



**Non-Financial Statement of Mostostal Warszawa S.A.**  
for the period  
from 1 January to 31 December 2018

# 1. LETTER OF THE MANAGEMENT BOARD

GRI 102-14

*Dear Shareholders,*

Past year brought a number of challenges that significantly influenced changes in the construction sector. The EU funds launched in the past years have impacted the number of public procurement sector tenders, especially in infrastructure. The growth trend was also kept throughout the real estate market, strengthening further demand for construction services also in the general building.

During 2018, Mostostal Warszawa Capital Group achieved sales revenues of PLN 1 bln and had a gross loss of PLN 36,7 mio. and a net loss of PLN 46,3 mio. We observed and reacted to the challenges facing construction sector, among others related to, increase in building materials and subcontractors services prices, as well as a labour costs. The portfolio of orders allowed us to respond to the current difficulties within the industry, among others by deepening diversification - both in terms of activity in specific markets segments (we have contracts in all areas: energy, infrastructure, general construction, environment protection), in terms selection of contractors (we have public and private contracts for domestic and foreign investors), and in organizational sense, as a capital group, which includes companies conducting multilateral activities, including both general contracting and typically production and designer activities.

Intensive and effective offerings deepened the diversification of our portfolio of orders and resulted in the number of new contracts with new clients, and also enabled us to maintain cooperation with existing ones. In 2018, we have signed and executed numerous contracts in each of our business segments: energy, industrial, infrastructure, environmental and general construction. We noticed a significant increase in the number of contracts, especially in the energy construction sector, where we started work on the expansion of the PERN base in Gdansk, and also have signed a contract for the construction of a reserve heat source at Stalowa Wola and heat insulation for no. 10 plant Łągisza Power Plant. The contract for the construction of power units No. 5 and 6 in the Opole Power Plant is decreasing in our order portfolio, due to the final phase of its implementation. However, in the field of energy construction, many options are created by regulations obliging the energy sector to carry out modernization over the next few years on facilities that do not meet emission standards.

Last year, we have signed new contracts in the industrial construction segment, including the expansion of the Autoliv factory in Jelcz-Laskowice. We have also begun construction work on the ETAC production plant, and we have concluded the Center for Research, Development and Quality at Mondelēz International RD&Q.

In our orders portfolio, we increased the share of infrastructure projects. We have signed a number of contracts with the General Directorate for National Roads and Motorways, including: Nisko Południe-Podgórze along the S17 road, Ełk Południe-Wysokie along the S61, Kielce-Brzeziny/Morawica within DK73. We also implemented the Strzyżów bypass – the investment of the Road Administration of Podkarpackie Voivodship. We have developed a portfolio of orders for new contracts in the field of general construction, signed contracts and implemented residential facilities (Warsaw's Wola and Wilanów districts and Szczecin), cultural (eg. a multimedia library in Piotrków Trybunalski), sports ( among others, we have built the AquaPark in Tychy) and school (we have completed several contracts for the University of Science and Technology in Krakow, and we have signed a contract for the construction of a primary school in Warsaw). We were active in the implementation of contracts in the field of health (we started the extension of the West Pomeranian Specialist Hospital). We also joined the extension of Focus Mall shopping center in Zielona Góra.

Our goal for 2019 is to increase the portfolio of orders and improve our financial results. We want to achieve our goal through consistent development in all business areas. Particular attention will be paid to the effectiveness and quality of offers, in order to build a safely portfolio of orders, as well as discipline in the implementation of current contracts.

*Miguel Angel Heras Llorente*  
*President of the Management Board of Mostostal Warszawa*

## 2. YEAR 2018 IN NUMBERS AND ACTIONS

GRI 102-7

### BASIC ECONOMIC VALUES:

	2018	2017
sales revenue [thousands of PLN]	790,326	881,754
gross profit or loss [thousands of PLN]	-31,031	35,410
equity [thousands of PLN]	56,349	94,549
assets [thousands of PLN]	882,184	848,103
number of employees	591	530

### KEY NON-FINANCIAL PERFORMANCE INDICATORS RELATED TO THE OPERATIONS OF MOSTOSTAL WARSZAWA:

	2018	2017
value of public and private law liabilities paid [thousands of PLN]	100,063	103,774
number of public clients	24	14
number of private clients	21	19
number of investments completed	13	10

### MATERIAL EVENTS IN 2018:

#### JANUARY

- Mostostal Warszawa entered into a contract for the revitalization of the real property located at ul. Tuwima 46 in Łódź. The project involves reconstruction, development, extension and change of the intended use of the complex of historic buildings. The gross value of the contract is nearly PLN 29 million.
- Mostostal Warszawa officially inaugurated the construction of the new headquarters of the Faculty of Information Technology, Electronics and Telecommunications at the campus of the AGH University in Krakow. The foundation stone for the construction of a new educational and scientific building was laid in the presence of Bishop Tadeusz Pieronek, Deputy Prime Minister and Minister for Education and Higher Education, Jarosław Gowin and Professor Tadeusz Słomka, Rector of the AGH University of Science and Technology. The gross value of the contract is nearly PLN 17 million.
- Mostostal Warszawa entered into the contract for the construction of two oil tanks at PERN base in Gdańsk. The contract with a net value of nearly PLN 142.95 million will be implemented together with Mostostal Płock, specializing in the industrial construction segment. Thanks to the expansion, the base in Gdansk will increase the storage capacity by 200,000 cubic meters.
- Mostostal Warszawa has officially started the construction of Mediateka in Piotrków Trybunalski – a modern library that will serve as a scientific, cultural and educational centre. The project value amounts to nearly PLN 33 million.

#### FEBRUARY

- Mostostal Warszawa has signed a new contract with Mondelēz International RD&Q. Under the project, Mostostal will carry out comprehensive development of the Research, Development and Quality Center at Bielany Wrocławskie. The value of the contract amounts to PLN 12.350 million.

#### MARCH

- At Szczecin Industrial Park, Mostostal Warszawa manufactures prefabricated segments to be used for construction of a bridge in Denmark in the area of the Roskilde Fjord. The first transport from the port set off with a load of more than 1300 tons.
- A decade after the extension of the Focus Mall in Piotrków Trybunalski, Mostostal Warszawa signed a contract the company owned by NEPI Rockcastle for the extension and reconstruction of the Focus Mall

shopping center in Zielona Góra. The target area of the Center will reach 117 thousand sqm. The net value of the contract is nearly PLN 200 million.

- ☒ Mostostal Warszawa filed with the Patent Office of the Republic of Poland a patent for the construction of a multi-awarded composite bridge in Błazowa. The patent obtained is a symbolic culmination of the Com-bridge project and evidence of the company's leading role among general contractors in the field of research and development.
- ☒ During the March workshop on the occasion of the Young Engineer's Day, participants of the Builder for the Young Engineers program (B4YE) once again had the opportunity to meet Mostostal Warszawa experts. The third edition of the event was entitled "The road to a career. The road to successes. The road to satisfaction in the engineering profession".
- ☒ Mostostal Warszawa signed a contract for the construction of an apartment building Kraków at ul. Katowicka with an underground garage, commercial premises on the ground floor and the accompanying technical infrastructure. It is another stage of the housing estate Mieszkaj w Mieście built by the Company in Bronowice, a district of Kraków.
- ☒ Mostostal Warszawa won a tender by NATO and together with Mostostal Płock will build and modernise a fuel and grease warehouse in Powidz. The gross contract value is over PLN 33 million.

#### APRIL

- ☒ The Company was recognised by the Responsible Business Forum for another year in a row. The report "Responsible Business in Poland. Good Practices" lists six fields of activity of Mostostal Warszawa. The company's projects have been mentioned in the areas of: "work practices", "environment", "fair operating practices" as well as "social involvement and local community development".
- ☒ Mostostal Warszawa has published the CSR Report for the first time. The report has been prepared in accordance with the international standard for non-financial data reporting - Global Reporting Initiative, CORE application level, GRI Standards.
- ☒ Mostostal Warszawa built the Water Park in Tychy. It is another strategic project implemented for the City by Mostostal Warszawa. Thanks to two cogeneration systems fed with biogas from the Tychy wastewater treatment plant, the facility is practically self-sufficient in energy terms.

#### MAY

- ☒ On 14-20 May, the Safety Week was held – the largest initiative to improve health and safety at Polish construction sites. The title of the edition was: "Safety pays off. To All".
- ☒ There was the first cut of the spade for the construction of Strzyżów bypass. It will be the largest financial project implemented under the Regional Operational Program of Podkarpackie Province in the years 2014-2020. The construction of the bypass will cost PLN 106 million, of which PLN 90 million will be the EU funds. The contractor of the bypass is the consortium composed of Mostostal Warszawa and Mostostal Kielce.
- ☒ During the Night of Museums near the Grand Theatre, the history of construction of unique lighting masts was presented. In 1964, Warsaw Enterprise of Steel Structures and Industrial Equipment "MOSTOSTAL", under the supervision of the assembly manager Stanisław Piotrowski, erected 20-meter tall lighting masts, each bearing 10-arm reflectors.
- ☒ Mostostal Warszawa was honoured by the editors of "Polityka" by White Leaf of CSR. The prize is awarded to companies that declare the implementation of all the most important management categories recommended by the ISO 26000 standard and constantly enhance their activities for the effective management of the company's environmental impact.

#### JUNE

- ☒ Mostostal Warszawa, as a member of the Consortium, signed a contract for the construction of a sports and entertainment hall in Puławy. The contract worth nearly PLN 87 million obliges the Contractor to build the facility within 22 months. According to the project schedule, the hall should be completed by the end of April 2020.
- ☒ Mostostal Warszawa was honoured with the Crystal Brussels Sprout Award for the implementation of European research and development projects. Mostostal Warszawa received the Crystal Brussels Sprout Award for the second time. Earlier, in 2013, the Company was awarded for outstanding achievements in the promotion and implementation of the European Union research programs.
- ☒ Two projects implemented by Mostostal Warszawa: Water Park in Tychy and St. Lawrence's Apartments in Kraków were honoured with 1st class prizes in the prestigious "Construction of the Year" Competition.

## JULY

- ☒ A representative of Mostostal Warszawa gave a lecture at the "Young Safe at Work" seminar. The subject of the lecture was "Shaping the attitude of young engineers – Good Practices, Health and Safety Standards". The purpose of the seminar was to exchange good practices and build a platform for cooperation between enterprises in the field of employing young employees just starting their careers.
- ☒ Mostostal Warszawa and AGH University of Science and Technology in Krakow entered into a contract for the construction of a scientific and laboratory facility. The building will house specialist installations for the Faculty of Oil and Gas Drilling Department and the Faculty of Electrical Engineering, Automatics, Computer Science and Biomedical Engineering. The net value of the Contract exceeds PLN 22.5 million.
- ☒ Mostostal Warszawa and the General Directorate for National Roads and Motorways as well as other members of the Consortium entered into the contract for design and construction of a 23 km section of the S61 Road – Ełk Południe-Wysokie. The gross contract value exceeds PLN 685 million.
- ☒ Mostostal Warszawa and the General Directorate for National Roads and Motorways as well as members of the Consortium entered into the contract for design and construction of the first stage of the bypass road for Morawica and Wola Morawicka along the National Road No. 73. The gross contract value exceeds PLN 78 million.

## AUGUST

- ☒ Mostostal Warszawa and the Independent Public Complex of Health Care Facilities in Gryfice entered into the Contract for the hospital building development. The gross contract value exceeds PLN 30 million.
- ☒ Mostostal Warszawa will expand Autoliv Poland's plant responsible for design and manufacture of airbag modules. The expanded plant is located in Jelcz-Laskowice. The gross contract value is over PLN 53 million.
- ☒ Mostostal Warszawa entered into the contract for the construction of a standby heat source for Elektrociepłownia Stalowa Wola SA's CHP Plant. The gross value of the contract is PLN 55 million.

## SEPTEMBER

- ☒ Mostostal Warszawa and Tauron Wytwarzanie entered into the contract for construction of the Power Block 10 at Łagisza Power Plant in Będzin as well as the adaptation of the heat output system. The facility will allow the use of steam from the turbine flow system of the power plant for production of heat. The gross contract value exceeds PLN 66 million.
- ☒ Mostostal Warszawa began the extension of Autoliv's production plant in Jelcz-Laskowice. On 12 September, the foundation stone laying ceremony was held.
- ☒ Mostostal Warszawa and Ordonia 1 Sp. z o.o. signed the contract for construction of a complex of three multi-family residential buildings in the Borough of Wola, Warsaw. The gross value of the contract is PLN 73.39 million.
- ☒ Mostostal Warszawa, as the consortium leader, entered into the contract with the Municipal Water and Wastewater Company in Zduńska Wola for construction of the recreation and sports centre RELAKS in Zduńska Wola. The gross contract value exceeds PLN 39 million.
- ☒ Warsaw University of Technology held a meeting regarding the establishment of the Polish branch of buildingSMART. Mostostal Warszawa is one of the entities that initiated creation of the branch that will officially launch its operations at the beginning of 2019.

## OCTOBER

- ☒ A representative of Mostostal Warszawa appeared during the Second Conference "How to effectively create research and development strategies in Polish industry". During the conference, experts and practitioners presented the stories of projects successfully implemented under the EU Framework Programs.
- ☒ A ceremonial inauguration of the expansion of the hospital in Gryfice was held. Those present at the ceremony put a time capsule into the building's wall containing, among others, the foundation deed.
- ☒ The foundation deed was officially signed and the time capsule was buried, thus marking the launch of the construction of RELAX Recreation and Sports Center in Zduńska Wola. The ceremony was accompanied by a conference dedicated to long planned ceremony.

## NOVEMBER

- ☒ Mostostal Warszawa and Borough of Wilanów of the Capital City of Warsaw signed a contract for construction of a primary school. The gross contract value is over PLN 59 million.
- ☒ The consortium of Mostostal Warszawa and ACCIONA Construcción and the General Directorate for National Roads and Motorways entered into the contract for the design and construction of 11.5 km of the S19 expressway from the "Nisko Południe" junction to "Podgórze" junction. The gross contract value exceeds PLN 272 million.
- ☒ Mostostal Warszawa and Acciona Nieruchomości Wilanów signed a contract for the construction of a five-storey multi-family residential building and the accompanying infrastructure. The gross contract value exceeds PLN 51.5 million.
- ☒ Mostostal Warszawa, as a socially responsible company, supports safety on Polish roads. The company initiated #Po\_Drodze campaign. The company supplied the cars used by the OHS department with complete equipment used to provide first aid to the injured in accidents.
- ☒ Another award for a project implemented by Mostostal Warszawa. The Water Park in Tychy was awarded the Silesian Great Construction Award 2018.

#### **DECEMBER**

- ☒ In the Main Hall of the Grand Theatre, an exhibition entitled "History of lighting masts from the Theatre Square" was held, presenting the constructions made in 1964 by Mostostal Warszawa.

## 3. ABOUT MOSTOSTAL WARSZAWA S.A.

### 3.1. CORE AREAS OF OPERATIONS

GRI 102-1 | GRI 102-2 | GRI 102-3 | GRI 102-4 | GRI 102-5 | GRI 102-6

Mostostal Warszawa deals with general contracting in key segments of the construction market. It is one of the oldest construction companies in Poland, while its experience allows the implementation of projects in the field of road, ecological, energy, infrastructure, general and industrial construction. The trademark of the Company is the combination of innovative technologies with the tradition of Polish engineering thought.

The main shareholder of the company listed on the Stock Exchange is Acciona Construcción SA - a Spanish company operating in over 65 countries and implementing projects in the fields of infrastructure, renewable energy, clean technologies and water management sectors.

The basis for the operation of Mostostal Warszawa SA are the provisions of the applicable law, in particular the Code of Commercial Companies, and its own articles of association.

GRI 102-45

Mostostal Warszawa is the chief shareholder of several companies which constitute the Mostostal Warszawa Capital Group. These entities are not covered by the individual report.

name	share in voting rights
Mostostal Kielce S.A.	100.00%
Mostostal Power Development Sp. z o.o.	100.00%
Mieleckie Przedsiębiorstwo Budowlane S.A.	97.14%
AMK Kraków S.A.	60.00%
Mostostal Płock S.A.	52.78%

The Company operates in the Polish market mostly as a general contractor or EPC contractor for projects. The turn-key projects are implemented in the following sectors:

- general construction (apartments, office buildings, public building, commercial and service buildings and centres)
- industrial construction (industrial shops, warehousing and logistic centres)
- power sector construction (building of turnkey power facilities based on fossil fuels, design services, renovations and modernisations, installation of power boilers, installation of turbine sets, construction projects for new generated power)
- infrastructural and road construction (bridges, viaducts, flyovers, multi-level road junctions, underground structures, special-purpose facilities, national, regional and district roads, components of urban transportation infrastructure, railway line facilities)
- ecological construction (water and sewage networks, waste-water treatment plants, waste treatment plants, waste incinerating plants)

The aim of the Company is to maintain a strong position among the largest domestic contractors, by running a resilient and modern business, active in all the profitable segments of the construction market.

The headquarters of Mostostal Warszawa are located in Warsaw (02-673) at ul. Konstruktorska 12A. In 2018, the company also operated a network of branches:

- Central Branch, ul. Konstruktorska 12A, 02-673 Warszawa
- Northern Branch, ul. Rzemieślnicza 17/19, 81-855 Sopot
- Southern Branch, ul. Kocmyrzowska 13A, 31-750 Kraków
- West Branch, ul. Baraniaka 88, 61-131 Poznań

## 3.2. MISSION, VISION AND STRATEGY

GRI 102-16

### VISION

Lead in the sustainable construction area in Poland, combining long-established Polish engineering solutions and state-of-the-art technologies.

### MISSION

With our employee's passion and commitment, we build the highest quality and care for the environment for future generations.

We want to belong to the best and largest construction companies in Poland, aware of our environmental impact.

### MAJOR GOAL

Meet the client's needs regarding high quality products and services in the construction and industrial projects, in compliance with our strategy and tactic, in a safe and environmentally responsible manner.

### CHIEF VALUES

- ☑ **Quality** - high work standards and implementation of state-of-the-art technologies to ensure the quality our clients expect.
- ☑ **Environmental protection** - building ecological awareness, taking responsibility for the environment where we live and work, minimising negative impact on the environment.
- ☑ **Industrial safety** - application of the highest health and safety standards is a pillar of the strategy the Company does not compromise as regards the protection of human health and life.
- ☑ **People** - respect for diversity, teams built based on different generations, different experience, different nationalities and genders; "by complementing each other, we form a perfect whole".
- ☑ **Long-term perspective** - in all its operations, Mostostal Warszawa is guided by forward thinking: "we are here and now, but we can and want to work to build a good quality of life for future generations".
- ☑ **Honesty** - the Company finds economic values and ethics, law, respect for employees, investors, subcontractors, the society and environment to be equally important.
- ☑ **Innovation** - constant pursuit of new solutions, use of state-of-the-art technologies, improvement of processes in daily work and within the Research and Development Department.

### STRATEGY AND TACTIC

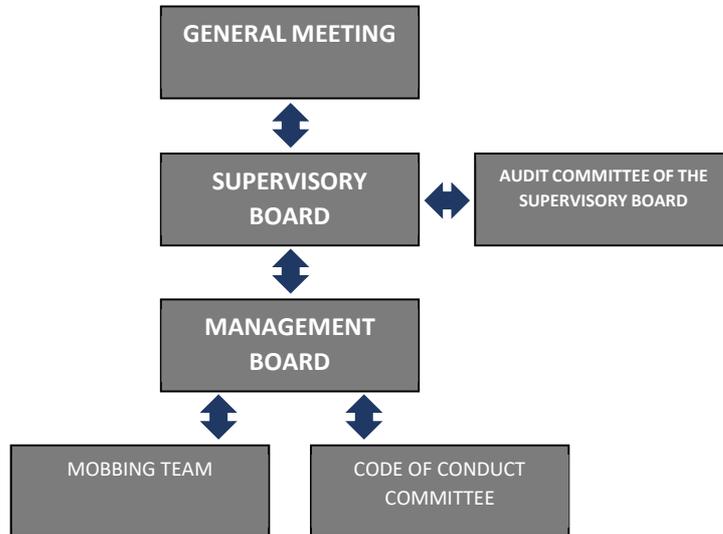
- ☑ leading the Group with a focus on development of the network of representative branches throughout the country,
- ☑ development of activities in the field of sustainable construction to increase profitability and create added value for shareholders,
- ☑ effective management of construction risks,
- ☑ development of partnership relations with contractors,
- ☑ expansion on the market of general, industrial, energy, infrastructural and environmental construction,
- ☑ maintaining accident rate at zero.

Planning its strategy, Mostostal Warszawa continuously analyses the impact of external factors (legal regulations, market tendencies, clients' requirements, the environment, competition, business partners and technology) and internal factors (shareholders' expectations, employees' safety and development, quality of our products, energy efficiency, reasonable waste management, sustainable development) so that the strategy would be a harmonious match for the reality. With its experience, the Company can run effective operations under variable factors and adapt smoothly to the circumstances. Mostostal Warszawa also monitors the impact of external and internal factors on the achievement of results as intended.

### 3.3. ORGANISATIONAL STRUCTURE

GRI 102-18 | GRI 102-45

#### ORGANISATIONAL STRUCTURE:



#### COMPOSITION OF THE SUPERVISORY BOARD:

- ☒ Francisco Adalberto Claudio Vazquez, Chair
- ☒ Jose Manuel Terceiro Mateos, Vice-Chair
- ☒ Javier Lapastora Turpín
- ☒ Ernest Podgórski
- ☒ Neil R. Balfour
- ☒ Javier Serrada Quiza (since 24 April 2018)

#### COMPOSITION OF THE AUDIT COMMITTEE (within the Supervisory Board):

- ☒ Javier Lapastora Turpín, Chair
- ☒ Jose Manuel Terceiro Mateos
- ☒ Ernest Podgórski

#### COMPOSITION OF THE MANAGEMENT BOARD

- ☒ Miguel Angel Heras Llorente, President of the Management Board (since 09 May 2018)
- ☒ Jorge Calabuig Ferre, Vice-President of the Management Board (Member of the Management Board since 09 May 2018)
- ☒ Jacek Szymanek, Member of the Management Board,
- ☒ Alvaro Javier De Rojas Rodríguez, Member of the Management Board,
- ☒ Radosław Gronet, Member of the Management Board (since 21 March 2018)
- ☒ *Andrzej Goławski, President of the Management Board (until 19 April 2018)*

#### ROLE OF THE SUPERVISORY AND MANAGEMENT BOARDS

**The Supervisory Board** supervises the Company's operations on a permanent basis. The responsibilities of the Supervisory Board include:

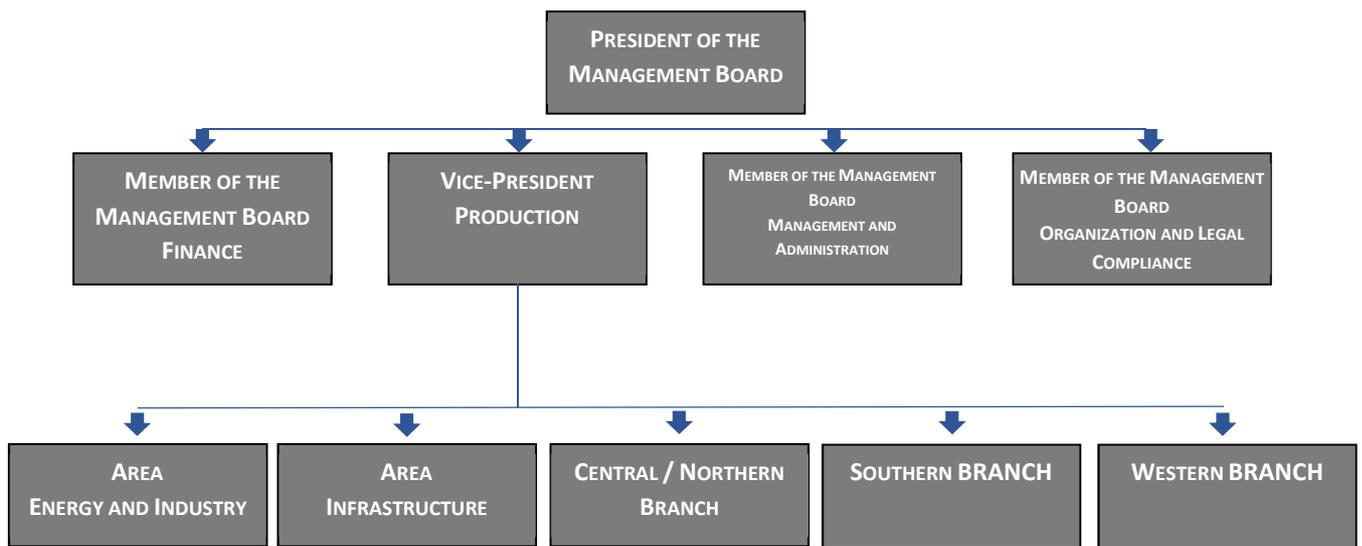
- ☒ appointing and dismissing members of the Management Board, including setting the terms and conditions of contracts of Management Board members with the company, determining the amount and manner of bonus payments to the members of the Management Board,
- ☒ assessment of the Management Board's reports on the Company's operations and assessment of the Company's financial statements,

- ☑ evaluation of the Management Board’s proposals regarding the distribution of profit or covering of loss,
- ☑ choice of an auditor for the Company at the motion of the Company's Management Board,
- ☑ approval of the purchase, transfer or encumbrance of the Company's real estate or interest in real estate,
- ☑ consideration of motions and approval of establishing of commercial companies,
- ☑ granting consents to members of the Management Board to become involved in competitive activities.

The **Management Board** manages the Company's assets and affairs. Its responsibilities include:

- ☑ management of all the Company's affairs not otherwise reserved by laws of the statute for the General Meeting or Supervisory Board
- ☑ definition of the Company's strategy and goals, their implementation and execution
- ☑ decisions within reasonable economic risk; i.e. having considered all information, analyses and opinions
- ☑ when determining the Company's interest, it takes into account the interests of its shareholders, creditors, employees, contractors as well as local communities as justified in the long run
- ☑ the Management Board represents the Company in judicial and extrajudicial legal activities of the Company
- ☑ The Management Board grants and revokes proxies and other powers of attorney
- ☑ The Management Board files motions to the Supervisory Board and to the General Meeting, including requests regarding the distribution of profit or absorption of losses of the Company
- ☑ The Management Board defines and implements policies and principles of cooperation with other market participants

**THE ORGANISATIONAL STRUCTURE OF MOSTOSTAL WARSZAWA:**



**GRI 102-10**

There were some significant changes to the Company’s structure in the reporting period. In May, the structure of the Company was changed and simplified as follows:

- ☑ Direct supervision over the areas and branches of the Company was included in the competences of the Vice-President of the Management Board responsible for Production (previously the supervision was carried out by the President of the Management Board).
- ☑ The General Building Area was liquidated and the branches went directly under the supervision of the Vice-President of the Management Board responsible for Production. At the same time, the Central and Northern Branches were merged into one Branch.
- ☑ The Energy and Industry Area as well as the Infrastructure Area were reorganized by liquidating subordinate Branches.

- ☑ Along with the appointment of a Management Board Member responsible for Organizational and Legal activities, the Organizational and Legal Area as well as the Management Board Office were liquidated.

In the reporting period no material changes regarding the size, ownership form or supply chain were recorded.

**STAFF CATEGORISED PER GENDER, AGE AND OTHER DIVERSITY INDICATORS.**

**GRI 405-1 GRI 102-8**

Employment per age categories:

Number of employees	530 (as at 31/12/2017)				591 (as at 31/12/2018)	
	women		men			
year	2017	2018	2017		2018	
Number of employees	201	231	329		360	
	Administrative staff					
Age	below 30 years old		30-50 years old		above 50 years old	
year	2017	2018	2017	2018	2017	2018
Top management staff	0	0	5	3	1	5
Middle management staff	0	0	25	32	3	3
Specialists	27	33	106	106	22	25
	Engineering and technical staff					
Top management staff	0	0	18	43	7	6
Middle management staff	21	35	121	110	16	9
Other employees	87	102	52	65	19	14

In the period discussed, due to the company's needs, including due to a larger number of contracts, an increase in the number of employees was recorded.

**DIVERSITY POLICY**

Mostostal Warszawa promotes gender diversity as well as professional and personal development of all employees to ensuring equal opportunities through its operating strategy.

- ☑ We accept no discrimination in the professional field on the grounds of age, race, sex, religion, political views, nationality, sexual orientation, social origin or disability.
- ☑ We ensure compliance with the regulations of the International Labour Organization, in particular with regard to minors and do not allow child labour in any form.
- ☑ We support and act for the implementation of policies aimed at promoting equal opportunities in the workplace.
- ☑ Recruitment and promotion of employees is based on their skills and performance as well as on the substantive criteria set out in the job description, in accordance with the principle of diversity.
- ☑ We promote career development and internal mobility as a way to keep talents within the organization, while striving to provide its employees with stable jobs, development opportunities and motivation.
- ☑ All employees may take an active part in trainings offered by the Company for professional development.
- ☑ Managers support the professional development of their employees.

Mostostal Warszawa ensures such work conditions which prevent sexual harassment or discrimination on the grounds of gender, promotes respect for equal opportunities for women and men and also prevents any signs of direct or indirect discriminations.

**WHO MANAGES SUSTAINABLE DEVELOPMENT AND CSR (CORPORATE SUSTAINABILITY AND RESPONSIBILITY) ISSUES?**

The issues of sustainable development and CSR belong to the responsibilities of the Management Board of the Company, which already at the stage of formulating the development strategy follows for investment in employees, environmental protection and relations with stakeholders. The Management Board is aware of the crucial impact of those resources on the effectiveness of the Company's business operations and on its innovativeness. Relevant expenditure is considered long-term investment and invaluable source of innovation.

### 3.4. OVER 70 YEARS OF HISTORY OF MOSTOSTAL WARSZAWA

Mostostal Warszawa was founded in the spring of 1945. The core of the company's organization were engineers and employees of the Society of Metal Industry 'Konstanty Rudzki and Co.', which in the years 1880-1939 built several hundred bridge structures in Poland and Russia, including several dozen crossings by the largest rivers of Asia on the main railways crossing the Asian continent.

The first project of Mostostal Warszawa was the reconstruction of Prince J. Poniatowski Bridge in Warsaw. Over the following years, the company built most road crossings in the capital (except the North Bridge) as well as many railway and road bridges across the country. The largest projects located in Poland include bridges in Dęblin, Modlin, Puławy, Płock and Włocławek.

Mostostal Warszawa participated in the construction of multiple key industrial projects: cement works in southeastern Poland, metallurgical complexes in Nowa Huta, Stalowa Wola and Warsaw, nitrogen plants in Puławy, refinery in Płock, chemical plants in Włocławek and Bydgoszcz.

The company also carried out many construction projects abroad: in Libia, Germany, France, Scandinavian countries and the territory of current-day Russia and Baltic states. Further, Mostostal Warszawa engineered the steel structure of the highest building in Europe at the time – Commerzbank Tower in Frankfurt. The 300-meter tall office building was designed by Sir Norman Foster, an architect of a global renown.

### 3.5. ACCIONA – STRATEGIC INVESTOR

Acciona SA, a major international construction company operating for over 80 years, has been the strategic partner Mostostal Warszawa since 1999. Acciona Construcción SA, a company in the Acciona Group, is the strategic investor of Mostostal Warszawa.

Acciona is a Spanish concern with an international range of operations, listed on the Madrid stock exchange:

- ☒ over 37,000 employees
- ☒ operations in over 65 countries on 5 continents: Europe, the two Americas, Asia, Africa and Australia
- ☒ revenue exceeding EUR 7 billion
- ☒ several hundred million euro investments in innovation

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*Acciona belongs to the top global leaders promoting and implementing the policy of harmonious and sustainable development, a philosophy whose prime principles include the focus on future generations and care for the environment. The Company is involved in multiple projects related to clean energy as well as procurement and use of renewable-source energy; it also undertakes activities to prevent the degradation of the environment on a continuous basis.*

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Acciona's flagship projects are as follows:

- ☒ "NEVADA SOLAR ONE" SOLAR THERMAL/CSP PLANT (76 km solar collector systems in Nevada, USA)
- ☒ TATANKA Wind Farm (produces 180 MW of clean energy, avoiding emissions of 550,000 tons of CO<sub>2</sub> a year)
- ☒ SISHEN PHOTOVOLTAIC PLANT (photovoltaic plant in South Africa, avoiding emissions of 208,000 tons of CO<sub>2</sub> a year)

### 3.6. OUR CSR-RELATED CHALLENGES

#### **WE WORK TO IMPROVE THE QUALITY OF LIFE, IN PARTICULAR AS RELATED TO OUR IMMEDIATE SURROUNDINGS**

Mostostal Warszawa forms partnerships with entities and instrumentalities. Their goal is to improve the social and economic system in which the company operates. The Company has competence and experience which could help implement the sustainability UN Sustainable Development Goals, especially as regards the building of stable infrastructure, promotion of sustainable industrialisation and support of innovation.

- ☒ Work on each project starts with taking into account the concept of sustainable construction in the analysis.

- ☒ Designing an object or carrying out R&D project, we always strive to achieve the highest material efficiency possible
- ☒ We are willing to share the results of our research on energy efficiency as well as advanced, cleaner bio-fuel technologies developed as a result of our R&D project
- ☒ We develop our R&D operations on a regular basis

#### **WE FIND CORPORATE GOVERNANCE TO BE CRUCIAL FOR THE FURTHER GROWTH OF OUR BUSINESS**

The executives of Mostostal Warszawa form a group of people experienced in risk management with regard to sustainable development, ethics, human rights and impact on the climate change.

- ☒ We follow honest practices
- ☒ We prevent corruption and bribery
- ☒ We have implemented the Code of Conduct, including but not limited to: Anti-Corruption Policy, Employee Policies, Social Policies, Environmental Policies, Human Rights Policy and Diversity Policy
- ☒ Our risk management processes also cover non-financial risks such as: human rights, climate change, corruption prevention or environmental aspects

#### **RESPONSIBLE DESIGN AND CONSTRUCTION RUN IN THE DNA OF OUR COMPANY**

Mostostal Warszawa uses its best potential in designing new solutions. They start to inspire others and set a good example, providing other entities with the opportunity to run sustainable business.

- ☒ Mostostal Warszawa provides their customers with full documentation of each object constructed, thus enabling them to recover as much material as possible once their use has terminated.
- ☒ Mostostal Warszawa propagates energy-efficient solutions among its clients, to reduce energy consumption for commercial or residential purposes.

#### **PEOPLE ARE OUR GREATEST CAPITAL**

Mostostal Warszawa creates a safe workplace. All employees are given opportunities for professional development and effective management of their careers; diversity at work is also supported.

- ☒ Our prime values include the health and safety of our employees; hence, we undertake a number of activities related to medical prevention and safety at work and elsewhere
- ☒ Mostostal Warszawa is a multigenerational company. More experienced employees provide support for the younger ones, while young employees share their fresh look with the more experienced specialist staff
- ☒ Recruitment to executive positions is based on internal promotions
- ☒ Following our diversity policy, we entrust women with many crucial jobs
- ☒ Mostostal Warszawa counters violence and harassment at work

#### **SUSTAINABLE DEVELOPMENT STRATEGY OF MOSTOSTAL WARSZAWA**

The Strategy refers to the UN Sustainable Development Goals<sup>1</sup>, specifically to:

- ☒ Goal 8: Promote stable, sustainable and inclusive economic growth, aimed at full and productive employment and decent work for all
- ☒ Goal 9: Build resilient infrastructure, promote sustainable industrialisation and foster innovation
- ☒ Goal 12: Ensure sustainable consumption and production patterns
- ☒ Goal 16: Promote peaceful and inclusive societies, provide access to justice for all and build effective, accountable institutions at all levels

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<sup>1</sup> The Sustainable Development Goals are an effect of a three-year transparent development process, involving all the interested parties and allowing for the voice of the grassroots. They arose from an unprecedented agreement of 193 UN member states concerning sustainable development priorities. The Goals are backed by the civil society, business, MP's and other parties all over the world. The UN member states decided to commence the development process for the Sustainable Development Goals at the United Nations Conference on Sustainable Development (Rio+20) held in Rio de Janeiro, in June 2012 (<http://www.unic.un.org.pl/strony-2011-2015/zrownowazony-rozwoj-i-cele-zrownowazonego-rozwoju/2860>)

## INNOVATION

Innovation is one of the key values of Mostostal Warszawa. The Company was the first enterprise in the entire construction industry in Poland, which over ten years ago established its own Research and Development Department with a vision to develop its innovative technologies to strengthen its competitive advantage. The main areas of the Company's focus are: use of new construction materials, energy efficiency and sustainable construction as well as information and communication technologies to support production processes. Further, Mostostal Warszawa fosters scientific research and enhances the technological level of the industrial sector in construction companies (Mostostal Warszawa is a founder of the building SMART Poland foundation, whose aim is to lay the groundwork for an organisation gathering construction market entities and integrating BIM <sup>2</sup> technology activities on the domestic and international level), which for instance brings about a substantial increase in the R&D sector employees and thus fulfils the tasks set by the UN by 2030.

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<sup>2</sup> en. Building Information Modeling – stands for a construction project that can be created in a virtual world, starting with the concept up to commissioning.

## 4. WE ENSURE HIGH QUALITY PERFORMANCE

### 4.1. BUSINESS MODEL

Mostostal Warszawa acts as a general contractor at the commission of an investor. The business activities include the comprehensive performance of projects for construction and installation works.

The Company carries out orders in the general, industrial, energy, infrastructural and environmental construction sectors.

Mostostal Warszawa has public and private clients. In 2018, Mostostal Warszawa carried out 53 contracts, including 28 public procurement contracts and 25 private contracts.

Mostostal Warszawa is managed in an organised manner, allowing for the requirements of the certified Quality Management System in place, consistent with PN-EN 9001 and NATO standards, specified in AQAP 2110.

The Company has an extensive supply chain. For a majority of projects, we cooperate with dozens of suppliers. They also use the services of subsequent subcontractors or suppliers.

When planning and analysing its strategy and during its operations, Mostostal Warszawa takes into account the variation of the external surroundings. It is a resultant of the current political and economic situation of the country, changes in legal requirements and in demand for services, changing technology, financing methods of specific projects, impact of the competition and subcontractors, changing standards and cultural, social and ethical expectations as well as local conditions. We also make allowance for the changing internal environment of the Company, which results from the potential and capacity, own resources and their management through the corporate governance adopted and policies, procedures and other requirements implemented within the Mostostal Warszawa Group.

We create value by combining 6 capitals [diagram on the left].

The methods of using and transforming these capitals translate into our business results and risks.

#### FINANCIAL CAPITAL

Financial means from internal or external sources and owned by Mostostal Warszawa, multiplied share capital of the Company (as at 31/12/2018).	
Sum of assets [thousands of PLN]	882,184
Equity [thousands of PLN]	56,349
Long-term liabilities [thousands of PLN]	285,375
Short-term liabilities [thousands of PLN]	540,460
Sales revenue [thousands of PLN]	790,326
Net profit or loss [thousands of PLN]	-38,200

#### HUMAN CAPITAL

Committed and diversified technical, specialist and managerial staff deploying the strategy of Mostostal Warszawa, who work in safe conditions and have possibilities to develop on a continuous basis (as at 31/12/2018).	
Employees of Mostostal Warszawa	591
Training and development schemes for employees [thousands of PLN]	271
Costs of other employee benefits [thousands of PLN]	3,019

## SOCIAL CAPITAL

Building mutual social relations and trust with the social environment: subcontractors, suppliers, local communities and other companies (as at 31/12/2018).	
Supported social, cultural and sporting events	8
Effective cooperation under the "Agreement for Safety in Construction Industry"	
Employee Volunteering for the Foundation 'Community Houses – Bread of Life'	
Employee volunteering for the Children's Health Center	

## NATURAL CAPITAL

Commitment to the environmental protection, conservation of natural resources, minimisation of the negative impact on the environment.	
Optimisation of the impact on the natural environment and of the consumption of energy and raw materials	
No environmental emergencies	
Ecological workshops for children as part of the "Volunteering Day"	

## ORGANISATIONAL CAPITAL

Effective organisational structure, strategies, processes and internal procedures to ensure the high quality and timeliness of project implementation (as at 31/12/2018)	
Property, plant and equipment [thousands of PLN]	8,288
Capital expenditure [thousands of PLN]	1,765
Effective business model with a chain of business partners	

## INTELLECTUAL CAPITAL

Intangible assets, systems and tools to accelerate the knowledge flow within the organisation and outside - to the business environment; results of research, development and laboratory work (as at 31/12/2018).	
Intangible assets [thousands of PLN]	1,844
Own Research and Development Department	
Own certified Laboratory	

To ensure high quality services, we employ the Sustainable Development Strategy of Mostostal Warszawa, developed in 2017 on the basis of the Acciona's Group strategy, the Code of Conduct of Mostostal Warszawa and the Policy of Mostostal Warszawa.

## 4.2. HIGH MANAGEMENT AND HS STANDARDS

### THE CODE OF CONDUCT OF MOSTOSTAL WARSZAWA

GRI 102-16 | GRI 102-12

The Code of Conduct applies to the entire operations of Mostostal Warszawa, which are based on the observance of values such as honesty, integrity, reliability, transparency and safety. It is the starting point for any and all regulations in the Company and the Capital Group.

The objective of Mostostal Warszawa is that all the people and entities the Code applies to should observe the following rules of conduct in all their relations:

- ☑ make an active contribution to the ecological balance and propagate low-carbon economy

- ☒ contribute to social and economic development through innovation, technology development as well as effective use of resources, while maintaining responsibility and integrity
- ☒ ensure good working conditions and observance of employee rights
- ☒ observe applicable laws
- ☒ respect human rights and civil liberties as guaranteed in the Universal Declaration of Human Rights adopted by the United Nations
- ☒ involve in the environmental protection and cooperation for growth and prosperity of community
- ☒ promote integrity, reliability, truthfulness in internal relations and towards external partner, meet obligations of fair competition and transparency
- ☒ innovations which help develop new technologies to improve social and environmental conditions
- ☒ report cases of breaches of applicable laws or ethics

Every employee of Mostostal Warszawa is responsible for following the rules of the Code. Superiors are responsible for communicating rules of conduct to their subordinates, providing them with support for the implementation of the Code, setting a good example and supervising the compliance with the rules of conduct. The HR Department provides employees with support in the implementation of the provisions of the Code. The Code of Conduct Committee is appointed and entitled to carry out independent reviews of how the Code is implemented and followed.

Mostostal Warszawa invites all its suppliers, clients and the companies and entities it cooperates with to adopt practices matching those included in its Code of Conduct.

#### **INTEGRATED POLICY OF MOSTOSTAL WARSZAWA SA**

The Company is committed to enhance continuously its production and services processes in the construction and industrial project areas, with a view to meeting its client's needs as best as possible, while bearing in mind the need to mitigate environmental threats and preventing accidents at work.

Our operations focus on:

- ☒ monitoring and observing laws and other regulations concerning the organisation's operations as well as the client's requirements and internal arrangements
- ☒ enhancing the Company's organisational structure, to enable the Company to enter new, strategic market segments
- ☒ evaluating the project risk, identifying possible emergencies, evaluating the occupational risk related to a job and taking necessary preventive measures
- ☒ cooperating with clients and all the parties involved and performing the task in the best possible manner, while caring for the environment and employees' safety
- ☒ identifying threats arising from the impact of production and service processes on the product quality, natural environment and work environment

#### **RISKS OF OPERATIONS**

##### **GRI 102-15**

The Company's major risks and threats include:

- ☒ in the financial aspect: price risk, foreign currency risk, credit risk and loss of liquidity risk
- ☒ in the employee aspect: risk of higher employment costs, risks of accidents at work
- ☒ in the organisation aspect: risk of late completion of subcontractors, risk of low quality of subcontractors' work, equipment/machinery failure risks
- ☒ in the intellectual aspect: risks of changes required to the scope of work and/or technology in contracts
- ☒ in the social aspect: the risk of failure to obtain or delays in obtaining administrative approvals/decisions, the risk of long-term procedures for resolving public tenders, the risk of choosing an unreliable social or business partner, financial and tax risk
- ☒ in the environmental aspect: the risk of adverse environmental, weather, ground conditions, natural disasters, occurrence of environmental failure, prolongation of investment processes, non-compliance with the law and imposition of penalties, dissatisfaction of the local community due to nuisance of the operations conducted

Mostostal Warszawa manages risks in a systemic manner for every project. At the bid preparation stage, a risk report is drawn, covering issues related to the fulfilment of legal requirements, financing and technical performance of the undertaking, including environmental risks. Further, the risks are monitored at each undertaking stage and should the risk level change, actions are taken to mitigate the risk to an acceptable level. Once a project has been completed, a summary assessment is carried out to see if the risk management was effective or additional activities need to be implemented during another project. The Company treats lessons learned from experience as foundations for further improvement.

#### **INTEGRATED EH&S MANAGEMENT SYSTEM (EH&S MANUAL)**

The Company has established and maintains a documented integrated EH&S Management System consistent with the requirements of PN-EN ISO 14001, PN-N- 18001: 2004 and OHSAS 18001:2007; the System is part of the Quality Management System. The System is in place in Mostostal Warszawa SA and in subsidiaries. The scope of the System covers the design, general contractorship and general construction of structures,

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*Mostostal Warszawa has always conducted its operations bearing in mind its impact on the environment. The approach is confirmed with the accredited certificate according to ISO 14001:1998. We keep up our good practices in environmental management, as proven by the ISO 14001:2015 certificate valid until 2021.*

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including civil engineering/specialised works, construction, installation and servicing of metalwork, equipment and transport services and object management.

The System is improved on a continuous basis to ensure its effectiveness, to protect people and the natural environment and to create an HS culture between the employer and employees and environmentally conscious approach in everyday work.

The EH&S Management emphasises an active involvement of all employees in actions contributing to industrial health and safety as well as environmental protection; it also emphasises visible leadership by executive. It is due to the fact that proper management is the most effective method to ensure an adequate level of health, safety and environmental protection, which is essential as regards legal requirements, social expectations and the possibility for our Company to obtain positive economic results.

The Management Board allocates necessary human and financial resources for the purposes of the Policy, goals and tasks. It is committed to enhance continuously the Company's production and services processes in the construction and industrial project areas, with a view to meeting our client's needs as best as possible, while bearing in mind the need to mitigate environmental threats and preventing accidents at work.

#### **UoR ANTI-CORRUPTION POLICY**

GRI 103-1 | GRI 103-2 | GRI 103-3

Mostostal Warszawa is opposed to influencing the will of people outside of Mostostal Warszawa in order to get any gains through unethical behaviour.

We do not accept any other people or entities conducting such practices towards our employees.

Employees of Mostostal Warszawa have to act in compliance with the applicable law and may not accept or tolerate financial benefits whatsoever for Mostostal Warszawa or for its employees from third parties or vice versa.

Employees of the Mostostal Warszawa Capital Group cannot accept, offer or make, directly or indirectly, any payments in cash, payments in kind or any other benefits to people who work for any public or private entity, political party or candidate for a state office, with the intent to get or keep illegal benefits.

Gifts, invitations and other courtesies for public officials may only be given in compliance with generally applicable laws.

The following communications channels are used to report any breaches:

☒ contact by phone

- ☒ contact by email
- ☒ contact to a correspondence address

If an employee thinks that any policy principle has been infringed upon, they are obliged to notify the Organization and Investor Relations Department, unless they have already done it via the Ethics Channel or their superior. No breaches were recorded in 2018.

The Company identified a potential risk of corruption. In Mostostal Warszawa, the risk is managed by implementing the rules of conduct set out in the Code and supervisors' oversight of the employees' actions. There are procedures in place guaranteeing a transparent process for selecting new suppliers of goods and services.

#### **COMMUNICATION AND TRAINING DEVOTED TO THE ANTI-CORRUPTION POLICIES AND PROCEDURES**

GRI 205-2

The anti-corruption policy and procedure in place have been communicated to all the members of management bodies employees of Mostostal Warszawa. They are obliged to comply strictly with the above and report any irregularities immediately.

#### **UOR POLICY EMPLOYED BY MOSTOSTAL WARSZAWA SA WITH REGARDS TO THE RESPECT FOR HUMAN RIGHTS:**

Assuming that ethics and business operations are closely related to each other, Mostostal Warszawa is committed to running its business and professional operations in line with applicable laws and observance of high ethical standards e.g. pursuant to: the Universal Declaration of Human Rights, the International Labour Organisation Tripartite Declaration and the United Nations Global Compact initiative

The Policies which govern human rights issues are as follows:

- ☒ Code of Conduct
- ☒ Diversity Policy
- ☒ Anti-Mobbing Policy
- ☒ Internal procedures
- ☒ Corporate Collective Labour Agreement

Both in the Code of Conduct and Anti-Mobbing Policy, Mostostal Warszawa presents communication channels to report any irregularities. No reports concerning irregularities in the respect for human rights were recorded in 2018.

In pursuing the policy governing respect for human rights, Mostostal Warszawa does not allow any form of forced labour. The company does not use forced labour of prisoners. All forms of discrimination and persecution are forbidden. The principles of the Code of Conduct apply. Employees are trained in this area and know their rights. The Company does not employ children and is not involved in human trafficking. The balance between work and private life is promoted, taking into account employees' needs and life situations, in terms of employment flexibility and working time.

As regards the area of pursuing the policy of respect for human rights, in the reporting period, the following risks were identified which were considered significant:

- ☒ Cooperation with suppliers violating human rights. In order to limit the occurrence of this risk, Mostostal Warszawa disseminates and promotes ethical principles in the supply chain. The Company encourages suppliers to apply the principles set out in the Code of Conduct of Mostostal Warszawa.
- ☒ Non-compliance with the law and applicable social norms. We prevent the risk of non-compliance with applicable laws and social norms both in terms of working time and working conditions. In terms of working time, we manage the risk through training in working time management and regulations in this area, monitoring and accounting for working hours to eliminate the occurrence of overtime. In terms of working conditions, we introduce process improvements, automate work, improve work ergonomics, thus reducing the workload of employees.

## UOR POLICY EMPLOYED BY MOSTOSTAL WARSZAWA SA WITH REGARDS TO SOCIAL ISSUES:

The Policy covers:

- ☑ the Company's social involvement
- ☑ relations with clients
- ☑ relations with suppliers, contractors and partners
- ☑ relations with investors and the stock market

The policy principles are included in the Code of Conduct and internal procedures of Mostostal Warszawa.

The condition for conducting each of Mostostal Warszawa's social activities is to meet the condition of financial and economic stability of the company. The company conducts its activities responsibly and transparently. They are conducted in response to requests of organizations and employees.

Risks in the field of social policy have been identified and the procedures for managing them have been described. Risks that were considered significant in the reporting period:

- ☑ Failure to obtain or delay in obtaining administrative approvals/decisions. To prevent this risk, the Company collects the documentation in advance, identifies legal requirements and supports its activities with qualified specialists.
- ☑ Long-term procedures for resolving public tenders. It is a challenge for the entire industry. The company minimizes this risk by communicating with the bidders regarding the required documents and preparing the documentation in accordance with the guidelines provided.
- ☑ Choosing an unreliable social partner. To prevent this risk, the social partners' credibility is checked by verifying information on websites and checking other available information.
- ☑ Choosing an unreliable business partner. The company verifies the reliability of business partners through databases, history of cooperation, other partners' opinions, use of internal procedures for selecting suppliers, and entering into cooperation contracts.
- ☑ Financial and tax risk. The company identifies legal requirements and exercises due diligence to the tax qualification of social activities implemented.

### 4.3. COOPERATION WITH SUPPLIERS

#### GRI 204-1

##### SUPPLY CHAIN

The operational strategy of Mostostal Warszawa consists in outsourcing construction services from subcontractors and in purchasing equipment or products from external suppliers or manufacturers. The performance of highly technologically complex projects requires a smooth-functioning supply chains, which boils down to the supplier selection, a key issue for the Company. It is based on the purchase procedure, which defines rules for purchasing services or deliveries. We conduct a systemic verification of suppliers. They are checked for the systems in place:

- ☑ quality management
- ☑ environmental management
- ☑ health and safety management

When re-selected, the supplier assessed, besides the price criterion, for:

- ☑ historical cooperation
- ☑ technical capabilities
- ☑ financial and economic standing
- ☑ how EH&S requirements are met

Once the cooperation has been terminated, the supplier is assessed and included in the data base of cooperating companies.

#### GRI 102-9

The vast majority (> 90%) out of 4,126 suppliers of the Company are Polish suppliers.

## **COMMUNICATION WITH SUPPLIERS**

GRI-103-1 | GRI 103-2 | GRI 103-3

Communication with suppliers begins at the quotation preparation stage for a specific project and lasts until the end of the guarantee validity period. The most frequently used communication channels are:

- ☒ direct meetings
- ☒ audits, trade fairs, trade conferences
- ☒ e-survey
- ☒ website, including social media: Instagram, LinkedIn, Youtube
- ☒ contact by email
- ☒ contact by phone or videoconferencing

To ensure an efficient performance of a project, coordination meetings are held once a week and attended by subcontractors. Their objective is to discuss the performance targets from the previous week and plan further stages. Coordination meetings help solve current problems at the site, plan activities and coordinate work in each section of the facility being constructed among the different companies, especially when several companies meet in a single zone.

## **COMMUNICATION WITH BUSINESS PARTNERS**

Business partners such as consortium members, entities which provide their resources for Mostostal Warszawa, designers or technical advisers are contacted via:

- ☒ direct meetings
- ☒ conferences and trade fairs
- ☒ stock exchange and press releases
- ☒ websites and social media: Instagram, LinkedIn, Youtube
- ☒ e-survey
- ☒ trade chambers and associations
- ☒ e-mail contact
- ☒ telephone contact or video conference

## **RULES OF COOPERATION WITH SUPPLIERS**

A crucial stage of cooperation with suppliers and subcontractors consists in their selection and the establishment of cooperation. Mostostal Warszawa signs framework agreements with those suppliers it cooperates with on a permanent basis.

Cooperation with a supplier is established on the basis of the purchase procedure, which includes the following:

- ☒ purchase planning
- ☒ management of requests for quotations, analysis of quotations, negotiations
- ☒ supplier selection
- ☒ formalisation of a purchase contract
- ☒ inspection and reception of the product purchased
- ☒ supplier assessment

The priority in this aspect is to extend the base of tried and tested, reliable suppliers. To that end, upon the order completion, the person responsible for production conducts assessment with the following criteria: quality, environmental protection, health and safety rules, timeliness, finance, contract performance, cooperation in the guarantee period and other individual criteria.

The assessment conducted after the cooperation has ended is recorded so that anybody interested could learn the cooperation history. The selection of a supplier who has been tried and assessed positively reduces the risk of possible disputes and problems during the project implementation or after its completion.

For central purchases, the above-mentioned activities are performed by the Purchase Coordination Department.

Purchases are made in accordance with the procedure, the purpose of which to present how to proceed with the selection of the suppliers and to define the rules for the purchase offering the most favourable conditions, consistent with the needs and interests of the company's organizational units.

The procedure is in force at the company and is used for production purchases worth more than PLN 1,000 and affecting the quality of the product prepared for the customer.

In 2018, an electronic document flow system was implemented as regards the acceptance of decision documents, documents regarding the selection of suppliers and updating of purchase plans.

Potential suppliers have the option to apply for entering into the company's supplier database through the company's website.

Risk factors include:

- an unstable market in terms of procurement of and prices offered by suppliers,
- a changing, volatile market, especially as regards services and materials
- the problem of acquiring a supplier for the entire period of the project and maintaining the price throughout the project duration

In order to limit the risk, Mostostal Warszawa maintains constant contact with current suppliers and continuously searches for new ones.

#### **4.4. RELATIONS WITH CLIENTS**

GRI 103-1 | GRI 103-2 | GRI 103-3

Mostostal Warszawa has public and private clients. In 2018, Mostostal Warszawa carried out 53 contracts, including 28 public procurement contracts and 25 private contracts.

Public contracts can be tendered for by contractors meeting the conditions defined by the contracting authority; the conditions are available to the public. To participate in a private tender you need an invitation from the investor.

##### **CLIENT SATISFACTION**

To ensure the highest satisfaction of clients, the person responsible for the contract performance monitors information about how the Company is perceived by the client during the task completion. The information is provided by clients and documented during coordination meetings, internal site meetings, direct working meetings with the client, commissioning and guarantee inspections by a commission. Upon completion of the contract performance, the client satisfaction survey is conducted. Then, client satisfaction survey are discussed with the participants in the process, to improve the cooperation with the client and avoid possible errors during the performance of future contracts. In addition, the results of the client satisfaction survey are presented to the Company's management to assess how the client's exceptions have been fulfilled. With such an approach, we can take measures to enhance our organisation.

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*Both at the bid preparation stage and the project implementation stage, Mostostal Warszawa offers its support for the development of optimisation and the selection of the best construction solutions (value engineering). Thus we build the client's trust.*

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The primary effect of a professional attitude towards clients is a long-term relationship, which exceeds a single contract. As an example of clients, which have commissioned us to perform a number of serious tasks, we could mention the Ronson Group or Echo Investment, leading real estate developers in Poland and long-standing business partners of the Company.

For the proper performance of contracts, Mostostal Warszawa receives reference letters, which are the best evidence of the client's satisfaction and allow the Company to take part in more tenders.

The Company's risks include the possibility of higher costs or a longer project process for unusual technical solutions proposed by the customers. To prevent this risk, the Company collects the documentation in advance, identifies legal requirements and supports its activities with qualified specialists.

#### **GUARANTEE SERVICE**

Mostostal Warszawa has defined the rules and formulated a binding and applicable procedure for guarantee service. The process is conducted by a team of technical, financial and legal specialists employed in the guarantee service department. Guarantee service consists in an analysis and removal of defects reported by contracting entities. It is mostly done through claiming the guarantee liability of subcontractors and also under our own liability. The objective of the actions taken in the guarantee service area is to ensure the fulfilment of the clients' expectations and the clients' satisfaction.

The priority of guarantee service is to remove defects found in the facilities built by the Company by due dates and in such a manner as not to disturb much the functioning of those facilities.

The company strives to meet the customers' expectations and ensure their satisfaction as well as minimize the costs incurred by the Company during the quality guarantee and warranty period.

The possible risk in the guarantee service area could be the severity and number of defects found in the facility, entailing an increase in their removal costs and danger of exceeding the project deadlines, which in turn may entail contractual penalties. Cooperation with such subcontractors who provide insufficient work quality and those who avoid fulfilling their responsibilities also contributes to and complicates the risk. In order to minimise the risk, we analyse and monitor our guarantee service activities on an ongoing basis. Subcontractors undergo assessments and the unreliable ones are eliminated from the supplier group.

The Company monitors its costs of defect removal based on a ratios of defect removal costs to contract value. With such indicators, the Company establishes a financial reserve for guarantee service.

The overall ratio of costs of removing defects to the value of contracts for all the construction industry segments is 0.47%<sup>3</sup> (compared to the previous year, it has slightly increased by 0.04%), including:

for general construction	0.57%
for power and industrial facilities	0.77%
for infrastructural construction	0.24%

#### **4.5. RESEARCH AND DEVELOPMENT**

The year 2018 brought the symbolic culmination of many years of Mostostal Warszawa's efforts to develop bridge solutions based on FRP composites. The Patent Office of the Republic of Poland, after having considered the application marked with the number P 409 367, decided to grant a patent for the invention "road bridge span". The award of the patent confirmed Mostostal Warszawa's leading position among general contractors in the field of research and development.

The patented technical solution is a composite beam in the form of FRP composite beams (carbon and glass fibres with a synthetic resin) connected to a platform made of lightweight concrete reinforced with FRP rods. Exactly this construction has been used by Mostostal Warszawa to build the first Polish road bridge made of FRP composites, which was completed in 2015 in Błażowa, Podkarpacie Province.

Mostostal Warszawa many times has been distinguished for the construction of an innovative bridge made of FRP composites in Błażowa, for eg. by the main prize in the XIX edition of the competition 'Polish Product of the Future', the main prize in the bridge competition named after Maksymilian Wolff, special prize of the Industrial Development Agency in the Good Design 2016 contest. As part of the Com-bridge project, another composite bridge was also built in Nowa Wieś, which was officially opened in February 2017.

The patent granted confirms the validity of the research and development assumptions made by Mostostal Warszawa for over 10 years.

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<sup>3</sup> Removal costs of defects found to contract value

Our R&D department carried out a number of research and development projects co-financed by the European Commission’s framework programs and structural funds managed by national agencies. Mostostal Warszawa engineers cooperated with many important research units in Poland and abroad. The company's focus is primarily on the use of new building materials, energy efficiency and sustainable construction as well as support for production processes through the use of BIM (Building Information Modeling) technologies.

Mostostal Warszawa was awarded the Crystal Brussels Sprout 2018 for the implementation of European research and development projects.

*Mostostal Warszawa is currently a strong brand on the European arena of research and development projects. On many occasions, we have been a partner responsible for demonstrating the practical application of research results, closing project. We showed that we are able to take prototype solutions outside of laboratories and ensure the implementation of pilot facilities under real conditions. Therefore, we have become a partner willingly invited to consortia. A very important factor was also the attitude of the Company's Management, which consistently pursues the strategy of searching for innovative solutions by constructing demonstration facilities or experimental installations in research and development projects – said Juliusz Żach, Head of Research and Development, explaining Mostostal Warszawa’s success.*

Mostostal Warszawa was one of the initiators the Polish branch buildingSmart. It is an independent international non-profit organization whose aim is to create, improve and promote open standards of information exchange in the construction sector. The Polish branch of BuildingSMART will bring together the participants of the construction market as well as their business partners.

The organization’s most important tasks include coordination of BIM promotion activities, conducting educational activities and raising the quality of education for construction professionals as well as international cooperation in the development of new standards.

Once again, the experience of Mostostal Warszawa was appreciated when its representative was asked to appear at the conference “How to effectively create research and development strategies in Polish industry”. The leitmotif of the event was the use of synergies between European and national funds, aspects of R&D management in enterprises and the latest competitions for enterprises implementing R&D&I as well as legislative solutions related to research and development. Mostostal Warszawa is set as an example for companies that apply for funding under the European Commission's Framework Programs.

KPI:

- ☑ 2 R&D projects were carried out, with which scientific entities could perform practical testing (prototypes, experimental installations etc.)
- ☑ one master thesis was written, based on the issues from R&D projects implemented by Mostostal Warszawa
- ☑ 2 scientific articles were published; they were co-authored by employees of Mostostal Warszawa

**4.6. AWARDS AND DISTINCTIONS**

Name	Organiser	Project/measure awarded
<p><b>The Silesian Great Construction Award 2018</b> It is an annual joint project of economic and professional construction associations operating in the region, which in 2008 created a cooperation platform named ‘Silesian Building Forum’ representing over 300 business organizations and 40,000 engineering and technical staff.</p>	<p>Silesian Chamber of Civil Engineering</p>	<p>Water Park in Tychy</p>

<p><b>Construction of the Year 2017</b> The goal of the competition is to select building facilities for which outstanding performance results have been achieved. The subject of the competition includes the civil engineering facilities or the investment process (including upgrades) of all types of construction.</p>	<p>Polish Association of Civil Engineers and Technicians with the participation of the Ministry of Construction and the Central Office of Building Supervision</p>	<p>Wawrzyńca 19 Apartments in Krakow</p>
<p><b>Construction of the Year 2017</b> The goal of the competition is to select building facilities for which outstanding performance results have been achieved. The subject of the competition includes the civil engineering facilities or the investment process (including upgrades) of all types of construction.</p>	<p>Polish Association of Civil Engineers and Technicians with the participation of the Ministry of Construction and the Central Office of Building Supervision</p>	<p>Water Park in Tychy</p>
<p><b>Crystal Brussels Sprout Award</b> has been awarded since 2001 for success achieved under the EU Research and Innovation Framework Programs, whose aim is to strengthen scientific excellence and increase the economic competitiveness of the European Union. It is a valued distinction awarded to scientists and entrepreneurs for innovation and contribution to the development of Polish science and economy.</p>	<p>National Contact Point for EU Research Programs</p>	<p>For the implementation of European research and development projects</p>
<p><b>White Leaf of CSR from POLITYKA</b> <i>Polityka</i> weekly together with Deloitte and the Responsible Business Forum, for the seventh time, honoured Polish companies for their commitment and special achievements in promoting and implementing the idea of corporate social responsibility.</p>	<p>Polityka, Deloitte, Responsible Business Forum</p>	<p>For commitment and special achievements in promoting and implementing the idea of corporate social responsibility</p>
<p><b>“Award for activities supporting the implementation of the Sustainable Development Goals for 2017”</b> <i>Polityka</i> weekly together with Deloitte and the Responsible Business Forum, for the seventh time, honoured Polish companies for their commitment and special achievements in promoting and implementing the idea of corporate social responsibility.</p>	<p>Polityka, Deloitte, Responsible Business Forum</p>	<p>For a series of innovative research and development projects in cooperation with scientific units and staff as well as implementation of sustainable construction principles in practice</p>
<p><b>Responsible business in Poland report. Good practices</b> The largest review of socially responsible business in Poland; it sums up the commitment of companies to the implementation of socially responsible business principles and also reviews other initiatives in the area</p>	<p>Responsible Business Forum</p>	<p>Six CSR activities of the company included in the report: - the company's research and development activity - Volunteer's Day - “M-Team” Programme - BIM - intelligent project information management process</p>

		<ul style="list-style-type: none"><li>- Agreement for Safety in Construction Industry.</li><li>- "MOST OF ALL Together for Others"</li></ul>
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## 5. WE CARE FOR OUR EMPLOYEES

### UOR POLICIES EMPLOYED BY MOSTOSTAL WARSZAWA SA WITH REGARDS TO EMPLOYEE ISSUES:

- ☑ Code of Conduct
- ☑ Diversity Policy
- ☑ Anti-Mobbing Policy
- ☑ Procedures: training, recruitment
- ☑ Corporate Collective Labour Agreement
- ☑ Work Regulations

The management of the staff area at Mostostal Warszawa is determined by various risks. To a different extent, individual risks influenced the development of the policy of managing these risks and taking measures aimed at minimizing their effects.

- ☑ Absences at work. The company conducts activities to mitigate the effects of these risks, and also takes preventive measures aimed at limiting their scale and proliferation beyond the acceptable level. The Company aims to minimize the significance of risks, including by monitoring absence and determining their causes.
- ☑ Lack of employees in the labour market. The Company manages the risk, among others, by offering competitive employment conditions and promoting the reliable employer.
- ☑ Staff turnover rate. To minimize the risk, the Company takes measures to improve working conditions.
- ☑ Mobbing – this risk did not occur in the reporting period; however, bearing in mind the Company's size and diversity, it is classified as significant and requires taking preventive actions. Risk management is based on the option to report possible violations of the principles of the Mobbing Prevention Policy e.g. to a Member of the Management Board. Bearing in mind that employee mobbing can occur at various employment levels and manifest itself in various forms, all employees of the Company are involved in identifying the phenomenon and taking anti-mobbing activities.
- ☑ Accidents at work. The Company prioritizes the issues of health and safety at the workplace. To prevent the occurrence of the risk, the Company conducts trainings in the field of health and safety as well as takes measures to prevent accidents at work. The Company operates in accordance with the law and has its internal guidelines, work regulations, instructions, and procedures. It is important to identify hazards and carry out occupational risk assessments. The Company also conducts preventive activities in the form of corrective actions for reported near accidents.

### 5.1. WORKPLACE IN NUMBERS

Total number of employees per gender and type of employment (employment contract, fixed-period contract) Mostostal Warszawa SA:

GRI 102-8

Number of employees <sup>4</sup>	530 (2017)		591 (2018)	
	women		men	
year	2017	2018	2017	2018
number of employees	201	231	329	360
Indefinite-period employment	131	136	197	210
other contracts (probationary period, fixed-period, including vocational placement and replacement contracts)	70	95	132	150

<sup>4</sup> Figures as at the year end date

The above table shows employment growth of approximately 10% year-on-year, both by gender and globally. This is influenced by the Company's development and the need to increase employment due to new projects. 39% of employees were women – 1% more than in 2017.

Total number of employees per type of employment (full-time or part-time) and per gender Mostostal Warszawa:

year	women		men	
	2017	2018	2017	2018
full-time	189	212	319	346
part-time	12	19	10	14

Employment of women and men in employee groups Mostostal Warszawa:

year	women		men	
	2017	2018	2017	2018
	Administrative staff			
Top management staff	1	1	5	7
Middle management staff	13	16	15	19
Specialists	111	100	44	64
	Engineering and technical staff			
Top management staff	1	5	24	44
Middle management staff	25	17	133	137
Other employees	50	92	108	89

## 5.2. FRIENDLY WORKPLACE

### REMUNERATION SYSTEM AND PROMOTION OPPORTUNITIES

The remuneration system is regulated in a formal manner in the Corporate Collective Labour Agreement. The company uses a bonus-based remuneration system. Its principles are presented to all employees.

In the case of vacancies, the Company first takes into account internal resources, and only when these turn out to be insufficient, it uses external recruitments. The bonus system was changed according to the expectations of employees, e.g. by making bonuses for construction site employees dependant not only on an increased contract margin but also on a margin maintained. In addition, this year, the bonus calculation includes the additional construction site health and safety assessment parameter, based on the number of employees at a given construction site.

Many specialist and managerial positions in the Company are filled in through internal promotions.

The employee's market causes higher financial expectations of job candidates and growing pressure on pay rises. In some specializations on the market, there is a lack of suitable candidates. The Company tries to diversify the sources for acquiring candidates and make more attractive the Employee Referral Program introduced a year ago, so that on one hand it would be a source of good quality employees and on the other an additional bonus for those currently employed.

GRI 102-41

number of people employed in Mostostal Warszawa	591	100.00%
number of members of the "Solidarity" trade union	20	3.38%

## BENEFITS FOR EMPLOYEES AND THEIR FAMILIES

### GRI 401-2

Mostostal Warszawa offers benefits to all its employees regardless of the work time they are employed for at the moment:

- ☒ 3 medical care packages plus a diamond package for the top management staff; those are extensive packages, the lowest one includes e.g. consultations by a professor of medicine without referral, outpatient treatments, obstetrics, extended diagnostics, “health, beauty, harmony” scheme and “time for health” scheme, preventive dental care; the offer also includes medical care packages for members of the employee's family, including their parents and in-laws;
- ☒ Multisport cards for employees and members of their families;
- ☒ personal accident insurance for all employees (paid for by the Company);
- ☒ possibility to buy different combinations of life insurance packages for employees and their family members;
- ☒ holiday subsidies;
- ☒ gift cards before Christmas for employees and their children;
- ☒ extra retirement benefits (up to 5-times the benefits guaranteed by the Labour Code);
- ☒ housing loans;
- ☒ non-repayable special assistance grants for people in hardship;
- ☒ 3 additional days off;
- ☒ co-financing of theatre or concert tickets;
- ☒ facilities for cyclists at the Company's head office (bike garage, changing rooms with a bathroom);

Some of the benefits are also offered to pensioners (co-financing for holiday packages; housing loans; non-returnable random benefits for people in a more difficult life situation).

The information from the employees as well as the exit interview shows that the benefits offered by the Company are of a high standard, and the employees especially appreciate the attractive medical care packages, additional days off, gift cards and co-financing for culture and leisure.

Benefits are slowly becoming a standard for candidates and employees; thus, expectations are constantly growing, and the Company has to balance whether another benefit would actually bring measurable benefits.

### EMPLOYEE TRAINING AND EDUCATION. MANAGERIAL SKILLS DEVELOPMENT SCHEMES AND CONTINUING EDUCATION SCHEMES

The Company's priority is to provide qualified technical, specialist and managerial staff. To this end, a number of initiatives are taken, training is provided, care is taken for talents (high-qualified and high-potential employees), and attempts are made to prevent employees' resignations. For this purpose, we conduct an exit interview, as well as from 2018, post on-board surveys (after one week and after a month of work).

The analysis of the survey and the exit interview results allows to learn about problems, reduce or mitigate them, and improve systems, procedures, processes, benefits and any other aspects that affect the satisfaction of employees.

The biggest risk is currently the employee's market and high demand on the construction market for engineering staff, and hence, offering increasingly higher salaries in this market segment. This translates into growing financial pressure on the part of job candidates and those already employed. In connection with the growing costs of building materials and the lack of the possibility to renegotiate construction contracts with the investors, this results in a decrease in the profitability on contracts.

### GRI 404-2

In 2018, we carried out trainings in the form of in-house workshops, (open) external trainings / conferences, post-graduate studies and studies as well as preparatory courses for civil engineering qualifications and language courses. Trainings by subject:

- ☒ BIM
- ☒ Information and communication technologies safety
- ☒ Reclaimed asphalt in road construction
- ☒ Diagnostics of processes and systems

- ☑ Electronic public procurement
- ☑ EXCEL
- ☑ Finance for non-financiers
- ☑ Catalogue of Typical Structures of Vulnerable and Semi-Rigid Surfaces
- ☑ Interpersonal communications
- ☑ Payroll Specialist Training
- ☑ Lease revolution in IFRS16 "Leases"
- ☑ Negotiations
- ☑ Use of: Outlook, Intranet, Intense, SAP
- ☑ Acceptance of civil engineering works in the light of the Construction Law
- ☑ Personal income tax after the amendment in 2018
- ☑ Labour law
- ☑ Industrial property law
- ☑ Prince2 Foundation
- ☑ Social prevention and rehabilitation
- ☑ Recruitment for managers
- ☑ Revit
- ☑ GDPR
- ☑ SAP
- ☑ Concrete Engineer and Designer
- ☑ Contract for Works
- ☑ Windows 10
- ☑ Factory production control of concrete
- ☑ Time management
- ☑ Crisis management
- ☑ Principles of visual programming - Autodesk Dynamo
- ☑ Changes in VAT in 2018

In addition, Mostostal Warszawa conducts individual and group courses of the English language for employees. In 2018, a total of 60 employees improved their qualification in this area.

**AVERAGE NUMBER OF TRAINING HOURS/YEAR FOR AN EMPLOYEE, PER THE EMPLOYEE'S GENDER AND CATEGORY**

**GRI 404-1**

Table concerning non-obligatory training (average number of training hours)

	women	men
	Administrative staff	
Top management staff	0	12
Middle management staff	8	10
Specialists	13	11
	Engineering and technical staff	
Top management staff	8	10
Middle management staff	10	11
Other employees	14	13

**EMPLOYEE SATISFACTION**

Mostostal Warszawa has implemented a competence model based on Acciona's Role Model. Competence-related periodic evaluation system was then implemented on the basis of the above-mentioned model. The system provides for self-assessment, assessment by the superior and calibration by higher-level superiors, in order to maintain a uniform approach to the system across the Company. The employee evaluation per competences assigned to specific roles of groups of positions having similar functions, responsibilities and competences was a starting point for a development plan for each employee for the next year. An enterprise-wide training plan was also drafted on that basis.

For several years, the Company has been participating in the "two hours for the family" campaign, whereby on 15 May (or around that day) the employer reduces the working time by two hours, which the employees can devote to family games and activities – every year, the campaign organizer gives a leading motive, which this year was "cooking on a family plan". By joining the action, we try to widely promote and encourage employees not only to spend symbolic two hours with the family, but to take care of family bonds every day. An additional attraction of the entire campaign was a competition to come up with a slogan for the next year's campaign – this year, the main theme of the campaign was "generational games and activities", the author of which was one of the employees of Mostostal Warszawa.

No satisfaction survey was held in 2018. Instead, an exit interview was conducted, post on-board surveys (after one week and after a month of work) were completed by the new employees.

#### GRI 401-1

Total number of new employees and total number of leavers in the reporting period.

Total number of new employees (during the year):	196 (2017)				211 (2018)	
gender	women				men	
year	2017	2018	2017	2018	2017	2018
	67	79	129	132		
age	>30		30-50		50<	
year	2017	2018	2017	2018	2017	2018
	86	104	101	100	9	7

Total number of employees leaving (during the year):	91 (2017)				151 (2018)	
gender	women				men	
year	2017	2018	2017	2018	2017	2018
	26	49	65	102		
Wiek	>30		30-50		50<	
Year	2017	2018	2017	2018	2017	2018
	18	54	49	82	24	15

The above tables illustrate the changes of the Company's employment structure. New people appear in each group, but we observe a significant increase among the youngest employees and women. More people are employed than leave work, which is influenced by the greater number of contracts procured.

#### GRI 401-3

Return to work and employment maintenance rate following a maternity/paternity leave

Total number of employees with leave entitlement	
maternity leave	paternity leave
27	45
Total number of employees who took the leave	
maternity leave	paternity leave
27	19
Total number of employees who returned from the leave	
maternity leave	paternity leave
6	19
Total number of employees who returned to work following the maternity/paternity leave	
25	
Total number of employees who should have returned to work following the maternity/paternity leave	
39	

Women and men who have the right to take part of maternity leave after resignation from the child's mother are considered as entitled to maternity leave - in practice, men rarely use this right - we see that 100% of women took maternity leave last year.

#### **COMMUNICATION WITH EMPLOYEES, MTEAM PROJECT**

Communication with employees is conducted in a number of ways: direct meetings, Intranet, videoconferencing, mailing, posters. Building effective communication resulted in the MTeam project, which involved many employees of the Company.

- ☑ The objective of the MTeam project is to release the employees' hidden potential, which enables us to find new, natural leaders.
- ☑ The MTeam project is based on team work, diversity of participants in initiatives and their creativity, in line with the rule that employees know their workplace best. People with a shorter occupational life, less experience or occupying lower positions become leaders in some initiatives.
- ☑ One of the initiatives is Intranet. It is continuously being expanded with further functionalities reported by employees in surveys and workshops. We keep statistics on the use of individual intranet functionalities, which we later use to make decisions on the extension or removal of those not used by employees.

The risk for success of the above projects is related to the multigenerational structure of employees: different age groups prefer different communication channels. In such an environment one should pay attention to adjusting the ways of communication to various recipients, their preferences and habits. Therefore, in addition to modern tools (Intranet), we also use traditional forms (monthly newsletter with the most important company events or posters, announcements on notice boards).

### **5.3. RECRUITMENT**

Employees are enrolled in accordance with the recruitment procedure and the provisions of the Employee Referral Program. At the recruitment stage, applicants from the Company take priority over applicants from outside. The recruitment process is conducted in a way ensuring protection the candidates' personal data due to the fact that all the information on candidates is stored only in the e-recruiter system, access to which is connected with the need to log in using the password and after meeting the requirements laid down the GDPR.

As part of the Employer Branding strategy, we set priorities for 2018-19: we defined target groups, prepared EVP (benefit packages offered by the employer to employees) and accordingly designed offers for prospective applicants. The "Career" tab was modified on the website; job ads were personalized and the activities on the Company's LinkedIn account were intensified.

To help managers recruiting employees in development of recruitment skills, we have developed a special training. In addition, to facilitate the most difficult recruitment processes in the Company and to attract the most talented applicants to Mostostal, we designed and implemented the "Headhunter" Employee Referral Program, under which employees may recommend people from their environment and receive financial bonuses for the employment of the person recommended. To increase the program attractiveness, the rewards for the recommendations in 2018 were doubled and almost all recruitments are included in the program.

The Company collaborates with many technical universities in Poland, with which, in 2018, it organized the so-called Mostostal Warszawa days, during which students learned about the work in the engineering profession and novelties from the BIM world, or were taught how to move on the labour market and how to write a good CV. Students were invited to construction sites for one-day trips but also to attend professional practice.

The average recruitment time has decreased from 54 days (May 2017) to 32 days (December 2018). The number of LinkedIn account followers has increased to over 8500 persons (from 3500, when the company took over the profile administration), which translates into the popularity of the company on the labour market and the candidates' interest.

A challenge for the Company may be the ageing society in Poland, which causes a falling supply of candidates for work, as well as the candidate market characterized by growing financial expectations.

It is very important for the Company to provide high-quality medical care to its employees and their family members, which is why the Company reacts to the remarks made by employees in this respect and strives to develop better solutions with the private medical care providers. The results of such cooperation and monitoring of employee satisfaction with medical care include, for example, an electronic patient portal, on-line chats with doctors or midwives, or the functionalities introduced this year: the possibility of arranging occupational medical tests on-line and enrol for on-line laboratory tests.

The Company has made available various health benefit packages for its employees. These benefits are also available to family members, including employees' parents and parents-in-law. Available packages include:

- ☑ Health, Beauty, Harmony
- ☑ Time for Health - Healthy Woman, Healthy Man
- ☑ Pregnancy Support Program
- ☑ Magnolia Continuation Program

The employees' data are protected in accordance with the GDPR (personal data protection regulation).

## 5.4. HEALTH AND SAFETY AT WORK

In order to ensure the highest health and safety standards, Mostostal Warszawa undertakes a number of measures which are systematised in the policies, procedures, codes and regulations implemented in the organisation. They include the following:

- ☑ Policy of the Mostostal Warszawa Group
- ☑ Integrated Management System
- ☑ Instruction entitled "On-site HS&E Management"
- ☑ enforcement and analysis of Risk Assessment for a job and Safe Working Instruction
- ☑ implementation of OHS standards – Agreement for safety

In addition, Mostostal Warszawa is a signatory of the Agreement for Safety in the Construction Industry. The Agreement for Safety in the Construction Industry is the initiative of the Polish leading general contractors aimed at improvement of safety at Polish construction sites. The Agreement promotes the culture of safety, brings awareness to dangers arising from site work and in consequence aims at eliminating risk, introduces and deploys systemic solutions in health and safety at work.

Activities related to health and safety at work are carried out directly at the construction sites, in accordance with the On-site HS&E Management Instruction. Safety aspects are supervised by OHS Coordinators. They have the following responsibilities:

- ☑ formal induction of subcontractors to the site: Safety and Health Protection Plans and Site regulations, Protection Plans and control of documents concerning HS aspects provided by subcontractors
- ☑ HS information sessions for subcontractors
- ☑ monitoring of fulfilment of obligations to ensure collective health and safety and environmental protection as well as the obligations defined in the Safety and Health Protection Plan and Contract
- ☑ coordination of works and tasks to be conducted simultaneously, in direct vicinity or at the same time, which poses threats to people involved in the construction process and to the natural environment

### HEALTH AND SAFETY PRIORITIES FOR MOSTOSTAL WARSZAWA

- ☑ "zero accidents" is a paramount goal. It is to eliminate accidents at the root cause stage
- ☑ greater awareness of all the participants in the construction process
- ☑ continuous improvements concerning health and safety at work

### INITIATIVES UNDERTAKEN BY MOSTOSTAL WARSZAWA IN THE AREA OF HEALTH AND SAFETY AT WORK

- ☑ An obligation introduced to develop a Protection Plan for every construction site
- ☑ Introduction of site assessment, whose objective is to check the health and safety level in line with the continuous improvement policy, to increase the acceptable value threshold
- ☑ Introduction of Toolbox talks: short talks with employees to increase their HS awareness

- ☒ Promotion of safe working rules through a Safety Week (under the Agreement for Safety in the Construction Industry)
- ☒ Communication with the construction site employees (e.g. survey) to analyse the OHS awareness level of the site staff and to identify OHS needs.
- ☒ HS analysis – an annual analysis of all the HS-related aspects. Comparison of results with the previous years. Drawing conclusions and making plans for the future
- ☒ Shortening the period of validity of health and safety trainings
- ☒ Appointing Health and Safety Coordinators for each project implemented
- ☒ Holding current and periodic health and safety reviews by health and safety specialists responsible for the area
- ☒ Compliance with OHS log

**MOST IMPORTANT RESULTS OF THE APPLIED POLICIES:**

- ☒ First Aid System implemented via cyclic training for the employees of Mostostal Warszawa and for subcontractors
- ☒ Updating of the “On-Site HS&E Management” instruction
- ☒ Introduction of the Protection Plan at the sites
- ☒ Introduction of construction assessment in terms of compliance with health and safety rules and linking it to the employee bonuses
- ☒ Updating of the Safety and Health Protection Plan with annexes, including the site regulations

**GRI 403-1**

The occupational health and safety management system has been implemented in accordance with the ISO 18001 standard. In connection with the implementation of the OHS system, standards, procedures and instructions were developed. All employees of Mostostal Warszawa are covered by this system.

**GRI 403-5**

The Company conducts health and safety training for its employees during the adaptive day (initial health and safety training). Periodic occupational health and safety trainings for three categories of positions: administrative and office staff, supervisors and workers. The validity periods of these trainings have been shortened to provide employees with more frequent access to knowledge. Currently, trainings have to be renewed every year (for workers) and once every three years (for supervisors). It is much more often than required the law i.e. every 3 and 5 years respectively. In addition, first aid training and training to broaden the awareness of the site staff on the competences and entitlements are provided. The Company conducts trainings and alerts for its subcontractors.

**GRI 403-2**

Type and rate of work-related injuries

	Women	Men	Total
Number of fatal accidents - employees	0	1	1
Number of fatal accidents - subcontractors	0	1	1
Number of lost-time accidents - employees	0	7	7
Number of lost-time accidents - subcontractors	0	5	5
Number of all accidents reported - employees	0	11	11
Number of all accidents reported - subcontractors	0	7	7

Work accident severity rate - employees:

	rate
Total number of incapacity for work days of victims of accidents at work	44
Number of accidents at work	3
	RATE: 14.7 (2017: 29.6)

Work accident frequency rate - employees:

	rate
Number of all accidents reported	3
Number of all employees hired during the year	734
	RATE: 0.4%

Illness-related absence rate:

	rate
Number of days not worked	4906 (business days) 6575 (calendar days)
Number of working days	249
	RATE: 3.6%

GRI 403-4

1% of employees participate in the joint formal health and safety committees which help monitor and implement health and safety-related schemes.

## 6. WE CARE FOR OUR SURROUNDINGS

### 6.1. OUR SURROUNDINGS

GRI 102-40 | GRI 102-42 | GRI 102-43 | GRI 102-44

A stakeholders' map was drawn up during a managers' meeting held on 3 March 2017 at the registered office of Mostostal Warszawa SA in Warsaw.

Stakeholder	Type of communication
Company's governing bodies (Management and Supervisory Boards)	<ul style="list-style-type: none"> <li>- reports,</li> <li>- cyclic meetings and presentations,</li> <li>- meetings of the Supervisory Board and Management Board</li> </ul>
Public and private clients	<ul style="list-style-type: none"> <li>- cyclic opinion and satisfaction surveys,</li> <li>- direct meetings,</li> <li>- conferences and trade fairs,</li> <li>- stock exchange and press releases, website, training, technical support</li> <li>- e-survey</li> <li>- social media: Instagram, LinkedIn, Youtube,</li> <li>- electronic communications</li> <li>- phone calls</li> </ul>
Financial institutions and banks	<ul style="list-style-type: none"> <li>- reports,</li> <li>- cyclic meetings</li> <li>- e-survey</li> <li>- electronic communications</li> <li>- phone calls</li> </ul>
Acciona Group	<ul style="list-style-type: none"> <li>- reports,</li> <li>- cyclic meetings and presentations,</li> <li>- meetings of the Supervisory Board and Management Board</li> <li>- teleconferences</li> <li>- electronic communications</li> <li>- phone calls</li> </ul>
Cooperating parties/consortium members	<ul style="list-style-type: none"> <li>- direct meetings,</li> <li>- conferences and trade fairs,</li> <li>- stock exchange and press releases, website, training, technical support</li> <li>- e-survey</li> <li>- associations</li> <li>- social media: Instagram, LinkedIn, Youtube</li> <li>- electronic communications</li> <li>- phone calls</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- cyclic opinion and satisfaction surveys,</li> <li>- direct meetings,</li> <li>- audits</li> <li>- trade fairs, trade conferences</li> <li>- e-survey</li> <li>- social media: Instagram, LinkedIn, Youtube</li> <li>- website,</li> <li>- electronic communications</li> <li>- phone calls</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>- reports,</li> <li>- cyclic meetings</li> <li>- trade conferences</li> <li>- e-survey</li> </ul>

	<ul style="list-style-type: none"> <li>- social media: Instagram, LinkedIn, Youtube</li> <li>- electronic communications</li> <li>- phone calls</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- cyclic opinion and satisfaction surveys,</li> <li>- on-going dialogue with representatives of trade unions,</li> <li>- cyclic meetings with key managers,</li> <li>- company newsletters,</li> <li>- company (team-building) meetings</li> <li>- e-survey</li> <li>- social media: Instagram, LinkedIn, Youtube</li> <li>- electronic communications</li> <li>- phone calls</li> </ul>
Public administration	<ul style="list-style-type: none"> <li>- reports,</li> <li>- statements,</li> <li>- trade fairs, conferences,</li> <li>- e-survey</li> <li>- electronic communications</li> <li>- phone calls</li> </ul>
Competition	<ul style="list-style-type: none"> <li>- conferences and trade fairs,</li> <li>- meetings,</li> <li>- partnership in projects,</li> <li>- website,</li> <li>- social media: Instagram, LinkedIn, Youtube,</li> </ul>
Entities in the Mostostal Warszawa Capital Group	<ul style="list-style-type: none"> <li>- reports,</li> <li>- cyclic meetings</li> <li>- meetings of Supervisory Boards</li> <li>- phone calls</li> <li>- electronic communications</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>- reports,</li> <li>- cyclic meetings</li> <li>- meetings of Supervisory Boards</li> <li>- phone calls</li> <li>- electronic communications</li> </ul>
Auditors	<ul style="list-style-type: none"> <li>- reports,</li> <li>- audits</li> <li>- e-survey</li> <li>- direct meetings,</li> <li>- electronic communications</li> <li>- phone calls</li> </ul>
Courts	<ul style="list-style-type: none"> <li>- reports,</li> <li>- statements,</li> </ul>
Society	<ul style="list-style-type: none"> <li>- announcements,</li> <li>- direct meetings,</li> <li>- e-survey</li> <li>- website,</li> <li>- social media: Instagram, LinkedIn, Youtube,</li> <li>- electronic communications</li> <li>- phone calls</li> </ul>
Media	<ul style="list-style-type: none"> <li>- press publications and information,</li> <li>- trade conferences and briefings,</li> <li>- electronic communications</li> <li>- phone calls</li> </ul>
Local authorities (local governments)	<ul style="list-style-type: none"> <li>- reports,</li> <li>- statements,</li> <li>- trade fairs, conferences,</li> <li>- e-survey</li> </ul>

	- phone calls - electronic communications
Stock Exchange	- reports published in the ESPI system <sup>5</sup> and on the Company's website
Beneficiaries from social organisations, ecological organisations	- meetings, - reports, - statements, - website, - e-survey - phone calls - electronic communications
Fire service, police	- meetings, - reports, - statements,
Academies and universities	- meetings at Job Fairs, - cyclic thematic presentations at academies/universities and schools, - internship schemes, - partnerships with secondary and higher schools, - website, - social media: Instagram, Linkedin, Youtube - e-survey - electronic communications - phone calls
The army	- meetings, - reports, - statements, - e-survey
Trade unions	- on-going dialogue, - e-survey - electronic communications - phone calls

#### MEMBERSHIP OF ORGANISATIONS

#### GRI 102-13

Mostostal Warszawa is a member of the following chambers and associations:

- Polish Commercial Chamber of Road Construction
- Stock Exchange Issuers' Association
- Polish-Spanish Chamber of Commerce
- Polish Association of Construction Employers
- Polish Chamber of Steelwork
- Commercial Chamber of Power Industry and Environmental Protection
- Agreement for Safety in the Construction Industry

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<sup>5</sup> The ESPI system is commonly used for communication by entities supervised by the Committee with the supervisory body

## 6.2. RESPONSIBILITY TOWARDS THE ENVIRONMENT

### UoR MOSTOSTAL WARSZAWA SA FOLLOWS ITS OWN ENVIRONMENTAL POLICY:

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*The protection of and respect for the natural environment is a priority for Mostostal Warszawa in its operations. They are implemented through the best practices for environmental protection, by preventing and reducing negative impact on the environment and protecting natural resources.*

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Mostostal Warszawa is committed to supporting initiatives aimed at combating climate changes and protecting biodiversity.

The policy is implemented on the basis of:

- ☒ Code of Conduct:
- ☒ principles set forth in the Integrated Policy of the Mostostal Warszawa Capital Group;
- ☒ Environmental Management System (EMS) consistent with ISO 14001.

Referring to the results of the environmental policy applied, Mostostal Warszawa responded to the consumption of utilities and raw materials, exploitation of water resources, waste generated, due diligence in monitoring environmental impact, implementation of legal environmental requirements and dissemination of pro-ecological awareness. Changes in the above-mentioned aspects result from changes in the scale (higher number of contracts performed) and the characteristics of the operations (change in the share of particular branches of civil engineering under the contracts performed).

In the area of environmental policy, risks have been identified and the ways to manage them have been described. The following were considered the most important environmental risks in the reporting period:

- ☒ unfavourable environmental, weather, and soil conditions, natural disasters. The Company mitigates this risk by properly examining the available documentation, employing qualified specialists, and using environmental reports available.
- ☒ occurrence of environmental failure. In the event of a failure, Mostostal Warszawa has developed procedures that are communicated to employees
- ☒ extension of investment processes. In order to prevent this risk, Mostostal Warszawa cooperates only with competent companies. Particular attention is paid to the diligence in preparing the documentation, while variants of possible environmental impact are considered already at the project design stage.
- ☒ legal non-compliance and penalties Mostostal Warszawa identifies, implements and satisfies all the legal requirements on the ongoing basis and communicates the same to employees immediately.
- ☒ dissatisfaction of the local community due to the inconvenience of the operations Supervision over this risk consists in taking actions to reduce the nuisance resulting from the conducted operations by minimizing the work causing nuisance and monitoring its environmental impact.

#### PRECAUTIONARY PRINCIPLE

##### GRI 102-11

In our operations conducted in line with ISO 14001:2015, we identify environmental aspects and related impacts. Pursuant to the precautionary principle, when we cannot determine the impact of an environmental aspect, we avoid actions which could affect the environmental in a negative manner or whose impact is not fully recognised (e.g. due to insufficient knowledge, lack of information, impossibility to conduct analyses etc.).

#### ENVIRONMENTAL MANAGEMENT

Care for the environment is an integral part of the operations of Mostostal Warszawa. Environmental management does not only cover the construction and delivery of equipment for environmental protection facilities such as: waste-water treatment plants, water-treatment stations, water and sewage networks, dust collection systems for heavy industry, hydrotechnical facilities or power facilities - supplied on a "turnkey" basis. In general construction, the Company conducts environmentally-friendly projects e.g. the construction of a

nearly zero-energy facility for the Poznań University of Technology. The building was designed with highly energy-efficient and energy-saving technical equipment; the demand for non-renewable primary energy will not exceed 50kWh/m<sup>2</sup>/year (for comparison: the PE factor for a new office building in 2015 was 239.9 kWh/ m<sup>2</sup>/year - the facility under construction has a nearly 5 times lower demand for primary energy).

All the projects are conducted in compliance with the requirements of the integrated management system, which covers standards such as ISO 9001:2015, AQAP 2110:2016, ISO 14001:2015, PN-N 18001 and OHSAS 18001:2007 (ISO 45001 in the future).

The Integrated Environmental Management System introduces the following elements to the operations of Mostostal Warszawa:

- ☑ an obligation to identify the impact of operational results on the natural environment (environmental aspects);
- ☑ an obligation to prepare environmental schemes for the essential environmental aspects identified and to implement those schemes
- ☑ an obligation to prepare a detailed procedure for hazardous situations related e.g. to the pollution of soil with dangerous substances or explosion of dangerous substances
- ☑ safe and reasonable management of energy media and waste from production processes and services
- ☑ pursuit of reduced impact of operational results adverse for the environment
- ☑ an obligation to carry out consultations and training for employees and to involve them in actions for environmental protection

An environmental management review is carried out on a yearly basis; it recapitulates the effects of environmental activity, including the status of activities conducted as follow-up to previous reviews, changes which could have affected the results of environmental operations, status of declared goals, adequacy of resources involved, crucial information provided by stakeholders, environmental risks and opportunities. Systematic reviews enable the Company to manage its environmental impact in an effective manner.

#### **MATERIALS - SCALE, SELECTION, CONSUMPTION EFFICIENCY AND CONSUMPTION MONITORING FOR RAW MATERIALS**

##### **GRI 301-1**

For its operations, Mostostal Warszawa uses mostly raw materials/non-renewable materials obtained in the centralised purchase process from external suppliers.

According to the state of the art, the Company does not use in production any raw materials which would have a major impact on the environment. The natural environment does not suffer much impact at any stages of the product use, from delivery and installation to the end of life cycle. Where possible, raw materials are recycled by the Company to improve the circular economy e.g. excavated soil is used again to fill in and level the ground.

The most important (raw) materials required for the production process in 2018

##### **GRI 301-1**

<b>Material/raw material</b>	<b>Unit [Mg/m<sup>3</sup>/dm<sup>3</sup>]</b>	<b>Quantity</b>
Concrete	m <sup>3</sup>	90,507.135
Mortar	m <sup>3</sup>	17,753.48
Aggregates and rubble	tons	7,480.16
Wood	tons	4,861.62
Paper	kg	7,064.95
Reinforcing steel (ribbed bars and ducts)	tons	21,997.067
Paints	kg	9,642.9
Lacquers	kg	724.6
Structural steel (profiles and sheets)	tons	1,914.975
Cement	tons	265.155
Greases	kg	140.85
Anti-adhesive agents	litres	7,834
Recovered aggregates	tons	4,184

Soil and earth	m3	5,975.06
Certified wood (FSC or the like)	tons	26.016
Asphalt	tons	1,696.9
Pre-fabricated concrete units (beams, walls, slab, pillars etc.)	m3	695.873

#### ENERGY CONSUMPTION IN THE ORGANISATION

##### GRI 302-1

On account of the industry, the Company's approach to energy use, management and processing are a major aspect. Fuel and energy carrier consumption is monitored in a monthly cycle based on invoices issued by suppliers, in particular:

- consumption of electric and thermal energy at fixed locations and construction sites;
- consumption of petrol, liquefied gas and diesel oil by means of transport.

See below for a summary of consumption of key energy carriers

##### GRI 302-1

Type of energy carrier	Quantity expressed in unit [e.g. Mg/kWh/dm3]	Energy value in GJ	% of total energy carrier consumption
Motor petrol	58.22 Mg	2313.3	6%
Diesel oil ON	285.2 Mg	12263.6	30%
Liquefied propane-butane gas LPG	1.0025 Mg	48.08	0%
Mains current - administration and office rooms	548.467 MWh	1974.48	5%
Mains current - sites	5369.913 MWh	19331.69	47%
Mains heat - administration and office rooms	4856.0452 GJ	4856.0452	12%
<b>Total consumption [GJ]</b>		<b>40787.1952</b>	<b>100.00%</b>

Measures taken in 2018 to reduce energy carrier consumption:

- awareness campaigns addressed to employees;
- gradual replacement of the fleet with EURO 6 vehicles under lease contracts (continuation of fleet replacement in 2019);
- In 2017, we had an energy audit, which identified areas for improvement; relevant measures will be undertaken successively.

#### GAS EMISSIONS

Emissions of dusts and gases are one of the many environmental aspects analysed in relation to the operations of the Company. Their levels are closely linked to the volume of output in a given year, which involves the challenge of appropriate control of emissions. Actions are taken: new technologies are implemented and the car fleet is replaced, which has a positive impact on the indirect and direct emissions.

Mostostal Warszawa minimises the amounts of greenhouse gases emitted. The emission of those gases is mostly due to the combustion of fuels in motor vehicles and in equipment driven with diesel oil and petrol. In 2018, the following amounts were emitted:

## DIRECT EMISSIONS

GRI 305-1

Type of energy carrier	Quantity of used carrier	Quantity of used carrier [GJ]	CO2 EI conversion factor kg/GJ <sup>6</sup>	Total CO2 emissions in 2018
Motor petrol	58.22 Mg	2313.3	69.30 kg/GJ	160.31 tons CO2
Diesel oil ON	285.2 Mg	12263.6	74.10 kg/GJ	908.73 tons CO2
Liquefied propane-butane gas LPG	1.0025 Mg	48.08	63.10 kg/GJ	3.03 tons CO2
Total direct emissions of CO2				1072.08 tons CO2

## INDIRECT EMISSIONS

As regards indirect emissions, we realise that using electricity and system heat we make an indirect contribution to carbon dioxide emissions to the atmosphere. Bearing that in mind, we conduct awareness campaigns aimed at reasonable use of energy resources.

Energy consumption and indirect emissions in 2018:

Type of energy carrier	Quantity of used carrier	Quantity of used carrier [GJ]	CO2 EI conversion factor kg/GJ	Total CO2 emissions in 2017
Mains current - administration and office rooms	548.467 MWh	1974.4812 GJ	94.60 kg/GJ	186.78 tons CO2
Mains current - sites	5369.913 MWh	19,331.69 GJ	94.60 kg/GJ	1828.78 tons CO2
Mains heat - administration and office rooms	4856.0452 GJ	4856.0452 GJ	94.60 kg/GJ	459.38 tons CO2
Total indirect emissions of CO2				2474.94 tons CO2

## WATER AND WASTE-WATER

GRI 303-1 | GRI 306-1

Mostostal Warszawa uses water mostly for sanitary purposes and technological processes. In 2018, the total water intake from the water supply network amounted to 18,459.687 m<sup>3</sup>, and the sewage was at the level of 15,378.765 m<sup>3</sup>, of which 1487.4 m<sup>3</sup> were collected from septic tanks. Due to the lack of proper infrastructure at some sites, the Investor obtained a permit required under the Water Law Act to draw underground water. Monitoring of water intake and the payment of fees for using the environment to the Marshal Offices were the responsibilities of the investors.

As regards the sanitary use of water, we bring awareness to the need to rationalise the consumption of this raw material among our employees.

## WASTE

<sup>6</sup> According to the factors of the National Centre for Emissions Management (KOBIZE) - Calorific Values (CV) and CO2 Emission Intensity Rates (EI) in 2014 for reporting in the Emission Trading System for 2017 available at: [http://www.kobize.pl/uploads/materialy/materialy\\_do\\_pobrania/monitorowanie\\_raportowanie\\_weryfikacja\\_misji\\_w\\_eu\\_ets/WO\\_i\\_WE\\_do\\_stosowania\\_w\\_SHE\\_2017.pdf](http://www.kobize.pl/uploads/materialy/materialy_do_pobrania/monitorowanie_raportowanie_weryfikacja_misji_w_eu_ets/WO_i_WE_do_stosowania_w_SHE_2017.pdf)

A major aspect affecting the local biosphere is the waste from the site generated during repairs and disassembly. The quantity depends on the number and size of contracts and their progress. The Company strives to perform waste disposal work with due diligence and to ensure proper management by subcontractors of Mostostal Warszawa of waste classified as hazardous. Waste is sorted, classified and managed in compliance with OHS&E schemes and the applicable legal requirements, so that they should not pose threat for people or the local biosphere. The waste is subject to recovery first (preparation for re-use or recycling; if impossible for technological reasons or impracticable for ecological or economic reasons, it undergoes other recovery processes). Construction waste is collected by companies with relevant permits for waste transport and processing.

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*Mostostal Warszawa accounts for all the waste generated during its operations in accordance with the applicable law; the Company's employees compile documentation to confirm proper disposal on an ongoing basis.*

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#### Summary of waste generated in 2018

##### GRI 306-2

Waste code	Waste type	Waste weight [Mg]	Storage %
17 05 04	Soil and earth, including stones, other than specified in 17 05 03	31,882.784	66%
20 02 02	Soil and stones	3,640.000	8%
17 01 02	Crushed brick	2,967.000	6%
17 09 04	Mixed waste from construction sites, renovation and disassembly other than specified in 17 09 01, 17 09 02 or 17 09 03	2,703.466	6%
17 01 01	Concrete waste and concrete debris from demolitions and renovations	2,480.795	5%
17 01 07	Mixed waste concrete, crushed brick, waste ceramic materials and fittings other than specified in 17 01 06	1,665.920	3%
17 06 04	Insulation materials other than specified in 17 06 01 or 17 06 03	1,001.160	2%
17 03 02	Bituminous mixtures other than those mentioned in 17 03 01	775.540	2%
19 12 02	Minerals e.g. (sand, stones)	710.000	1%
17 04 05	Iron and steel	137.129	**
17 02 01	Wood	176.500	**
17 03 80	Waste building paper	152.440	**
20 03 01	Unsorted (mixed) municipal waste	9.302	**
16 07 09	Other engine, gear and lubricating oils Wastes containing other dangerous substances	5.160	**
15 01 01	Paper and cardboard packaging	0.100	**
15 01 02	Plastic packaging	2.100	**
15 01 06	Mixed packaging waste	1.540	**

19 12 08	Textiles	0.287	**
16 06 04	Alkaline batteries (excluding 16 06 03)	0.019	**
Total		39,300.70	**

Waste marked with \*\* accounts for less than 0.36% of all the waste generated by the Company.

#### GRI 306-4

Hazardous waste such as empty lacquer cans or high-pressure foam containers (15 01 10) disposed of by our subcontractors. As part of the operational control of our subcontractors, we verify their Waste Transfer Notes.

#### IMPACT OF THE OPERATIONS OF MOSTOSTAL WARSZAWA ON BIODIVERSITY

#### GRI 304-2

As a general contractor, Mostostal Warszawa conducts technologically diversified projects across Poland. With a view to environmental protection, it monitors laws concerning required decisions/approvals and proceedings necessary for future operations.

The Act of 3 October 2008 on sharing information on the environment and its protection, participation of the public in the environmental protection and assessments of the environmental impact and the Regulation of the Council of Ministers of 9 November 2010 on projects likely to have significant effects on the environment define a detailed administrative procedure, with allowance for the specific nature of a project.

Based on the data obtained in the said proceedings, a decision is made whether it is justified to issue decisions on environmental conditions. Such a decision needs to be obtained before one files an application for a building permit; i.e. we cannot begin work without the decision.

Environmental decisions define e.g. "limit parameters concerning environmental protections" which need to be met during construction works. They usually concern the requirements for construction equipment and machinery, the location of storage sites for building materials, waste management, prevention against contaminants that may enter the soil, water, air, sewage treatment, working hours during which noise is emitted, construction equipment stops, etc. In addition, in the case of protected species, the period in which works cannot be performed are indicated in the administrative decisions.

At the beginning of every project, the Site Manager identifies legal and other requirements applicable to the site. Such requirements typically result from the environmental decisions and serve as compliance obligations for the Company. Then, a procedure is defined to meet the compliance obligation; further, such measures are checked periodically for effectiveness of their implementation.

### 6.3. RESPONSIBILITY TOWARDS LOCAL COMMUNITIES

#### GRI 413-1

##### I. DIALOGUE WITH LOCAL COMMUNITIES

As a socially responsible enterprise, Mostostal Warszawa is engaged in a continuous dialogue with local communities. We accept and analyse residents' information on the impact of our activities, so that they exercises the least possible impact on their everyday life.

In connection with the conducted operations, the Company had constant access to the information and maintained dialogue with local communities at the locations, where the projects were implemented. As a result, the construction processes were planned in such a manner so as to make them least burdensome for the local residents.

Mostostal Warszawa plans to continue to monitor and listen to the voice of local communities, and to conduct dialogue with them on matters related to the impact of the processes carried out by the company under the ongoing projects. Depending on your needs, we plan to communicate with residents:

- ☒ directly
- ☒ by means of notice boards and announcements
- ☒ by means of mass media

## II. SUPPORT FOR THE ROAD SAFETY

Mostostal Warszawa supports safety on Polish roads, and thus, initiated #Po\_Drodze campaign. Mostostal Warszawa supplied two cars used by the OHS department with complete equipment to provide first aid to the injured in accidents. The purchased emergency kits include oxygen therapy kits, stasis, orthopaedic collars or splints for immobilizing fractures. In addition, the Occupational Health and Safety Department employees attended a qualified first aid course to become licensed rescuers. It was assumed that in case of encountering an accident, employees would be able to help the victims.

## III. CHARITABLE ACTIVITIES

The campaign joined by many employees of Mostostal Warszawa consists in collecting and transferring unnecessary things that can be found in every home: too big/small clothes, outgrown children's clothes, unused household appliances and electronics, or various types of trinkets to the Foundation 'Community Houses – Bread of Life'. The Foundation 'Community Houses – Bread of Life' manages eight homes for homeless people, old people, sick people and mothers with children, trying to create a place for a dignified life and enable them return to society.

## IV. WORK-LIFE BALANCE AND EMPLOYEE VOLUNTEERING

- ☒ At the end of May 2018, the educational project managed by the Small Engineer's Educational Development Foundation at the request of Mostostal Warszawa came to an end. Within the framework of the cooperation, from November 2017 to the end of May 2018, the instructors from Mały Inżynier (Small Engineer) company organized classes in exact and natural sciences and robotics for the attendants of the Out-of-School Labour Center No. 3 in the Warsaw's Borough of Praga. During the workshop, they tried their skills as constructors and scientists, which will certainly help to awaken their natural desire to experiment and seek answers to questions about the surrounding world. Employees of Mostostal Warszawa were also involved in selected workshops telling the youngest how to care for the natural environment in every day life, thus shaping their environmental awareness. The campaign was initiated under the MOST OF ALL project aimed to promote work-life balance among the employees. The employees participating in the project pursued their sports passions and undertook challenges in three disciplines: walking, running and cycling. In addition, every completed kilometre turned into a zloty funded by the employer. And so the sports team of Mostostal Warszawa, consisting of almost 70 employees, covered a total of 18,000 km. Funds accumulated under MOST OF ALL – Together for Others – were earmarked for the educational classes managed by the Small Engineer's Educational Development Foundation.
- ☒ Mostostal Warszawa is not indifferent to the education and development of the young generation. As part of ecological education, the Company once again organized workshops for primary school children. For one day, the Company's employees took on the role of teachers to provide students with knowledge in the field of sustainable development in an accessible way. Eco-friendly activities were aimed at helping children understand the four pillars on which the UN's Sustainable Development Goals are based and engage them in the protection of the environment through ordinary everyday gestures. During the class, original materials were used, which included quizzes and games, as well as the fairytale hero theme known to the youngest. Employees from the entire company take part in the volunteering activities. The campaign has so far covered over 1,000 children.
- ☒ The Company's employees supported the Great Christmas Toy Collection for patients of the Children's Health Center. During the campaign, new toys were collected, which were then donated as gifts to children spending Christmas at the Children's Health Center. Thanks to the commitment of employees, a large number of gifts were collected. The collection was organized by the Good People Group – Legia Fans for Children.
- ☒ The Company became a partner of the 100th anniversary of the opening of the AGH University of Science and Technology. In October 2019, the 101st solemn matriculation will be held at the AGH University. As part of the celebrations, many events will be organized. In 2019, AGH University of Science and Technology in Krakow celebrates the 100th anniversary of the opening of the university. The Jubilee

began on 04 October 2018 with the inauguration of 100th Academic Year and its culmination will be the celebration activities held in October 2019.

- ▣ "We build bridges between people." Natalia Kołb-Sielecka, an employee of the Company, was one of the organizers of the Scout Camp in Firlej. During the trip, she prepared classes entitled "Building bridges is like building relationships" for the participants i.e. girls aged 8-12. Their objective was to make participants aware of how important it is to build the right relationship, which can be as long-lasting as bridges if we care for them properly. The culmination of the classes was the joint construction of the bridge (Świątokrzyski Bridge design) from materials available in the forest.

## 7. ABOUT THE STATEMENT

### 7.1. REPORTING APPROACH

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*The Statement was prepared in line with the requirements of the international reporting standard for non-financial data - Global Reporting Initiative application level CORE version GRI Standards.*

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GRI 102-44 | GRI 102-50 | GRI 102-51 | GRI 102-52 | GRI 102-56 | GRI 102-46 | GRI 102-47 | GRI 102-48 | GRI 102-49

The Statement covers the period from 1 January to 31 December 2018.

#### MATERIALITY STUDY

In order to identify the most important data for the stakeholders of Mostostal Warszawa, a relevant study was conducted. An online survey was sent to internal and external stakeholders and was used to determine the indicators they find essential. An online survey was conducted in March 2017. Thus the Company obtained information about the expectations of stakeholders regarding the reported non-financial data. A request to fill in the survey was sent to 220 external stakeholders. 73 entities shared their recommendations. The survey was sent to 400 employees and 106 people provided their response.

See below for the most important issues concerning the Company's operations which were specified for inclusion in the non-financial statement:

External stakeholders:

- rules of cooperation with suppliers, subcontractors and business partners
- practices to ensure compliance with law and corporate governance in the company
- relations with clients e.g. client satisfaction monitoring, guarantee service

Internal stakeholders:

- practices to help respect human rights
- measures for innovative construction solutions
- charity work and impact on local communities

The most important issues according to external stakeholder are as follows:

- cooperation with suppliers, subcontractors and business partners:
- rules of cooperation with suppliers/subcontractors and business partners
- method and quality of communication with suppliers/subcontractors/business partners
- assessment and selection of suppliers/subcontractors as regards the work conditions provided by them
- the policy and procedures to prevent corruption or abuse

Issues concerning the company's environmental impact:

- construction projects and their environmental impact, priorities, plans and effects
- measures and solutions, other than construction projects, which minimise the negative impact on the environment
- materials: scale, selection, consumption efficiency and consumption monitoring for raw materials
- waste management, introduction of segregated collection of some waste and proper management of other waste

Issues concerning the company's impact on the quality of social life:

- making sites as little disturbing for local communities as possible, reduction of noise and vibrations
- cooperation with academic entities aimed at developing innovative construction solutions e.g. the construction of the first road bridge build with composite materials in Poland

According to internal stakeholders, the most important issues which should be included in the non-financial statement covered the company's relations with its employees. In particular:

- Employment conditions, remuneration system, promotion rules and opportunities.
- Employee training and education.
- Benefits for employees and their families.
- Communication with employees.

GRI 102-51

Previous report publication date: 24 March 2018

Table concerning issues in the Accounting Act

Issue	page
Business model	15
Key non-financial performance indicators	3
Risk management and non-financial risks related to operations	18
Environmental issues - a description of due diligence policies and procedures and their results	39
Employee issues - a description of due diligence policies and procedures and their results	27
Social issues - a description of due diligence policies and procedures and their results	20
Human rights issues - a description of due diligence policies and procedures and their results	19
Anti-corruption issues - a description of due diligence policies and procedures and their results	19

## 7.2. GRI STANDARDS CONTENTS INDEX

GRI 102-55

<b>1. Letter of the Management Board</b>		p. 1
GRI 102-14	Statement of the Top Management	p. 1
<b>2. Year 2018 in numbers and actions</b>		p. 3
GRI 102-7	Scale of operations	p. 3
<b>3. About Mostostal Warszawa S.A.</b>		p. 7
<b>3.1. Core areas of operations</b>		p. 7
GRI 102-1	Name of organisation	p. 7
GRI 102-2	Description of the organisation's operations, main brands, products and/or services	p. 7
GRI 102-3	Location of the organisation's headquarters	p. 7
GRI 102-4	Location of operations	p. 7
GRI 102-5	Ownership form and legal structure of the organisation	p. 7
GRI 102-6	Markets provided for	p. 7
GRI 102-45	Inclusion of business units included in the consolidated financial statements in the report	p. 7, 9
<b>3.2. Mission, vision and strategy</b>		p. 8
GRI 102-16	Values of the organisation, code of ethics, principles and standards of behaviour	p. 8, 17
<b>3.3. Organizational Structure</b>		p. 9
GRI 102-10	Material changes concerning the size, structure, ownership form or supply chain in the reporting period	p. 10
GRI 102-18	The supervisory structure of the organisation, including committees subordinated to the highest supervisory body	p. 9
GRI 405-1	The composition of supervisory bodies and staff categorised per gender, age, minority and other diversity indicators	p. 11

<b>3.4. Over 70 years of history of Mostostal Warszawa</b>		p. 12
<b>3.5. Acciona – Strategic Investor</b>		p. 12
<b>3.6. Our CSR-related challenges</b>		p. 12
<b>4. We ensure high quality performance</b>		p. 15
<b>4.1. Business model</b>		p. 15
<b>4.2. High management and HS standards</b>		p. 17
GRI 102-15	Description of key impacts, opportunities and risks	p. 18
GRI 102-12	Economic, environmental and social declarations, principles and other initiatives, either external, adopted or backed by the organisation	p. 17
Aspect 1	Compliance with regulations concerning e.g. environmental impact, products, services etc.	p. 39
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 19
GRI 103-2	Approach to management and its components	p. 19
GRI 103-3	Evolution of the approach to management	p. 19
Aspect 2	Values and ethics in the company's organisational culture, their practical meaning for the activity of the company and its employees	p. 17
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 17
GRI 103-2	Approach to management and its components	p. 17
GRI 103-3	Evolution of the approach to management	p. 17
Aspect 3	Countering corruption	p. 19
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 19
GRI 103-2	Approach to management and its components	p. 19
GRI 103-3	Evolution of the approach to management	p. 19
GRI 205-2	Communication and training devoted to the anti-corruption policies and procedures	p. 19
<b>4.3. Cooperation with suppliers</b>		p. 21
GRI 102-9	Description of the supply chain	p. 21
Aspect 4	Communication with suppliers and business partners (methods and quality)	p. 21
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 21
GRI 103-2	Approach to management and its components	p. 21
GRI 103-3	Evolution of the approach to management	p. 21
Aspect 5	Rules of cooperation with suppliers, including the code of conduct in place	p. 21
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 21
GRI 103-2	Approach to management and its components	p. 21
GRI 103-3	Evolution of the approach to management	p. 21
Aspect 6	Assessment and selection of suppliers	p. 21
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 21
GRI 103-2	Approach to management and its components	p. 21
GRI 103-3	Evolution of the approach to management	p. 21
GRI 204-1	Share of expenditure on the services provided by local suppliers at the main locations of the organisation	p. 21
<b>4.4. Relations with clients</b>		p. 22
Aspect 7	Client satisfaction	p. 22
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 22
GRI 103-2	Approach to management and its components	p. 22
GRI 103-3	Evolution of the approach to management	p. 22
Aspect 8	Guarantee service	p. 23
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 23
GRI 103-2	Approach to management and its components	p. 23
GRI 103-3	Evolution of the approach to management	p. 23
<b>4.5. Research and development</b>		p. 24
<b>4.6. Awards and distinctions</b>		p. 25
<b>5. We care for our employees</b>		p. 27
<b>5.1. Workplace in numbers</b>		p. 27

GRI 102-8	Data on employees and other people working for the organisation	p. 27
<b>5.2. Friendly workplace</b>		p. 28
GRI 102-41	Employees covered by collective agreements	p. 28
GRI 401-1	Total number and percentage of new employees employed and total number of leavers in the reporting period	p. 31
Aspect 9	Remuneration system and promotion opportunities	p. 28
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 28
GRI 103-2	Approach to management and its components	p. 28
GRI 103-3	Evolution of the approach to management	p. 28
Aspect 10	Benefits for employees and their families	p. 29
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 29
GRI 103-2	Approach to management and its components	p. 29
GRI 103-3	Evolution of the approach to management	p. 29
Aspect 11	Employee training and education	p. 29
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 29
GRI 103-2	Approach to management and its components	p. 29
GRI 103-3	Evolution of the approach to management	p. 29
Aspect 12	Employee satisfaction	p. 30
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 30
GRI 103-2	Approach to management and its components	p. 30
GRI 103-3	Evolution of the approach to management	p. 30
Aspect 13	Communication with employees	p. 32
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 32
GRI 103-2	Approach to management and its components	p. 32
GRI 103-3	Evolution of the approach to management	p. 32
GRI 401-2	Additional benefits for full-time employees	p. 29
GRI 404-1	Average number of training hours/year for an employee, per the employee's gender and category	p. 30
GRI 404-2	Managerial skills development schemes and continuing education schemes	p. 29
GRI 401-3	Return to work and employment maintenance rate following a maternity/paternity leave	p. 31
<b>5.3. Recruitment</b>		p. 32
Aspect 14	Recruitment and cooperation with universities/academies	p. 32
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 32
GRI 103-2	Approach to management and its components	p. 32
GRI 103-3	Evolution of the approach to management	p. 32
<b>5.4. Health and safety at work</b>		p. 33
Aspect 15	Practices to ensure health and safety and work	p. 33
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 33
GRI 103-2	Approach to management and its components	p. 33
GRI 103-3	Evolution of the approach to management	p. 33
GRI 403-2	Type and rate of work-related injuries	p. 34
GRI 403-4	Percentage of employees represented in the joint formal health and safety committees including employees and managers; which help monitor and implement health and safety-related schemes	p. 35
<b>6. We care for our surroundings</b>		p. 36
<b>6.1. Our surroundings</b>		p. 36
GRI 102-13	Membership of associations and organisations	p. 38
GRI 102-40	List of stakeholders' groups involved by the reporting organisation	p. 36
GRI 102-42	Basis to identify and select stakeholders involved by the organisation	p. 36

GRI 102-43	Approach to the involvement of stakeholders, including the involvement frequency by stakeholder type and group	p. 36
GRI 102-44	Key issues and problems raised by stakeholders and response from the organisation, including reporting	p. 36
<b>6.2. Responsibility towards the environment</b>		p. 39
GRI 102-11	Explanation whether and how the organisation employs the precautionary principle	p. 39
Aspect 16	Environmental management	p. 39
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 39
GRI 103-2	Approach to management and its components	p. 39
GRI 103-3	Evolution of the approach to management	p. 39
Aspect 17	Materials - scale, selection, consumption efficiency and consumption monitoring for raw materials	p. 40
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 40
GRI 103-2	Approach to management and its components	p. 40
GRI 103-3	Evolution of the approach to management	p. 40
GRI 301-1	Used (raw) materials according to their weight and volume	p. 40
GRI 302-1	Energy consumption in the organisation	p. 41
GRI 303-1	Total water input per source	p. 42
GRI 305-1	Direct emissions of greenhouse gases (scope 1)	p. 42
GRI 306-1	Total volume of waste water per quality and destination	p. 42
GRI 306-2	Total weight of waste per waste type and waste handling method	p. 43
GRI 306-4	Weight of waste considered hazardous	p. 44
Aspect 18	Impact of the Company's operations on biodiversity	p. 44
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 44
GRI 103-2	Approach to management and its components	p. 44
GRI 103-3	Evolution of the approach to management	p. 44
GRI 304-2	Description of major impacts of the operations, products and services on the biodiversity of protected areas and areas of high biodiversity value other than protected areas	p. 44
<b>6.3. Responsibility towards local communities</b>		p. 44
GRI 103-1	Clarification of issues identified as essential, with limitations stated	p. 44
GRI 103-2	Approach to management and its components	p. 44
GRI 103-3	Evolution of the approach to management	p. 44
<b>7. About the statement</b>		p. 47
<b>7.1. Reporting approach</b>		p. 47
GRI 102-46	Process of defining report contents	p. 47
GRI 102-47	Major issues identified	p. 47
GRI 102-50	Reporting period	p. 47
GRI 102-52	Reporting cycle	p. 47
GRI 102-54	Information whether the report was drawn in compliance with the GRI standard in the Core or Comprehensive option	p. 47
GRI 102-56	Policy and current practice for the external verification of the report	p. 47
GRI 102-51	Publication date of the last report (if any)	p. 48
GRI 102-48	Clarifications concerning the effects of any adjustments to information included in previous reports, with reasons for the adjustments and their impact (e.g. mergers, acquisitions, change of the base year/period, nature of operations or measurement methods)	Not applicable

GRI 102-49	Material changes as compared to the previous report concerning the scope, range or measurement methods employed in the report	Not applicable
<b>7.2. GRI Standards Contents Index</b>		p. 48
GRI 102-55	GRI Index	p. 48
<b>7.3. Contact</b>		p. 52
GRI 102-53	Contact details	p. 52

### **7.3. CONTACT**

GRI 102-53

Paweł Kwiecień

Head of Public Relations

phone: 22 250 76 24

e-mail: [p.kwiecien@mostostal.waw.pl](mailto:p.kwiecien@mostostal.waw.pl)

Mostostal Warszawa SA, ul. Konstruktorska 12A, 02-673 Warszawa, phone: +48 22 250 70 00, fax: +48 22 250 70 01

## Table of Contents

<b>1.</b>	<b>LETTER OF THE MANAGEMENT BOARD</b> .....	<b>1</b>
<b>2.</b>	<b>YEAR 2018 IN NUMBERS AND ACTIONS</b> .....	<b>3</b>
<b>3.</b>	<b>ABOUT MOSTOSTAL WARSZAWA S.A.</b> .....	<b>7</b>
<b>3.1.</b>	<b>CORE AREAS OF OPERATIONS</b> .....	<b>7</b>
<b>3.2.</b>	<b>MISSION, VISION AND STRATEGY</b> .....	<b>8</b>
<b>3.3.</b>	<b>ORGANISATIONAL STRUCTURE</b> .....	<b>9</b>
<b>3.4.</b>	<b>OVER 70 YEARS OF HISTORY OF MOSTOSTAL WARSZAWA</b> .....	<b>12</b>
<b>3.5.</b>	<b>ACCIONA – STRATEGIC INVESTOR</b> .....	<b>12</b>
<b>3.6.</b>	<b>OUR CSR-RELATED CHALLENGES</b> .....	<b>12</b>
<b>4.</b>	<b>WE ENSURE HIGH QUALITY PERFORMANCE</b> .....	<b>15</b>
<b>4.1.</b>	<b>BUSINESS MODEL</b> .....	<b>15</b>
<b>4.2.</b>	<b>HIGH MANAGEMENT AND HS STANDARDS</b> .....	<b>16</b>
<b>4.3.</b>	<b>COOPERATION WITH SUPPLIERS</b> .....	<b>20</b>
<b>4.4.</b>	<b>RELATIONS WITH CLIENTS</b> .....	<b>22</b>
<b>4.5.</b>	<b>RESEARCH AND DEVELOPMENT</b> .....	<b>23</b>
<b>4.6.</b>	<b>AWARDS AND DISTINCTIONS</b> .....	<b>24</b>
<b>5.</b>	<b>WE CARE FOR OUR EMPLOYEES</b> .....	<b>27</b>
<b>5.1.</b>	<b>WORKPLACE IN NUMBERS</b> .....	<b>27</b>
<b>5.2.</b>	<b>FRIENDLY WORKPLACE</b> .....	<b>28</b>
<b>5.3.</b>	<b>RECRUITMENT</b> .....	<b>32</b>
<b>5.4.</b>	<b>HEALTH AND SAFETY AT WORK</b> .....	<b>33</b>
<b>6.</b>	<b>WE CARE FOR OUR SURROUNDINGS</b> .....	<b>36</b>
<b>6.1.</b>	<b>OUR SURROUNDINGS</b> .....	<b>36</b>
<b>6.2.</b>	<b>RESPONSIBILITY TOWARDS THE ENVIRONMENT</b> .....	<b>39</b>
<b>6.3.</b>	<b>RESPONSIBILITY TOWARDS LOCAL COMMUNITIES</b> .....	<b>44</b>
<b>7.</b>	<b>ABOUT THE STATEMENT</b> .....	<b>47</b>
<b>7.1.</b>	<b>REPORTING APPROACH</b> .....	<b>47</b>
<b>7.2.</b>	<b>GRI STANDARDS CONTENTS INDEX</b> .....	<b>48</b>
<b>7.3.</b>	<b>CONTACT</b> .....	<b>52</b>