTB].	1 702,8	1 578,1	108%
Training budget per employee [PLN]	655,6	635,1	103%

*) Indicator calculated according to the formula: (Annual number of accidents/ Average annual employment[YOY])*1000. The number of accidents and the accident frequency index calculated on their basis take into account Polish companies of the CG.

Future academy



The team of Apator Rector organized in the holiday period the Academy of the Future that aimed at gaining new programmers for the Company. As a result of the recruitment six students were admitted to the Academy. A plan of projects, individual tasks, tasks in 2-person teams and theoretical lectures was prepared for them. As a result, three new programmers have joined the innovation team. Two more joined the development teams.

3.5 RISKS IN THE AREA OF EMPLOYEE ISSUES

In order to minimize the risk, we work on strengthening and development of HR functions in the Apator Group and we perform the program of HR projects (currently for business lines dedicated to professional power engineering).

1. Risk of availability of staff (finding specialists/employees with appropriate qualifications)

Precautionary actions:

- early planning of human resources (annual and multi-annual establishment plans),
- employer branding activities in the area of recruitment (participation in job fairs, cooperation with universities, presence in the media, internship programmes, apprenticeships),
- internal recruitments.
- building and developing competencies (training and conferences, co-financing of studies).

2. Risk of losing key employees

Precautionary actions:

- strengthening and development of HR functions, implementation of the HR program for subsequent business lines,
- proper preparation of the implementation in the scope of tasks, training and clear definition of the responsibility of the new employee,
- providing employees with feedback on their work, appreciation of achievements and initiatives (system of periodic assessments of competences),
- training and development programs,
- building effective motivation systems (management system by objectives),
- conscious and clear communication with employees,
- ensuring the development of team management skills among managers and team leaders,
- structured procedures for the dismissal of workers.

3. Risk of non-compliance with the GDPR

Precautionary actions:

- adapting internal regulations and corporate documentation to the requirements of GDPR,
- adapt the rules on data sharing and entrustment,
- shaping employees' awareness through trainings, internal publications, etc,
- adaptation of the information clauses and the consent to the processing and storage of data to the GDPR requirements,
- adjustment of the provisions of contracts with contractors to GDPR requirements,
- validation of technical and ICT security features,
- internal audits on compliance with the GDPR.

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

Precautionary actions:

- a development-friendly remuneration system based on clear criteria,
- Company Collective Labour Agreements,
- activities of trade unions
- enabling employees to receive feedback on the results of their work thanks to the system of periodic assessments of competences,
- promotion of company values and activities in accordance with the Code of Ethics and organizational culture,
- consistent prevention and combating of negative behaviour (discrimination, intimidation, bullying, harassment),
- social activities that promote integration among employees and identification with the Group's culture.

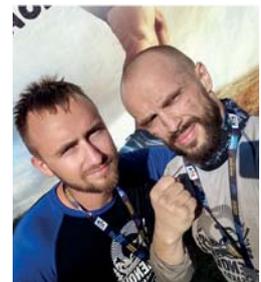
5. Risk of safe working conditions

Precautionary action - appropriate risk management procedures:

- internal audits and workplace safety assessments of individual workplaces,
- technical equipment of workstations and work organisation in accordance with the requirements of legal regulations, including the Labour Code,
- the organisation of workstations taking into account ergonomic principles,
- the application of protective measures and technical working measures that meet the specified requirements,
- employment of staff with the qualifications and health and physical conditions appropriate to the requirements of the post,
- initial, periodic and follow-up medical examinations,
- initial and periodic training in occupational health and safety, job instructions, educational activities,
- activities of the OHS Committee covering, inter alia, cyclical reviews of working conditions, periodic health and safety assessments, formulation of conclusions on the improvement of working conditions,
- systematic monitoring of threats in the area of performed works, internal audits
- procedures for dealing with emergencies, accidents or breakdowns and emergency situations (e.g. epidemics).

Promotion of health and physical activity

- For several years we invite the employees to "**Apator active**" action which idea is to participate together in sport events and healthy competition. In 2019, our employees covered kilometres in running events together: Run Toruń, Nocna Dycha Kopernika, Terenowa Masakra, Toruń Maraton, Bieg Mikołajów, as well as Zielona Góra's cross-country events such as: Bieg Bachusa, Bieg Lotto, Ultramaraton.
- The companies support the sports activities of their employees by co-financing the purchase of the Multi-sport card and supporting the sports activities of the team. E.g. Apator Metrix finances the football team and the pool section. Apator Telemetria supports a group of runners starting (under the motto "When I go somewhere, I run") in locally organized marathons and cross-country runs. Apator Rector supports the games of "Football Sixes", Squas Tournament and employees' volleyball game.



- Employees of selected companies can take advantage of the company's medical packages and free influenza vaccinations.
- Fruit days - in selected companies, once a week, employees are offered fruit refreshments.

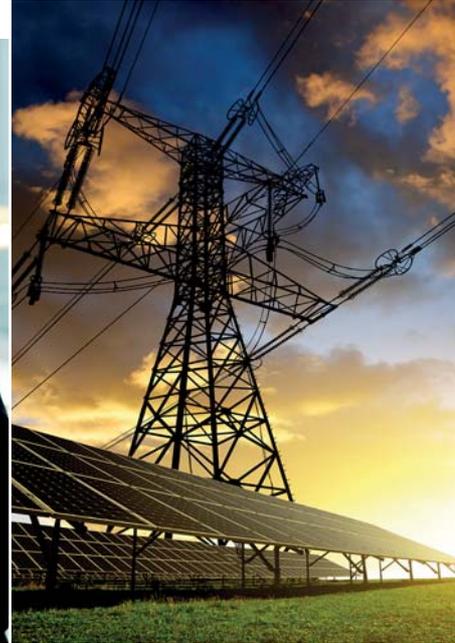


Closer to employee

Good atmosphere in the team

- Each of the entities in the Apator Group makes efforts to make its employees feel good in their company. Some good practices have been adapted in many companies, and sometimes companies develop their own ways of building good relations among their employees. All such initiatives are valuable.
- We cultivate the organization of integration picnics, during which employees can meet and play with music.
- Every common holiday, such as Santa Claus, Women's Day, "Fat Thursday" is an opportunity to build a positive atmosphere in the team and remind employees, through a small snack or a gift, that the company remembers about them.
- Employees of Apator Rector celebrate also successes of projects carried out by the Company (e.g. by integration at the game of bowling) and celebrate other occasions important for employees e.g. Programmer's Day.





4. In harmony with ethics

4.1 ANTI-CORRUPTION AND ANTI-BRIBERY POLICIES

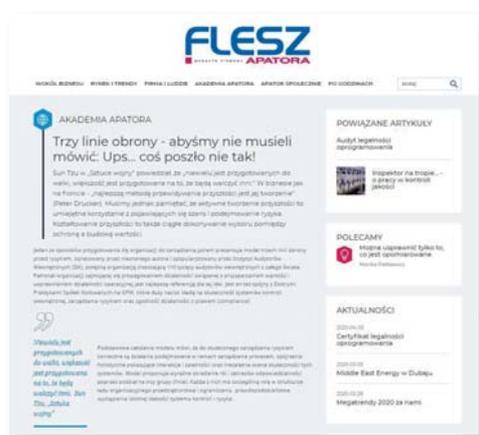
Our primary value is **responsibility**, which means absolute compliance with applicable laws, but also honesty in dealing with others. It is based on the principles of an anti-corruption policy, which assumes systematic analysis of potential corruption risks that may occur in the activities carried out and the fastest possible application of countermeasures to reduce the likelihood of corrupt activities.

Our conduct in this respect is specified by **the Code of Ethics of The Apator Group** where the superior principle has been formulated that **the Apator Group does not accept any actions infringing impartial business decisions**. This means, among other things, that employees of the Group are not allowed to accept or offer material benefits that could influence the recipient's actions and decisions. In case of receiving a corrupt offer, employees should immediately inform their superior.

Important elements of the system of counteracting corruption threats in the Apator Group are moreover:

- unambiguous and transparent procedures, known and available to both the Group's employees and customers and cooperating entities,
- monitoring all processes in terms of the possibility of corruption threats and analysing the risk of corruption activity,
- increasing the awareness of the Group's employees by raising the culture of the organisation, improving internal communication, improving motivation systems,
- building ethical leadership related to internal communication, promotion of ethical attitudes, strengthening the ethical image of the organization,
- educational activities aimed at employees in the field of ethics and counteracting corruption.

The Three Lines of Defence Model



The model introduces uniform rules of division of roles and responsibilities in the Apator Group in the scope of functional internal control, risk management and compliance with law and common set of techniques and tools. Not only does it ensure fulfilment of the obligations arising from the adoption of the "Code of Best Practice for WSE Listed Companies", but most importantly, it allows for effective elimination and minimisation of risks.

4.2 HUMAN RIGHTS POLICY

The Apator Group strives to create work environment and cooperation with business environment in which **human rights are absolutely respected and implements practices to prevent situations in which human rights could be violated**.

The Group's entities comply with Polish and international law in this respect and act in accordance with the highest standards defined in internal documents. The most important ones are as follows: Code of Ethics of the Apator Group, Strategy in the scope of social responsibility of business, Regulations of work of individual

companies and relevant provisions of the Books of Integrated Management System of individual companies of The Apator Group.

The Group's human rights obligations include the following areas:

- **Employees** – all employees are treated with respect, regardless of their position, gender, age, national and ethnic origin, sexual orientation, family situation, (dis)ability, political and religious beliefs. The Group companies comply with all applicable regulations concerning employment conditions, improve human resources management processes and ensure a friendly atmosphere in the workplace. They counteract bullying and discrimination.
- **Contractors** – we strive to respect and promote human rights in relations with suppliers, customers and business partners. This cooperation is conditioned, among others, by their compliance with ethical principles and health and safety standards.
- **Shareholders** – we conduct the operations in such way as to secure the interests of the shareholders of Apator SA. We also attach great importance to providing shareholders with reliable and up-to-date information on the current situation of the Group's entities and on the events concerning them.

4.3 ACHIEVEMENTS AND CHALLENGES IN THE AREA OF ANTI-CORRUPTION AND BRIBERY AND RESPECT FOR HUMAN RIGHTS

Anti-corruption and anti-bribery policy

• Achievements to date

Key achievements in this area include:

- development of clear, precise rules of conduct in accordance with the Code of Ethics of The Apator Group communicated both internally and to the business partners, confirmed in documents (internal and external) and procedures adopted/implemented (audits, periodic evaluations, trainings, contractual provisions),
- implementation of the highest standards of corporate governance - transparent and effective communication policy with stakeholders,
- campaigning for company values and related ethical principles among employees.

• Objectives and challenges

With a view to 2020, the key challenges in the area of anti-corruption and bribery are as follows:

- development and formal implementation of a code of cooperation with suppliers,
- improvement of the purchasing management process in accordance with the assumptions of the business strategy and the plan of objectives and tasks,
- improving the supply chain.
- continuous training of employees on the phenomenon of corruption and bribery, in particular its civil and criminal consequences for the company and employees as individuals.

Human rights policy

- **Achievements to date**
- Implement and apply a number of internal regulations on standards and values between employees and with external parties. Special role is played here by widely promoted in the Apator Group and Code of Ethics of the Apator Group where are included among others standards based on organizational culture of the Apator Group, preferred behaviour of employees in relations inside and outside the organization and behaviours that are not accepted in the organization (e.g. discrimination, intimidation, bullying, harassment),
- Adopting the principle that all Group companies pay attention to the social responsibility of their business partners. In cases of doubt, the supplier shall be called upon to provide explanations and possible rectification of the irregularity. Negative assessment of compliance with ethical and environmental standards excludes the supplier from further cooperation.
- **Objectives and challenges**

With a view to 2020, the key challenges in the area of human rights are:

- shaping appropriate attitudes and educating employees in the area of knowledge of company values and ethical principles binding in the Group, as well as related attitudes and behaviours,
- continuous monitoring and improvement of employee safety,
- implementation and respect of the Code of Cooperation with Suppliers, as well as development of mechanisms to verify suppliers' compliance with the requirements of the Code.

Audits of suppliers

We verify suppliers for the professionalism of the services they provide and the quality of the products they deliver, as well as for their practices in terms of work safety, environmental standards and ethics. In 2019 Apator performed 16 audits at suppliers and partners and in the whole Group there were 29 audits in total.

4.4 INDICATORS IN THE AREA OF ANTI-CORRUPTION AND BRIBERY AND RESPECT FOR HUMAN RIGHTS

Anti-corruption and anti-bribery	2018 r.	2019 r.
Number of reports of cases of corruption and bribery	2	0
Number of entities in the Apator Group assessed in terms of risk of corruption occurrence	16	14
Percentage of entities of Apator Group assessed in terms of risk of occurrence of corruption	100%	100%
Value of donations to political parties and similar institutions	0	0
Respect for human rights	2018 r.	2019 r.
Number of reports of cases of discrimination/mobbing/intimidation, etc.	2	0
Number of Group entities assessed in terms of risk of human rights violations	16	14
Percentage of Group entities assessed in terms of risk of human rights violations	100%	100%

¹⁾ The objective concerns first of all Apator SA..

4.5 RISKS IN THE AREA OF ANTI-CORRUPTION AND BRIBERY AND RESPECT FOR HUMAN RIGHTS

Risks in the area of anti-corruption and bribery

1. Risk of (employee) fraud

Precautionary actions:

- dissemination of ethical attitudes and ethical models of conduct contained in the Code of Ethics and other documents at the level of the Group and individual companies,
- training of employees in the area of ethics, corporate culture and corporate governance principles,
- clearly defining and disseminating knowledge among employees on the applicable procedures for dealing with cases of abuse,
- the internal control system and systematic monitoring to identify potential fraud,
- internal and external audits concerning the regulations in force in the Group and the implemented processes.

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

Precautionary actions:

- legality of the activity (compliance),
- promoting in all aspects of activity the principles (ethics, honesty, partnership) serving to build relationships with partners based on mutual trust and mutual benefits,
- clearly defined evaluation and selection criteria for business partners,
- establishing cooperation with suppliers that guarantee the performance of the contract,
- obligation of suppliers to get acquainted with and observe the Code of Ethics of The Apator Group,
- current and periodic assessments of suppliers (supplier audits),
- training for employees in the area of purchasing and cooperation with suppliers.

3. Risk of conflict of interest

Precautionary actions:

- dissemination of knowledge/awareness (among employees and managers/ supervisors)
- on potential conflict situations and training in this area,
- absolute compliance with the law, provisions of the Best Practices of WSE Listed Companies and internal regulations (Regulations of Supervisory Boards, Regulations of Executive Boards),
- appropriate provisions in employment contracts/cooperation agreements.

4. Risk of data manipulation (financial)

Precautionary actions:

- Implement the highest standards of corporate governance to ensure transparency and an effective information policy,
- making the financial statements subject to external audit,
- conscious shaping of investor relations and providing the environment with reliable information the Group's activities are carried out, among others, through:
 - ✓ providing investor service,
 - ✓ publishing current and periodic reports,
 - ✓ organising conferences for the press, investors and analysts,
 - ✓ current meetings with investors and analysts,
 - ✓ actions of a press officer,
 - ✓ cooperation with a investor relations agency,
 - ✓ activities of the Audit Committee supporting the Supervisory Board of Apator SA in the issues concerning the individual one and consolidated financial reporting, internal control, risk management and cooperation with statutory auditors,

5. Risk of non-compliance

Precautionary actions:

- actions of the compliance team
- actions of internal auditor,
- internal audits of procedures for legal compliance and process compliance,
- implementation of the principles of opinion and acceptance of agreements,
- database of model contracts and clauses in force,
- general conditions of sales and purchase contracts,
- financial audits,
- training in the field of compliance,
- procedures for the verification of contractors.

Counteracting corruption in the Apator Group

We have implemented a mechanism allowing employees, customers, suppliers and subcontractors to report any signs of corruption or bribery - the group guideline clarifies the rules of conduct in the case of suspected violations. Special channels for reporting infringements were created to ensure anonymity of the reporters and a team responsible for explaining formally reported cases was established.

Risks in the area of respect for human rights*

1. Risk of discriminatory actions within the organisation

Precautionary actions:

- training of employees in the area of ethics, company values, organizational culture and applicable law,
- dissemination of internal standards for reporting irregularities and providing information and support among employees.

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

Precautionary actions:

- dissemination of ethical attitudes and ethical models of conduct contained in the Code of Ethics and other documents at the level of the Group and individual companies,
- training of employees in the area of ethics, company values, organizational culture and applicable law,
- system of internal control and systematic monitoring in terms of respect for human rights within the organisation and in relations with partners,
- internal and external audits concerning compliance with regulations and processes in force in the Group.

• Implementation and promotion of corporate values

Company values are a set of common features that characterize behaviours, attitudes and determine the actions of individuals in the organization, and thus constitute criteria for making decisions and making choices. They show what is important in our organization, what principles we follow and what attitudes we expect.

- **The development of goodwill of the Apator Group was one of the stages of works on HR strategy.**

Three stages of work on corporate values:

1. Testing of EVP in the Apator Group

Analysis of factors motivating employees to work

* Excluding the risks in supplier/cooperator relations described in this section: Anti-corruption and bribery.

2. Examination of expectations of managers of the Apator Group towards HR team

On what common values should the development of The Apator Group be based?

3. Workshops among Group managers and HR team

Ranking and selection of four priority values

Wartości Grupy Apator



- Promotion of company values in The Apator Group

As part of the promotional campaign, a plan of extensive information activities and materials supporting the campaign was prepared, including all groups of employees (managers, administrative and production employees).

Objectives	Activities	Materials	Time-frame
Communication to managers - directors and managers as value ambassadors in companies	Presentation of values at management/ directors meetings in companies - based on a prepared presentation, - presented by company presidents or HR leaders Campaign LEADERS ABOUT VALUES: <ul style="list-style-type: none"> Interview with the President of the Executive Board of Apator SA Interview with HR Director of the Apator Group Key managers' speeches 	<ul style="list-style-type: none"> Power point presentation + information material for employees Interviews Surveys 	September 2019 Published periodically, from September 2019 onwards.
Communication to employees - promotion and education of values among the crew	1. Announcement of the new values 2. Education of the new values 3. Communication, fun and gameplay - implementation and adaptation of values among employees	<ul style="list-style-type: none"> Reference materials: <ul style="list-style-type: none"> Articles/interviews Newsletters Brochure Knowledge contests Radio podcasts Promotional materials and others: <ul style="list-style-type: none"> roll-ups/posters/ tv charts/ other gadgets and prizes in competitions 	Start of the campaign - 4th of September

Development of reference and educational materials



In harmony with ethics

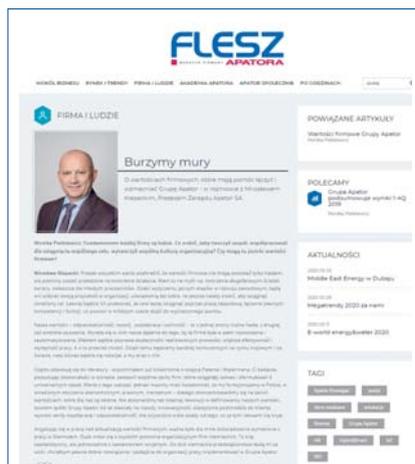
Identification of values:

- THE VALUES LEAGUE - four superheroes symbolizing specific values

Objective:

- Breaking: the official, business communication style
- Creating an effect of surprise, arousing employee's interest
- Easier perception and memorization of the new values

Leaders of values - a series of publications in the internal magazine



Competitions for employees - League of good practices





5. Closer to nature

5.1 ENVIRONMENTAL POLICIES

The objective of the Apator Group is **to provide products safe for the user and the environment and manufactured in conditions ensuring safety at work**. Transparency and reliability in this area translates into customer trust, employee safety, but also savings of raw materials.

The companies in the Apator Group apply and implement **new technologies and manufacturing processes** optimized in respect of consumption of raw materials and media as well as amount of pollution and waste.

An additional aspect of our responsibility in this area is to promote solutions supporting energy efficiency on the market. We design and deliver systems, equipment and services that are designed to precisely measure and effectively manage the consumption of utilities.

Environmental area management

The basis of our action is conscious and responsible management of the area of environment defined in the framework of Integrated Management Policies implemented in some of the entities in the Apator Group including all the entities of manufacturing nature whose level of impact on natural environment is relatively the highest. We comply with applicable laws and regulations and undertake additional obligations that result from high internal standards and expectations of our clients.

In order to protect the natural environment, the Group has undertaken to:

- compliance with the requirements of the applicable legal regulations in terms of its environmental aspects, including pollutants emitted into the air, sewage and generated waste,
- saving of raw materials,
- implementation of metering solutions and systems managing electricity, water, heat and gas consumption,
- educating the market and employees on environmental protection.

None of the production companies operate within or in the immediate vicinity of protected areas or areas of high biodiversity value and, in fact, handling the Group's products throughout their entire life cycle will help to minimise their possible negative impact on the environment.

The objectives of the environmental dimension are focused on:

- maintaining low pollutant emissions,
- saving of natural resources.
- sustainable waste management.

These objectives are defined by:

- developing solutions and systems to optimize the consumption of energy media, i.e. electricity, water, heat and gas (business strategy),
- the budget for environmental charges (included in the business plan),
- monitoring of environmental aspects within the Environmental Management System (objectives and targets plan),
- analyses (discussions) of the introduction of new materials, raw materials and technologies, purchases of machines, equipment and process lines taking into account environmental aspects,
- organization of pro-ecological actions among employees (educational campaigns, collection of batteries and used electronic equipment).

The high quality of processes in the field of environmental protection is confirmed by meeting the requirements of PN-EN ISO 14001:2015, and the activity in the context of environmental responsibility is also specified by a number of detailed

internal regulations in force in individual companies of the Group, concerning e.g. electricity and media management, waste management, measurements, monitoring and environmental analyses, etc.

The course of environmental processes is systematically supervised and adjusted to changing technological and production processes and new legal requirements. In each process, elements of actions that may interact with the environment are identified. In the improvement of production processes and their optimisation in terms of efficiency, costs, quality and work safety, pro-environmental reasons, i.e. lower consumption of raw materials, minimisation of production waste (including the elimination of hazardous waste), lower consumption of utilities, are each time taken into account as very important. Innovations are being implemented to reduce the environmental impact of the processes and products delivered.

5.2 ACHIEVEMENTS AND CHALLENGES

Environmental policy achievements to date

In particular manufacturing companies of the Apator Group a number of technological and infrastructural changes were introduced in order to minimize the impact of the conducted activity on natural environment.

- **Examples of changes and investments in effective technologies in Apator SA:**
 - Start-up of a new SMT line - as a result, the efficiency of the technological process is increased and electricity consumption per production unit is reduced.
 - Selective wave - as mentioned above, in addition to automating the process of manual soldering translates into reduced fume emissions and improved worker safety.
 - Keller tampon machine (machine made with new technology) - increase productivity, reduce paint and solvent consumption.
 - TOX rail joining press, wave soldering machine and EHRT cutting and punching press - increase the efficiency of the technological process per production unit, shorten the production cycle.
- **Examples of changes and investments in effective technologies in Apator Metrix SA:**
 - Modernisation of the LED lighting installation resulting in a reduction of electricity consumption,
 - Implementation of automatic stations, resulting in increased efficiency of the technological process, reduction of electricity consumption per production unit and reduction of the use of chemicals.
 - Change in production technology for 95 % of gas meter housing types. Galvanized sheet metal was used in place of production technology based on raw (uncoated) sheet metal. In the case of new technology, the gas meter housings only need to be washed and passivated in a specially designed washer. In the older technology, corrosion protection is carried out by means of cathaphoretic paint on the housing. The change of technology results in the reduction of energy, water and waste consumption per unit of the produced gas meter housing.
 - In Q4 2019 a photovoltaic installation with specifications was launched in the company:
 - power of DC system - 40 kWp,
 - number of PV panels - 121 pieces,
 - energy production - 38.83 MWh/year.
- **Examples of other initiatives and actions performed in The Apator Group:**
 - Work on modern solutions and technologies for effective management of energy media (electricity, water, heat and gas), improvement of products in terms of precision of measurement, functionality of reading and recording events and communication. New technologies and products are optimized in terms of quality, material efficiency and manufacturing costs.
 - Work on new, optimised packaging at GWi - as a result, increasing the amount of packaging per pallet, which will help to minimise CO2 emissions and reduce packaging waste.
 - Shortening the supply chain in the UK company GWi by searching for suppliers of selected groups of components in the UK (e.g. thermosetting plastics, lithium batteries).
 - Most of the manufacturing companies in The Apator Group work on optimization of manufacturing processes and successive replacement of worn out, less effective machines and equipment.

Environmental objectives and challenges

In the perspective of 2020 the key challenges in the area of natural environment for The Apator Group are as follows:

- implementation of environmental indicators at the levels specified in the action plans of individual companies,
- promotion of energy efficiency, RES, implementation of solutions to manage the consumption of utilities,
- investments in modern, automated machinery and production technologies which, in addition to systematically increasing the efficiency of production processes, also guarantee the minimization of environmental impact of the business,
- planning of construction of new headquarters of Apator Powogaz (manufacturing of water meters) taking into account the highest environmental standards,
- increase of the staff awareness regarding environmental protection.

Transformation in power generation - "green" technologies

The legal acts adopted by the European Parliament in March 2019 under the so-called The "Winter Package" marks the beginning of new rules for the energy market. The transformation is done with a password: "Clean energy for all Europeans", and its hallmark is 3xD, i.e. Decarbonisation, Decentralisation and Digitisation. The new law will speed up the implementation of modern technologies and solutions.

The Apator Group develops comprehensive solutions applicable in power clusters and micronetworks and also the offer supporting the management of power efficiency. The intelligent metering devices provided by Apator, control and executive devices as well as software applications cooperating with hardware and also services such as passporting of network assets or metering systems of AMI class are used here.

5.3 INDICATORS IN THE AREA OF ENVIRONMENT

Indicators in the area of environment*

Energy consumption by source	2018 r.	2019 r.	Dynamika r/r [%]
Total electricity consumption [MWh]	10 982,5	12 268,7	111,7%
Total consumption of natural gas [thous. m ³]	2 338,9	2 456,8	106,3%
Total heat consumption [GJ]	24 002,8	22 642,9	94,3%
Total fuel consumption (oil, diesel, petrol, LPG) [t]	342,6	314,3	91,7%
Water consumption			
Total water consumption [m ³]	20 622,0	21 676,0	105,1%
Consumption of basic raw materials			
Total steel consumption [t]	2 336,9	2 661,1	113,9%
Total consumption of plastics [t]	2 285,8	1 804,3	78,9%
Total copper consumption [t]	705,7	528,9	74,9%
Total consumption of paints, varnishes and solvents [t]	57,9	83,1	143,7%
Waste generation/emissions			
Quantity of waste generated [kg], including:			
hazardous waste	76 276,0	85 600,0	112,2%
inert waste	1 528 710,5	1 617 910,0	105,8%
Recycled waste [kg]	1 167 083,5	1 409 376,0	120,8%
Disposed waste [kg]	379 842,0	222 184,0	58,5%

Waste generation/emissions	2018 r.	2019 r.	Dynamika r/r [%]
Emissions to atmosphere			
Emissions of carbon dioxide [kg]	1 367 749,2	1 259 527,8	92,1%
NOx emissions [kg]	1 008,5	958,6	95,1%
SOx emissions [kg]	4,4	5,7	129,5%

^{*)} Ratios calculated taking into account selected companies of the Group (including all manufacturing companies) which, due to the nature of their operations, are subject to the obligation to monitor environmental impact.

Environmental charges	2018 r.	2019 r.	Dynamika r/r [%]
Environmental fees [PLN]	25 009,0	137 922,5	549,5%
Costs of production waste disposal [PLN]	262 147,5	380 951,7	143,0%
Fees for recovery and recycling of packaging, electronics and batteries placed on the market [PLN]	218 874,7	299 361,7	136,8%
Costs of physico-chemical analyses [PLN]	20 767,0	21 797,7	105,0%
Costs of water consumption and sewage disposal [PLN]	634 401,2	643 139,2	101,4%

^{*)} Ratios calculated taking into account selected companies of the Group (including all manufacturing companies) which, due to the nature of their operations, are subject to the obligation to monitor environmental impact.

5.4 ENVIRONMENTAL RISKS

1. Risk of failure to comply with applicable legislation, resulting in penalties/ increases in environmental charges

Precautionary actions:

- systematic monitoring of existing legal regulations (amendments to existing regulations, new regulations) and their validity periods,
- monitoring of basic areas of activity of particular companies of the Apator Group in terms of compliance with binding regulations,
- adjusting the Group's internal regulations to the changing legal regulations,
- reporting to the competent authorities and bodies responsible for environmental management,
- appropriate financial mechanisms to secure financial resources for the timely execution of any required payments (fees, damages),
- training of employees on environmental protection.

2. Risk of creating/increasing the environmental impact in terms of:

1. the amount of consumption of raw materials, including non-renewable raw materials,
2. the amount of pollutant emissions (factors harmful to the environment) causing deterioration of the natural environment (air, water, soil, etc.)

Precautionary actions:

- continuous monitoring of environmental impacts within the framework of the Environmental Management System,
- analysis of environmental aspects at each stage of the value chain to identify activities that may interact with the environment,
- taking into account environmental prerequisites at the stage of planning production processes and their optimization,
- implementation of solutions/technologies reducing the scale of the impact of the activity on the environment,
- implementation of metering systems managing the consumption of electricity, water, heat and gas,
- environmental management system audits,
- annual reviews of the environmental management system.

Responsibility in practice

As part of the campaign promoting corporate values ("Values in practice" campaign), employees shared ideas about habits and behaviour at home and at work that can help minimise our negative impact on the environment. Advice and suggestions were then collected and distributed to all employees as a collection of good practices.

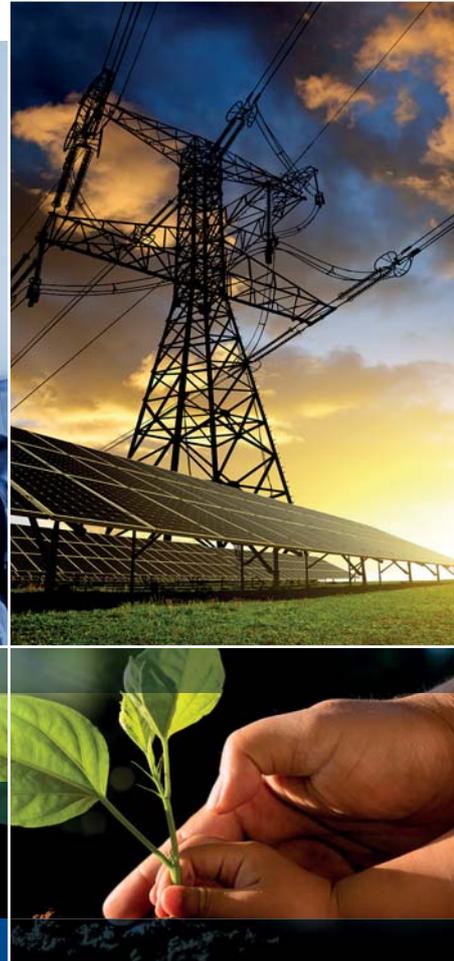


Closer to nature

Educational programs for employees

Every year in Apator we organize the celebration of ecological holidays such as Earth Day and Car Free Day. Initiatives build environmental awareness among employees, signal the risks associated with climate devastation, promote actions against environmental damage, such as the use of environmentally friendly means of transport. As part of the action, we broadcast educational programmes in our radio station and organize competitions to verify employees' knowledge about environmental protection.





6. Closer to community

6.1 APPROACH TO GOVERNANCE IN THE SOCIAL FIELD

Social aspects are of key importance in performance of business objectives of the Apator Group. **Priorities are defined here by the values adopted by the company, which are a reference point for actions and attitudes.** Our corporate values set our standards in terms of ethics, including promoting responsibility and cooperation with business partners. By conducting production activities, we ensure the safety of our employees throughout the entire product development cycle, while minimizing any possible negative impact of our activities on the immediate natural environment. We are actively working to develop the industry and new technologies. Our companies support local communities by co-financing cultural, artistic, scientific and sports events important for the region. The Apator Group respects the universally binding legal regulations (including the Labour Code) and it acts in accordance with internal procedures in force in the entities that regulate particular processes in the organization.

The Group's social commitments cover the following areas:

- **Employees** – the priority is to provide all employees with decent, marketable remuneration and optimal conditions to perform work, in accordance with the highest standards of occupational health and safety. At the same time, the companies strive - to the best of their abilities - to provide all employees with opportunities for professional development and ensure a good working atmosphere.
- **Customers** - in its relations with clients, the Group is guided by the principles of partnership, openness and mutual respect, and acts in a professional, impartial manner, in accordance with applicable law. Great importance is attached to the fact that the client receives full, reliable information about the offer and the rules of cooperation. Individual Group companies monitor customer expectations and measure customer satisfaction. A number of tools are used to communicate with customers.
- **Suppliers/co-operators** - effective cooperation with suppliers is crucial for the achievement of the Group's business objectives. Cooperation in this area is governed by cooperation agreements concluded, defined in internal procedures and implemented on the basis of appropriate tools for handling and communication with partners. The purchasing strategy focuses mainly on the selection of reliable partners that meet specific quality criteria, taking into account price requirements. The companies of the Apator Group conduct competitive and open purchasing policy and at the same time take care to observe the binding ethical rules. Apator - within the support of the nearest, local environment - if possible tries to seek and use services of national suppliers.
- **Industry environment** – the Group's entities actively participate in consultations on the development of new regulations and standards related to new technologies, implementation of smart grid/smart metering, technical certification of products, etc.
- **Social environment** – the Group tries to build positive relations with the immediate environment. Aware of the needs of the community, it co-finances valuable initiatives and undertakings in the field of culture, art, science and sport. Within the framework of charity activity, it supports institutions and social organizations acting for the benefit of excluded persons and carrying out specific social missions.

6.2 ACHIEVEMENTS AND CHALLENGES

Policy achievements to date in the social field

- The companies in the Apator Group operate in specialist sector of power engineering and industry where the key importance is the proper identification of customers' needs and then their translation into the activities in the area of design, development works and construction changes. Therefore the entities in The Apator Group flexibly adjust their offer to the current needs of customers and the development and construction works are consulted directly with them (through persons dedicated to contact with key customers). The companies provide substantive support by organizing training courses and presentations for customers, technical after-sales support, and after the implementation of a large-scale implementation project they analyze the level of customer satisfaction.

– Meetings with customers

Within the framework of building the relations, experts of Apator initiate meetings with customers during industry events presenting at the same time new products and new technologies but they also invite customers to visit our Company showing the achievements of the Company, its achievements and organization of manufacturing processes. An important element is the informational message emphasizing special care for the highest quality standards. We also invite our customers to perform joint research and tests of manufactured products or applied solutions. This is important for compliance with applicable standards, but also for mutual trust.

– Trainings and presentations

The companies of The Apator Group share with their customers specialized technical knowledge as well as present the functionalities of new solutions and products in form of internal trainings for customers and product presentations.

- The companies of The Apator Group actively work to develop technological standards and legislative solutions for the power engineering sector. Experts of The Apator Group are involved in a number of organizations and working groups elaborating recommendations for legal solutions concerning branches where The Apator Group operates.

The companies of The Apator Group in 2019 were associated in the following national and international organizations:

- Regional Energy Conservation Agency in Toruń
 - Prime Alliance (an organisation developing and promoting standards and products and communication systems used in power networks)
 - Association of Polish Electrical Engineers
 - Consortium of Smart Power Grids Poland
 - Polish Chamber of Commerce of Energy and Telecommunications Polish Committee for Standardization
 - ESMIG (the organisation provides support to European Union institutions, Member States and standardisation organisations, the aim of the group is to help develop national and pan-European initiatives and smart metering solutions)
 - Chamber of Commerce and Industry in Torun
 - Chamber of Commerce and Industry of Wielkopolska
 - Business Center Club
 - Association of Listed Companies
 - Association of Polish Exporters
 - UCA International Users Group
 - Forum for Supporters of the Distributed Network Protocol - forum wymiany doświadczeń na temat DNP
 - Oracle Polska Sp. z o.o.
 - ESRI Polska Sp. z o. o.
 - IBM Ireland Limited
 - Microsoft Sp. z o.o.
 - Association of Polish Mechanical Engineers
 - Economic Chamber of Polish Waterworks
 - Association of Polish Media Settlement Companies
 - Polish Forum Club ISO 9000
 - Scientific and Technical Association of Oil and Gas Industry Engineers and Technicians
 - Gas Commercial Chamber
 - Association of European Gas Meters Manufacturers Fa-recogas
 - Association of Federal Gas and Water Companies Figawa
 - OMS - Working Group (Open Metering System)
 - ZVEI - Zentralverband Elektrotechnik und Elektronikindustrie e.V. (the organisation allows quick access to technical specifications for smart metering solutions)
 - The Polish Accreditation Centre
- Apator is known and appreciated in Poland expert of power engineering sector, therefore it takes an active part in debates and meetings integrating all participants of power engineering sector, shares experience and knowledge gained on international markets, proposes solutions and standards supporting transformation of power engineering and implementation of the best innovations and new technologies in power engineering and fuels sector.



Apator as the substantive partner of European Economic Congress 2019 in Katowice

This is one of the greatest events on the economic map of Central Europe. More than 12,000 Congress participants and 3,000 visitors to the European Start-up Days is a scale unattainable for other events. The congress has an opinion-forming character, involving eminent guests from Poland, Europe and the world. The representatives of Apator took active part in the debates as industry experts. During a meeting titled "Power engineering infrastructure in relation to new phenomena" The President of the Executive Board of Apator SA took up, among others, the subject of the most important challenges, opportunities and threats for power engineering infrastructure and trends having the biggest impact on power engineering.



Apator as a substantive partner of the Congress of New Industry 2019 in Warsaw

It is one of the largest forums for debate on the condition and prospects of the Polish energy and fuel sector in Poland. The meeting was attended by about 800 participants related to the energy market - from energy companies, companies providing solutions for Energy&Utility, government, parliament and public administration representatives, to experts, scientists and journalists.

Polish Business Success Forum

The event was organized by the Ministry of Entrepreneurship and Technology under the special patronage of Minister Jadwiga Emilewicz. Ambassadors of Germany, Great Britain, the Netherlands and South Korea, representatives of government institutions and business and media organisations came to Poznań. The meeting was accompanied by expert debates, presentations and workshops focused on three thematic blocks: export, innovation, entrepreneurship. The Minister of Entrepreneurship and Technology "Entrepreneur of Transformation" awards were also granted within the Forum. Apator was nominated to the award in Global Player category.



- In the Apator Group, we put a big role to the analysis of trends and market phenomena and then mutual sharing of knowledge and discussion on trends that can be particularly important for the development of our business activity.



Meetings with experts

Apator initiates meetings integrating experts, scientists, market practitioners and innovators. The aim is mutual exchange of knowledge and presentation of interesting projects, solutions, technological novelties and concepts concerning branches where the companies of The Apator Group operate or which can be prospective in the context of development of our business.

Internal conference MEGATRENDS

Annual meeting that is devoted among others to the analysis of the situation on the market, the most interesting trends in our branches and discussion on the most important challenges facing the entities of The Apator Group in the context of technological revolution and regulatory changes. Apator invites internal experts and guests from outside of the Company to the substantive debate.





Cooperation with business and industry media

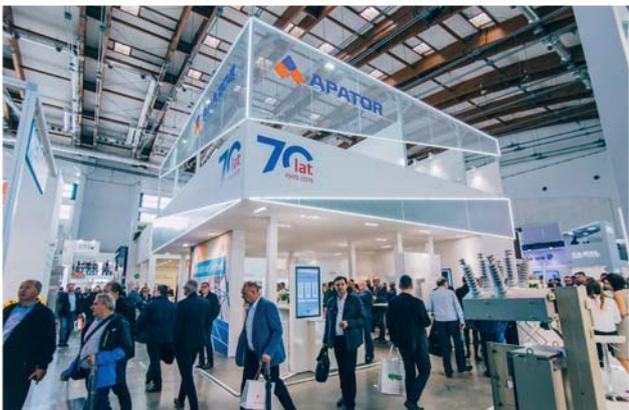
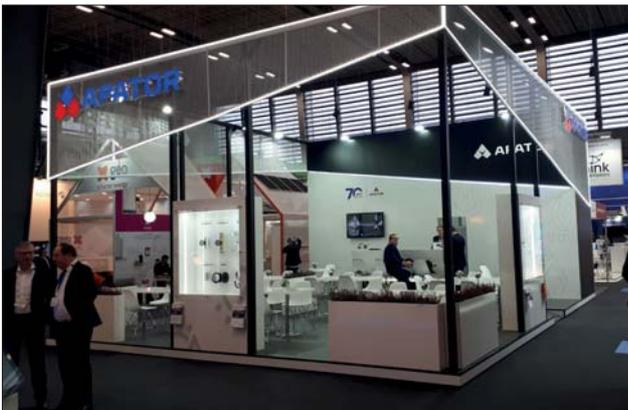
Experts of Apator take part in editorial debates and they are willing to give expert comments within the editorial activities concerning power sector. The example was the participation of the President of the Executive Board of Apator SA in the project "Rzeczpospolita" under the motto "Fight for climate". As part of an expert discussion on "Which energy model are we aiming at"? The "Polish specifics and world trends" guests discussed, among other things, how the transformation of the national energy sector is progressing, the energy mix that Poland is aiming at and the implementation of the goals set for 2040 in terms of reducing CO2 emissions.

- An important aspect of activity and communication with customers is participation in fairs and industry conferences. The companies of the Apator Group present their products and solutions in Poland and abroad (in total in over a dozen countries) on the most important - strategic and prospective markets according to the business strategy worked out. Thanks to participation in such events Apator goes directly to customers and business partners. Trade fairs and conferences are an excellent element of building, but above all of maintaining relations with customers. It is also a time for sharing knowledge and the opportunity to directly increase interest in our products, especially in the novelties that are introduced to the market. Additionally, it is important image action and one of the elements of building the awareness of Apator brand as an expert in the industry.

The most important fair events in Poland and abroad where in 2019 the companies of the Apator Group took part:

- **E-world energy&water** (Germany, Essen)
- **Middle East Electricity** (United Arab Emirates, Dubai)

- **Energetab** (Poland, Bielsko-Biała)
- **European Utility Week 2019** (France, Paris)



Examples of conferences and meetings with the participation of The Apator Group:

- „Technologies in the Energy Sector” – scientific and technical conference organized periodically by Apator Elkomtech, whose aim is the dialogue with customers and business partners on the directions of technology development and offer for power engineering sector responding to current and future needs of the sector.
 - „Company of the future” – conference organized by the Chamber of Commerce and Industry in Toruń, its lecture entitled "Development of strong capital group" was presented by the Chairman of the Supervisory Board of Apator SA, Janusz Niedźwiecki.
 - **Intelligent Energy Conference** - A meeting of experts from the energy sector, devoted to the discussion on the challenges and problems of the energy sector in Poland, especially in the context of implementing smart technologies. The suppliers of communication solutions shared their knowledge and experience gained through projects carried out on the market. Łukasz Żółkiewicz, R&D project manager from the Office for the Development of Measurement Equipment and Systems, presented technical possibilities and conclusions from the application of NB-IoT and Cat technologies. M1 in remote management systems for measuring devices. Apator tested operation of the above mentioned technology in the pilot project in Lithuania and Poland.
 - **XVII Scientific and Technical Conference in Lichen** – presentation of the latest equipment of Apator Powogaz, establishing contacts with new customers.
 - **Scientific and Technical Conference in Wisła** under the motto: "Failures Monitoring. Construction and modernization of WOD-KAN network" (water and sewage system). Objective - promotion of new products (APT-WMBUS-NA1 overlay and Ultrimis W water meter).
 - **Forum of Water and Sewage Industry Professionals** – speech of Apator Powogaz with participation of its partner - Tarnowskie Wodociągów Sp. z o.o. Objective - interest of water supply companies in new products (overlay APT-WMBUS-NA1 and water meter Ultrimis W).
 - **Regional Conference for Water Supply Companies in Zakopane** - presentation of ultrasonic water meter Ultrimis W.
 - **WOD-KAN Industry Professionals Forum** - interest of water supply companies in new products (APT-WMBUS-NA-1 overlay and Ultrimis W water meter).
- The Apator Group develops innovative technologies in cooperation with universities and technological partners. It takes various forms: cooperation in the development of new technologies, as well as educational and social activities.



Cooperation with the University of Nicolaus Copernicus in Torun

Apator collaborates among others with Faculty of Physics, Astronomy and Applied Informatics of Nicolaus Copernicus University and Aleksander Jablonski's Foundation operating at the Nicolaus Copernicus University. Its objective is direct support of people of science and development of scientific research, especially those oriented to innovations. The result of cooperation with Nicolaus Copernicus University is also participation of Apator in the Festival of Science and Art.

- An example of a technological partnership is the agreement concluded with **Phoenix Systems of the Atende Group** to design elements of a new smart electricity meter. The meter will be a modern device for the Internet of Things based on the Phoenix-RTOS operating system.

Cooperation with the Technical University of Lodz

Mutual exchange of knowledge, performance of joint research and development projects, mutual actions for effective preparation of students to the requirements of changing labour market - these are the main premises of the contract on cooperation that was signed in January 2019 in Łódź by Prof. Sławomir Wiak, Rector of Technical University of Łódź and Mirosław Klepacki, President of Executive Board of Apator SA. One of the research initiatives was "Active prosumer" project that Technical University of Lodz carried out in consortium with Apator Elkomtech, PGE Dystrybucja and Technical University of Lublin. The aim of the project was to build an effective system for managing the operation of nN distribution networks with the use of prosumer facilities.



- Every year, Apator allocates 0,5% of net profit to sponsoring and social activity so it has the possibility to support and perform many activities, that is patronage over the subject Olympics, sponsoring scientific and cultural events. Other entities in The Apator Group also engage resources to support valuable initiatives in their regions.

In 2019 the companies of The Apator Group provided the support among others to:

- Indoor Masters Athletics World Championships;
- Klub Twarde Pierniki SA Toruń (mainly youth groups);
- Junior and Cadet Fencing World Championships organized by the Toruń Construction Industry Tourist and Sports Club;
- Run&Row competition organized by the Academic Sports Association of the Nicolaus Copernicus University in Toruń - a spectacular run with boats and a rowing race on the Vistula River;



- 19th Science and Art Festival of the Nicolaus Copernicus University - whose aim is to popularize science and art among the inhabitants of Toruń and the region;
- The Grand Derby of Pomerania and Kujawy, connected with the celebration of the 10th anniversary of the "Motoarena" stadium;
- Artus Festival - music festival, meetings with artists and exhibitions;
- Gallery and Centre of Children's Artistic Creation in Toruń - support of the XX International Competition of Artistic Creation "Always green - always blue";



- Tofifest International Film Festival - a festival of off-cinema;
- Fundację Piękniejszego Świata in Skłudzew - organizing art workshops for children and youth;
- Tczew Centre of Culture and Art;
- Sports School in Tczew;
- Football Club GRYF.



The entities of The Apator Group provided the support to the following charity organizations:

- Social and Charity Foundation "Help for Family and Earth" Children's Hospice NADZIEJA;
- to the Society of Children's Friends in Toruń;
- Association for the Care of the Abandoned Children of Bł. Ks. Br. Markiewiczza in Toruń;
- Amicus Universitatis Nicolai Copernici Foundation in Toruń;
- Hospice in Tczew;
- The Polish Association for People with Intellectual Disabilities;
- The Polish Social Assistance Committee.

In addition, Apator enabled and financed the recreation in the Company Recreation Centre in Rowy for children under care of the following organizations:

- The Care and Educational Centre in Bąkowo;
- Social and Charity Foundation "Help for Family and Earth" Children's Hospice NADZIEJA;
- The Janusz Korczak Kujawsko-Pomorskie Special School and Education Centre in Toruń.

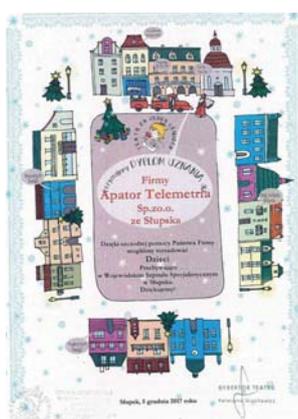
Objectives and challenges in the policy area of social issues

In the run-up to the end of 2020, key challenges in the area of social issues include:

- improvement of tools for communication with customers and implementation of common indicators for customer satisfaction surveys,
- improvement of the supply chain and purchasing management process,
- update of the CSR strategy - in line with the business and HR strategy adopted in 2019.

Apator socially

For many years Apator has been supporting Toruń's Light Hospice Association by participating in charity collection of plastic bottle caps. In 2019, employees also became involved in a book collection organised by the Rak'n'Roll Foundation - Win a Life. The books were distributed to patients in adult oncology wards.



Apator Powogaz got involved in organization of Santa Claus event for children from Neurology Ward of Heliodor Świącicki Clinical Hospital in Poznań.

Apator Telemetry provided support to TEATR FOR ONE SINGLE Smile from Cracow - thanks to financial help the children staying in Regional Specialist Hospital in Słupsk could watch the theatrical performance and they were given by St. John of God. Mikołaja.

6.3 INDICATORS IN THE AREA OF SOCIAL ISSUES

Suppliers	2019 r.	2018 r.	Dynamika r/r [%]
Total number of suppliers, including:	7 785	7 814	100%
1. Cooperation partners (service providers), including	3 445	3 726	92%
• domestic	3 220	3 323	97%
• foreign	225	396	57%
• indirect import	-	7	-
2. Other suppliers, including:	4 340	4 088	106%
• domestic	3 426	3 098	111%
• foreign	821	899	91%
• indirect import	93	91	102%
Share of purchases from domestic suppliers in total purchases [%]	64%	63%	-

Impact on the environment	2019 r.	2018 r.	Dynamika r/r [%]
Number of supported events/initiatives, including:	91	80	114%
• sport events	39	14	279%
• cultural events	7	8	88%
• educational events	9	9	100%
• other	36	49	73%
Expenditures on social activity [PLN thousand], including	536,6	583,0	92%
• donations	108,2	147,1	74%
• sponsoring	359,1	366,0	98%
• other	69,3	69,9	99%

6.4 RISKS IN THE AREA OF SOCIAL MANAGEMENT

Risks in the area of social governance*

1. Risk in relations with customers

Precautionary actions:

- verification of contracts for legality,
- training of employees in customer service throughout the product life cycle,
- adherence to the Code of Ethics and training in this area,
- customer satisfaction monitoring,
- internal and external audits concerning the regulations in force in the Group and the implemented processes.

2. Risk in relations with local communities

Precautionary actions:

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

3. Reputation risk

Precautionary actions:

- conducting information policy in accordance with the Code of Best Practice for WSE Listed Companies and internal regulations; providing easy and non-discriminatory access to disclosed information to anyone based on various communication tools,
- training of employees in the area of ethics, organisational culture and applicable laws,
- regular meetings of the Executive Boards of individual companies of the Group with employees and conducting effective internal communication,
- open, reliable communication, conducting effective marketing and PR activities.

*¹) Risks in relations with suppliers/cooperators are described in the chapter "Prevention of corruption and bribery".

Meetings with contractors from Ukraine



Apator Powogaz has organized three-day convention for 40 most important contractors of Apator Powogaz from Ukraine. The aim of the convention was to exchange experiences, integrate and build relationships with customers.

The biggest world distributors of Apator Powogaz products visit Wielkopolska.



In October 2019 in Poznań the representatives of the biggest world distributors of Apator Powogaz products were hosted. The idea of the congress was to combine the substantive part of the conference with meetings to exchange experiences. The plan of the stay also included time for interaction with the folk culture of Wielkopolska and the most important attractions of Poznań. The guests visited the manufacturing plant that was the occasion to present new projects that Apator Powogaz team is working on and technological changes that were introduced in the plant. Visiting of the Company had the form of interactive game during which the guests in an interesting way got to know the most important places in the area of Apator Powogaz in Poznań.



Joint celebration of the 70th anniversary of Apator



In 2019 Apator celebrated the 70th anniversary of its activity that was the occasion to meet with the most important business partners and local authorities. During the ceremony, the history of the company, milestones of its development and business strategy for the following years were presented. On this occasion, the company was awarded a medal on a ribbon "For merits to the City of Toruń". It was granted by the City Council at the request of the President of Toruń, Michał Zaleski.

Supporting local suppliers

Apator - if possible - tries to cooperate with local suppliers and partners. The aim is to ensure the shortest possible (and therefore more secure) supply chain and better verification and evaluation of suppliers. An important premise is also to give impetus to the development of companies in the region and thus local economic growth and to counteract unemployment.

7. ABOUT THE REPORT

This report covers non-financial information concerning the Apator Group SA for the period since the 1st January 2019 till 31st December 2019. The report is a report on non-financial information prepared in accordance with Art. 55 section 2b-2c of the Accounting Act of 29 September 1994.

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

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

The data included in this report present economic, social and environmental activity of the entire Apator Group unless in specified fragment of the content it is indicated otherwise.



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

Adres do korespondencji:
Apator SA Centrum
Ostaszewo 57C
87-148 Łysomice

tel.: +48 56 61 91 111
fax: +48 56 61 91 295
e-mail: apator@apator.com