



**Non-Financial Statement of Mostostal Warszawa SA**  
for the period  
from 1 January to 31 December 2019

# 1. LETTER FROM THE MANAGEMENT BOARD

GRI 102-14

*Dear Shareholders,*

Last year Mostostal Warszawa Group took advantage of emerging opportunities and increased its portfolio, both in terms of value and quantity of contracts. The larger scale of activity, which also translated into an increase in employment, resulted in an increase in production potential, creating prospects for further development.

An active and prudent offer policy, combined with increased (due to EU funds of the second financial perspective launched in previous years) tender activity at the central and local government level, allowed for obtaining a number of contracts under public procurement. The largest of them include infrastructure contracts (including sections of S19 and S11 roads with a total value exceeding PLN 700 million), from the general construction segment (including the construction of the new headquarter of the Office of the Marshal of the West Pomeranian Voivodeship worth about PLN 200 million or renovation of the PKP Gdańsk Główny Railway Station with a value of approx. PLN 100 million) and industrial (including a contract for the expansion of PERN storage bases with a value exceeding PLN 130 million). Mostostal's order portfolio was also topped up with private clients' contracts. We have signed contracts for the implementation of tasks in all areas of our business activity: infrastructure, general construction, energy and industrial construction. We implement some of the contracts ourselves, some in consortia, using the potential of the Capital Group companies, such as the contract for the expansion of PERN bases signed in the second half of the year, which Mostostal Warszawa will implement together with Mostostal Płock, or the construction of the Strzyżów bypass completed in December, implemented by Mostostal Warszawa and Mostostal Kielce.

In the financial year 2019, Mostostal Warszawa Group achieved sales revenue of PLN 1.3 billion and gross profit of PLN 8.1 million. Challenges faced by the sector last year, which include the rising costs of building materials and subcontractors' services, the rising costs of labor, against the background of long tender procedures, in which the period between submission of an offer and settlement often reaches many months - are still felt by the industry.

The strategy of the Mostostal Warszawa Group, against the background of the industry situation, is a good response to the challenges mentioned above. The main pillar of our strategy is based on in-depth diversification of area of our activity and production. We are active in infrastructure, general, energy and industrial construction as well as environmental protection areas. An important element of the our strategy is the selection of contractors, which include public and private entities, domestic and foreign investors. The organizational aspect is not without significance, oriented on synergy effect of the Capital Group of entities that conduct various activities both as general contractors and providing services as subcontractors. Among them are typically production and design entities. We use the potential of companies that complement each other and support each other within jointly implemented contracts.

In our opinion, the portfolio of orders that we have built in recent years allows optimism, especially in the context of the expected decline in the value of construction and assembly production in Poland and the related improvement in the situation on the materials, services and labor markets. In addition, opportunities are created by the nature of government and EU investment programs, which assume further expansion of the road network, as well as further adaptation of the energy and industry to standards of emissions.

Certainly, the challenge for Mostostal for the coming year will be the effects of the epidemic threat caused by the SARS-CoV-2 coronavirus. We already identify and undertake mitigation actions due to force majeure factors, i.e. lack of continuity in supply chains, disruptions on the part of subcontractors, employee absences due to an epidemic situation, restrictions on the functioning of public authority, decisions of the orderer or administration on the suspension of works, further possible restrictions introduced by the state administration or EU institutions.

In our opinion, the situation might have an impact on the number of tenders announced and concluded at least in the first half of 2020. We anticipate that the abovementioned obstacles might affect the results, financial and economic situation of the Company and the Capital Group in 2020, but currently they are difficult to estimate.

As part of eliminating the effects of the SARS-CoV-2 epidemic, the Company undertakes a number of preventive measures, including set up of a special Working Group whose purpose is to identify and constantly monitor the risks associated with construction production; securing continuity of critical processes through proper organization of work, including remote work; coordination of preventive actions, including observance of the principles of extreme caution and hygiene. As part of its task, the Working Group implemented procedures whose primary purpose is to ensure the healthy of our employees and the continuity of the Company's operations, while respecting the recommendations of the Minister of Health and the Chief Sanitary Inspector.

Despite the identified threats, our goal for 2020 is a further increase of the order portfolio and maintain and even improve our financial results. We want to implement it through consistent development in all business areas. Particular attention will be paid to the effectiveness and quality of bidding so that the portfolio of orders can be built in a safe manner. We will put special attention to discipline in the implementation of current contracts.

*Miguel Angel Heras Llorente*

*President of the Management Board of Mostostal Warszawa*

## 2. YEAR 2019 IN NUMBERS AND ACTIONS

GRI 102-7

### BASIC ECONOMIC VALUES:

	2019	2018
sales revenue [thousands of PLN]	1,040,738	790,326
gross profit or loss [thousands of PLN]	4,689	-31,031
equity [thousands of PLN]	14,413	16,339
assets [thousands of PLN]	874,717	842,174
number of employees	690	591

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

	2019	2018
value of public and private law liabilities paid [thousands of PLN]	229,637	100,063
number of customers from the public sector	20	24
number of private customers	20	21
number of projects completed	14	13

### MATERIAL EVENTS IN 2019:

#### JANUARY

- January 28 saw the grand opening of the new building of the Faculty of Computer Science, Electronics and Telecommunications of the AGH University of Science and Technology in Krakow – a project that was completed by Mostostal Warszawa. The building will serve over 2,000 students, who will broaden their knowledge and conduct research there. Apart from constructing the Faculty's headquarters, Mostostal Warszawa was responsible for land development and rebuilding the rooms on the third floor of the adjacent building housing the Faculty of Applied Mathematics. The scope of works also included the construction of external sanitary, storm water drainage, water supply, electricity, telecommunications and heating systems.

#### MARCH

- On March 8, Mostostal Warszawa and ST Łódź Rembielińskiego Sp. z o.o. entered into the contract for the construction of the BaseCamp Student House in Łódź at 16/18 Rembielińskiego Street. The facility will be located in the former industrial zone. The building has been designed in a way that ensures optimal use of the plot area, taking into account planning considerations and adjacent buildings. The net value of the contract is nearly PLN 90 million.

#### APRIL

- On April 8, Mostostal Warszawa and the Municipal Transport Company in Tychy entered into the contract for comprehensive modernization of the bus depot. The scope of works will include sanitary, rainwater drainage and water supply installations, traction network for trolleybuses, road system as well as a system for supplying CNG gas to fuelling stations. The project also provide for reconstruction of the existing repair hall, involving, among others, creation of 27 vehicle service stations (11 equipped with inspection pits), electrical and electronic workshops, office and staff rooms as well as an extension of the entrance hall with a staircase and a lift. After the reconstruction, the area will accommodate 166 buses, trolleybuses and minibuses. The gross value of the contract is PLN 58.2 million.

#### MAY

- On May 13, an official first-cut-of-the-spade-ceremony was held to mark the start of the construction works of the beltway of Stalowa Wola and Nisko. The contractor for the beltway project is the consortium composed of Mostostal Warszawa and Mostostal Kielce. The investment includes the construction of a two-lane road with a rut resistant surface, with one-level and two-level intersections, two connector roads, bridges, viaducts, culverts, roads servicing the adjacent areas, environmental protection equipment and reconstruction of technical infrastructure colliding with the project.
- On May 13, workers involved in construction of Morawica beltway along DK73 road organized the "Road Puzzles" spectacle at the "Colourful Kindergarten" in Bilcza. The objective of the spectacle was to familiarize the children with rules of safety on the roads and at the construction site.
- On May 13-19, Mostostal Warszawa once again participated in the Safety Week - an initiative of the Agreement for Safety in Construction, which aims to improve safety at Polish construction sites. This year's sixth edition of the Safety Week was held under the slogan: "Never take shortcuts". As part of the campaign, the twelve largest general contractors in Poland united their forces to improve safety and eliminate fatalities at construction sites. As part of the undertaking, Mostostal Warszawa employees carried out a number of projects aimed at drawing the attention of employees and the entire business environment to the importance of modern proactive solutions in the field of occupational health and safety. During the Week, 390 Mostostal employees and 1485 subcontractors' employees were trained (276 of our subcontractors took part in the campaign). Major events included the First Aid Championships organized by the Agreement for Safety in Construction, "Road Puzzles" spectacle for children, OHS Quarter, State Labour Inspection lectures, rope access training, work at height safety and first aid training.
- On May 14, a ceremony was held to mark the first synchronization of the new unit No. 6 at Opole Power Plant with the National Power System. Construction of units No. 5 and 6 at Opole Power Plant with a total capacity of 1,800 MW began in February 2014. It is the largest industrial project in Poland after the political transformation. The project is carried out by a consortium composed of Mostostal Warszawa, Rafako (which subcontracted all of its works to GE Power) and Polimex-Mostostal. The entire scope of works of Mostostal Warszawa related to the construction of units No. 5 and 6 at Opole Power Plant is performed by a subsidiary, Mostostal Power Development.
- On May 17, Mostostal Warszawa and Cross Point C Sp. z o.o. signed a contract for the construction of another building to be included in the Cross Point Office Complex in Łódź. The Cross Point Office Complex is located at the intersection of ul. Milionowa and al. Rydz-Śmigły in the Borough of Widzew (Łódź), at the site of the former clothing factory A. Próchnik. The building will be constructed as a monolithic reinforced concrete structure and will be connected by an underground floor with other buildings of the Cross Point Office Complex. The gross value of the contract is PLN 31.31 million.
- On May 20, Mostostal Warszawa and the General Directorate for National Roads and Motorways entered into the contract for design and construction of the beltway for the town of Praszka along the National Road No. 45. The new road, far from residential areas, will ensure smooth transit traffic, while creating a supra-regional transit route connecting the provinces of Wielkopolskie, Opolskie and Śląskie. The project will also facilitate communication with the investment areas, contributing to economic activation of areas located in the vicinity of the National Road No. 45 and Opolskie Province. The gross value of the contract is PLN 171.5 million.
- On May 31, Power Unit No. 5 at Opole Power Plant started its operation as a part of the National Power System. The unit was commissioned two weeks ahead of schedule. Following the commissioning of the power unit, Mostostal Warszawa received the Certificate of Completion from the Investor.
- The operations and activities undertaken by Mostostal Warszawa have been described in the largest CSR review in Poland, entitled "Responsible Business in Poland. Good Practices". The report is published by the Responsible Business Forum. The Report, which has been issued for 17 years, is based on seven areas of corporate social responsibility that have been provided for in the ISO 26000 Standard. The review allows to see trends and changes in CSR over the years. The most popular areas, as in previous editions, include social engagement, local community development and labour practices.
- The Municipal Public Library in Piotrków Trybunalski was distinguished in the competition for the "Annual Award of the Association of Polish Architects 2019". The Award of the Association of Polish Architects is intended to mark the best architectural objects in Poland. The Municipal Public Library in Piotrków Trybunalski has been distinguished in the "Cultural, Administrative and Other Public Buildings" category. The project was carried out in 2017-2018 by Mostostal Warszawa.

## JUNE

- On June 5, buildingSMART Polska and buildingSMART International signed the agreement on establishing the Polish branch of the organization. Mostostal Warszawa is one of the founding members of the Polish branch of buildingSmart. buildingSMART International is an independent international non-profit organization aiming to create, improve and promote open standards for exchange of information in the construction sector. The agreement of June 5 has given buildingSMART Polska the status of a national branch of an international organization.
- On June 12, the foundation ceremony was held at the construction site of an elementary school in the Borough of Wilanów, Warsaw. The school building to be constructed by Mostostal Warszawa is intended for 750 students.
- On June 24, the foundation deed of the new building of the AGH University of Science and Technology in Krakow was officially signed. The building will be used by the Faculty of Oil and Gas Drilling Department and the Faculty of Electrical Engineering, Automatics, Computer Science and Biomedical Engineering. The general contractor for the project is Mostostal Warszawa.
- On June 27, the ETAC production plant building in Tczew was topped out. The general contractor for the project is Mostostal Warszawa. The ETAC production plant was designed in accordance with the principles of sustainable construction. Mostostal Warszawa will put into operation a complex of highly ecological buildings, which is to be awarded the Gold Certificate from DGNB (German Sustainable Building Council). In addition, the investor has required that the materials to be used at the construction site should be environmentally friendly. Besides environmental aspects, important features taken into account when selecting raw materials include durability and resistance to dirt and destruction i.e. the properties that allow to reduce the cost of the facility's operation.

## AUGUST

- On August 9, Mostostal Warszawa S.A. and GE Power Sp. z o.o. concluded a contract for construction works at Ostrołęka C Power Plant. The scope of works set out in the contract includes partial construction works within the Main Building, construction of coal handling facilities, ancillary facilities, networks and roads. The net value of the contract is PLN 609 million.
- On August 28, Błażej Rudzki from the Research and Development Department of Mostostal Warszawa presented the results of the project entitled "HIT2GAP" (Highly Innovative building control Tools Tackling the energy performance GAP). The "HIT2GAP" project, funded under Horizon 2020 Programme, addresses the issue of the lack of convergence between the building's actual energy efficiency and design assumptions. The aim of the project is to create new tools for monitoring and managing building systems based on advanced data processing techniques. This will enable a thorough understanding of the operational characteristics of a given structure in order to reduce the discrepancy between the designed and actual energy efficiency. The project provides for an open source energy management platform named BEMServer that allows control over energy consumption in the building as well as better and more accurate understanding of users' needs in order to reduce or even eliminate the "energy gap". The platform offers a number of plug-in modules for the interpretation of building data and their presentation in a user-friendly manner intended for a wide audience.
- On August 27, Mostostal Warszawa and Polskie Koleje Państwowe S.A. (Polish State Railway) concluded a contract for reconstruction of Gdańsk Główny Railway Station. The project carried out by Mostostal Warszawa provides for the reconstruction of Gdańsk Główny Railway Station building at ul. Podwale Grodzkie 2. The building was put into operation in 1900 and has remained in good technical and aesthetic condition to date. The Second World War damages, post-war fire and subsequent modernizations did not significantly affect the material historic substance and the overall appearance of the building. The station is entered in the register of monuments, being located within the urban plan of the historic city of Gdańsk and within the archaeological site covering the medieval Old Town of Gdańsk. The gross value of the contract is PLN 99.6 million.

## SEPTEMBER

- On September 3, Mostostal Warszawa SA and the AGH University of Science and Technology in Krakow signed the Contract for the Construction of the Building for the Faculty of Physics and Applied Computer Science. The designed building is intended to fulfil educational functions. It will contain rooms for the Faculty employees, classrooms and laboratory rooms as well as lecture and seminar rooms. The gross value of the contract is PLN 36.29 million.

- On September 24, Mostostal Warszawa and ORPEA Polska signed a contract for the construction of a complex of two buildings for health care services: a rehabilitation hospital and an accommodation building for the elderly. The project will be carried out in Warsaw, in the Borough of Wawer, at ul. Mrówcza 124.

#### OCTOBER

- On October 3, we completed the construction of the BaseCamp Student Home in Łódź. The facility is located in the former industrial zone. The building has been designed in a way that ensures optimal use of the plot area, taking into account planning considerations and adjacent buildings. The general contractor for the project is Mostostal Warszawa.
- On October 4, Mostostal Warszawa signed the contract for the construction of the new Headquarters of the Marshal's Office of Zachodniopomorskie Province in Szczecin. The building to be constructed by Mostostal Warszawa is going to be the only headquarters of the provincial authorities in Poland built according to the passive house standards. The facility will feature extremely low energy demand thanks to a number of innovative solutions. The foregoing has been confirmed by BREEAM certificates recently awarded with respect to both the design for reconstruction of the building at Piłsudskiego Street and the planned passive building. The gross value of the contract is PLN 199.90 million.
- On October 10, a ceremony was held at Opole Power Plant, owned by PGE Górnictwo i Energetyka Konwencjonalna of PGE Group, to mark the completion of two ultra-modern power units No. 5 and 6 with a total capacity of 1800 MW. Thanks to the investment worth nearly PLN 11.6 bn, Opole Power Plant is currently at the forefront of the most modern power plants worldwide, satisfying 8% of domestic electricity demand. The energy produced by the units can power up to 4 million households. The project was implemented by a consortium composed of: Mostostal Warszawa, Rafako, Polimex-Mostostal and GE Power.
- On October 28, Mostostal Warszawa SA and Acciona Nieruchomości Wilanów Sp. z o. o. entered into the contract for the construction of a residential building in the Borough of Wilanów, Warsaw. The building, to be constructed by Mostostal Warszawa, will have five above-ground residential floors and one underground floor to house an underground car park, technical rooms and storage rooms. The gross contract value exceeds PLN 60 million.

#### NOVEMBER

- On November 15-17, "4Buildings" Conference was held in Katowice. During one of the sessions, Juliusz Żach, Head of the Research and Development Department at Mostostal Warszawa presented the company's achievements in the field of zero- and low-energy construction. The 4Buildings conference is dedicated to sustainable construction as well as innovative construction and renewable energy technologies. This year's edition of the conference and accompanying events were attended by over 2000 professionals and 2500 enthusiasts of environmentally friendly construction.
- On November 20, the foundation stone laying ceremony for the construction of the Rehabilitation Clinic "MIĘDZYLESIE" was held. The complex of health care buildings to be constructed by Mostostal Warszawa for ORPEA Polska will include a rehabilitation hospital and a leisure accommodation building with technical rooms and an underground garage. The general contractor for the project is Mostostal Warszawa.
- Mostostal Warszawa was awarded the Golden Card of the Safe Work Leader for 2020-2021 by the Central Institute for Labour Protection – National Research Institute. The Golden Card of the Safe Work Leader is awarded to companies in recognition of their achievements in the field of working environment improvements as well as occupational health and safety. Mostostal Warszawa once again satisfied the requirements to obtain this prestigious award.
- The consortium of Mostostal Warszawa and Mostostal Płock received the first prize in the "Build Safely" competition. The prize was awarded to the team responsible for expanding the PERN base in Gdańsk. The organizer of the competition is the National Labour Inspectorate – Regional Labour Inspectorate in Gdańsk.

#### DECEMBER

- On December 4, Mostostal Warszawa signed a contract with PERN for the construction of tanks at the Fuel Depots in Boronów and Rejowiec. The task to be completed by Mostostal Warszawa under the consortium with Mostostal Płock includes the construction of a storage tank with a capacity of 10 thousand m3 at the Fuel Depot in Boronów and two storage tanks with a capacity of 32 thousand m3 at the Fuel Depot in Rejowiec.

- On December 6, a topping out ceremony was held at the construction site of the LPP Fashion Lab Office Building. The building constructed by Mostostal Warszawa will become a part of the LPP Fashion Lab Office Centre and a part of the largest fashion campus in Poland.
- On December 11, the Municipal Investment Board in Krakow handed over to the City 179 dwellings completed within the first phase of construction of the Przyby-Zalesie Municipal Estate. The project is implemented by a consortium of Mostostal Warszawa and Acciona Construcción.
- On December 12, new operating theatres were officially commissioned at G. Narutowicz Municipal Specialist Hospital in Krakow. New rooms were built as part of the extension project carried out by Mostostal Warszawa. The expansion of Gabriel Narutowicz Hospital allowed to create a Centre for Diagnosis, Treatment and Prevention of Gastrointestinal and Endocrine Disorders.



## 3. ABOUT MOSTOSTAL WARSZAWA SA

### 3.1. MAIN AREAS OF ACTIVITY

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	percentage of the share capital
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.	48.69%

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 2019, the company also operated a network of branches:

- ☑ Sopot: ul. Rzemieślnicza 17/19, 81-855 Sopot
- ☑ Krakow: ul. Kocmyrzowska 13A, 31-750 Krakow (at the turn of December 2019 and January 2020, the office was moved to ul. Kuklińskiego 17a, 30-720 Krakow)
- ☑ Poznań: ul. Baraniaka 88, 61-131 Poznań
- ☑ Rzeszów: ul. KK Baczyńskiego 1, 35-210 Rzeszów (at the turn of December 2019 and January 2020, the office was moved to ul. Kuklińskiego 17a, 30-720 Kraków and to Jeżowe 784A, 37-430 Jeżowe)
- ☑ Stalowa Wola: ul. Spacerowa 1, 37-450 Stalowa Wola

☒ Strzyżów: ul. Tunelowa 23, 38-100 Strzyżów

Mostostal Warszawa also operates offices at particular construction sites.

## 3.2. MISSION, VISION AND STRATEGY

GRI 102-16

### VISION

Be a leader in sustainable construction 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 with care for the environment for future generations.

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

### MAJOR GOAL

Satisfying customer needs in the field of high quality products and services as well as construction and industrial projects, in accordance with the adopted strategy and tactics, in a safe and environmentally responsible manner.

### MAIN VALUES

- ☒ **Quality** – high standards of work and implementation of state-of-the-art technologies to guarantee the quality that our customers expect.
- ☒ **Environmental protection** – building ecological awareness, taking responsibility for the environment in which we live and work, while minimising negative impact on the environment .
- ☒ **Safety at work** - the application of the highest OHS standards is one of the pillars of the strategy; when it comes to protection of human health and life, we do not compromise..
- ☒ **People** - respect for diversity; construction teams 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 TACTICS

- ☒ 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 customers;
- ☒ expansion on the market of general, industrial, energy, infrastructural and environmental construction;
- ☒ activities targeted at maintaining a zero accident rate.

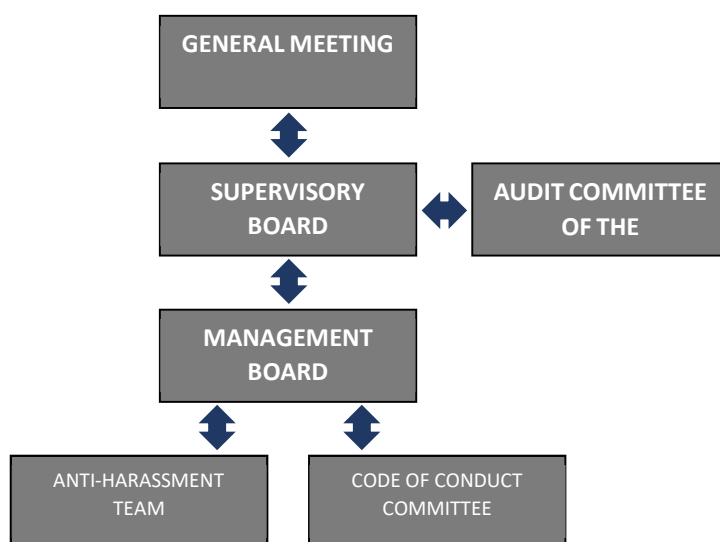
While planning its strategy, Mostostal Warszawa constantly analyses the impact of external factors (legal regulations, market trends, customer requirements, environment, competition, business partners, technology) as well as internal factors (shareholders' expectations, safety and development of employees, quality of our products, energy efficiency, rational waste management, sustainable development), so that the strategy implemented blends in harmoniously with reality. With its experience, the Company can run effective operations

under variable conditions and adapt smoothly to the circumstances. Mostostal Warszawa also monitors the impact of external and internal factors on the expected results.

### 3.3. ORGANISATIONAL STRUCTURE

GRI 102-18 | GRI 102-45

#### ORGANISATIONAL STRUCTURE:



#### COMPOSITION OF THE SUPERVISORY BOARD:

- ☑ Francisco Adalberto Claudio Vazquez, Chair (who resigned with effect as of the date of the Annual General Meeting approving the Company's financial statements for the financial year 2018 i.e. 10 June 2019)
- ☑ Jose Manuel Terceiro Mateos, Vice-Chair (who resigned with effect as of the date of the Annual General Meeting approving the Company's financial statements for the financial year 2018 i.e. 10 June 2019)
- ☑ Antonio Muñoz Garrido (appointed as a Member of the Supervisory Board on 10 June 2019; Chair of the Supervisory Board since 05 September 2019)
- ☑ José David Márquez Arcos (appointed as a Member of the Supervisory Board on 10 June 2019; Vice-Chair of the Supervisory Board since 05 September 2019)
- ☑ Javier Lapastora Turpín
- ☑ Ernest Podgórski
- ☑ Neil R. Balfour
- ☑ Javier Serrada Quiza

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

- ☑ Javier Lapastora Turpín, Chair
- ☑ Jose Manuel Terceiro Mateos (who resigned with effect as of 10 June 2019)
- ☑ José David Márquez Arcos (appointed as a Member on 05 September 2019)
- ☑ Ernest Podgórski

#### COMPOSITION OF THE MANAGEMENT BOARD

- ☑ Miguel Angel Heras Llorente, President of the Management Board
- ☑ Jorge Calabuig Ferre, Vice-President of the Management Board
- ☑ Jacek Szymanek, Member of the Management Board,
- ☑ Alvaro Javier De Rojas Rodríguez, Member of the Management Board,
- ☑ Radosław Gronet, Member of the Management Board

## ROLE OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

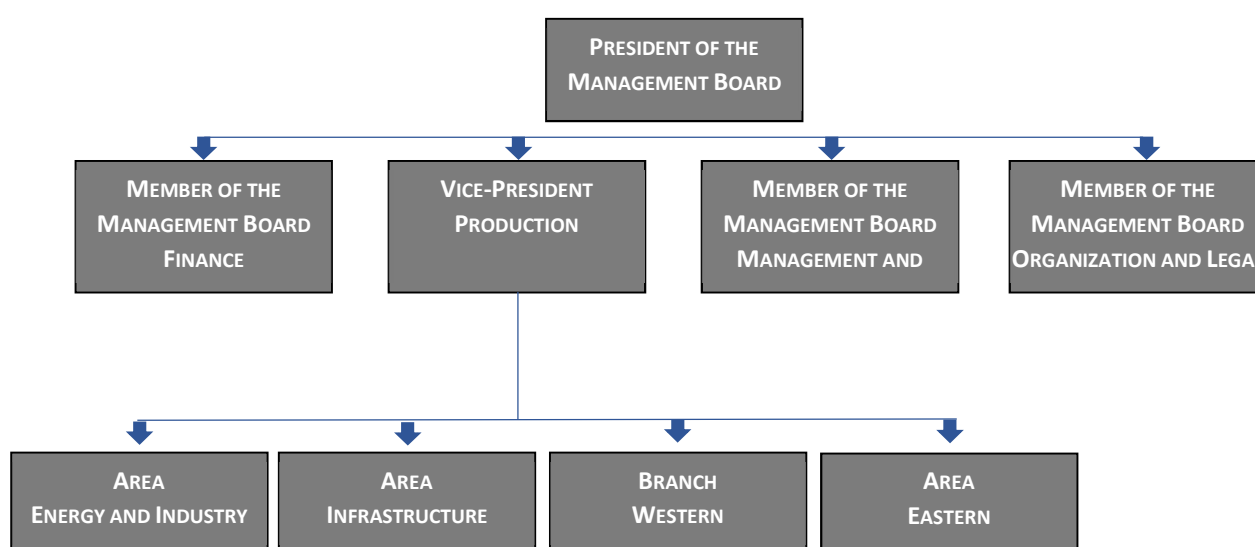
The **Supervisory Board** exercises continuous supervision over the Company's activities. The responsibilities of the Supervisory Board include:

- ☒ 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 profit distribution or loss carry forward,
- ☒ election of the Company's statutory auditor at the motion of the Management Board,
- ☒ approval of purchase, transfer or encumbrance of the Company's real estate or interest in real estate,
- ☒ consideration and approval of proposals for establishing 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 in particular:

- ☒ management of all the Company's affairs not otherwise reserved by law or the articles of association for the General Meeting or the Supervisory Board
- ☒ definition, implementation and execution of the Company's goals and strategies
- ☒ making decisions within the limits of justified economic risk, i.e. after considering all information, analyses and opinions
- ☒ when determining the Company's interest, the management takes into account the interests of its shareholders, creditors, employees, contractors as well as local communities as justified in the long-term perspective
- ☒ the Management Board represents the Company in judicial and extrajudicial proceedings involving 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

## ORGANISATIONAL STRUCTURE OF MOSTOSTAL WARSZAWA:



In May, the structure of the Company was changed. The existing Central / Northern, Southern and Western Branches, provided the basis for creating two regions: Eastern Region (Provinces: Pomorskie, Warmińsko-Mazurskie, Podlaskie, Mazowieckie, Łódzkie, Świętokrzyskie, Lubelskie, Małopolskie, Podkarpackie) and Western Region (Provinces: Zachodniopomorskie, Wielkopolskie, Lubuskie, Dolnośląskie, Opolskie, and additionally: Kujawsko-Pomorskie and Śląskie) .

There were no significant changes in size, ownership or supply chain in the reporting period .

#### **BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP, AND OTHER INDICATORS OF DIVERSITY**

GRI 405-1 GRI 102-8

Employment by age categories:

Employment by age categories:

Number of employees	690 (as at 31/12/2019)		591 (as at 2018-12-31)			
	female		male			
Year	2019	2018	2019	2018		
Number of employees	256	231	434	360		
	Administrative staff					
Age	below 30 years		30-50 years		above 50 years	
Year	2019	2018	2019	2018	2019	2018
Senior management	0	0	8	3	3	5
Middle management	0	0	33	32	2	3
Specialists	22	33	112	106	26	25
	Engineering and technical staff					
Senior management	0	0	26	43	2	6
Middle management	11	35	172	110	13	9
Other employees	105	102	127	65	28	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 among all of its employees, ensuring equal opportunities through its 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 any form of child labour.
- ☑ We support and act for the implementation of policies aimed at promoting equal opportunities in the workplace.
- ☑ Recruitment and promotion of employees are 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 our employees with stable jobs, development opportunities and motivation.

- ☑ All employees may actively participate in trainings offered by the Company with the aim professional development.
- ☑ Managers support the professional development of their employees.

Mostostal Warszawa provides working conditions that prevent sexual harassment and discrimination based on sex, promotes respect for equal opportunities for men and women, and prevents any direct or indirect discrimination.

#### **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. In the following years, the Company was the contractor for most road crossings in the capital (except for the Northern Bridge) as well as many rail and car bridges throughout the country. Significant infrastructural projects in Poland are bridges in Dęblin, Modlin, Puławy, Płock and Włocławek.

Mostostal Warszawa participated in the construction of multiple key industrial projects: cement works in south-eastern 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 Libya, 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 the world-famous architect, Sir Norman Foster .

### **3.5. ACCIONA – STRATEGIC INVESTOR**

Since 1999, the strategic partner of Mostostal Warszawa is Acciona SA, a tycoon on the global construction market, with over 80 years of history. Acciona Construcción SA, a company of Acciona Group, is the strategic investor of Mostostal Warszawa.

Acciona is a Spanish group with an international reach, listed on the Madrid Stock Exchange:

- ☑ over 38 thousand employees
- ☑ operations in over 65 countries on 5 continents: Europe, both Americas, Asia, Africa and Australia
- ☑ revenue exceeding EUR 7 billion

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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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### **3.6. OUR CSR-RELATED CHALLENGES**

## **WE MAKE EFFORTS TO IMPROVE THE QUALITY OF LIFE, IN PARTICULAR IN OUR IMMEDIATE ENVIRONMENT**

Mostostal Warszawa engages partnerships with entities and institutions. Their goal is to improve the social and economic environment in which the Company operates. The Company has the competence and experience that can contribute to the implementation of the UN Sustainable Development Goals, in particular in the field of building stable infrastructure, promoting sustainable industrialization and supporting innovation.

- ☑ Work on each project starts with taking into account the concept of sustainable construction in the analysis.
- ☑ When designing an object or carrying out research and development projects, we always strive to achieve the highest material efficiency .
- ☑ 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 projects .
- ☑ We develop our research and development activities on a regular basis

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

The executives of Mostostal Warszawa are experienced in managing risks associated with sustainable development, ethics, human rights and impact on 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 when designing new solutions. The results become inspiration to others and set a good example, creating an opportunity for other entities to conduct sustainable business.

- ☑ The Mostostal Warszawa provides its customers with full documentation of each project completed to allow them to recover as much material as possible at the end of their useful lives .
- ☑ Mostostal Warszawa promotes energy-efficient solutions among its customers so as to reduce energy consumption for commercial or residential purposes .

## **PEOPLE ARE OUR GREATEST ASSET**

Mostostal Warszawa is committed to creating a safe workplace. All employees are provided with opportunities for professional development and effective management of their careers; diversity at work is also supported.

- ☑ Health and safety of our employees are at the forefront of our values, which is why we take a number of actions related to the prevention and protection of the health and safety at work and elsewhere.
- ☑ Mostostal Warszawa is a multigenerational company. More experienced employees support the younger ones with their expertise, while young employees share their fresh look with the more experienced specialist staff.
- ☑ Recruitment to executive positions is based on internal promotions.
- ☑ In implementing our diversity policy, we entrust many key positions to women
- ☑ Mostostal Warszawa counteracts violence and harassment at work

## **MOSTOSTAL WARSZAWA SUSTAINABLE DEVELOPMENT STRATEGY**

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

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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 are the result of an unprecedented agreement of 193 UN member states concerning sustainable development priorities. The goals are to support civil society, business, parliamentarians and other parties around 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>)

- ▣ Goal 8: Promote sustained, inclusive and sustainable economic growth, 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.

## 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 established its own Research and Development Department with a vision to develop its innovative technologies to strengthen its competitive advantage. The company's focus is primarily on the use of new building materials, energy efficiency and sustainable construction, as well as communication and information 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> Building Information Modelling – stands for a construction project that can be created in a virtual world, starting with the concept up to commissioning.



## 4. ENSURING HIGH QUALITY PERFORMANCE

### 4.1. BUSINESS MODEL

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

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

Mostostal Warszawa has public and private customers. In 2019, Mostostal Warszawa carried out 53 contracts, including 28 public contracts and 25 private contracts .

Mostostal Warszawa is managed in an organized way, taking into account the requirements of the implemented and certified Quality Management System, which meets the requirements of PN-EN ISO 9001: 2015, AQAP 2110: 2016 . The environmental management system complies with PN-EN ISO 14001: 2015, and the occupational health and safety management system with PN-N-18001: 2004 and BS OHSAS 18001: 2007. The certification bodies are TÜV NORD CERT and the Quality Certification Center (CCJ).

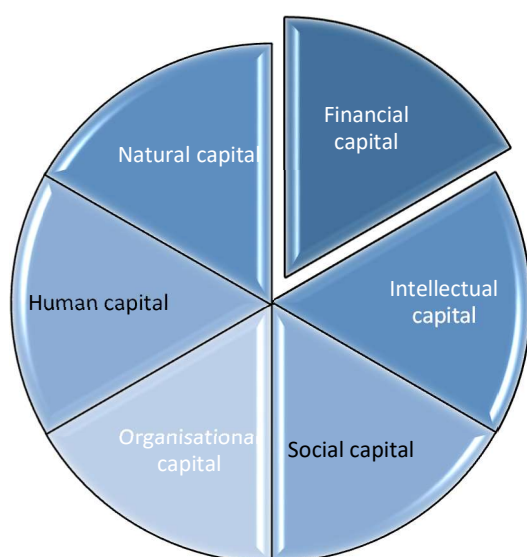
The Company has an extensive supply chain. We cooperate with dozens of suppliers in the implementation of the vast majority of projects. In turn, in many cases they use the services of further subcontractors or suppliers.

When planning and analysing the strategy, but also in the course of operating activities, Mostostal Warszawa takes into account the variability of the external environment. It is a derivative of, among others: the current political and economic situation of the country, changes in legal requirements and the demand for services, changing technologies, the method of financing individual investments, the impact of competition as well as subcontractors, changing standards, cultural, social and ethical expectations as well as local conditions. We

also take into account the changing internal environment of the company, which is a resultant of the potential and processing capacity, own resources, as well as the manner of managing them through the adopted organizational order, implemented policies, procedures and other requirements under. Mostostal Warsaw 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 resources from internal or external sources held by Mostostal Warszawa, company's capital (as at 31.12.2019)	
Total assets [thousands of PLN]	874,717
Equity [thousands of PLN]	14,413
Long-term liabilities [thousands of PLN]	90,589
Short-term liabilities [thousands of PLN]	769,715
Sales revenue [thousands of PLN]	1,040,738
Net profit or loss [thousands of PLN]	-1,926

## 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 31/12/2019).	
Employees of Mostostal Warszawa	690
Training and development schemes for employees [thousands of PLN]	566

## SOCIAL CAPITAL

Building mutual social relations and trust with the social environment: subcontractors, suppliers, local communities and other companies (as at 31/12/2019).	
Supported social, cultural and sporting events	5
Effective cooperation under the "Agreement for Safety in Construction Industry"	
Dialogue with communities in the immediate vicinity of construction sites	

## 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 failures	

## ORGANISATIONAL CAPITAL

Effective organisational structure, strategies, processes and internal procedures to ensure high quality and timeliness of projects (as at 31/12/2019)	
Property, plant and equipment [thousands of PLN]	30,454
Capital expenditure [thousands of PLN]	12,817
Effective business model involving 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 31/12/2019).	
Intangible assets [thousands of PLN]	1,106
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 OHS STANDARDS**

### **THE CODE OF CONDUCT OF MOSTOSTAL WARSZAWA**

GRI 102-16 | GRI 102-12

The Code of Conduct applies to all the activities 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 across the Group.

Mostostal Warszawa's objective is to ensure that all the people and entities to whom the Code applies should observe the following rules of conduct in all their dealings:

- ☒ active contribution to environmental sustainability and promotion of a low-carbon economy
- ☒ facilitating social and economic development through innovation, technology development as well as effective use of resources, while maintaining responsibility and integrity
- ☒ ensuring good working conditions and observing the employees' rights
- ☒ ensuring compliance with applicable law
- ☒ respect for human rights and civil liberties as guaranteed in the Universal Declaration of Human Rights adopted by the United Nations
- ☒ commitment to environmental protection and cooperation for the development and welfare of the community
- ☒ promotion of honesty, reliability, truthfulness in internal relations and towards external partners; compliance with fair competition and transparency obligations
- ☒ innovations for the development of new technologies contributing to the improvement of social and environmental conditions
- ☒ reporting cases of breaches of applicable laws or ethical principles

Every employee of Mostostal Warszawa is responsible for complying with the principles set out in the Code. Superiors are responsible for communicating rules of conduct to their subordinates, providing them with support in 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 Company has also established the Code of Conduct Committee, which is entitled to conduct independent reviews of the implementation of and compliance with the Code.

Mostostal Warszawa encourages all of its suppliers, customers as well as cooperating enterprises and entities to adopt patterns adequate to those contained 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 customers' 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

- ☒ cooperation with customers and all interested parties and on the best implementation of the tasks entrusted to us, while caring for the natural environment and employee 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 financial terms: price change risk, currency and credit risks and liquidity risk
- ☒ in terms of labour force: risk of increase in employment costs, risk of accidents at work
- ☒ in organizational terms: risk of untimely completion of works by subcontractors, risk of poor quality of subcontractors' works, risk of equipment and machinery failure
- ☒ in terms of intellectual property: risk of the necessity to amend contracts for works and/or risk of technological changes
- ☒ in social terms: risk of failure to obtain or delays in obtaining administrative approvals/decisions, risk of long-term procedures for resolving public tenders, risk of choosing an unreliable social or business partner, financial and tax risks
- ☒ in environmental terms: 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 offer preparation stage, a risk report is created to take into account the issues related to compliance with legal requirements, financing and technical implementation of the project, including environmental risks. These risks are further monitored at every stage of the project implementation, and in the event of a change in risk level, actions are taken to reduce 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. Learning from experience is the foundation for the Company's improvement.

#### **INTEGRATED ENVIRONMENTAL AND OHS MANAGEMENT SYSTEM (ENVIRONMENTAL AND OHS MANUAL)**

Mostostal Warszawa Group has established and maintains a documented Integrated Environmental and OHS Management System, in accordance with the requirements of PN-EN ISO 14001:2015, PN-N-18001:2004 and BS OHSAS 18001:2007, forming a part of the Integrated Quality Management System. The system has been successfully implemented in Mostostal Warszawa SA and its subsidiaries.

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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 14001:2015, 2021.*

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The scope of the System covers design, general contracting and general implementation of construction projects, including civil engineering/specialized works, manufacture, installation and maintenance of metal structures, equipment and transport services, and facility management.

The System is improved on a continuous basis to ensure its effectiveness, to protect people and the natural environment and to create the OHS culture between the employer and employees as well as to develop environmental awareness in everyday activities.

Environmental Management and Health and Safety at Work focus on the active involvement of all employees in activities promoting occupational health and safety and environmental protection as well as visible leadership on the part of the management. This is due to the fact that proper management is the most effective way to ensure a sufficiently high level of occupational health and safety and environmental protection, important from the point of view of legal requirements and social expectations, as well as the Company's ability to achieve positive economic performance.

The Management Board ensures the human and financial resources necessary to implement the established policy and achieve the goals and objectives in the field of environmental protection and occupational health and safety. They are committed to continuously improve production processes and services in the field of construction and industrial projects, with a view to satisfying the customers' needs in the best possible manner, while bearing in mind the need to mitigate environmental threats and preventing accidents at work.

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

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

Mostostal Warszawa is against influencing the will of people outside Mostostal Warszawa to obtain any profit by using unethical practices.

We do not accept any other people or entities using 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.

Mostostal Warszawa employees must not 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 courtesy gestures towards public officials are allowed only in compliance with the generally applicable regulations.

The following communications channels are used to report any breaches:

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

If an employee believes that any policy rules have been violated, they are obliged to notify the Organization and Investor Relations Department thereof, unless they have already done it via the Ethics Channel or their superior. No breaches were reported in 2019.

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 to guarantee the transparency of the process for selecting new suppliers of goods and services.

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

GRI 205-2

All members of the governing bodies of Mostostal Warszawa have been informed about the anti-corruption policy and anti-corruption procedures applicable within the organization. They are obliged to comply strictly with the above and report any irregularities immediately.

#### **POLICY APPLIED BY MOSTOSTAL WARSZAWA SA IN RELATION TO RESPECT FOR HUMAN RIGHTS**

Bearing in mind the close relationship between ethics and business, Mostostal Warszawa is committed to conduct its business and professional operations in line with the applicable laws and in observance of high ethical standards, including: the Universal Declaration of Human Rights, the International Labour Organisation Tripartite Declaration of Principles and the United Nations Global Compact initiative.

The Policies which govern human rights issues comprise:

- ☒ Code of Conduct
- ☒ Diversity Policy
- ☒ Anti-Harassment Policy
- ☒ Internal Procedures
- ☒ Collective Bargaining Agreement

Both in the Code of Conduct and in the Anti-Harassment Policy, Mostostal Warszawa presents communication channels for reporting any irregularities. No reports of irregularities concerning the respect for human rights were recorded in 2019.

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 far as the policy of respect for human rights is concerned, 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 across the supply chain. The Company encourages suppliers to observe 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.

#### **POLICY APPLIED BY MOSTOSTAL WARSZAWA SA IN RELATION TO SOCIAL ISSUES:**

The policy applies to:

- ☒ corporate social commitment
- ☒ customer relations
- ☒ relations with suppliers, contractors and business partners
- ☒ relations with investors and securities market

The policy rules are set out 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 financial and economic stability of the company. The Company conducts its activities in a responsible and transparent manner. These measures are taken in response to requests of organizations addressing the Company and employees' grassroots initiatives.

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 the award of public contracts. 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 other available information.
- ☒ Choosing an unreliable business partner. The Company verifies the reliability of business partners by exploring 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 through due diligence analysis of tax issues related to the social activities carried out.

### 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 supplies. We carry out systematic verification of suppliers. The verification procedure covers their suppliers' systems in the field of:

- ☒ quality management
- ☒ environmental management
- ☒ occupational health and safety management

During the reselection process, the supplier is assessed in terms of:

- ☒ previous cooperation assessment
- ☒ technical capabilities
- ☒ financial and economic standing
- ☒ degree of compliance with occupational health and safety and environmental requirements

After the cooperation is over, the supplier is assessed and entered in the database of cooperating companies.

#### GRI 102-9

The vast majority (> 99%) out of 3284 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
- ☒ websites and social media: Instagram, LinkedIn, Youtube
- ☒ contact by email
- ☒ telephone contact or video conferencing

To ensure an efficient performance of a project, coordination meetings with subcontractors are held on a weekly basis. Their objective is to discuss the performance targets from the previous week and plan further stages. Coordination meetings are used to solve current problems at the site, plan activities and coordinate work in each section of the facility being constructed among various 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. Framework agreements are signed with the suppliers with whom Mostostal Warszawa has regular cooperation.

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 acceptance of the products purchased
- ☒ supplier assessment

The priority in this respect is to expand the database of proven and 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 choice of a previously tested and positively assessed supplier reduces the risk of possible future disputes and problems during the implementation of the project as well as 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.

Since 2018, the company has been operating an electronic document circulation system for: acceptance of decision documents, documents regarding the selection of the suppliers and purchase plan updates.

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

Risk factors include:

- ☒ market instability manifested by varied availability of suppliers and volatility of prices
- ☒ 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 is constantly looking for new suppliers.

## 4.4. CUSTOMER RELATIONS

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

Mostostal Warszawa has both public and private customers. In 2019, Mostostal Warszawa carried out 53 contracts, including 28 public procurement contracts and 25 private contracts.

Public contracts can be awarded to contractors who meet the conditions defined by the contracting authority; the conditions are available to the public. To participate in a private tender procure, an invitation from the investor is required.



## CUSTOMER SATISFACTION

To ensure the highest satisfaction of clients, the person responsible for the contract performance monitors information on how the Company is perceived by the customer in the course of the project. The information is provided by customers and documented during coordination meetings, internal site meetings, direct working meetings with the client, commissioning and guarantee inspections by a commission. After completing a contract, a customer satisfaction survey is carried out. The customer satisfaction surveys are then discussed with the participants to 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 quotation preparation stage and at the project implementation stage, Mostostal Warszawa offers customers its support in optimisation and selection of the best construction solutions (value engineering). This is how the customer trust is built.*

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The primary effect of a professional attitude towards customers is a long-term relationship, which exceeds a single contract.

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

Risks include the possibility of higher costs or extension of the project lead time due to extraordinary technical solutions suggested by the Investor. To prevent this risk, the Company collects the documentation in advance, identifies legal requirements and supports its activities with qualified specialists.

## WARRANTY SERVICE

Mostostal Warszawa has defined the rules and formulated a binding and applicable procedure in the field of the warranty service. The process is carried out by a team of experts skilled in the technical, financial and legal industries employed in the Warranty Service Department. Warranty service is carried out by analysing the defects reported by the customers and removing them. It is mostly done by enforcing the warranty liability of subcontractors, but also as part of our own responsibility. The goal of the warranty service is to meet the customers' expectations and ensure their satisfaction.

The priority in the scope of warranty service is to remove defects detected in the structures built by the company within the required deadlines and in such a way that the operation of these structures is not significantly disturbed.

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 detected in the structures, 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. Based on such indicators, the company creates a financial reserve for warranty service.

The overall ratio of costs of removing defects to the value of contracts for all the construction industry segments is 0.51%<sup>3</sup> (compared to the previous year, it has slightly increased by 0.04%), including:

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<sup>3</sup> Cost of removing defects in relation the contract value

for general construction	0.62%
for power and industrial facilities	0.75%
for infrastructural construction projects	0.26%

#### 4.5. RESEARCH AND DEVELOPMENT

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 Modelling) technologies.

The main area of activity in 2019, as in previous years, was work on the use of FRP composites in bridge construction. The Research and Development Department has developed and provided a solution for an innovative platform bridge – 80-meter long footbridge across the Kamienica River in Nowy Sącz. The concrete slab was poured on FRP composite panels, which is stay-in-place formwork. In addition, the slab reinforcement was made entirely of composite bars. Such a design eliminates the risk of corrosion as well as ensures a significant acceleration of construction works. The DFOS monitoring system was installed in the platform slab and photoluminescent coatings were applied onto balustrades.

In 2019, buildingSMART Polska Association was registered, of which Mostostal Warszawa is one of the founders. Later, it was formally recognized as the Polish branch of buildingSmart International. It is an independent international non-profit organization aiming to create, improve and promote open standards for exchange of BIM information in the construction sector.

As part of the European CREATE project (Horizon 2020 grant No. 680450), the building housing the family children's home was equipped with a pilot energy storage system connected to solar collectors and a heat pump. Thanks to an additional system, 15% of the annual heat demand is supplied from renewable sources.

KPI:

- ☑ Two MA theses were written, based on the issues from R&D projects implemented by Mostostal Warszawa (2018: one MA thesis)
- ☑ Three scientific articles were published; they were co-authored by employees of Mostostal Warszawa (2018: two articles)
- ☑ In 2019, there were no R&D projects that could be used by scientific units to perform practical tests (prototypes, experimental installations etc.) In 2018, two projects of this type were implemented.

#### 4.6. AWARDS AND DISTINCTIONS

Name	Organizer	Recognized project/measure
<b>Award of the Year of the Association of Polish Architects 2019.</b> The Award of the Association of Polish Architects is intended to mark the best architectural objects in Poland.	Association of Polish Architects	Municipal Public Library in Piotrków Trybunalski
<b>'Responsible Business in Poland' Report. Good practices</b> The largest review of socially responsible business in Poland; it summarizes the commitment of companies to the implementation of socially responsible business principles and also reviews other initiatives in the area	Responsible Business Forum	Seven CSR activities of the Company included in the report: - "M-Team" Programme - "Share what you no longer use" campaign - BIM - intelligent project information management process - OHS activities - "Together for others" campaign - Environmental education - Research & Development

## 5. CARING FOR OUR EMPLOYEES

### POLICIES APPLIED BY MOSTOSTAL WARSZAWA WITH REGARD TO EMPLOYEE ISSUES:

- ☑ Code of Conduct
- ☑ Diversity Policy
- ☑ Anti-Harassment Policy
- ☑ Training and Recruitment Procedures
- ☑ Collective Bargaining Agreement
- ☑ Work Regulations

The management of human resources at Mostostal Warszawa is affected by various risks. Particular risks affected development of the human resources management policy and the measures aimed to minimize their effects to a variable extent.

- ☑ Absenteeism at work. The Company conducts activities to mitigate the effects of these risks and also takes preventive measures aimed at limiting the their scale and proliferation beyond the acceptable level. The Company aims to minimize the significance of this risk, among others, by monitoring absences and determining their causes.
- ☑ Shortage of employees in the labour market. The Company manages the risk, among others, by offering competitive employment conditions and promoting the image of a reliable employer.
- ☑ Staff turnover. To minimize the risk, the Company takes measures to improve working conditions.
- ☑ Harassment at work – 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 measures. Risk management is based on the possibility of reporting any violations of the principles of Anti-Harassment Policy e.g. to a Member of the Management Board. Bearing in mind that harassment at work 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 work. 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 complies with its internal guidelines, work regulations, instructions and procedures. It is important to identify hazards and carry out occupational risk assessments. The Company also takes preventive measures and corrective actions with respect to reported near accidents.

### 5.1. WORKPLACE IN NUMBERS

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

GRI 102-8

Number of employees <sup>4</sup>	690 (2019)		591 (2018)	
	female		male	
year	2019	2018	2019	2018
number of employees	256	231	434	360
indefinite-period employment	158	136	287	210
other contracts (probationary period, fixed-period, including vocational placement and replacement contracts)	98	95	147	150

<sup>4</sup> Numbers as at the year-end date

The table above shows employment growth by over 15% year on year. This is influenced by the Company's development and the need to increase employment due to new projects. 37% of employees were women - 2% less than in 2018.

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

	female		male	
year	2019	2018	2019	2018
full-time	248	212	424	346
part-time	8	19	10	14

Employment of women and men by employee groups at Mostostal Warszawa:

	female		male	
year	2019	2018	2019	2018
Administrative staff				
Senior management	4	1	7	7
Middle management	17	16	18	19
Specialists	118	100	42	64
Engineering and technical staff				
Senior management	3	5	25	44
Middle management	20	17	176	137
Other employees	94	92	166	89

## 5.2. FRIENDLY WORKPLACE

### PAYROLL SYSTEM AND PROMOTION OPPORTUNITIES

The payroll system is formally regulated by the Collective Bargaining Agreement. The Company uses a payroll system providing for bonuses. 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. 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 continuous the Employee Referral Program introduced in 2019, 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 employees of Mostostal Warszawa	690	100.00%
number of members of the "Solidarity" trade union	20	2.89%

### 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-refundable special assistance grants for people in difficult life situations;
- ☒ 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. Combined with the rising costs of building materials and the inability to renegotiate construction contracts with the investor, this results in a decrease in contract profitability.

#### **GRI 404-2**

In 2019, 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.

The areas in which employees were trained were determined on the basis of development goals defined during the annual interim evaluation (closed training); taking into account current needs (open trainings) and strategic goals of the company (development programs). As part of closed trainings, employees were trained in the areas of:

- ☒ MS EXCEL
- ☒ MS PROJECT
- ☒ communication
- ☒ organization and planning
- ☒ personal effectiveness
- ☒ project management
- ☒ negotiations

- ☑ organization and planning
- ☑ public speeches

The 'City of Growth' training program was also implemented, which was followed by series of trainings supplemented with a gamification platform. The 8-month program was designed for three groups of employees: engineers, construction managers and potential successors to the highest managerial positions in the organization.

In addition, Mostostal Warszawa provides individual and group English language courses for employees. In 2019, 91 employees improved their qualifications in this respect (89 - English, 2 - Spanish).

#### AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE, BY GENDER AND EMPLOYEE CATEGORY

##### GRI 404-1

Obligatory training (average number of training hours per employee)

	female	male
	Administrative staff	
Senior management	37.0	46.0
Middle management	47.1	32.3
Specialists	21.8	20.7
	Engineering and technical staff	
Senior management	45.3	41.1
Middle management	21.7	23.8
Other employees	11.8	13.3

#### EMPLOYEE SATISFACTION

Mostostal Warszawa has implemented a competence model based on Acciona's Role Model. Based on this model, a system for periodic assessment of competence has been implemented. 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 campaign, we try to promote it widely and encourage employees not only to spend symbolic two hours with the family, but to care for family ties 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 "small and big family travels", the author of which was one of the employees of Mostostal Warszawa.

##### GRI 401-1

Total number of new hires and total number of departures in the reporting period.

Total number of new hires (during the year):	253 (2019)		211 (2018)	
gender	female		male	
year	2019	2018	2019	2018
	86	79	167	132
age	>30		30-50	50<
year	2019	2018	2019	2018
	84	104	151	100
			18	7

Total number of departures (during the year):	154 (2019)			151 (2018)		
gender	female			male		
year	2019	2018		2019	2018	
	61	49		93	102	
Age	>30		30-50		50<	
Year	2019	2018	2019	2018	2019	2018
	51	54	90	82	13	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 employees under 50 years of age. More people are employed than leaving work, which is influenced by a higher number of contracts acquired.

#### GRI 401-3

Return to work and retention rates of employees that took parental leave

Total number of employees entitled to	
maternity leave	paternity leave
38	23
Total number of employees who used	
maternity leave	paternity leave
31	18
Total number of employees who returned from	
maternity leave	paternity leave
0	18
Total number of employees who returned to work after parental leave	
18	
Total number of employees who should have returned to work after parental leave	
18	

Both, women and men who have the right to take part of parental leave after resignation from the child's mother are considered as entitled to parental leave. In practice, men rarely use this right. However, attention should be paid to the visible increase in male employees who took paternity leave in 2019 i.e. 72% of those entitled, which is approx. 30% more than in 2018).

#### COMMUNICATION WITH EMPLOYEES

Communication with employees is conducted in many ways: face-to-face meetings, Intranet, video conferences, mailing, posters.

### 5.3. RECRUITMENT

Employees are recruited in accordance with the relevant procedure and the Employee Referral Program. Priority at the recruitment stage is given to candidates from within the company over candidates 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. In 2019, employer branding activities were continued. The employer's external image was built through the employer's profile, including on LinkedIn and Pracuj.pl. A promotional movie of Mostostal Warszawa was prepared. The company's representatives have participated in numerous student job fairs. At the same time, activities were also carried out to strengthen the company's internal image among employees. Internal communication was further expanded and the assessment of the recruitment and onboarding process by newly recruited employees was continued.



To support managers recruiting employees in the development of recruitment competences, we have developed a special training. In addition, in response to increasingly difficult recruitment processes in the Company as well as to attract the most talented candidates to Mostostal, we have continued the "Talent Hunter" Employee Referral Program developed and implemented in previous years, under which employees can recommend people from their environment and receive financial bonuses for the employment of the person recommended.

The company cooperates with technical universities both in: building awareness among future engineering staff of the company as an employer; recruiting apprentices and interns (job fairs); supporting universities in adapting the curriculum and educational content to the current needs of the construction industry market (lectures, study visits, substantive cooperation with student research clubs); implementation of research and development projects.

The average recruitment time extended to 38.87 days (compared to 32 days in 2018). The number of LinkedIn account followers has increased to over 8500 persons (compared to 8.5 thousand in 2018 and 3.5 thousand, when the company took over the profile administration), which translates into the popularity of the company on the labour market and the candidates' interest.

#### GRI 403-6

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:

- ☑ Mostostal Warszawa Group Policy
- ☑ Integrated Management System
- ☑ "On-Site OHS and Environmental Management Manual"
- ☑ 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 OHS and Environmental Management Manual. 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**

- ☒ The Company's paramount goal is to achieve a "zero accident" rate. 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**

- ☒ Introduction of an obligation to create the Safety Plan for each 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 OHS and Environmental Management Manual"
- ☒ Introduction of Safety Plans at construction 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 provides OHS training to its employees during the induction period (initial OHS 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 provides trainings and alerts to its subcontractors.

## GRI 403-2

### Work-related injuries

	Female	Male	Total
Number of fatal accidents (employees)	0	0	0
Number of fatal accidents (subcontractors)	0	1	1
Number of lost-time accidents (employees)	0	6	6
Number of lost-time accidents (subcontractors)	0	6	6
Number of all reported accidents (employees)	0	6	6
Number of all reported accidents (subcontractors)	0	7	7

### Work accident severity rate (employees)

	Rate
Total days of incapacity for work due to accidents at work	281
Number of accidents at work	6
	RATE: 46.8 (2017: 14.7)

### Frequency of accidents at work (employees)

	Rate
Number of all reported accidents	6
Average annual employment	690
	RATE: 8.7

### Illness-related absence rate

	Rate
Number of non-working days	5184 (business days) 7041 (calendar days)
Number of working days	249
	RATE: 3%

## GRI 403-4

Members of joint formal occupational health and safety committees that help monitor and conduct programs related to occupational health and safety include: employees of the Occupational Safety and Health Department, crew representatives, social labour inspector as well as an occupational medicine doctor, who provides medical care for employees.

## 6. CARE FOR OUR ENVIRONMENT

### 6.1. OUR ENVIRONMENT

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

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

Employees	<ul style="list-style-type: none"> <li>- regular opinion and satisfaction surveys</li> <li>- on-going dialogue with representatives of trade unions</li> <li>- regular 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>- telephone 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>- telephone calls</li> </ul>
Competition	<ul style="list-style-type: none"> <li>- conferences and trade fairs</li> <li>- meetings</li> <li>- partnerships in projects</li> <li>- website</li> <li>- social media: Instagram, LinkedIn, Youtube,</li> </ul>
Entities of Mostostal Warszawa Group	<ul style="list-style-type: none"> <li>- reports</li> <li>- regular meetings</li> <li>- meetings of Supervisory Boards</li> <li>- telephone calls</li> <li>- electronic communications</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>- reports</li> <li>- regular meetings</li> <li>- meetings of Supervisory Boards</li> <li>- telephone 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>- telephone calls</li> </ul>
Courts	<ul style="list-style-type: none"> <li>- reports</li> <li>- statements</li> </ul>
Public	<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>- telephone calls</li> </ul>
Media	<ul style="list-style-type: none"> <li>- press publications and releases</li> <li>- trade conferences and briefings</li> <li>- electronic communications</li> <li>- telephone 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> <li>- telephone calls</li> <li>- electronic communications</li> </ul>

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

#### MEMBERSHIP OF ASSOCIATIONS

##### GRI 102-13

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

- ☑ Polish Commercial Chamber of Road Construction
- ☑ Polish Association of Listed Companies
- ☑ Polish-Spanish Chamber of Commerce
- ☑ Polish Association of Construction-Industry 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 authority

## 6.2. ENVIRONMENTAL RESPONSIBILITY

### **MOSTOSTAL WARSZAWA SA IMPLEMENTS ITS OWN POLICY WITH RESPECT TO THE NATURAL ENVIRONMENT:**

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*The protection of and respect for the natural environment is a priority for Mostostal Warszawa in its operations. This is achieved by observance of the best practices for environmental protection as well as 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 counteracting climate changes and protecting biodiversity.

The policy is implemented based on:

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

Bearing in mind 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 the available environmental reports
- ☒ 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, we identify environmental aspects and related impacts in line with ISO 14001:2015. If we cannot determine the impact of a given environmental aspect, then in accordance with the precautionary principle, we avoid actions that may have a negative impact on the environment or whose impact on the environment is not fully recognized (e.g. due to lack of knowledge, insufficient information, inability to perform analyses etc.).

## ENVIRONMENTAL MANAGEMENT

Environmental care is an integral part of Mostostal Warszawa's operations. There is more to environmental management than only 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, which are delivered on a "turnkey" basis. In the field of general construction, the Company has implemented environmentally-friendly projects e.g. the construction of a nearly zero-energy building for Poznań University of Technology. The building was designed to include highly energy-efficient and energy-saving technical solutions, with the demand for non-renewable primary energy not exceeding 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 five 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:

- ▣ obligation to identify the impact of operational results on the natural environment (environmental aspects)
- ▣ obligation to develop environmental programs for the identified significant environmental aspects and to implement these programs
- ▣ obligation to develop a detailed procedure for emergency situations e.g. related to soil contamination with dangerous substances, or explosion of dangerous substances
- ▣ safe and reasonable management of energy resources and waste from production processes and services
- ▣ striving to reduce the impact of operations that are harmful to the environment
- ▣ requirement to provide consultations and training to employees and to involve them in environmental protection actions

Every year, an environmental management review is carried out to summarize the effects of environmental activities, including: the status of actions taken following previous management reviews, changes that may have affected the outcome of environmental activities, the status of declared goals, the adequacy of the resources involved, and the relevant information provided by stakeholders as well as environmental risks and opportunities. Systematic reviews allow the Company to manage its environmental impact effectively.

## MATERIALS - SCALE, SELECTION, CONSUMPTION EFFICIENCY AND MONITORING OF CONSUMPTION OF 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 current knowledge, the Company uses no raw materials in its production operations that would have a significant impact on the environment. The impact on the natural environment is insignificant at any stage of the service-life of products, from their delivery and installation until the end of their 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 2019 <sup>6</sup>

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<sup>6</sup> Due to the change in the scale of operations and the characteristics of individual projects, we omit the year-on-year comparison as irrelevant.



## GRI 301-1

Material/raw material	Unit [Mg/m3/dm3]	Quantity
Concrete	m3	121,694.05
Mortar	m3	71,102.60
Aggregates and rubble	tons	103,097.77
Wood	tons	1,325.341
Paper	kg	7,334.62
Reinforcing steel (ribbed bars and ducts)	tons	12,700.924
Paints	kg	13,568.6
Lacquers	kg	310
Structural steel (profiles and sheets)	tons	1,073.414
Cement	tons	8,658.745
Greases	kg	192
Anti-adhesive agents	litres	6080
Recycled aggregates	tons	18,596
Soil and earth	m3	64,953
Certified wood (FSC or the like)	tons	71.46
Asphalt	tons	300.2
Pre-fabricated concrete units (beams, walls, slab, pillars etc.)	m3	3,727.9

## ENERGY CONSUMPTION IN THE ORGANIZATION

## GRI 302-1

Given the Company's industrial profile, an approach to the use, management and conversion of energy is an important aspect. The consumption of fuel and energy carriers is monitored monthly, based on invoices issued by suppliers, in particular:

- ▣ volume of electricity and heat consumption at fixed locations and construction sites;
- ▣ volume of gasoline, liquefied gas and diesel oil used for means of transport

The following is a summary of consumption of key energy carriers:

## GRI 302-1

Type of energy carrier	Quantity expressed in units [e.g. Mg/kWh/dm3]	Energy value in MWh	% of total energy carrier consumption
Motor gasoline	52.23 Mg	486.30	2.8%
Diesel fuel	317.70 Mg	3234.43	19.06%
Liquefied propane-butane gas (LPG)	2.83 Mg	37.06	0.4%
Mains electricity – administration and office rooms	564.202 MWh	564.202	4.3%
Mains electricity – construction sites	7375.318 MWh	7375.318	62.5%
Mains heat – administration and office rooms	4916.0432 GJ	1293.34	12%
<b>Total consumption [MWh]</b>		<b>12990.65</b>	<b>100.00%</b>

Measures taken in 2019 to reduce energy carrier consumption:

- ▣ awareness campaigns addressed to employees;
- ▣ gradual replacement of the fleet under lease contracts for cars meeting higher standards;

#### **GAS EMISSIONS**

Dust and gas emissions are one of many environmental aspects analysed in connection with the Company's operations. Their levels are closely related to the production volume in a given year, which entails the challenge of appropriate control of emissions. Measures taken include: new technologies are implemented and the car fleet is replaced, which has a positive impact on the indirect and direct emissions.

Mostostal Warszawa Group strives to minimise the amounts of greenhouse gases emitted. The emission of these gases results mainly from the combustion of fuels in motor vehicles and in equipment fuelled with heating oil and petrol. In 2019, the emissions were as follows:

#### **DIRECT EMISSIONS**

GRI 305-1

Type of energy carrier	Volume of carrier consumption	Volume of carrier consumption [GJ]	CO2 EI conversion factor kg/GJ <sup>[1]</sup>	Total CO2 emissions in 2019
Motor gasoline	52.23 Mg	1809	69.30 kg/GJ	125.36 tons of CO2
Diesel fuel	317.70 Mg	11845.12	74.10 kg/GJ	877.72 tons of CO2
Liquefied propane-butane gas (LPG)	2.83 Mg	135.648	63.10 kg/GJ	8.55 tons of CO2
Total direct emissions of CO2				1,011.63 tons of CO2

Compared to 2018, total direct CO2 emissions were significantly reduced in 2019, despite the increase in the scope of operations.

#### **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.

<sup>[1]</sup> According to the factors defined by 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\\_weryfikacjaemisji\\_w\\_eu\\_ets/WO\\_i\\_WE\\_do\\_stosowania\\_w\\_SHE\\_2017.pdf](http://www.kobize.pl/uploads/materialy/materialy_do_pobrania/monitorowanie_raportowanie_weryfikacjaemisji_w_eu_ets/WO_i_WE_do_stosowania_w_SHE_2017.pdf)

Energy consumption and indirect emissions in 2019:

Type of energy carrier	Volume of carrier consumption	Volume of carrier consumption [GJ]	CO2 EI conversion factor kg/GJ	Total CO2 emissions in 2019
Mains electricity – administration and office rooms	564.202 MWh	2,031.1272 GJ	94.60 kg/GJ	192.14 tons of CO2
Mains electricity – construction sites	7375.318 MWh	26,551.14 GJ	94.60 kg/GJ	2,511.74 tons of CO2
Mains heat – administration and office rooms	4916.0432 GJ	4916.0432 GJ	94.60 kg/GJ	465.06 tons of CO2
Total indirect emissions of CO2				3168.94 tons of CO2

#### WATER AND WASTE-WATER

##### GRI 303-1 | GRI 306-1

Mostostal Warszawa uses water for living and economic needs as well as in technological processes. In 2019, the total water intake from the water supply network amounted to 20,567.687 m<sup>3</sup>, while the sewage was at the level of 16,063.582 m<sup>3</sup>, of which 1534.7 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

A major aspect affecting the local biosphere is the waste from the construction sites generated during repairs and disassembly. The quantity depends on the number and size of contracts and their progress. The Company strives to exercise utmost care during the works which involve waste disposal and management of waste classified as hazardous by the subcontractors of Mostostal Warszawa. Waste is sorted, classified and managed in compliance with OHS&E schemes and the applicable legal requirements, so as not to pose threat for people or the local biosphere. Where it is not possible to prevent generation of waste, first an attempt is made to recycle such waste (preparation for re-use or recycling; if it impossible for technical reasons or impracticable due to ecological or economic considerations, the waste is subject to other recovery processes). Construction waste is collected by operators holding appropriate permits for transport and processing of waste.

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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 2019

GRI 306-2

Waste code	Waste type	Waste weight [Mg]	Percentage (%)
17 05 04	soil and stones other than those mentioned in 17 05 03	12,928.960	33.96%
10 09 08	casting cores and moulds which have undergone pouring other than those mentioned in 10 09 07	7,873.770	20.68%
17 09 04	mixed construction and demolition wastes other than those mentioned in 17 09 01, 17 09 02 and 17 09 03	5,556.650	14.60%
17 01 07	mixtures of concrete, bricks, tiles and ceramics other than those mentioned in 17 01 06	5,035.253	13.98%
17 01 01	concrete from demolitions and renovations	2,744.667	7.20%
10 10 08	casting cores and moulds which have undergone pouring other than those mentioned in 10 10 07	1,557.910	4.08%
17 04 05	iron and steel	1,021.05	2.68%
17 03 80	waste building paper	579.910	1.52%
17 06 04	insulation materials other than those mentioned in 17 06 01 and 17 06 03	496.400	1.30%
16 03 04	inorganic wastes other than those mentioned in 16 03 03, 16 03 80	98.100	**
17 02 01	Wood	67.755	**
17 01 02	bricks	49.940	**
20 03 01	mixed municipal waste	36.749	**
20 03 07	bulky waste	6.280	**
20 03 99	municipal wastes not otherwise specified	4.940	**
17 06 05*	construction materials containing asbestos	3.200	**

16 02 16	components removed from discarded equipment other than those mentioned in 16 02 15	2.560	**
15 01 02	plastic packaging	2.280	**
20 01 38	wood other than that mentioned in 20 01 37	1.380	**
15 01 06	mixed packaging	1.280	**
15 01 01	paper and cardboard packaging	1.120	**
16 02 14	discarded equipment other than those mentioned in 16 02 09 to 16 02 13	0.822	**
17 02 03	plastic	0.800	**
19 12 08	textiles	0.287	**
16 07 09*	wastes containing other hazardous substances	0.183	**
Total		38,072.25 tons	100%

Waste marked with \*\* accounts for less than 1% 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\*) are disposed of by our subcontractors. As part of the operational control of our subcontractors, we verify their Waste Transfer Notes.

#### IMPACT OF MOSTOSTAL WARSZAWA'S OPERATIONS ON BIODIVERSITY

#### GRI 304-2

Mostostal Warszawa is involved technologically diversified projects across Poland. Bearing in mind environmental protection, the Company monitors legal provisions regarding the required decisions/permits and proceedings necessary to continue operations.

“The Act of 3 October 2008 nondisclosure of information on the environment and its protection, public participation in environmental protection and on environmental impact assessments” and “Regulation of the Council of Ministers of 9 November 2010 on projects that may significantly affect the environment” define a detailed administrative procedure, taking into account the specific nature of a given project.

Based on the data obtained in the said proceedings, a decision is made on the legitimacy of the environmental permits issued. This permit must be obtained before applying for a building permit, i.e. works cannot be started if the permit has not been issued.

Environmental permits describe, among others “environmental boundary parameters” that must be observed during the construction works. They usually stimulate 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. These requirements usually result from environmental permits and constitute compliance obligations for the company. Then, a procedure is defined to meet the compliance obligation, and the effectiveness of these activities is periodically assessed.

### **6.3. RESPONSIBILITY TO LOCAL COMMUNITIES**

GRI 413-1

#### **I. DIALOGUE WITH LOCAL COMMUNITIES**

As a socially responsible enterprise, Mostostal Warszawa engages in a continuous dialogue with local communities. We accept and analyse residents' information on the impact of our activities, so as to exert the least possible impact on their everyday lives.

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 have been planned in such a manner so as to make them as little burdensome for the locals as possible.

Mostostal Warszawa plans to continue monitoring and listening 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 the needs, we plan to communicate with residents:

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

#### **II. PROMOTION OF ROAD SAFETY**

Mostostal Warszawa promotes safety on Polish roads, continuing #Po\_Drodze campaign initiated in 2018. Mostostal Warszawa supplied two cars used by the OHS department with complete equipment to provide first aid to those 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. SOCIAL ACTIVITIES AND EMPLOYEE VOLUNTEERING**

- ☒ By implementing the sustainable development strategy, in cooperation with our strategic shareholder and partner, Acciona Group, we have created the Volunteer Day initiative addressed to primary school students. The idea of the campaign is to involve children as early as possible in education on such important issues as, among others, climate changes, energy saving, efficient economy and responsible resource management. It is also an opportunity to spend time with students on playing and learning, in which our company's employees are directly involved. In 2019, the initiative was continued.
- ☒ The Company became a partner of the 100th anniversary of the opening of the AGH University of Science and Technology.
- ☒ The company became a partner of the 12th Tournament for the Cup of the Mayor of Krosno in men's volleyball.

## 7. ABOUT THE STATEMENT

### 7.1. APPROACH TO REPORTING

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*The statement was prepared in line with the requirements of the international standard for non-financial data reporting - Global Reporting Initiative, CORE application level, 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 2019.

#### MATERIALITY ANALYSIS

In order to identify the most important data for the stakeholders of Mostostal Warszawa, a relevant analysis was conducted. An online survey was sent to internal and external stakeholders to identify the issues they consider crucial. An online survey was held in March 2017. This allowed the Company to obtain feedback on the stakeholders' expectations regarding the reported non-financial data. A request to complete the survey was sent to 220 external stakeholders, of whom 73 respondents shared their recommendations. The survey was also sent to 400 employees, of whom 106 people sent their feedback.

The most important issues concerning the group's activities that were recommended to be included in the statement on non-financial information were:

External stakeholders:

- ☑ principles of cooperation with suppliers, subcontractors and business partners
- ☑ practices to ensure compliance with law and corporate governance in the company
- ☑ customer relation e.g. customer satisfaction monitoring, warranty service

Internal stakeholders:

- ☑ practices for respecting human rights
- ☑ development of 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:
- ☑ principles of cooperation with suppliers, subcontractors and business partners
- ☑ methods and quality of communication with suppliers, subcontractors and business partners
- ☑ assessment and selection of suppliers, subcontractors in terms of working conditions provided by them
- ☑ policies and procedures for preventing corruption and fraud

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 minimize the negative impact on the environment
- ☑ materials: scale, selection, consumption efficiency and consumption monitoring for raw materials
- ☑ waste management, introduction of segregated collection of specific waste and proper management of other waste

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

- ☑ minimizing construction nuisance to local communities, reducing noise and vibration
- ☑ cooperation with academic entities aimed at developing innovative construction solutions e.g. the construction of the first Polish road bridge built of composite materials

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, payroll 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: 15 April 2019

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Warsaw, XXX

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Jorge Calabuig Ferre	Vice-President of the Management Board	
Alvaro Javier de Rojas Rodriguez	Member of the Management Board	
Jacek Szymanek	Member of the Management Board	