



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

# 1. LETTER OF 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 [in thousands of PLN]	1 269 534	1 013 332
gross profit [in thousands of PLN]	8 056	-36 747
equity [in thousands of PLN]	49 908	49 645
assets [in thousands of PLN]	1 035 884	1 007 251
number of employees	1 454	1 481

### KEY NON-FINANCIAL PERFORMANCE INDICATORS RELATED TO THE OPERATIONS OF MOSTOSTAL WARSZAWA GROUP IN 2019:

	2019	2018
value of public and private law liabilities paid [thousands of PLN]	276 566	154 740
number of customers from the public sector	25	29
number of private customers	52	58
number of projects completed	48	50

### 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.
- ☑ Mostostal Kielce received the award 'ORŁY WPROST 2019'.

#### 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.

- On April 22, Mostostal Płock and Naftoremont-Naftobudowa entered into the contract for prefabrication of two tanks with a capacity of 100,000 m<sup>3</sup> each under the project entitled "Oil Terminal in Gdańsk – Phase II". The net value of the contract is PLN 8.68 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 – a project carried out by the consortium led by Mostostal Warszawa – 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 was 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 was 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.
- In May, Mostostal Kielce and Energotechnika-Energorozruch S.A. concluded a contract for comprehensive implementation of the project for the construction of the SCR Flue Gas Denitrification System with a net value of PLN 55 million.
- In May, Mostostal Kielce and the City of Opole entered into the contract for the construction of a footbridge to Bolko Island in Opole.

#### 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 24, AMK Kraków S.A. and Przedsiębiorstwo Energetyki Ciepłej – Gliwice Sp. z o.o. entered into the Contract for the Development of the Third Phase of Flue Gas Desulphurization System and the First Phase of the Flue Gas Denitrification System for the WR-25 Boiler House on a turnkey basis. The gross value of the contract is PLN 63.60 million.
- 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.

#### JULY

- In July, Mostostal Kielce financially supported the spectacle “Safe Road to School”, staged at the Third Department of Paediatric Diseases at the Second Paediatric Clinic at the Świętokrzyskie Paediatrics Centre in Kielce.
- In July, Mostostal Płock and Naftoremont-Naftobudowa entered into the Contract for comprehensive assembly of a 100,000 m<sup>3</sup> tank at the Oil Terminal in Gdańsk under the project carried out by PERN S.A. The net value of the contract is PLN 15.25 million.

#### 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 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.
- In October, Mostostal Kielce provided financial support to the organizers of a fire protection seminar entitled "998-112 – Your Friends' Numbers".
- In October, Mostostal Kielce was awarded the title of *Business Gazelle 2019* in the ranking of the most dynamic Polish enterprises organized by the editorial team of the economic journal *Puls Biznesu*.

## 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, the consortium of Mostostal Warszawa and Mostostal Płock 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 m<sup>3</sup> at the Fuel Depot in Boronów and two storage tanks with a capacity of 32 thousand m<sup>3</sup> 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 Przyzby-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.
- In December, Mostostal Kielce supported the Kielce Dance Theatre by participating in the Christmas spectacle “Nutcracker”.
- In December, Mostostal Kielce provided support in preparing the meeting with Santa Clause for children staying at the Świętokrzyskie Paediatrics Centre in Kielce.



## 3. ABOUT MOSTOSTAL WARSZAWA GROUP

### 3.1. CORE AREAS OF OPERATIONS

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

**Mostostal Warszawa Group** is composed of companies involved in broad-based design and construction operations in all the market segments, from housing construction to dedicated structures for the heavy industry.

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*The core of the Group is formed by Mostostal Warszawa, AMK Kraków SA, Mostostal Kielce SA and Mostostal Płock SA, which may boast extensive experience in the fuel and gas sector, power industry and environment protection, pursuing a common strategy aimed at to development of production, trade and marketing offer.*

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Mostostal Power Development Sp. z o.o. – a special purpose vehicle of Mostostal Warszawa established for the construction of power units No. 5 and 6 at the Power Plant in Opole – is also consolidated in the Group. Another company of the Group is Mieleckie Przedsiębiorstwo Budowlane SA, which currently is not involved in any operating activities.

Mostostal Warszawa is the parent company of the Group. The non-financial statement of the Group covers the period of 12 months i.e. from 1 January to 31 December 2019.

Mostostal Warszawa S.A. is a joint stock company listed on the Warsaw Stock Exchange, incorporated under the laws of Poland, registered with the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, under the number 0000008820. The registered office of Mostostal Warszawa S.A. is situated in Warsaw at ul. Konstruktorska 12a. The primary business of the Company includes specialised construction works covered by Section 4120Z of the Polish Business Classification (PKD). The duration of the Parent Company and companies within the Group is indefinite.

**Mostostal Warszawa S.A.** is one of the largest construction companies in Poland. Acting as a general contractor, the company implements projects in all major sectors of the construction market. For more than seven decades of its presence on the Polish market, the Company has implemented all types of construction projects, including general-purpose, industrial, environmental, power-engineering, infrastructural and road projects. Through the years of its operation, the company has gained extensive experience in construction of steel structures and engineering installations for the petrochemical and chemical industries. In its activities, the Company combines a long tradition of Polish engineering thought with the leading-edge technology. The main shareholder of the company is Acciona Construcción SA, a Spanish company operating in over 30 countries worldwide and involved in projects in the sectors of infrastructure, renewable energy, clean technologies and water management.

**Mostostal Kielce S.A.** specialises in construction and assembly of steelwork, especially for the civil engineering and industrial projects. The company manufactures steel structures of EXC1 to EXC4 executions classes in accordance with PN-EN 1090 and PN-EN ISO 9001 as well as NATO standards set out in AQAP 2110. In its operations, Mostostal Kielce S.A. exploits the potential of its own production workshops featuring capacity of 1000 tons of steel structures per month. The Company's strategy assumes parallel operations in the areas of bridge construction and industrial projects. At present, most of the Company's contracts are related to the delivery and installation of steelwork to build new power units, both home and abroad, as well as emission control systems for providers of modern environmental protection technologies. The entity manufactures and assembles dozens of steel bridges and viaducts each year. The Company has been a part of Mostostal Warszawa Group since 1998. The Company's registered office is located in Kielce at ul. Ks. Piotra Ściegiennego 280.

**Mostostal Płock S.A.** is one of the most experienced Polish companies operating in the mechanical sector. The Company has a history of over 50 years and has belonged to Mostostal Warszawa Group since 1998. Mostostal Płock's core competences are concentrated in the broadly understood area of Oli & Gas, but the Company also operates actively in the chemical, energy and food industries. The company's major products and services include: production and assembly of storage tanks, prefabrication and assembly of industrial installations,

prefabrication and assembly of pipelines, prefabrication and assembly of steel structures, prefabrication and assembly of apparatus and tanks. Mostostal Płock has its own machinery base for providing heavy lifting services and an in-house laboratory certified by the PCA. The company holds all the required certifications and authorizations, including systems certified according to ISO 9001, 14000, and 18000. The Company's registered office is located in Płock at ul. Targowa 12.

**AMK Kraków** offers specialized engineering services – from concept to commissioning – based on the highest quality standards. The solutions offered by the Company are intended to facilitate production and contribute to environmental protection. They may be used in metallurgy, power engineering and other industries. The solutions comply with the IPPC directive. In implementing the state-of-the-art technologies, the Company closely cooperates with reputable research units, including the Polish Academy of Sciences, AGH University of Science and Technology, and the Institute of Non-Ferrous Metals in Gliwice. AMK Kraków ensures the preparation of all the project stages, from design work and laboratory tests to delivery of equipment for commissioning. The Company's registered office is located in Krakow at al. Jana Pawła II 41.

**Mostostal Power Development Sp. z o.o.** – is a special purpose vehicle of Mostostal Warszawa established for the construction of power units No. 5 and 6 at the Power Plant in Opole. The company's registered office is situated in Warsaw at ul. Konstruktorska 12a.

**Mieleckie Przedsiębiorstwo Budowlane S.A.** – is a company whose primary business is civil engineering, general construction services and the rental of real estate. Currently, the Company is not involved in any operating activities. The Company's registered office is located in Mielec at ul. Przemysłowa 10.

#### GRI 102-45

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%

#### GRI 102-6

In 2019, the companies of Mostostal Warszawa Group carried out their activities, primarily on the domestic market (Poland) and on foreign markets, mainly in Germany, Austria, Norway, Czech Republic, France, Sweden and Estonia.

### 3.2. MISSION, VISION AND STRATEGY

#### GRI 102-16

Mostostal Warszawa Group's development strategy assumes product diversification through activity in new segments as well as achieving higher sales revenue and acquiring contracts with profitability ensuring a satisfactory financial result.

The ultimate parent of the Group is Mostostal Warszawa, acting as the central management entity, which integrates the Group.

The optimal use of its own potential, consisting in diversification of the Group's operations, allows to eliminate potential threats in individual market sectors.

**The Code of Conduct** is a set of values and guidelines to be followed companies of the Group.

The Code of Conduct applies to the entire operations of the Group, 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 Group. Every employee of the Group is responsible for following the rules of 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 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 Group encourages all its suppliers, customers as well as enterprises and partners to adopt action models adequate to those included in the Code of Conduct of Mostostal Warszawa Group.

The Management Board and executives of companies of Mostostal Warszawa Group are committed to the development of products and services which meet the requirements of both the economy and society with a growing care for the sustainable development. In this context, clean energy generation technologies, biofuels, design and construction of infrastructure based on environmental parameters and innovations as well as energy efficiency criteria for buildings, water treatment using the latest technologies and sustainable and effective development of the transport system are gaining importance. Mostostal Warszawa Group'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:

### 3.3. ORGANISATIONAL STRUCTURE

GRI 102-18 | GRI 102-45 | GRI 405-1

#### DIVERSITY POLICY OF MOSTOSTAL WARSZAWA GROUP

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

The policy is implemented based on:

- ☒ Code of Conduct
- ☒ Diversity Policy
- ☒ Anti-Harassment Policy

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

The management of the diversity area in the Group is influenced by various risks, which shape the policy for managing them as well as actions aimed at minimizing their effects.

- ☒ Non-adjustment of the competences and qualifications of employees to the Group's needs – this risk recognized as significant primarily in relation to the managerial staff of the Group companies. In order to minimize the risk, the Group relies on the candidates' qualifications to perform specific functions as the criterion for selecting the members of individual bodies and its key management personnel.
- ☒ Direct and indirect discrimination – to prevent this risk, it is possible to report violations of the Code of Conduct, including those related to discrimination, for example, directly to the Member of the Management Board.

The policy was adopted in 2017; its elements had already been included in the Code of Conduct.

#### MOSTOSTAL WARSZAWA GROUP

The composition of the Supervisory Board of **Mostostal Warszawa** was as follows:

- ☒ 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

**THE AUDIT COMMITTEE**, which operates within the Supervisory Board of **Mostostal Warszawa**, was composed of:

- ☒ 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

The composition of the Management Board of **Mostostal Warszawa** was as follows:

- ☒ 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

The composition of the Management Board of **Mostostal Kielce** was as follows:

- ☒ Krzysztof Rusiecki, President of the Management Board
- ☒ Jarosław Jagielski, Member of the Management Board

The composition of the Supervisory Board of **Mostostal Kielce** was as follows:

- ☒ Jorge Calabuig Ferre, Chair of the Supervisory Board
- ☒ Barbara Gronkiewicz, Member of the Supervisory Board (until 25 February 2019)
- ☒ Jacek Szymanek, Member of the Supervisory Board
- ☒ Alvaro Javier de Rojas Rodriguez, Member of the Supervisory Board
- ☒ Jarosław Reszka, Member of the Supervisory Board (since 27 February 2019)

The composition of the Management Board of **Mostostal Płock** was as follows:

- ☒ Maciej Barycki, President of the Management Board (until 24 July 2019)
- ☒ Jacek Szymanek, President of the Management Board (since 24 July 2019)
- ☒ Robert Kowalski, Member of the Management Board

The composition of the Supervisory Board of **Mostostal Płock** was as follows:

- ☒ Jorge Calabuig Ferre, Chair of the Supervisory Board
- ☒ Alvaro Javier de Rojas Rodriguez, Vice-Chair of the Supervisory Board
- ☒ Barbara Gronkiewicz, Member of the Supervisory Board (until 25 February 2019)
- ☒ Jacek Szymanek, Member of the Supervisory Board (until 22 October 2019)
- ☒ Piotr Sabat, Member of the Supervisory Board
- ☒ Hanna Strykowska, Member of the Supervisory Board
- ☒ Jarosław Reszka, Member of the Supervisory Board (since 04 June 2019)

The **AUDIT COMMITTEE**, operating within the Supervisory Board of **Mostostal Płock**, was composed of:

- ☒ Hanna Strykowska, Chair of the Audit Committee
- ☒ Alvaro Javier de Rojas Rodriguez, Member of the Audit Committee

- ☒ Piotr Sabat, Member of the Audit Committee

The composition of the Management Board of **AMK Kraków S.A.** was as follows:

- ☒ Aleksander Balcer, President of the Management Board
- ☒ Piotr Sabiniok, Member of the Management Board

The composition of the Supervisory Board of **AMK Kraków S.A.** was as follows:

- ☒ Jorge Calabuig Ferre, Chair of the Supervisory Board
- ☒ Alvaro Javier de Rojas Rodriguez, Member of the Supervisory Board
- ☒ Zbigniew Nurkowski, Member of the Supervisory Board
- ☒ Barbara Gronkiewicz, Member of the Supervisory Board (until 25 February 2019)
- ☒ Wiesław Jutrzenka Trzebiatowski, Member of the Supervisory Board
- ☒ Jarosław Reszka, Member of the Supervisory Board (since 15 March 2019)

The composition of the Management Board of **MPD Sp. z o.o.** was as follows:

- ☒ Paweł Żbikowski, President of the Management Board
- ☒ Alvaro Javier De Rojas Rodríguez, Member of the Management Board,
- ☒ Jorge Calabuig Ferre, Member of the Management Board

The composition of the Supervisory Board of **MPD Sp. z o.o.** was as follows:

- ☒ Barbara Gronkiewicz, Member of the Supervisory Board (until 25 February 2019)
- ☒ Jacek Szymanek, Member of the Supervisory Board
- ☒ Radosław Gronet, Member of the Supervisory Board
- ☒ Marcin Kondraszuk, Member of the Supervisory Board (since 30 May 2019)

The composition of the Management Board of **Mieleckie Przedsiębiorstwo Budowlane S.A.** was as follows:

- ☒ Barbara Gronkiewicz, President of the Management Board (until 25 February 2019)
- ☒ Grzegorz Bartnik, Member of the Management Board (until 28 February 2019)
- ☒ Grzegorz Bartnik, President of the Management Board (from 01 March 2019 to 27 June 2019)
- ☒ Grzegorz Bartnik, Liquidator of the Company (since 27 June 2019)

The composition of the Supervisory Board of **Mieleckie Przedsiębiorstwo Budowlane S.A.** was as follows:

- ☒ Marcin Kondraszuk, Chair of the Supervisory Board
- ☒ Roberto Jimenez, Member of the Supervisory Board (until 27 June 2019)
- ☒ Jorge Calabuig Ferre, Member of the Supervisory Board
- ☒ Jarosław Reszka, Member of the Supervisory Board (since 27 June 2019)

#### **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
- ☒ granting and revoking proxies and other powers of attorney
- ☒ filing motions to the Supervisory Board and to the General Meeting, including requests regarding the distribution of profit or absorption of losses of the Company
- ☒ definition and implementation of policies and rules for cooperation with other market players

GRI 102-10

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

#### STRUCTURE OF MOSTOSTAL WARSZAWA GROUP



### 3.4. ACCIONA – STRATEGIC INVESTOR

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

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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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## **OUR CSR-RELATED CHALLENGES**

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

The companies of Mostostal Warszawa Group form partnerships with entities and institutions. Their goal is to improve the social and economic environment in which the companies operate. The Group 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 THE FURTHER GROWTH OF OUR BUSINESS**

The executives of Mostostal Warszawa Group companies 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 Group uses its best potential in 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 companies of Mostostal Warszawa Group provide their 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.
- ☑ We intend to promote sustainable public procurement practices in compliance with domestic policies and priorities.
- ☑ Mostostal Warszawa Group 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 Group 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



- ☒ The companies of Mostostal Warszawa Group are multigenerational. 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 are never guided by the gender criterion when filling vacancies.
- ☒ Mostostal Warszawa Group 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:

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

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<sup>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>)

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



## 4. WE ENSURE HIGH QUALITY PERFORMANCE

### 4.1. BUSINESS MODEL

**UoR** Mostostal Warszawa Group consists of companies which carry out broad-based design and construction operations in all the market segments, from housing construction to dedicated structures for the heavy industry. The core of the Group is formed by Mostostal Warszawa, AMK Kraków SA, Mostostal Kielce SA and Mostostal Płock SA, which are experts in the fuel and gas sector, power industry and environment protection, pursuing a common strategy aimed at to development of production, trade and marketing offer. Other consolidated companies of the Group include also Mieleckie Przedsiębiorstwo Budowlane SA and Mostostal Power Development Sp. z o.o. – a special purpose vehicle of Mostostal Warszawa established for the construction of power blocks No. 5 and 6 at the Power Plant in Opole.

Group companies cooperate with both public and private customers.

Mostostal Warszawa Group operates a quality management system for: “Design, general contracting and general implementation of construction projects in the field of civil engineering and specialized works: construction, renovation, modernization and maintenance of road and rail infrastructure facilities, energy and industrial facilities; diagnostics and technical research; manufacture, delivery, installation and maintenance of metal structures, equipment and transport services, and facility management”.

The management system comprises: Mostostal Warszawa; Mostostal Płock; AMK Kraków; Mostostal Kielce and locations where the said companies operate.

The supply chain varies vastly across the Group and involves different suppliers; the cooperation with suppliers is governed by the Code of Conduct and purchase procedures. Some contracts are implemented jointly by the Group companies, which ensures that their offer is comprehensive and mutually complementary. This guarantees good cooperation and achieving the desired effects.

### 4.2. HIGH MANAGEMENT AND OHS STANDARDS

GRI 102-12 | GRI 102-16

#### THE CODE OF CONDUCT OF MOSTOSTAL WARSZAWA GROUP

The Code of Conduct applies to all the activities of Mostostal Warszawa Group, 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 Group.

Mostostal Warszawa Group'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 Group is responsible for complying with the principles set out in the Code.

The Group 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.

## **RISKS OF OPERATIONS**

### **GRI 102-15**

The Group'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, potential harassment at work, absenteeism 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 Group manages the risks in a systematic manner in relation to each 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. At all project stages, the risks are monitored, and in the case of a changes to the risk levels, 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 POLICY OF MOSTOSTAL WARSZAWA GROUP**

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

Our activities in the above-mentioned field focuses on:

- ▣ monitoring and observing laws and other regulations concerning the organisation's operations as well as the customers' requirements and internal arrangements
- ▣ improving the company's organizational structure to enable the Company to enter new, strategic market segments using its own resources
- ▣ 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

## INTEGRATED ENVIRONMENTAL AND OHS MANAGEMENT SYSTEM

Mostostal Warszawa Group has established and maintains a documented integrated Environmental Management and OHS System, in accordance with the requirements of PN-EN ISO 14001, PN-N-18001: 2004 and OHSAS 18001: 2007, being 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 Group has always conducted its operations bearing in mind its impact on the environment. The approach is confirmed with the accredited certificate according to ISO 14001:1998. We continue to follow up our good practices in the field of environmental management, as proven by the ISO 14001:2015 certificate valid until 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 ability to achieve positive economic performance by Mostostal Warszawa Group companies.

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

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

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

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

The employees of Mostostal Warszawa Group 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 there has been a breach of any of the policies, he/she is obliged to notify the same via the Ethics Channel or through his/her supervisor. No breaches were reported in 2019.

In pursuing the anti-corruption policy, Mostostal Warszawa Group takes actions aimed at reducing the risk of corruption and bribery.

The Group identified a potential risk of corruption. In Mostostal Warszawa Group, 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 Group have been informed about the anti-corruption policy and anti-corruption procedures applicable within the organization.

All employees of Mostostal Warszawa Group 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.

In 2019, no anti-corruption training was provided to employees of the Group.

In 2019, one case of corruption was reported.

#### **MOSTOSTAL WARSZAWA GROUP'S POLICY ON RESPECT FOR HUMAN RIGHTS:**

Bearing in mind the close relationship between ethics and business, Mostostal Warszawa Group 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 Group presents communication channels for reporting any irregularities. No reports of irregularities concerning the respect for human rights were recorded in 2018.

In pursuing the policy governing respect for human rights, Mostostal Warszawa Group does not allow any form of forced labour. The Group does not use forced labour of prisoners. All forms of discrimination and persecution are forbidden. The principles of the Code of Conduct are in force and the employees know their rights. The Group 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 Group disseminates and promotes ethical principles in the supply chain. The Company encourages suppliers to observe the principles set out in the Code of Conduct.
- ☒ 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 risk by increasing employment, training in working time management and regulations in this area as well as monitoring and accounting for working time 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 and upgrading the workstations.

#### **POLICY FOLLOWED BY MOSTOSTAL WARSZAWA GROUP WITH REGARD TO SOCIAL ISSUES:**

The Policy covers:

- ☒ the Company's social involvement
- ☒ customer relations
- ☒ relations with suppliers, contractors and partners
- ☒ relations with investors and the securities market

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

The condition for conducting each of Mostostal Warszawa Group's social activities is the financial and economic stability of the Group. The Group conducts its activities in a responsible and transparent manner. These measures are taken in response to requests of organizations addressing the Group 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 Group collects the documentation in advance, identifies legal requirements and supports its activities with qualified specialists.
- ☒ Long-term procedures for the award of public contracts. The Group 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 Group 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 Group identifies legal requirements through due diligence analysis of tax issues related to the social activities carried out.

#### 4.3. COOPERATION WITH SUPPLIERS

GRI 102-9

The operating strategy of Mostostal Warszawa Group companies requires collaboration with many suppliers. Complex projects require a well-functioning supply chain. The companies operate purchasing procedures that specify the rules for purchasing goods and services from suppliers.

In order to be entered in the list of approved vendors, each supplier must be successfully verified.

In case of new suppliers, the verification procedure covers their 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:

- ☒ price
- ☒ evaluation of previous cooperation (suppliers with comments "irregularities", "veto", "conflict" are subject to detailed examination)
- ☒ technical capabilities
- ☒ financial and economic standing (checked on the basis of the annual balance sheet, profit and loss account and financial statements)
- ☒ availability of employees and staff required
- ☒ references
- ☒ degree of compliance with occupational health and safety and environmental requirements

The companies of Mostostal Warszawa Group strive to use those suppliers who operate their facilities in the vicinity of the project location, which translates into significant cost reduction. In the case of machinery and equipment suppliers, technical parameters of the products offered are taken into account.

The supply chain is simplified as far as possible, i.e. machinery and equipment are delivered directly from the manufacturer to the site, with the transport obligations transferred onto suppliers.

#### CONTACTS WITH SUPPLIERS

The Group companies use traditional channels for communication with suppliers:

- ☒ telephones
- ☒ electronic mail (e-mail)
- ☒ Internet messenger (Skype)
- ☒ website forms
- ☒ direct (personal) contact with the supplier's representative at the customer's premises or at the contract site or the supplier's factory
- ☒ traditional mail/courier service (applicable to e.g. technical dossier, original documents, i.e. acceptance reports, invoices)

Mostostal Warszawa Group allows potential suppliers an opportunity to be entered into the database via the website.

**OUR PRIORITIES IN CONTACTS WITH SUPPLIERS INCLUDE:**

- ☒ obtaining quick feedback from a supplier, especially regarding quotations
- ☒ maintaining partnership relations with suppliers, which translates into a more flexible approach of the supplier towards the customer
- ☒ being offered the best possible offers in terms of price and quality

**SUPPLIER SELECTION**

To ensure proper selection of subcontractors, Group companies follow internal procedures and applicable legal provisions.

The goal of the implemented procedures is to define the principles for purchasing products, including devices, materials, and equipment as well as production, assembly and design services.

The priority is to ensure the quality of the purchased goods or services, taking into account time, cost and resource limitations.

Purchases are made from qualified suppliers who have successfully completed the assessment procedure and have been found to meet the quality, environmental, health and safety requirements provided for in the procedures.

**GRI 204-1**

**COOPERATION WITH LOCAL SUPPLIERS**

Polish companies account for the majority (>90%) of Mostostal Warszawa Group's suppliers.

Risk factors in the area of cooperation with suppliers include:

- ☒ market instability manifested by varied availability of suppliers and volatility of prices
- ☒ 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, the Group maintains constant contact with current suppliers and is constantly looking for new suppliers.

## **4.4. CUSTOMER RELATIONS**

Customer relations are governed by internal procedures and legal regulations.

The priorities include the investor's satisfaction with the project as well as maintaining partnership relations with the investor. Each of the Group companies strives to improve technical solutions for a given project.

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*Both at the quotation preparation stage and at the project implementation stage, the companies of Mostostal Warszawa Group offer their support in optimisation and selection of the best construction solutions (value engineering). This is how the customer trust is built.*

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At every project stage, the Investor controls and participates in the construction process, which is carried out in compliance with the investor's procedures and internal rules. The technical solutions proposed by the design team are presented to the Investor for approval. The project implementation process starts with project meeting report. Such meetings are held on a weekly basis until the end of the project. Minutes are taken from each meeting. The customer is able to review the documents at every stage of the investment process. The project is commissioned in cooperation with the Investor's services responsible for its future operation. Trainings and courses are provided. The entire project process is recapped in the Final Acceptance Report prepared together with the Investor.

After commissioning of the project, the Investor completes a customer satisfaction survey.

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 Group collects the documentation in advance, identifies legal requirements and supports its activities with qualified specialists.

#### **WARRANTY SERVICE**

The purpose of the warranty service is to ensure the efficient performance of maintenance services, including warranty repairs.

Efficient maintenance service during the warranty period is ensured by:

- ☑ ongoing close contact with the customer
- ☑ continuous monitoring of systems covered by the warranty
- ☑ immediate response to the accepted complaints
- ☑ quick decisions and selection of methods to remedy defects or failures
- ☑ minimizing the cost of own warranty repairs

A significant risk is the occurrence of a defect or failure generating high costs of removal. To minimise the risk, contracts with suppliers and contractors provide for clauses designed to protect the company's interest and obliging them to actively participate in maintenance operations together with those entities, while ensuring direct supervision and settlements of their works.

## 5. CARING FOR OUR EMPLOYEES

### 5.1. WORKPLACE IN NUMBERS

GRI 102-8

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

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

The policy applied by Mostostal Warszawa Group affects its approach to employment, development and training of employees as well as occupational health and safety.

The management of human resources in Mostostal Warszawa Group 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 Group conducts activities to mitigate the effects of these risks and also takes preventive measures aimed at limiting their scale and proliferation beyond the acceptable level. The Group 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 Group manages the risk, among others, by offering competitive employment conditions and promoting the image of a reliable employer.
- ☒ Staff turnover. To minimize the risk at the Group, various measures are taken to improve working conditions e.g. financial incentives.
- ☒ Harassment at work – this risk did not occur in the reporting period; however, bearing in mind the Group'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 Group 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 Group conducts trainings in the field of health and safety as well as takes measures to prevent accidents at work. The Group 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 Group also takes preventive measures and corrective actions with respect to reported near accidents.



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

Number of employees (as at 31/12/2019)	Mostostal Warszawa	690		16.7% y/y	
	Mostostal Warszawa Group	1452		(2.02)% y/y	
		female		male	
Number of employees	Mostostal Warszawa	256	10.8% y/y	434	20.56% y/y
	Mostostal Warszawa Group	330	1% y/y	1122	(1)%
Indefinite-period employment	Mostostal Warszawa	158	16% y/y	287	36.7% y/y
	Mostostal Warszawa Group	220	5.7% y/y	872	1.7% y/y
other contracts (probationary period, fixed-period, including vocational placement and replacement contracts)	Mostostal Warszawa	98	3% y/y	147	(2)% y/y
	Mostostal Warszawa Group	110	(7.5)% y/y	250	(16)% y/y

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

		female		male	
full-time	Mostostal Warszawa	248	17% y/y	424	22.5% y/y
	Mostostal Warszawa Group	318	7.2% y/y	1107	(2.3)% y/y
part-time	Mostostal Warszawa	8	58% y/y	10	(28.6)% y/y
	Mostostal Warszawa Group	12	(160)% y/y	15	(32)% y/y

**Female and male employees by professional groups:**

		female		male	
		Administrative staff			
Senior management	Mostostal Warszawa	4	300% y/y	7	0% y/y
	Mostostal Warszawa Group	9	80% y/y	16	(11)% y/y
Middle management	Mostostal Warszawa	17	6% y/y	18	(5.3)% y/y
	Mostostal Warszawa Group	39	50% y/y	24	(14.3)% y/y
Specialists	Mostostal Warszawa	118	18% y/y	42	(34)% y/y
	Mostostal Warszawa Group	166	12.7% y/y	56	(3.5)% y/y
		Engineering and technical staff			
Senior management	Mostostal Warszawa	3	(40)% y/y	25	(43)% y/y
	Mostostal Warszawa Group	4	(40)% y/y	36	(41.7)% y/y
Middle management	Mostostal Warszawa	20	17.6% y/y	176	28.5% y/y
	Mostostal Warszawa Group	23	0% y/y	237	7.4% y/y
Other employees	Mostostal Warszawa	94	2.1% y/y	166	86.5% y/y

	Mostostal Warszawa Group	119	(8)% y/y	753	(0.5)% y/y
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The increase in the senior management employment rate is due to a greater number of contracts being performed.

#### Number of persons providing work under civil law contracts:

Mostostal Warszawa		Mostostal Warszawa Group	
63	110% y/y	129	180% y/y

### GRI 401-1

#### Total number and rate of new employee hires during the reporting period

Total number of new employee hires:	Mostostal Warszawa	253		20% y/y	
	Mostostal Warszawa Group	352		10.3% y/y	
gender		female		male	
	Mostostal Warszawa	86	8.8% y/y	167	26.5% y/y
	Mostostal Warszawa Group	92	0% y/y	260	14.5% y/y
age		>30		30-50	50<
	Mostostal Warszawa	84	(13.2)% y/y	151	51% y/y
	Mostostal Warszawa Group	122	(18.7)% y/y	205	50.7% y/y

Total number of departures:	Mostostal Warszawa	154		1.9% y/y	
	Mostostal Warszawa Group	380		(4)% y/y	
gender		female		male	
	Mostostal Warszawa	61	24.5% y/y	93	(8.9) y/y
	Mostostal Warszawa Group	90	16.8% y/y	290	(9)% y/y
age		>30		30-50	50<
	Mostostal Warszawa	51	(5.6)% y/y	90	9.8% y/y
	Mostostal Warszawa Group	109	(23.8)% y/y	204	10.9% y/y

## 5.2. FRIENDLY WORKPLACE

GRI 404-1 | GRI 401-2 | GRI 102-41

#### PAYROLL SYSTEM AND PROMOTION OPPORTUNITIES

The payroll system is formally regulated by the Collective Bargaining Agreement. The companies of Mostostal Warszawa Group use a payroll system providing for bonuses.

In the case of vacancies, companies first take into account internal resources, and only when these turn out to be insufficient, they use external recruitments. The bonus system was changed in accordance with the employees' expectations e.g. bonuses are paid to construction site employees not only if a contract margin is increased, but also when it is maintained. In addition, from this year on, the bonus calculation formula includes an additional construction site health and safety assessment parameter.

number of employees of Mostostal Warszawa	690	100,00%
number of members of the "Solidarity" trade union	20	2,89%
number of people employed in Mostostal Warszawa Group	1 454	100,00%
number of trade union members	245	16,87%

The companies of Mostostal Warszawa Group introduced the Benefit card to promote physical activity. In addition, the Group companies take part in various sports events or initiate promotional campaigns to motivate their employees: For example, AMK Kraków participated in a program promoting cycling and encouraged employees to participate in a charity run. The Group enables its employees to use private medical care.

Furthermore, employees of Mostostal Warszawa Group enjoy development opportunities and benefits such as funding of English courses, studies, courses and trainings, Employees may use holiday grants and loans from the Company's Social Benefits Fund.

#### GRI 401-3

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

Mostostal Warszawa	Mostostal Warszawa Group	Mostostal Warszawa	Mostostal Warszawa Group
Total number of employees entitled to			
maternity leave		paternity leave	
27	52	45	65
Total number of employees who used			
maternity leave		paternity leave	
27	42	19	37
Total number of employees who returned from			
maternity leave		paternity leave	
7	11	19	37

To ensure on-going employee satisfaction monitoring, Mostostal Płock introduced tools that enable employees sending anonymous opinions: employees may submit messages in the designated locations (boxes) at the plant; the employer reads and analyses the information and undertakes appropriate remedial measures, as appropriate.

#### COMMUNICATION WITH EMPLOYEES

Each of the Group companies operates similar channels to communicate with its employees; the major ones being:

- ☒ direct meetings
- ☒ e-mail
- ☒ notice boards
- ☒ project meetings
- ☒ meetings with representatives of trade unions
- ☒ daily briefings at construction sites with employees
- ☒ possibility of direct contact with the management and the Management Board of the Company

The priority is to raise awareness of the current situation of a given Company and engage employees in the company's affairs, which should increase their motivation to achieve business goals. The Company plans to diagnose the need for other communication tools and channels.

The risk is poor communications which translates into poor performance.

### 5.3. RECRUITMENT

Human resources are recruited in accordance with the applicable internal procedures and the Labour Code. The recruitment processes across the Group companies are diversified; yet the process is always structured and covered by a relevant procedure. The companies use their websites as well as portals advertising job offers. The companies care for high standards in relations with job applicants and also cooperate with local universities and academies, offering job placements.

The Group companies use internal recruitment for selecting candidates for a specific position from among the available human resources that most accurately meet the company's demand in terms of qualifications, skills, soft competences, attitude towards the company and financial expectations. Both internal and external recruitment are used. The recruitment process in our companies begins with the definition of competencies required for a given job. Next, a recruitment announcement or internal information that specifies the job description and the expected competences is compiled. Recruitment ads are published in the press, on websites and on the local radio. After publication of the announcement and receipt of applications from candidates, the selection process follows and the pre-selected candidates receive an invitation to an interview. Once the decision is made, the feedback is given to rejected candidates and the job offer is presented to the selected candidate. After the candidate accepts the job offer, the employment process follows.

### 5.4. HEALTH AND SAFETY AT WORK

The companies of Mostostal Warszawa Group operate an Integrated Organisation Management System:

- ☑ Quality Management System (ISO 9001)
- ☑ Environmental Management System (ISO 14001)
- ☑ Occupational Health and Safety Management System (OHSAS 18001)
- ☑ AQAP-2110 Management System

Safety at work is the major priority for the companies of Mostostal Warszawa Group. Work at diverse sites and production plants requires compliance with safety procedures and precautionary principles. The fundamental rules underlying development and implementation of the work safety policy provide for integration of all the aspects of health and safety at work, occupational health and safety standards, good practices as well as the latest knowledge and technological achievements in this field in all the Company's operations. Another element is the ethical approach to protection of human health and life, which is the primary goal over production, stipulating the need to do everything possible under given conditions to prevent accidents, industrial failures and fires.

Safety depends first and foremost on our employees, not only on the shop floor employees but also the managers and heads of particular departments. It is important that everyone, regardless of their position, have a sense of mutual responsibility for the health and safety of all people at the plant or construction site.

Companies of Mostostal Warszawa Group participate in the initiative entitled "Agreement for Safety in Construction Industry".

As a result of the procedures implemented, new employees receive training on occupational health and safety and permanent staff attend periodic trainings.

GRI 403-9

#### Types and rate of work-related injuries

		female	male
Number of fatal accidents (employees)	Mostostal Warszawa	0	0
	Mostostal Warszawa Group	0	0

Number of fatal accidents (subcontractors)	Mostostal Warszawa	0	1
	Mostostal Warszawa Group	0	0
Number of lost-time accidents (employees)	Mostostal Warszawa	0	6
	Mostostal Warszawa Group	0	16
Number of lost-time accidents (subcontractors)	Mostostal Warszawa	0	5
	Mostostal Warszawa Group	0	0
Number of all reported accidents (employees)	Mostostal Warszawa	0	6
	Mostostal Warszawa Group	0	16
Number of all reported accidents (subcontractors)	Mostostal Warszawa	0	7
	Mostostal Warszawa Group	0	0

Work accident severity rate (employees)	
Mostostal Warszawa	Mostostal Warszawa Group
Total days of incapacity for work due to accidents at work	
281	708
Number of accidents at work	
6	22
Rate	
46.8 (2018: 14.67)	32.18 (2017: 35.9)

Frequency of accidents at work (employees)	
Mostostal Warszawa	Mostostal Warszawa Group
Number of all reported accidents	
6	22
Number of all employees	
690	1452
Rate	
8.7 (2018: 5.07)	15.15 (2018: 6.74)

Illness-related absence rate	
Mostostal Warszawa	Mostostal Warszawa Group
Total number of days of absence at work	
4906	17910
Total number of working days in a year	
249	251
RATE:	4.91% (2018: 3.15%)

## 6. WE CARE FOR OUR ENVIRONMENT

### 6.1. OUR ENVIRONMENT

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

During the meeting held on 3 March 2017 at the registered office of Mostostal Warszawa SA in Warsaw, the executives compiled a map of stakeholders.

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> </ul>

	<ul style="list-style-type: none"> <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>- reports</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>- reports</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>- reports</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>3</sup>
Beneficiaries from social organisations, ecological organisations	<ul style="list-style-type: none"> <li>- meetings</li> <li>- reports</li> <li>- reports</li> <li>- website</li> <li>- e-survey</li> <li>- telephone calls</li> <li>- electronic communications</li> </ul>
Fire service, police	<ul style="list-style-type: none"> <li>- meetings</li> <li>- reports</li> <li>- reports</li> </ul>
Academies and universities	<ul style="list-style-type: none"> <li>- meetings at Job Fairs</li> <li>- regular presentations at academies/universities and schools</li> <li>- company internship programs</li> <li>- partnerships with secondary and higher schools</li> <li>- website</li> <li>- social media: Instagram, Linkedin, Youtube</li> <li>- e-survey</li> <li>- electronic communications</li> <li>- telephone calls</li> </ul>
Army	<ul style="list-style-type: none"> <li>- meetings</li> <li>- reports</li> <li>- statements</li> <li>- e-survey</li> </ul>
Trade unions	<ul style="list-style-type: none"> <li>- on-going dialogue</li> <li>- e-survey</li> <li>- electronic communications</li> <li>- telephone calls</li> </ul>

## GRI 102-13

### Membership of associations

The companies of Mostostal Warszawa Group are members of the following 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
- ☒ Club 100
- ☒ Chamber of Construction Design
- ☒ Business Centre Club

<sup>3</sup> The ESPI system is commonly used for communication by entities supervised by the Committee with the supervisory authority



## 6.2. ENVIRONMENTAL RESPONSIBILITY

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*The protection of and respect for the natural environment is one of the priorities for the companies of Mostostal Warszawa Group in their 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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Policy followed by Mostostal Warszawa Group with regard to the natural environment:

The protection of and respect for the natural environment is a priority for the companies of Mostostal Warszawa Group in their operations. This is achieved by observance of the best practices for environmental protection in all our activities as well as preventing and reducing negative impact on the environment and protecting natural resources. Mostostal Warszawa Group is committed to supporting initiatives aimed at counteracting climate changes and protecting biodiversity.

The pillars of this policy are:

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

### 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 Group'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 Group companies 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 Group:

- ☑ 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, etc. Systematic reviews enable the Group to manage its environmental impact effectively.

The main sources of environmental impact exerted by the companies of Mostostal Warszawa Group are as follows:

- ☒ welding and manufacturing steel structures; (Mostostal Kielce SA and Mostostal Płock SA)
- ☒ paint coating processes (Mostostal Kielce SA and Mostostal Płock SA)
- ☒ fuel combustion in vehicle engines (all companies)
- ☒ fugitive emissions of gases and dusts into the atmosphere in painting and welding processes during production and provision of services; (Mostostal Kielce SA and Mostostal Płock SA)
- ☒ emission of harmful gases and dust from a wet paint shop into the atmosphere (Mostostal Kielce SA and Mostostal Płock SA)
- ☒ works affecting biodiversity (Mostostal Warszawa SA, Mostostal Płock SA, Mostostal Kielce SA)

In 2019, a series of measures were taken to minimize the environmental impact, including:

- ☒ paint shops started using powder coatings which are ecological, free of volatile compounds and release no dangerous substances during application, according to their manufacturers
- ☒ Mostostal Kielce started using additional filtering units in the welding gas exhaust system, in order to reduce the emissions of harmful gases and dusts to the air from manual and automated welding processes – the pollutant filtering efficiency is 99.5%, a uniquely high level in such works
- ☒ Additionally, Mostostal Kielce installed a closed loop waterjet cutting machine, which saves water and reduces the emissions of gases and dusts generated during the machining of products into the atmosphere
- ☒ Mostostal Płock replaced lighting in production halls and external lighting with energy-saving LED bulbs
- ☒ Mostostal Płock implemented new technologies and solutions to reduce the consumption of raw materials and energy and to decrease dust and volatile organic compounds emissions by purchasing new machines: SHP 260 plasma cutter with a 3.5 x 15m table and a BEKKO frame saw with a 6m table

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

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

The main raw materials / non-renewable materials used in the operations and provided by external suppliers include:

- ☒ steel (Mostostal Warszawa, Mostostal Kielce SA, Mostostal Płock SA)
- ☒ concrete (Mostostal Warszawa)

Other materials are delivered under contracts with subcontractors.

- ☒ related process materials: primers, wet paints and enamels, solvents, welding wire, solder paste, hydrochloric acid and sulfuric acid, gardobond and gardostrip, powder paints, propane gas, argon for welding, process oxygen, process nitrogen, acetylene; (Mostostal Kielce SA and Mostostal Płock SA)
- ☒ semi-finished products: aluminium sheet, stainless steel sheet, steel sheet, pipes, sections, aluminium sections, copper, copper sheet (Mostostal Kielce SA and Mostostal Płock SA)

According to the current knowledge, the Group companies use no raw materials in their 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.

At the contract procurement stage, an analysis is performed to consider alternative variants that cause less environmental burden, while providing the customer with the same functional value (value engineering), and at the production stage, waste generation is minimized through the use of BIM (thanks to which it is possible to effectively estimate the materials necessary for project implementation).

**Major (raw) materials required for the production process in 2019 are summarized below:**

Material/raw material	Unit [Mg/m3/dm3]	Quantity	
		Mostostal Warszawa	Mostostal Warszawa Group
Concrete	m3	121,694.05	124,260.94
Mortar	m3	71,102.60	71,123.55
Aggregates and rubble	tons	103,097.77	103,152.29
Wood	tons	1,325.341	1,338.73
Paper	kg	7,334.62	7,347.24
Reinforcing steel (ribbed bars and ducts)	tons	12,700.924	13,041.08
Paints	kg	13,568.6	13,718.63
Lacquers	kg	310	310.00
Structural steel (profiles and sheets)	tons	1,073.414	10,766.19
Cement	tons	8,658.745	8,658.76
Greases	kg	192	192.95
Anti-adhesive agents	litres	6080	6,110
Recovered aggregates	tons	18,596	18,596
Soil and earth	m3	64,953	64,953
Certified wood (FSC or the like)	tons	71.46	71.46
Asphalt	tons	300.2	336.20
Pre-fabricated concrete units (beams, walls, slab, pillars etc.)	m3	3,727.9	3,727.90
Solvents	Mg	-	21.46
Argon for welding	m3	-	37,928.28
Welding wire, electrodes	kg	-	144,278.11
Process oxygen	m3	-	18,175.20
Zinc wire	Mg	-	110.01
Propane gas	kg	-	9,408.00
Acetylene gas	kg	-	1,570.00
125x2.5 discs	pcs	-	19,850.00
125x6 discs	pcs	-	25,390.00
230x2.5 discs	pcs	-	3,400.00
230x6 discs	pcs	-	4,410.00
Stone curb	m	-	1,404.00
Tar paper	m <sup>2</sup>	-	9,364.30
Argon for welding	m <sup>3</sup>	-	47,330.30
Acetylene	Mg	-	4.20
Welding wire, electrodes	Mg	-	5.04
Propylene	kg	-	1,320.00
Nitrogen	m <sup>3</sup>	-	1,516.00
Industrial fittings	pcs	-	747.00
Sheet metal	Mg	-	5,148.70
Flange	pcs	-	838.00
Grating	pcs	-	1,369.00
Sections	Mg	-	639.50
Pipe	m	-	9,343.00

Sealings	pcs	-	3,782.00
Connectors	Mg	-	1.50
Electrodes	pcs	-	1,305.00

#### ENERGY CONSUMPTION IN THE ORGANIZATION

Given the industrial profile of Mostostal Warszawa Group, an approach to the use, management and conversion of energy is an important aspect. Fuel and energy carrier consumption is monitored on a monthly basis based on invoices issued by suppliers, in particular:

- ☑ the amount of electricity, heat, natural gas and heating oil used
- ☑ volume of gasoline and diesel oil used for means of transport
- ☑ volume of electricity consumption in fixed locations

#### GRI 302-1

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

Type of energy carrier	Quantity expressed in unit [e.g. Mg/kWh/dm <sup>3</sup> ]	
	Mostostal Warszawa	Mostostal Warszawa Group
Motor gasoline	52.23 Mg	85.2 Mg
Diesel fuel	317.70 Mg	581.95 Mg
Liquefied propane-butane gas (LPG)	2.83 Mg	4.27 Mg
Mains electricity	564.202 MWh	12370.453 MWh
Mains heat – administration and office rooms	7375.318 MWh	15986 GJ (4440 MWh)
Natural gas	0 m <sup>3</sup>	9777 m <sup>3</sup>

Systematic efforts are made to ensure effective energy consumption management. These include: gradual replacement of old electrical equipment with new ones after a specific depreciation period (UPS, desktops, scanners, printers), replacement of company cars with newer models compatible with EURO 5 and EURO 6 exhaust emission standards (lease contracts); at present, over 90% of diesel oil in Mostostal Warszawa was used by vehicles which meet the strictest emission standards (EURO 5/6 and ETAP IIIA); purchase of new energy-intensive equipment for daily works e.g.: drills, grinders, shears etc. or replacement of conventional lighting with LED lighting. (In previous years, Mostostal Kielce replaced over 90% of lighting and continues to systematically replace other lighting sources.) In September 2016, Mostostal Warszawa moved to a new office building, which meets BREEAM requirements for lighting parameters. Energy consumption is monitored by the BMS sub-meters, which measure energy consumed by ventilation, air conditioning, heating, lighting and general sockets, and separately energy consumed IT devices connected to computer sockets.

In 2017, we had an energy audit, which identified areas for improvement; relevant measures will be undertaken successively, as appropriate. All of the above activities show that companies see the need to reduce environmental impact.

#### GAS EMISSIONS

#### GRI 305-7

Emissions of dusts and gases are one of the many environmental aspects analysed by Mostostal Warszawa Group in connection with its operations. Their levels are closely related to the production volume in a given year, which entails the challenge of controlling their level. As far as possible, the companies take measures such as implementation of new technologies, replacement of equipment and machinery or car fleet, which have a positive impact on direct and indirect emissions.

Pursuant to Article 286 point 1 of the Environmental Protection Law of 27 April 2001, we monitor the volume and type of gases and dust released into the atmosphere from technological processes such as welding, grinding, zinc metallization, flame cutting, anti-corrosion protection as well as combustion of fuels in internal combustion engines. The summary of emissions is presented below.

Item <sup>4</sup>	Type of substance	Mostostal Warszawa Group [Mg]
4	Acyclic alcohols and their derivatives	7.05
5	Aromatic alcohols and their derivatives	1.528
6	Amines and their derivatives	0.0058
19	Zinc	0.188
29	Ketones and their derivatives	0.046
54	Other dusts	56.8856
58	Carbon monoxide	128.2737
59	Nitrogen oxides (calculated as NO <sub>2</sub> )	11.73989
62	Aliphatic hydrocarbons and their derivatives	0.013
63	Cyclic aromatic hydrocarbons and their derivatives	15.9
41	Metallic elements and their compounds	54.472995

Given the fact that the production is heterogeneous, it is not possible to provide a reliable indicator that would reflect the volume of emissions of a particular substance e.g. per ton of production.

#### GRI 305-1

##### **DIRECT GHG EMISSIONS:**

##### **GAS EMISSIONS**

Dust and gas emissions are one of the many environmental aspects analysed in connection with the operations of Mostostal Warszawa Group companies. 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 propane butane gas.

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

##### **WATER AND WASTE-WATER**

In Mostostal Warszawa Group, water is used mostly for sanitary purposes as well as technological processes such as concrete curing or water for sheet piling.

#### GRI 306-2 | GRI 306-4

##### **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 companies strive to exercise utmost care during the works which involve waste disposal and management of waste classified as hazardous. 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 was not possible to prevent generation of waste, first an attempt is made to recycle such waste (preparation for re-use or recycling;

<sup>4</sup> Pursuant to the Announcement of the Minister of the Environment on the amounts of environmental charges in 2017 (Table G - Unit charge rates for gases or dusts emitted to the atmosphere)

if it impossible for technical reasons or impracticable due to ecological or economic considerations, the waste is subject to other recovery processes).

Depending on the contract with the investor, in accordance with legal requirements, a declaration on municipal waste management on unoccupied property must be submitted to the municipal authorities. Construction waste is collected by operators holding appropriate permits for transport and processing of waste.

**The list of waste generated in 2017 is presented below:**

Waste code	Waste type	Waste weight [Mg]	
		Mostostal Warszawa	Mostostal Warszawa Group
17 05 04	soil and stones other than those mentioned in 17 05 03	12928.96	12929
10 09 08	casting cores and moulds which have undergone pouring other than those mentioned in 10 09 07	7873.77	7873.77
17 09 04	mixed construction and demolition wastes other than those mentioned in 17 09 01, 17 09 02 and 17 09 03	5556.65	5556.65
17 01 07	mixtures of concrete, bricks, tiles and ceramics other than those mentioned in 17 01 06	5035.253	5045.613
17 01 01	concrete from demolitions and renovations	2744.667	2744.667
10 10 08	casting cores and moulds which have undergone pouring other than those mentioned in 10 10 07	1557.91	1557.91
17 04 05	iron and steel	1021.05	2573.53
17 03 80	waste building paper	579.91	579.91
17 06 04	insulation materials other than those mentioned in 17 06 01 and 17 06 03	496.4	496.4
16 03 04	inorganic wastes other than those mentioned in 16 03 03, 16 03 80	98.1	98.1
17 02 01	wood	67.755	67.755
17 01 02	bricks	49.94	49.94
20 03 01	mixed municipal waste	36.749	36.749
20 03 07	bulky waste	6.28	6.28
20 03 99	municipal wastes not otherwise specified	4.94	4.94
17 06 05	construction materials containing asbestos	3.2	3.2
16 02 16	components removed from discarded equipment other than those mentioned in 16 02 15	2.56	2.665

15 01 02	plastic packaging	2.28	2.28
20 01 38	wood other than that mentioned in 20 01 37	1.38	1.38
15 01 06	mixed packaging	1.28	1.28
15 01 01	paper and cardboard packaging	1.12	1.92
16 02 14	discarded equipment other than those mentioned in 16 02 09 to 16 02 13	0.822	1.917
17 02 03	plastic	0.8	0.8
19 12 08	textiles	0.287	0.287
16 07 09	wastes containing other hazardous substances	0.183	0.183
15 01 10	other engine, gear and lubricating oils	0	12.65
12 01 01	ferrous metal filings and turnings	0	54.7
12 01 02	ferrous metal dust and particles	0	24.8
12 01 13	welding wastes	0	27.1
12 01 21	spent grinding bodies and grinding materials other than those mentioned in 12 01 20	0	4.41
15 02 03	absorbents, filter materials, wiping cloths and protective clothing other than those mentioned in 15 02 02	0	1.51
07 02 99	wastes not otherwise specified (wastes from the manufacture, formulation, supply and use of plastics, synthetic rubber and man-made fibres)	0	0.08
08 03 18	waste printing toner	0	0.067
08 01 11	waste paint and varnish containing organic solvents or other hazardous substances	0	5.58
08 01 12	waste paint and varnish other than those mentioned in 08 01 11	0	7.2
08 01 18	wastes from paint or varnish removal other than those mentioned in 08 01 17	0	0.26
11 05 02	zinc ash	0	30.196
12 01 17	waste blasting material other than those mentioned in 12 01 16	0	19.99
13 02 05	mineral-based non-chlorinated engine, gear and lubricating oils	0	0.416
15 02 02	absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by hazardous substances	0	0.70
16 06 04	alkaline batteries (except 16 06 03*)	0	0.05
16 02 13	discarded equipment containing hazardous components other than those mentioned in 16 02 09 to 16 02 12	0	0.096
16 01 20	glass	0	0.2
20 01 28	paint, inks, adhesives and resins other than those mentioned in 20 01 27	0	0.002

20 01 34	batteries and accumulators other than those mentioned in 20 01 33	0	0.003
20 01 01	paper and cardboard	0	0.04
20 01 21	fluorescent tubes and other mercury-containing waste	0	0.002
17 05 03	soil and stones containing hazardous substances	0	0.04
Total		38072.246	39827.218

## GRI 304-2

### IMPACT OF THE COMPANY'S OPERATIONS ON BIODIVERSITY

Mostostal Warszawa Group is involved technologically diversified projects across Poland. Bearing in mind environmental protection, the Group 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, unless the authorities like the General Directorate for Environmental Protection or Regional Directorate for Environmental Protection allow for exceptions to the prohibitions in force for these species.

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. In the case of factories, environmental impact may be minimized by reducing the use of raw materials and materials, waste and gas emissions in their operations:

- ☒ paint shops use powder coatings which are ecological, free of volatile compounds and release no dangerous substances during application, according to their manufacturers
- ☒ using additional filtering units are used in the welding gas exhaust system, in order to reduce the emissions of harmful gases and dusts to the air from manual and automated welding processes – the pollutant filtering efficiency is 99.5%, a uniquely high level in such works
- ☒ a closed loop waterjet cutting machine is used to save water and reduce the emissions of gases and dusts generated during the machining of products into the atmosphere
- ☒ the use of custom-made metal formats for parts manufactured in large quantities. For large-size parts (1-2.5 m<sup>2</sup>), in quantities of over 30 pcs, sheets are imported in dimensions that allow them to be made practically waste-free, thus saving the material and reducing the machine operation time and space for waste storage
- ☒ all larger sheet waste is used to produce small parts, thus limiting the amount of waste
- ☒ the purchased sheets are not covered with oil, which allows to reduce the consumption of chemicals needed to prepare sheet metal products for painting
- ☒ printing of documents related to execution of programs in computer numerical control tools has been given up in favour of electronic documents, thus reducing paper consumption



- ☒ production of custom PONTIS busbar elements on numerical machine tools has been limited - these elements are cut using band saws, which saves energy
- ☒ the use of new multi-blade tools in machines and machining tools to reduce the time for manufacturing small parts, while improving their quality and increasing the ease of work
- ☒ using a laser cutter with the option of cutting non-ferrous metals, which translates into improved quality and speed of production of small parts
- ☒ replacement of welded parts with bolted or riveted elements, thus reducing the number of parts intended for galvanizing
- ☒ laser treatment is used for non-galvanized sheet metal parts , thus reducing the release of harmful metal oxides
- ☒ internal handling with gas-driven or electric vehicles
- ☒ replacement of lighting sources with energy-saving ones - lower energy consumption
- ☒ investment in machinery ensuring better efficiency and performance, which has a significant impact on electricity consumption
- ☒ smaller dimensions of the equipment manufactured, translating into lower operating costs for the investors
- ☒ electrical designs based on energy-saving solutions integrated with the intelligent control systems were developed to ensure electricity consumption optimization
- ☒ medium voltage busbars are tailored to customers' individual requirements, reducing the consumption of raw materials necessary for their manufacture
- ☒ an in-house research laboratory was launched with the aim of conducting research and testing intended to help significantly reduce the consumption of materials in the products manufactured
- ☒ PEM welding and riveting technologies were introduced to reduce the number of welded parts
- ☒ reactive power compensation systems were introduced
- ☒ V0 class insulation materials were introduced (materials made of environmentally friendly materials)
- ☒ devices ensuring increased efficiency for the power engineering sector, industry and railway traction have been introduced

### 6.3. RESPONSIBILITY TO LOCAL COMMUNITIES

#### GRI 413-1

As socially responsible enterprises, Mostostal Warszawa Group companies are engaged in a continuous dialogue with local communities. They accept and analyse inhabitants' feedback on the impact of the operations conducted, so as to exert the least possible impact on their everyday lives.

In connection with their activities, the companies had constant access to the information and maintained dialogue with local communities at the respective project sites. 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 Group 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 companies 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

## 7. ABOUT THE STATEMENT

### 7.1. APPROACH TO REPORTING

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

Stakeholders' recommendations were used to identify the areas of operations of Mostostal Warszawa Group to be described in its non-financial statement.

Broken down by thematic area, the most important issues to be included in the non-financial statement according to the external stakeholders were:

Issues related to cooperation of companies 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

Broken down by thematic area, the most important issues to be included in the non-financial statement according to the internal stakeholders were:

Issues concerning relations between the company and its employees:

- ☒ employment conditions, payroll system, promotion rules and opportunities
- ☒ employee training and education
- ☒ benefits for employees and their families
- ☒ communication with employees

Table concerning issues provided for in the Accounting Act

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### 7.3. CONTACT

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Warsaw, 16 April 2020

Name and surname	Title	Signatures
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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	