



Declaration on non-financial information

as an integral part of the Report
on activities Boryszew S.A. and
Boryszew Capital Group for
2017

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1. Scope of the declaration

This declaration has been drafted both at the stand-alone basis for Boryszew S.A. as well as consolidated basis for Boryszew Capital Group.

Boryszew S.A. as well as its Branches and subsidiaries conduct operational business activity.

This declaration applies to all companies within Boryszew Capital Group.

Boryszew Capital Group features a complex structure which includes, among other companies, Impexmetal S.A., a company listed at the Warsaw Stock Exchange.

Under the provisions of Article 49b section 11 and Article 55 section 2e of the Accounting Act both Impexmetal Group as well as Impexmetal S.A. also do not draft a separate declaration on non-financial information, which is an integral part of the report on operations.

However Impexmetal Group voluntarily drafted a statement for 2017 on financial information, containing all material disclosures on social, employment, environmental issues, respect for human rights and counteracting corruption in so far as they relate to its activities.

Also Walcownia Metali DZIEDZICE S.A. meeting the criteria set out in Article 49b section 1 of the Accounting Act also does not draft a separate declaration on non-financial information, which is an integral part of the report on operations.

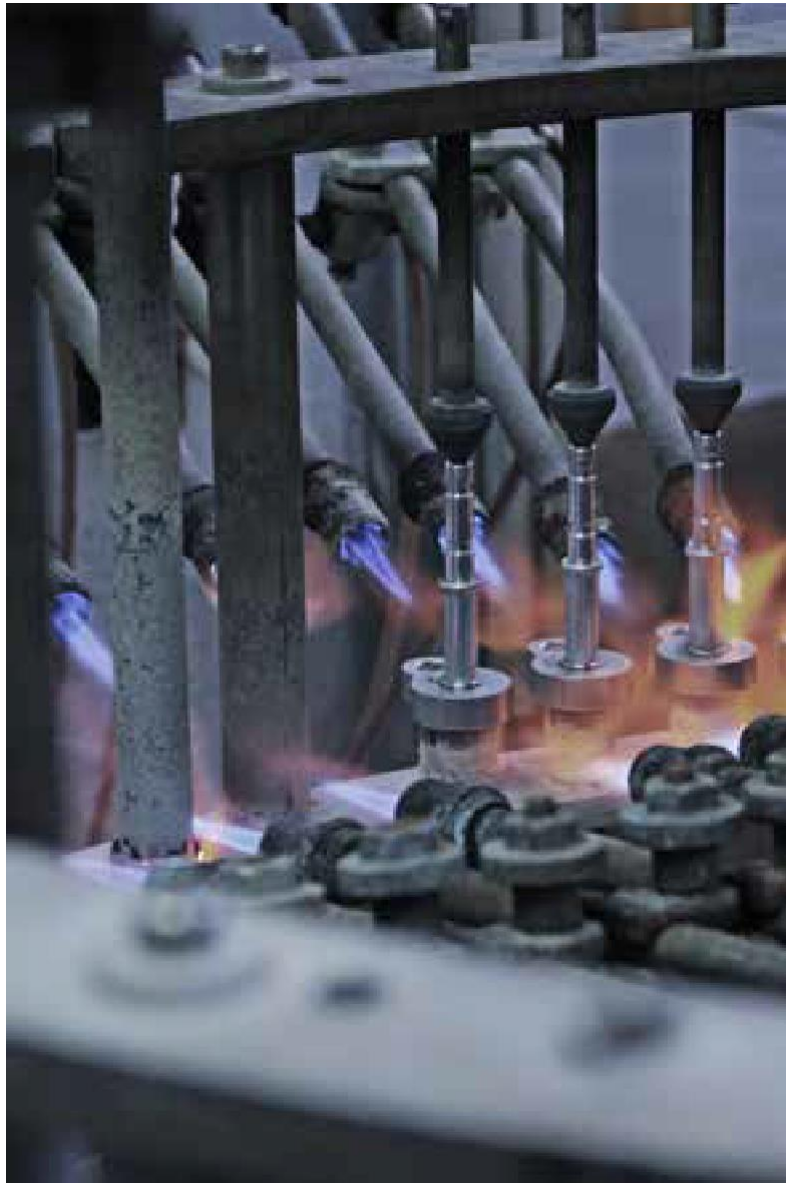
2. Methodology

To some large extent Boryszew Capital Group used the new Non-financial Information Standard, established by the Reporting Standard Foundation.

Nevertheless, Boryszew Capital Group does not pursue full compliance of its own reporting with the Non-financial Information Standard due to its multi-industrial structure and incomplete compatibility of sectors of Non-financial Information Standard and activity sectors existing in the Group.

However, it is necessary to highlight that all the non-financial efficiency indicators come from the definitions specified in the aforementioned Non-financial Information Standard.

Boryszew Capital Group considers the expectations of a broad group of recipients of non-financial reporting and does not exclude the extension of applied methodology with new required content in the future.



3. Boryszew Capital Group business model/ Segments of activities

Boryszew Capital Group is one of the largest industrial groups in Poland. Its activity includes three operating segments: automotive, metals and chemistry.

Boryszew Capital Group in numbers



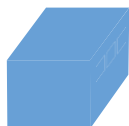
22
years on Warsaw
Stock Exchange



107
years of tradition



4
continents
12 countries, central
location in Europe



31
Manufacturing
facilities and
R&D centres



one in each **5** cars in Europe contains
parts manufactures by Boryszew
Capital Group



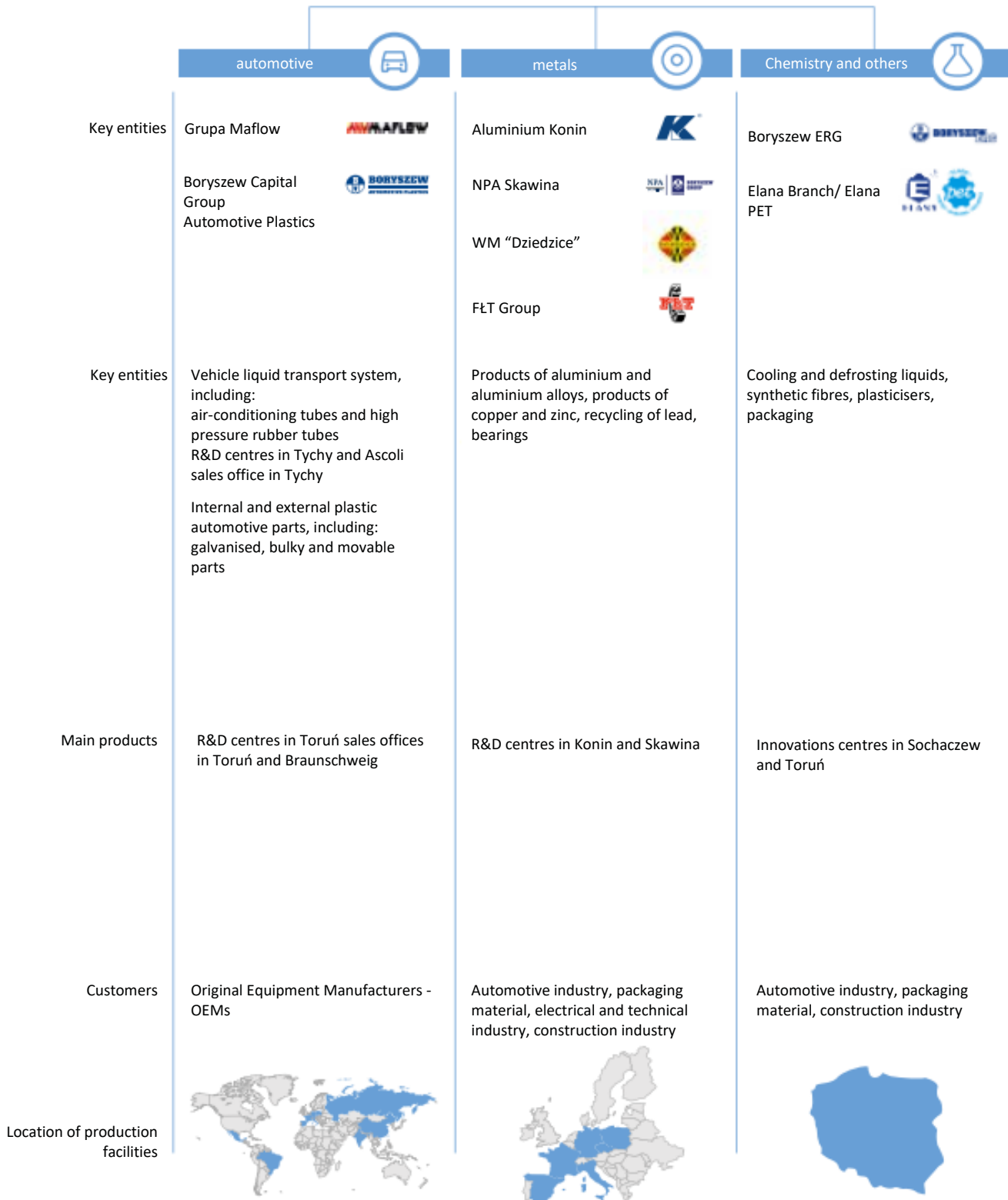
No. 1
largest Poland's Tier -1
supplier of automotive
parts



No. 1
largest Poland's manufacturer of non-
ferrous metal products

3. Boryszew Capital Group business model/ Segments of activities

BORYSZEW CAPITAL GROUP

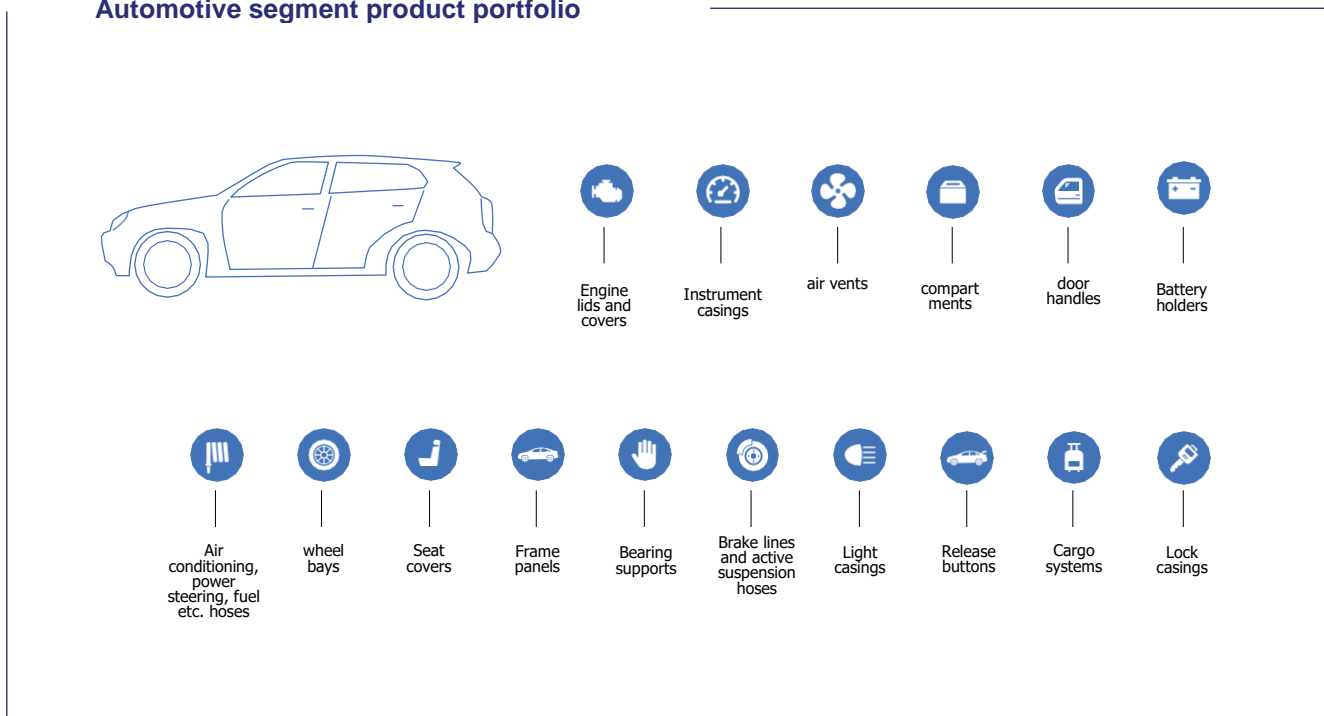


3. Boryszew Capital Group business model/ Segments of activities

Automotive

Boryszew Capital Group is Poland's largest manufacturer of automotive parts for OEM customers. This area constitutes the most international segment of activity of our Group. In this sector, the Boryszew Capital Group has two groups of enterprises dealing respectively with manufacture of **automotive air-conditioning lines (Maflow Group)** and manufacture of **plastic and non-ferrous automotive components (Boryszew Automotive Plastics Group - BAP Group)**.

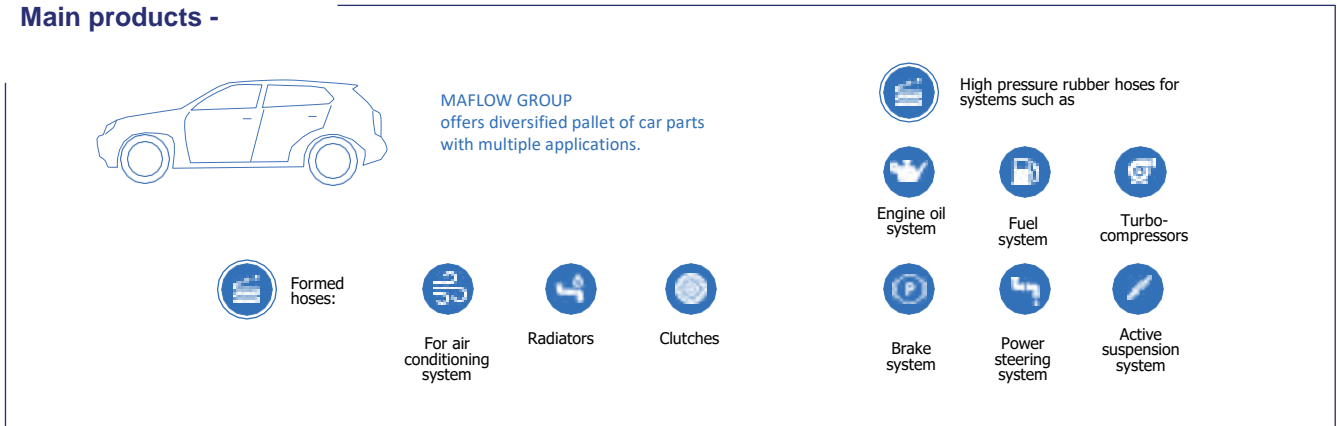
Automotive segment product portfolio



Automotive sector has become one of the sectors of Boryszew activity mainly due to acquisitions from foreign entities (including, trustee in bankruptcy) and next effectively conducted reorganisation. Organic development, e.g. investments in plants of Maflow Group in Leon (Mexico) and Toruń as well as investment in plants of BAP Group - spółka Boryszew Oberflächentechnik GmbH in Prenzlau (Germany) and Boryszew Plastic RUS in Dzerzhinsk (Russia) also contributed to the development of automotive manufacture.

3. Boryszew Capital Group business model/ Segments of activities

Main products -



MAFLOW

The entities of Maflow Group divide into manufacturers of rubber and aluminium air conditioning hoses as well as assemblies for transport of fluids and gases in passenger and utility cars as well as entities performing their installation in the final product sold to car manufacturers (OEM).

Suppliers

For the purpose of production of air-conditioning tubes, companies of Maflow Group purchase mainly rubber mixes, aluminium and steel pipes, sensors. These are mainly purchased abroad.

Production

Manufacture in the Maflow Group is dispersed in the plants located in four continents (Europe, Asia, North America and South America) near the OEM's plants. Many of products offered by Maflow are manufactured on the basis of own patent solutions which proves a highly competitive position of this entity.

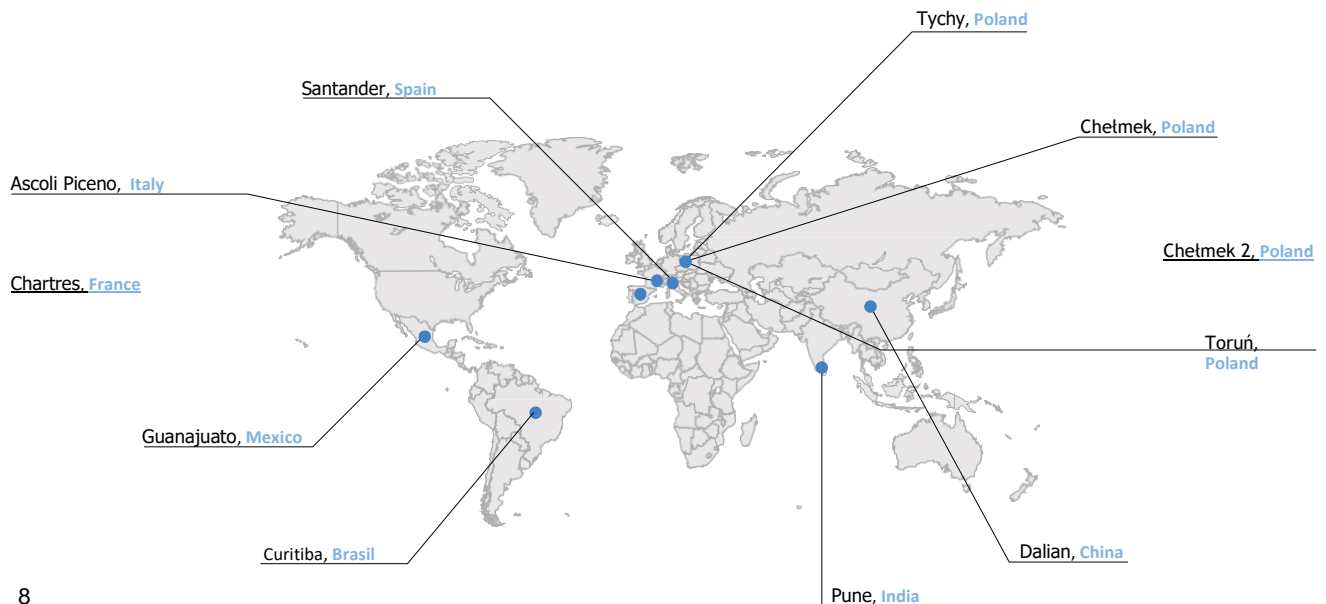
Customers

Main customers of Maflow products are leading international automotive industry companies.

There is not an entity which would be a dominant recipient. Contracts for manufacture of components are concluded with OEM for many years' periods by way of so-called appointment.

Management

Functions of strategic management (including D&R activities) are located in Division of Maflow Boryszew S.A. in Tychy.



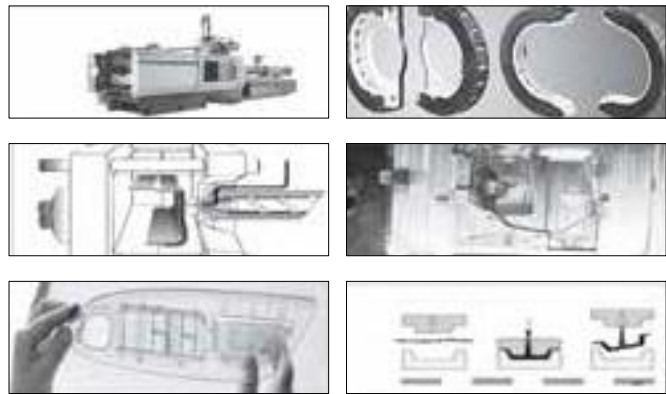
3. Boryszew Capital Group business model/ Segments of activities

BAP Group key

- Injection moulding of plastic elements
- Chromium plating of plastics: ABS and PC-ABS
- Prototyping
- Automation

Injecting supported with gas

- Injection mould construction
- Assembly
- Testing
- Painting work



Boryszew Automotive Plastics (BAP)

The BAP Group consists of entities involved in series production of high quality plastic parts for the automotive sector, used in vehicle interior and exterior, including galvanised and varnished plastic parts and injection moulds for production of these elements.

Suppliers

The BAP Group includes the supplying unit which deals with purchases of plastic granulate for manufacturing units.

The other raw materials are acquired individually by specific plants.

Production

The BAP Group includes both manufacturers of plastic components of car equipment (Boryszew Kunststofftechnik Deutschland, AKT, Tensho, TKS) and non-ferrous metal casts (BRS YMOS) as well as manufacturers of injection moulds (BFD, TFB) used in the process of high-pressure stamping of plastics.

The plants of BAP Group are located in the Central Europe (Germany, Poland, the Czech Republic) and Russia.

BAP Group operates on the basis of contracts of several years' duration, which are mostly awarded to indicated BAP companies. The Contracts are most often concluded with OEM for many years' periods by way of so-called appointment.

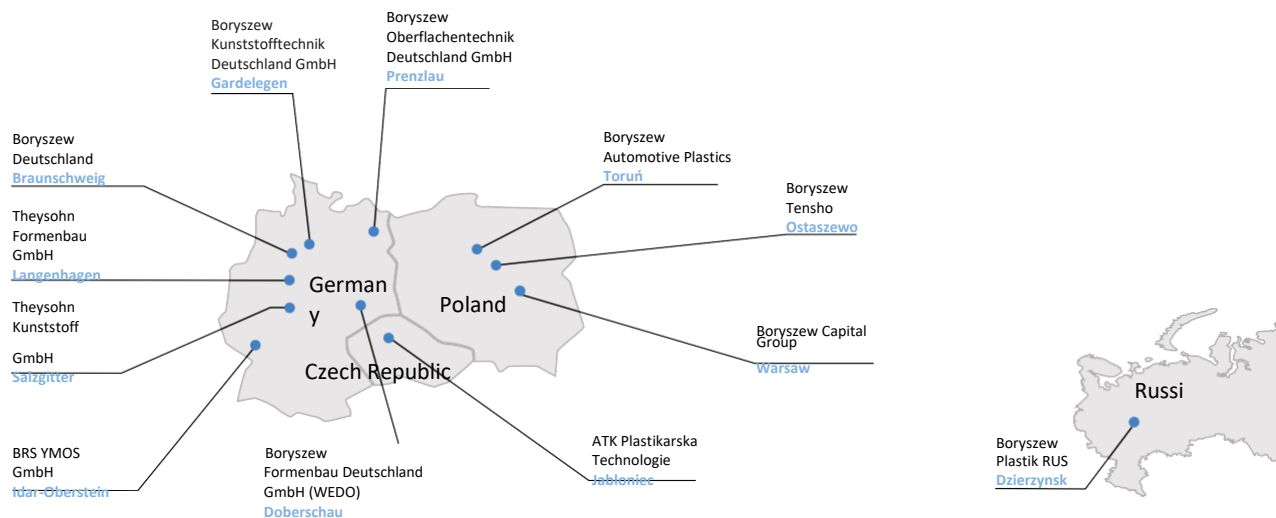
Management

The functions of strategic management are located in Boryszew Automotive Plastics sp. z o.o. in Toruń.

The AB Group includes also entities involved in research and development, central sale and marketing.

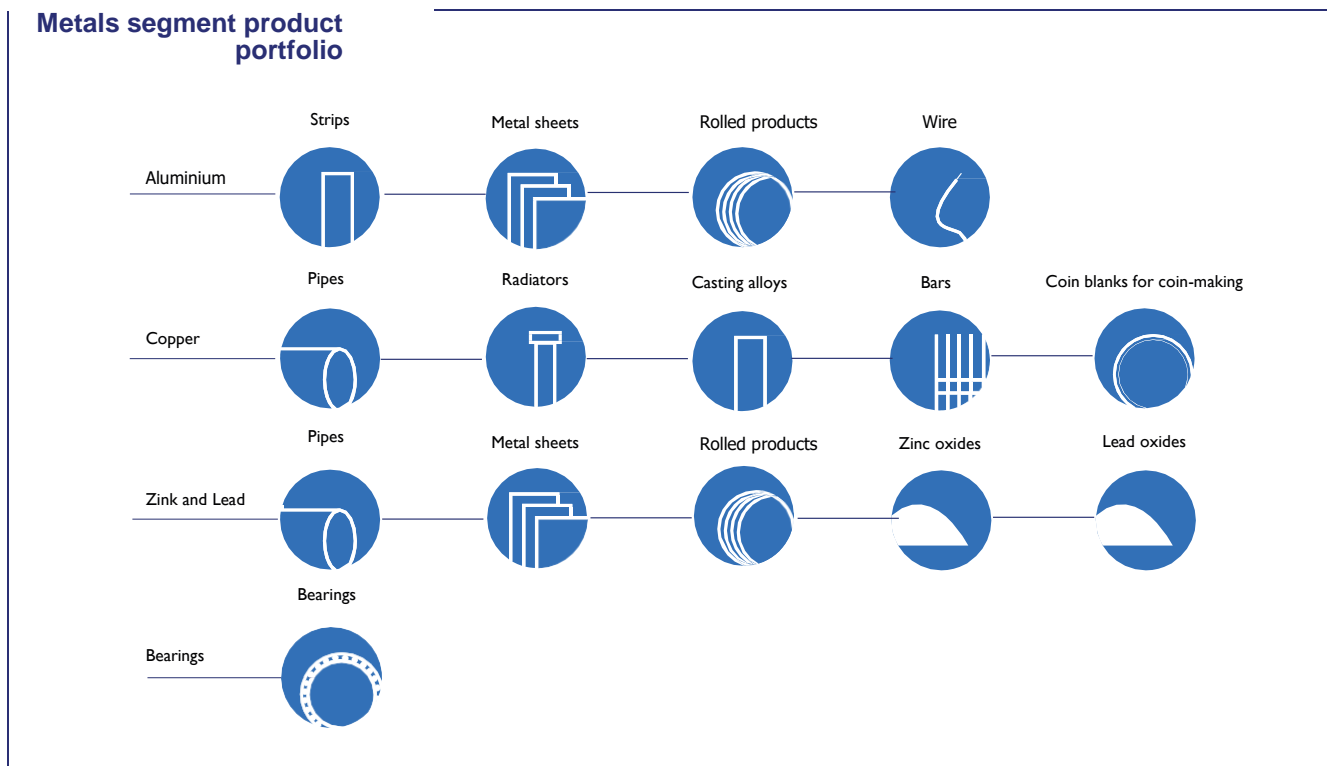
Customers

A dominant recipient of BAP's products is the international automotive concern (Volkswagen Group).



3. Boryszew Capital Group business model/ Segments of activities

Metals



Boryszew Capital Group is Poland's largest manufacturer in the non-ferrous metals segment. In this area, it specialises in processing of aluminium, copper as well as zinc and lead, manufacturing technologically advanced products on the basis of environmentally-friendly technological solutions.

Suppliers

The basic raw materials for production in the metal segment include aluminium pig sows and blocks, copper cathodes, zinc, lead as well as aluminium scraps, which are imported (pure metal, alloys) or purchased at home (copper cathodes, zinc, scraps).

The Group diversifies its supply sources, purchasing the basic raw materials from the well-known producers of aluminium (Trafigura, Glencore International AG, Berliner Aluminiumwerk, Rusal) and supplementing them by purchase of aluminium scraps.

Production

This segment includes aluminium (NPA Skawina, Aluminium Konin), copper (Hutmen, WM Dziedzice) as well as zinc and lead (Baterpol, ZM Silesia) processing companies that have been present on the market for several dozen years. All manufacturing entities from the metal segment are located in the territory of Poland.

Customers

Main groups of aluminium products include sheets and strips, wire rods and wires, which are used in the automotive, construction industry, as well as in electrical engineering, power industry and production of packaging materials.

Whereas, the copper products in the form of rods, wires, pipes, tapes as well as numismatic discs are addressed to recipients from the civil engineering, electronic, electrotechnical, metallurgic industry sectors and mints.

On the other hand, zinc and lead products are

delivered to manufacturers of batteries, roof covers and metal sheet processing, tyre, pharmaceutical and feed industry.

Management

The metal segment is concentrated in the companies of the Impexmetal S.A. Group controlled by Boryszew S.A. The management of Impexmetal S.A. manages operations of this metal segment outside the scope of powers reserved for the management of the Boryszew Capital Group.

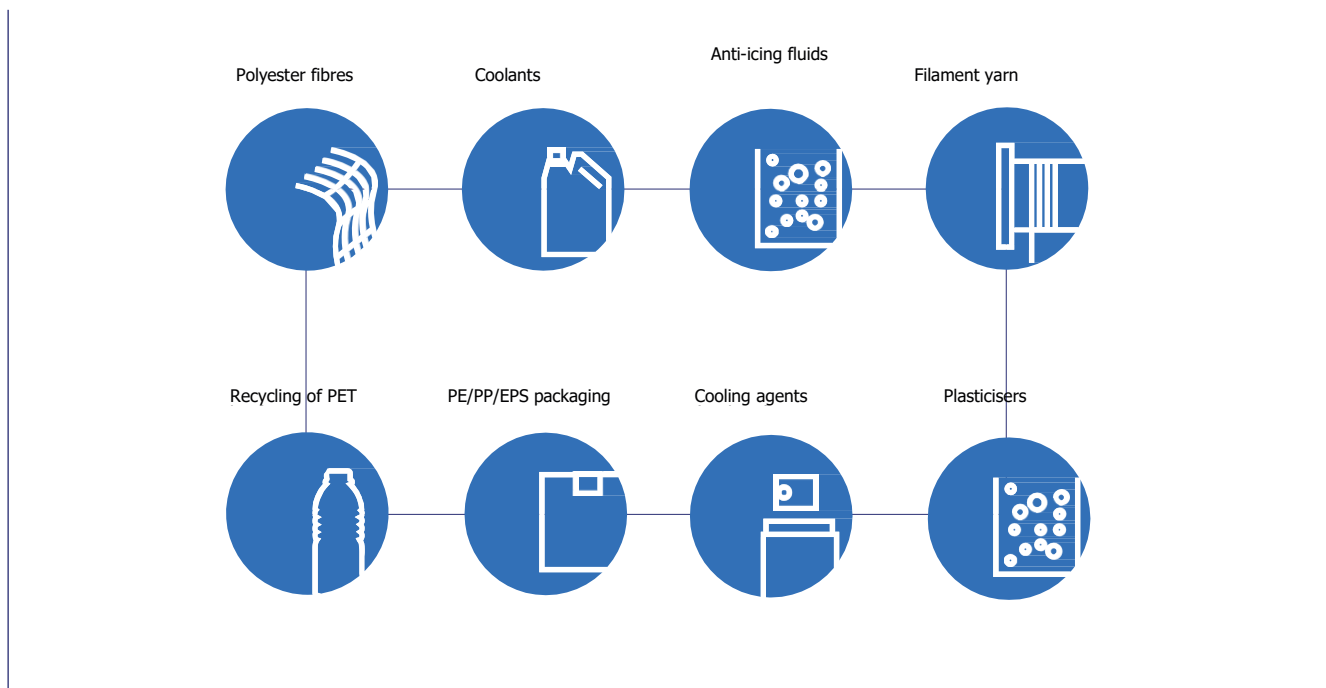
This area of operation includes also foreign commercial companies (located in Europe and Asia), involved in sale of roll bearings under their own brand F&L as well as separated in the form of an independent company - maintenance services in the facility in Konin.



3. Boryszew Capital Group business model/ Segments of activities

Chemical products

Chemical segment



The entities operating in the chemistry sector are the most diverse, in terms of products and recipients, as well as the oldest part of the Boryszew Group and Boryszew S.A. company itself (ERG, Nylonbor and Elana divisions).

Suppliers

Due to differentiation of activity inside segments, the supplier group is large and mainly includes manufacturers of raw materials and chemical semi-finished products. Energy in the form of natural gas is supplied by Boryszew S.A. Division Energy.

Production and customers

All the entities of this segment are located in the territory of Poland, mainly in Sochaczew and Toruń.

The primary object of operation of the companies of the chemical sector is production of fibres and other plastics addressed to a broad range of recipients among manufacturers of

packaging units, furniture, clothing, construction and automobile industry (cooler and anti-icing liquids).

The Boryszew Group is the largest Polish manufacturer of the cooler liquid under the well-recognisable brand Borygo.

Management

Segment management is carried out in the particular entities outside the scope of competences reserved for the Management Board of the Boryszew Capital Group.

The scope of this area of operation includes also separated - in the form of an independent company - maintenance services in the facility in Sochaczew.

Other business

The segment of other objects of operation covers, first and foremost, the Headquarters of Boryszew S.A. in Warsaw which is the top tier decision level within the framework of strategic management of the entire Boryszew Capital Group.

Furthermore, in this area one can differentiate entities dealing with property management, IT service and common purchase of energy at the level of the entire Boryszew Group.

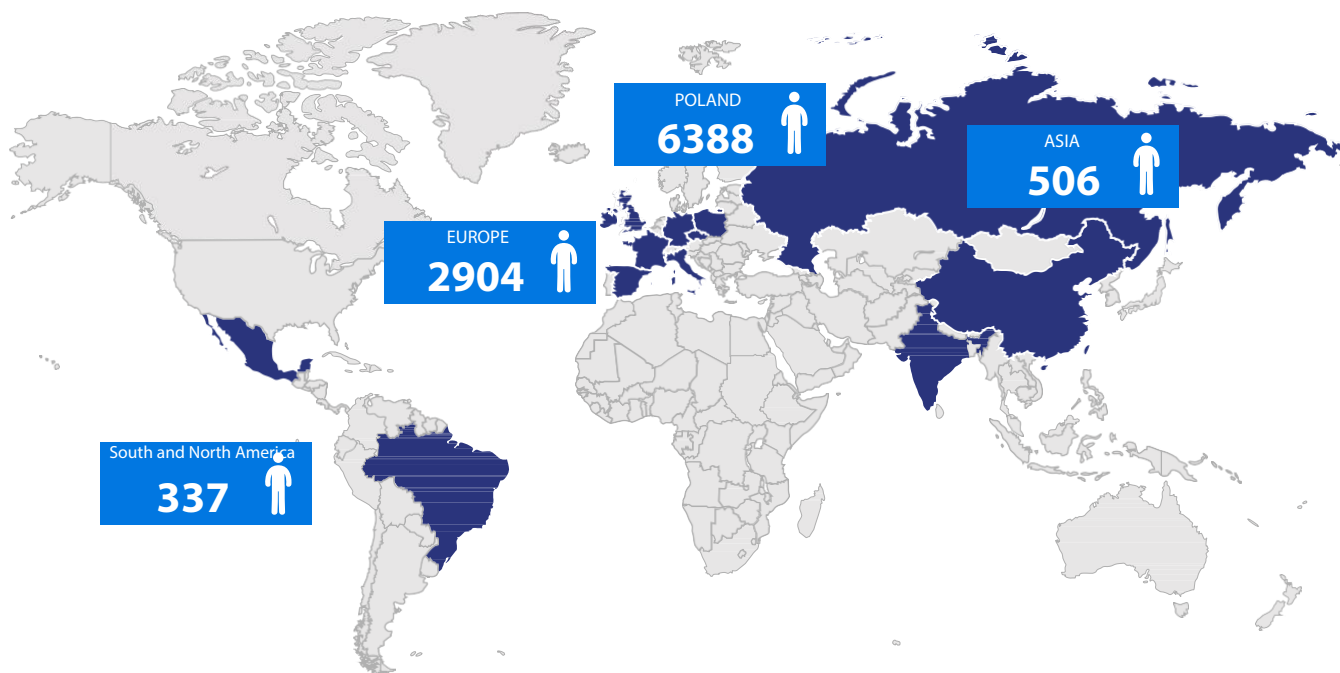


Fig. 1 Structure of employment in the Borszew Group according to continents

4. Risk management (including mostly risks related to the environmental, social and HR-related issues, respect of human rights, counteracting corruption and bribery (ESG)).

The Borszew Group as well as Borszew S.A. are exposed to **non-specific risks**

proper for all large business entities. They include environmental, social risks and risks connected with employees as well as those regarding the observance of human rights and counteracting corruption and bribery.

The dominant activity of the Group is production activity in the scope of car parts, metals and plastics which is related with **risks specific** for this type of business. The Management Board of Borszew S.A. analyses the risks and opportunities related to internal external factors affecting the processes as well as identified environmental factors and professional risk on an on-going basis. In relation to essential risks, activities aimed at their elimination or limitation of risk causes are taken and when ineffective - at their mitigation.

Identification of significant risks

a. Financial risk

The financial risks are described in note 32 to the consolidated financial statements of the Borszew Capital Group.

b. Personnel rotation risk

The main identified hazards related to HR issues in the Borszew Group companies are: problem with acquisition of qualified staff, migration of qualified staff and increasing demands as regards remuneration. In order to counteract these phenomena, it is crucial to provide the employees with stable forms of employment with a satisfactory level of remuneration. The Borszew Group identifies also the need to ensure safe work environment, minimising the risk of injuries and accidents. Limitation of this category of risk is achieved through a series of activities, both of preventive nature (e.g. ensuring an adequate level of training) as well as follow-up activities (analysis of incidents and correction of procedures).

c. Injury and accident risk

According to the Group's management, it is crucial to ensure a safe work environment (OHS) for the employees, minimising the likelihood of injuries and accidents. Limitation of this category of risk is achieved through a series of activities, both of preventive nature (e.g. ensuring an adequate level of training) as well as follow-up activities (analysis of incidents and correction of procedures).

An important aspect in this scope is creation of a safe environment through application of stable forms of employment. It is assumed that a substantial percentage of contracts of employment for an indefinite period of time combined with low staff rotation rates is beneficial in these terms. Safety procedures and risk evaluation also include temporary employees. In our activities we aim at ensuring dialogue with employment organisations and trade unions - as assessed by the Boryszew Group management, this is a prerequisite to maintain efficiency of work with concurrent observance of safety principles. An important aspect is also counteracting social exclusion through promotion of employment of the disabled.

A form of support of safe work environment is introduction of innovations of processes (e.g. laser welding automation, new aluminium pipe production methods for the automobile industry). In order to reduce the negative impact on the environment, the Group introduces also product innovations (e.g. lighter aluminium elements, advanced plastics with reduced weight, new alloys of non-ferrous metals) resulting in indirectly reduced consumption of energy among the end recipients. Focus on the aforementioned risks ensures the continuity of manufacturing orders and repetitiveness of orders. A simultaneous goal is to maintain the good reputation of Group's enterprises which are perceived as attractive employment places by present and potential employees. OHS and environmental protection management is also the critical factor of success in relations with local communities and administration authorities. Creation of atmosphere of mutual trust and respect allows to support investment process and innovation introduction. Social support is also indispensable in the course of implementation of reorganisation processes engaging local communities. Special attention must be given to the cases where the given employment establishment is the dominant employer in a small town in a remote location far from other centres.

d. Risk associated with the use of environment (including excessive environment contamination and lack of energy efficiency)

Another area is responsible use of the environment, ensuring energy-efficient production as well as maintenance of the

legally admissible level of pollution and waste emission. The Group regularly monitors the consumption of energy supplied in the form of electric power and gas.

Water consumption as well as generated waste are analysed in the same degree. Special attention is given to the opportunities related to recycling in the scope of metal scrap plastic waste processing.

e. Process changes and product innovations

In order to reduce the negative impact on the environment, the Group introduces also product innovations (e.g. lighter aluminium elements, new alloys of non-ferrous metals, waste management) resulting in indirectly reduced consumption of energy among the end recipients.

Focus on the aforementioned risks aims at maintaining reputation in the eyes of key business partners, thus ensuring the continuity and repetitiveness of production orders.

A simultaneous goal is to maintain the good reputation of Group's enterprises which are perceived as attractive employment places by present and potential employees.

f. Risk of significant industrial failure

The Capital Group Companies identify the risks related to the possibility of an industrial failure resulting in stoppage or limitation of production in their facilities. In order to reduce the related risks, the company perform periodical inspections of the technical condition of machines and devices used and if needed, their repair and overhaul.

g. Risks associated with seasonality of sales

Boryszew Capital Group is exposed to seasonality only to a very limited extent. In the Automotive segment seasonality affects holiday months as well as December, when production of cars falls considerably, causing also a fall in component orders.

In the Metal segment, seasonality occurs in the scope of products sold to the construction sector which include: copper installation pipes and cupro-nickel condenser pipes manufactured by Hutmen S.A., brass condenser pipes, used in the heating industry, manufactured by WM Dziedzice S.A., zinc-titanium roof sheets and zinc wire

manufactured by ZM SILESIA S.A.

The peak in sales of these products is recorded the second and third quarter, which is predominantly influenced by weather conditions, suitable for carrying out construction works, as well as the economic situation in the construction industry. Other products of this segment are less prone to seasonality, fluctuations in their sales are mainly due to macroeconomic conditions and economic situation.

In the segment of Chemical products seasonality affects a certain range of products manufactured by Boryszew ERG, Branch of Boryszew S.A. in Sochaczew.

This range includes cooling fluids for the automotive segment (with peak demand in the third and fourth quarter, shifting to the beginning of the first quarter), de-icing fluids for runways and aircraft (with peak demand in the fourth and first quarter).

PWC siding and EPS decorative components follow the seasonality of the construction industry, showing peak demand in second and third quarter.

No specific seasonality is observed for other products of the Capital Group.

It is important to note that the Christmas period in December is usually the time of scheduled shut-downs at our customers, hence sales also decline.

h. Risk of severe competition

In the light of continuously growing competition, the most important factor that could have a significant effect on development and revenues earned by the companies of the Capital Group, is the ability to obtain current and acquire new customers. The Capital Group Companies operate on the competitive metal, automobile and chemicals markets which forces conducting a price and quality competitive business. The Group improves its competitiveness through extension of its product offer, timeliness of supplies and decrease of costs which, in consequence, translate into the price of offered products.

i. Risk of change in law and their interpretation

A threat for the operation of the Companies of the Capital Group are changing legal regulations and interpretations. Frequent amendments, inconsistency and lack of interpretations of the legal regulations in particular the tax law, entail a significant risk related to the legal surrounding in which the Companies of the Capital Group conduct their activities.

When combined with the relatively long period of prescription of tax liabilities and immediate enforceability of decisions issued by tax authorities, estimation of tax risk is particularly difficult. The Companies of the Capital Group have contractor reliability verification procedures in place, also in terms of clearance of tax liabilities.

j. Risks associated with vendor dependency

The Companies of the Capital Group follow a policy of supplier diversification to remain independent from a single supplier which allows to obtain competitive prices for the purchased raw materials.

k. Risks associated with customer dependency

The Companies of the Capital Group operate on a broad, both domestic and international, market of products offered by them. The Companies of the Capital Group make all effort to eliminate risk of dependency on the main recipients, entering in cooperating with multiple customers. In selection of recipients, the companies of the Capital Group mainly consider the reliability of a potential recipient.

5. Description of policies applied by the entity in relation to the environmental, social and HR-related issues, respect of human rights, counteracting corruption and bribery (ESG).

In the above activities, we take into consideration the internal procedures established at the various organisational levels as well as consolidated rules resulting from other sources.

Taking into account the internal diversification of the Boryszew Group entities and divisions of Boryszew S.A., it is a valid solution to apply diverse methods of operation proportional to the key risks and specifics of the given entity.

The office of the Management Board of Boryszew S.A. acts as a coordinator in relation to resolutions that could provide an example for development of singular procedures in the operational units. It is often the case that the initiative in the scope of creation of due diligence procedures exists also on the part of entities in which the need for introduction of regulation arose.

In connection with the aforementioned, the scope of formalised policies in the scope of ESG is diversified in the particular entities.

a. Code of ethics – Impexmetal

Impexmetal S.A. has implemented the Code of Ethics determining the rules of conduct in such areas of the UN Global Compact programme as observance of fundamental human rights, sustainable development policy, ethics in business and professional ethics.

The policy of sustainable development for suppliers has also been implemented which requires application of safe work standards according to OHSAS 18001 and conducting activities in terms of environmental protection in accordance with requirements of standard ISO 14001.



Other entities of the Boryszew Group have implemented procedures related to the main risks discussed in the previous section of this report, such as occupational health and safety, environment monitoring, training organisation policy, energy saving, etc.

In addition to the written procedures referred to above, the companies of the Boryszew Group meet the requirements arising from the legally binding rules, e.g. integrated permits issued for the particular facilities.

b. REACH system

Boryszew Capital Group companies operating in the chemical and metal segment strictly follow the Regulation of the European Parliament and of the Council on registration, assessment and granting permits and putting appropriate restrictions on chemicals (REACH)



The REACH system guarantees maintenance of high standards in the scope of human health and environmental protection through thorough control of the most harmful substances placed on the Community market as well as propagation of restrictive methods of assessment of hazards posed by these substances. The disposal idea is based on the principle that the manufacturers, importers and further users are responsible for guaranteeing that the substances they produce, market and use do not have a harmful effect on human life or the environment.

The Boryszew Capital Group companies fulfilled the obligation of registration of all chemical substances that their products contain pursuant to REACH.

c. Certification

A significant form of confirmation of high standards of enterprise management are currently various types of certificates obtained on the basis of audits carried out by independent organisations. They can be an important form of competitive advantage, but most often

they are the decisive factor in recognising the enterprise as one of the largest international corporations that are the Boryszew Group customers.

Boryszew Capital Group companies obtained the following certificates



• ISO 9001

(certificate of quality management system within the organisation)

in the following companies:

Elana Toruń
 Torlen
 ZM Silesia
 Baterpol
 Walcownia Metali Dziedzice
 Hutmen
 Boryszew Formenbau Deutschland (BFD)
 Boryszew Plastics Rus (BPR)
 Boryszew Tensho Poland (BTP)
 Theysohn Kunststoff (TKS),

• ISO/TS 16949

(supply chain quality management system certificate)

in the following companies

Boryszew Maflow Branch
 Aluminium Konin
 AKT Plastikarska Technologie
 Boryszew Kunststofftechnik Deutschland
 Boryszew Oberflächentechnik Deutschland (BOD)
 Boryszew Plastic RUS
 Boryszew YMOS
 Boryszew Tensho Poland
 Theysohn Kunststoff

• ISO 14001

(environment management system certificate)

in the following companies
 Boryszew Maflow Branch

Baterpol
Hutmen
Boryszew Oberflächetechnik
Deutschland
Boryszew Tensho Poland

• **ISO 50001**

(energy management system certificate)

in the following companies

Theyson Formenbau Deutschland
Boryszew Kunststofftechnik Deutschland
Boryszew Oberflächetechnik
Deutschland
Boryszew YMOS
Theysohn Kunststoff
Theyson Formenbau Deutschland

• **Oeko-Tex® Standard 100** *(safety certificate for textile products)*

in Torlen

• **OHSAS 18001**

(occupational health and safety management system certificate)

in the following
companies

Baterpol
Aluminium Konin

• **Research Laboratory Accreditation Certificate**

Attestation of the Polish Accreditation Centre certifying observance by the accredited entity of the principles of best practices for Aluminium Konin.



6. Result of application of policies in relation to the environmental, social and HR-related issues, respect of human rights, counteracting corruption and bribery (ESG).

As a result of the policies described in the previous section, the Boryszew Group companies did not note significant cases of negative effects of key risks in 2017.

Maintenance of system certificate validity and continuation of harmonic cooperation with key contractors do not provide basis for essential modification of the internal control system, exceeding evolution - so natural in this case.

a. Pro environmental activity

- Regardless of activities taken in relation to the adopted principles, the Boryszew Group companies contribute to improvement of the natural environment condition in several areas.



Elana PET sp. z o.o.:

- Buy-back of used plastic bottles used for PET flakes production which are then used as raw materials for production of new packaging.
- Recycling allows to remove ca. 800 tons of PET bottles per month from the natural environment.



Baterpol S.A.:

- It operates on the basis of buy-back and processing of scrap batteries and the technological solutions applied by the company close the battery recycling cycle and allow for further use of over 95% of the obtained scrap mass;
- The technological process involves cutting-edge technological solutions guaranteeing ecological recycling of used batteries in conditions meeting the requirements of national and Union standards of safety and environment protection.



Zakład Utylizacji Odpadów Konin:

- The plant receives many categories of dangerous waste for storage and processing without environmental threat;
- The Company promotes ecological education for children, supporting organisation of artistic performances regarding environmental protection for children in hospitals.
- The Company was awarded with Business Quality Certificate "Fair Play Company" 2017.



Zakład Aluminium Konin and Walcownia Metali Działdowo:

- They use aluminium, copper and brass scrap metal as several dozen per cent of the production charge.



Maflow:

- Purchase and installation of the baler (press) for aluminium scrap - minimisation of waste transport at the Facility in Tychy;
- Replacement of lighting with energy-efficient LED lighting with automatic control system in the plant

• Chełmek 1;

- As a result of the audit of the Environmental Management System according to the standard ISO 14001, there were 0 non-conformities found for the **Maflow Division in Tychy**.
- Trainings raising the environmental awareness among employees - 2140 trained persons.



Boryszew Tensho Poland Sp. z o.o.:

- Replacement of existing floor illumination (luminous tube light boxes and lines) for LEDs on the area of ca. 2000 m2, with estimated annual savings in energy consumption at the level of ca. 290 MWh (megawatt hours). The purpose of this action was obtaining hall illumination of at least 500 lux.



Boryszew S.A. Nylonbor Branch:

- Replacement of standard lighting with LED lighting, which allowed to significantly lower energy consumption.



ZM Silesia:

- Thermo modernisation of the outward extension of the floor of the Roll Mill Division of the Silesia Facility, modernisation of the pumping system of the type W2 JR-1.2 cooling tower, installation of the new air compressor for the quarto rolling mill. As a result of the implemented task, a part of the loan awarded to the Company from the funds of the Provincial Environmental Protection and Water Economy Fund was discharged.
- Modernisation of external illumination of the Silesia Facility and illumination in the office rooms; change to LED illumination. After completion of the task, the Company was awarded for redemption the Energy Effectiveness Certificate.



Apprentice and practice scheme at Boryszew S.A.

In 2017, the Boryszew Group launched the first edition of the corporate Internship and Training Programme addressed to students and graduates of the top Polish universities. The goal of the Programme is acquisition of a valuable base of candidates who would have an opportunity to commence their career in the Boryszew Group companies.

The Boryszew Group is a modern organisation, oriented at development and sharing knowledge and experience, inviting others to work on ambitious projects and latest technologies. Program for year 2017 offered as many as 65 paid practice and internship programmes. The Programme addressees could develop their professional skills in 10 companies representing all segments of the Group's business. Internships and trainings were supervised by experienced instructors who planned the goals and tasks of the young practitioners, monitoring their course and assessing work effects on an on-going basis.

The majority of practice and internship programmes in the Group's plant lasted 8 weeks. An exception is only sale in the Quality Business of the BAP facility in Toruń which was planned for a year. All activities were against payment. The programme was supposed with promotion through the university Career Offices and social media, including those managed by the Polish magazine "Student". In addition to the activities related to the Programme, Boryszew Automotive Plastics offers a paid, two-months long internship at the new galvanic

technology facility in Prenzlau, Germany, covering the necessary accommodation and travel. The proposal was addressed to students and graduates who want to pursue a career in a facility of this type. 25 interns arrived in Prenzlau.

The Boryszew Group cooperates with Nicolaus Copernicus University in Toruń and Czestochowa University of Technology. In the first half of June 2017, an information meeting of the representatives of the Boryszew Group with students and authorities of the Faculty of Chemistry of NCU was held in Toruń and covered, inter alia, opportunities of cooperation with the Group.

A competence centre is to be created at the Faculty of Chemistry of the NCU in Toruń that will work for the benefit of the Boryszew Group. The Boryszew Group tries to enter into broad cooperation with scientific and educational institutions in order to ensure the best position on the labour market possible and guarantee top quality staff for its facilities, concurrently giving young people a chance to gain experience.







b. Activity for employees and local communities

The Boryszew Group values honest and open dialogue with its social partners. We invest in professional development of our co-workers through organisation of language, technical and specialist trainings. Introduction trainings are organised for new employees. We are happy to support, e.g. leisure sports.



Maflow:

- Participation in the ORLIK CUP football tournament, organised by Boryszew S.A. Maflow Branch in Tychy. 12 Maflow teams participated in the tournament.
- Participation in the Polish football championships of the automobile industry - TSL TATY CUP;
- Organisation of Maflow family picnic in October 2017;
- Participation in the charity action of the Sport Society Tychy, under honorary patronage of the Marshall of the Silesian Provincial and President of the City of Tychy. Donating funds for renovation of the Children's Department of the Municipal Hospital in Tychy at ul. Cicha. Maflow as the Gold Sponsor supported the event with a donation and participating in the 5th 24h Football Match.



NPA Skawina:

- Support in preparation of a Skawina resident for participation in the freestyle kayak competition. She earned a high spot in the Polish Championships in Cracow, European Cup in Prague and World Championships in San Juan in Argentina.
- Days of Skawina 2017 - cooperation within the event organisation;
- Sponsoring contract, 45th Science Symposium from the cycle "Modern Economy and Administration";
- Cooperation with Student Sport Club "Skawina" in the scope of holding a recreation and sport event 15th Skawina Run.

It covered the 9th Polish Championships of Power Engineers - a 10 km run, 6th Skawina Rollerblading Run and the 8th Skawina Commune Championships.

- Cooperation with the Sport Club "Optima Skawina" with its seat in Skawina, "Pokonaj Focha V, sport competitions;
- Support of organisation of the sport and art event called "NPA Skawina Street Style 2017", organiser: Municipal Sport Society PIAST with seat in Skawina;

11 November 2017 support - 4th Skawina-Mogilany Mountain Independence Run organised by the Students Sport Club "Jedynka" in Skawina;

- St. Nicolaus and Christmas Football Tournament for Children - NPA Skawina Cup 2017 organised by the Municipal Sport Society "Piast" Skawina in cooperation with NPA Skawina was held from 16 to 17 December 2017.
- Local community support - financing St. Nicolaus' Day packages for the members of the Youth Fire Service in Kopanka.



Boryszew S.A. sponsors F3

Sponsoring activity by Boryszew Capital Group is pursued as per adopted policy as well as principles of social responsibility and is focused on two main fields

– science and sport. Sponsoring-based cooperation is applied mostly in the country, in areas where the companies of the Boryszew Capital Group are located and operate.

In connection with the aforementioned, the Group does not support actions organised for the benefit of natural persons, controversial projects with dubious reputation or initiatives outside the areas of science and sport.

Sponsoring in the sport area, according to the Group's business profit and its significant presence in the automobile segment, includes support for the Polish competitor participating in Formula 3 races - Alex Karkosik. Year 2017 turned out to be a break-through in his career. This 17 years old boy, as the youngest Pole, began racing in Formula 3 and already in the previous season scored best in several races. His car bears the logos of Boryszew Automotive Plastics and Maflow - Boryszew Group companies related to production for the automobile industry. It ensures international promotion of the entire Group as well as medial recognisability of the companies' image on the global scale.

Alex Karkosik started sports career when he was 6. His first start took place in 2006 in Bydgoszcz during Nooter-West Zone Championships. Alex participated in go-kart race in 2014 and got many prizes in national contents. He started in Italian and German contests at the same time. In 2015, he switched to Formula 4, participating in the Italian races of this class (Formula 4 Italian Championship) as well as Central Europe Zone Championships (Formula 4 CEZ). In 2017, he

participated in the Gulf Formula, although his car, weighing only 400 kg, powered with a 180 KM engine, had aerodynamics similar to Formula 3. Alex finished the season at the top of the table - he stood on the podium in 5 out of 10 races held in Abu Dhabi and Dubai.

In March 2017, Alex Karkosik passed the tests in the Euroformula Open in the Spanish Jerez. He took the 12th spot, but his time was only 1.5 second worse than the winner's - it was an extremely strong group of competitors and the track record was broken six times. Since April 2017, he has debuted in the Euroformula Open race as the youngest Pole, as a member of the Italian team - RP Motorsport. His results improved with every race - at the Portuguese Estoril he took the 10th spot, at the Hungaroring - 3rd spot in the Rookie category, and in the British Silverstone he stood on the podium in the general classification, finishing on the 3rd spot. At the Italian Monza, he ended the race on the 4th place in the general classification and on the 3rd place among rookies. In both races of the last round of the Euroformula Open series at the Spanish track in Jerez de la Frontera, he finished on one of the winning positions. During the last week of October, he competed with other drivers in the grand finale of Euroformula in Barcelona, taking the 3rd and 9th spot as well as the 7th spot in the general F3 classification. His further sports career is really promising.





7. R&D activity

The Boryszew Group is characterised by innovativeness of its products and technological solutions. We make effort to use the opportunities resulting from the operational programmes at the general European and domestic level in cooperation with the world of science.



Maflow:

- Participation in the project within programme Maflow 4.0. co-finance by NCBiR: Alternative development

The companies of the Boryszew Automotive Plastics and Maflow Group, which have been conducting their own R&D activity for a long time, make sure that the products offered by them are examples of the cutting-edge technologies and top quality products. In 2017, a decision was made to strengthen the small groups of engineers and technicians responsible for research and development in the particular facilities, creating a strong R&D centre at the Group level. The autonomous entity, meeting the needs of the entire Group, was established in Toruń (BAP) and Tychy (Maflow), its objective is seeking new ways in the area of production technology and, thus, meeting the ever increasing demands of the customers.

methods of hose measurement, leak tightness, hose welding. Optical measurement of conductors. Design of hoses made from alternative materials.



Boryszew Automotive Plastics:

Development and implementation of advanced technologies for production of components and their integration in the form of an innovative door panel intended for motor vehicles.

- The project assumes development and implementation of the technology of production of elements of the car interior finishing (the interior area). The Project focuses on product innovation, i.e. light integrated door panel which, preserving its functionality, will be characterised with reduced mass and improved safety for the vehicle users, with concurrent reduction of production time and costs. Its value will exceed 33 million Polish zloty.



NPA Skawina:

Currently, NPA Skawina is implementing three R&D projects co-financed from the European Regional Development Fund under the Operational Programme Smart Growth 2014-2020. EU co-financing almost amounts to 43 million Polish zloty.

- Project No. POIR.01.01.01-00-D016/16: "MultiEx – Innovative technology of continuous production of composite pipes on the basis of aluminium and aluminium alloys". Project goal - development and production of an innovative, model process line MultiEx and implementation of the composite pipe production process. The production line allows to integrate the continuous product pressing process and continuous coating production process into a single operation.
- Project No. POIR.04.01.04-00-0022/15: "Limitation of transmission losses in electricity distribution lines of 110 kV by developing innovative material and construction solutions as well as production of low loss overhead wires" Objective of the project - development of a new material and structural solutions for overhead power cables used in 110 kV lines, featuring improved power effectiveness resulting from reduced transfer losses in line routes related to heating of phase conductors during flow of the operating current;
- Project No. POIR.01.01.02-00-0044/15: "Development of the innovative technology of rods production from highly resilient aluminium alloys of 2xxx, 5xxx, and 7xxx series" Objective of the project - development of a new, innovative on a global scale, technology of continuous casting and rolling of wire rod with a uniform chemical content and mechanical properties from highly durable aluminium alloys series 2xxx, 5xxx and 7xxx for further mechanical applications.



Impexmetal S.A.:

- Development of highly advanced technology for manufacturing multi-layer aluminium tapes



Indicator	Boryszew Capital Group		Boryszew S.A.	
	2017	2016	2017	2016
Number of employees (FTEs) at the end of the reporting period	10 135	9 358	3 291	3 183
Number of new hires	746	1 330	194	768
Number of employees departing in the reporting period	785	1015	157	322
Number of disabled employees	698	498	219	239
Share of disabled employees in total employment	5.9%	5.3%	6.6%	7.5%
Number of trade union members	2 154	1 970	412	469
Trade union members in percentage	21%	21%	13%	15%
Number of accidents at work	378	275	34	34
Accident occurrence factor per 1000 employees	0.04	0.03	0.01	0.01
Number of fatal accidents	1	0	0	0
Number of absent days due to accidents	6 601	4 050	1 840	1291
Accident severity indicator (number of absent days/1 accident)	17	15	54	38

HSAA-P30 for the new generation of automotive heat exchangers – as the result of the project the offer will include new clad products containing 3 or 4 layers.

The project was co-financed by NCRD;

- Implementation of an innovative technology for manufacturing AlMg-VHS alloy sheets for stamping of car body parts and car construction components. The project implementation will result in the introduction of new aluminium and magnesium alloys with more than 5.5% concentration of magnesium. The project was co-financed by NCRD;

- Implementation of the project "Development of the open and closed section production technology from aluminium alloy ECO-ALSi coming entirely from recycling of aluminium car parts". The project is being implemented under the Greater Poland Regional Operational Programme for years 2014 – 2020.



Walcownia Metali Dziejdzice:

- In December 2017 the Metal Rolling Plant Dziejdzice S.A. made an effort to ensure project funding under the Operational Programme Smart Growth 2014-2020 MEASURE 1.1 - SUBMEASURE 1.1.1"; as a result the company submitted an application "EXAP -

innovative technology of special profiles production by extruding from aluminium alloys and to be used in the automotive industry". The objective of the project is development and implementation of technology for production of extruded and thermally processed profiles from series 6xxx aluminium alloys (e.g. EN AW 6082) intended for further processing, especially in the joining processes requiring exposure of components produced from the said profiles in high temperatures (e.g. soldering, welding).

The project focuses in detail on development of innovative material solutions in the form of: charging material with low content of gas contaminants (metal hydrogen charging), charging material with chemical composition allowing to improve heat resistance of the alloy to parameters occurring during the joining processes, implementation of the process of extrusion of dedicated profiles aiming at reduction of internal stress as well as development of heat processing parameters (oversaturation, artificial ageing) of profiles in a manner allowing to minimise the risk of degradation of mechanical properties of profiles in further processing (joining).

- In 2016 Walcownia Metali „Dziejdzice” S.A. made an effort to ensure project funding under the Operational Programme Smart Growth.

As a result, the project entitled "BRASS CAST&DRAW® Tech - Innovative technology of manufacture of copper alloy products with a new geometric quality standard intended for material removal processing on high-rotation machining devices" was reported within the framework of the Operational Programme Smart Growth in Priority Axis 1, Measure 1.1, Sub-measure 1.1.2 - Support for R&D works conducted by enterprises related to production of pilot/demo installation, thus taking the second spot in the country, assessed highly by independent experts. In connection with the aforementioned, the Rolling Mill "Dziejdzice" S.A., meeting all assumptions of the Programme, including increase of innovativeness through research and development, obtained co-financing of 40% of the project value from the funds of the National Centre for Research and Development, i.e. PLN 50 million. The objective of the project is development, verification and implementation in industrial conditions of production technologies for innovative products from copper alloys intended for processing on high-rotation machining devices. New products will be characterised with ideal and stable tolerance of the geometric dimensions and strictly determined mechanic properties. The guidelines of this project guarantee Rolling Mill "Dziejdzice" S.A. innovativeness of this group of products on a global scale.



Indicator	Boryszew Capital Group		Boryszew S.A.	
	2017	2016	2017	2016
Total energy consumption in GJ	1 987 645	1 912 306	466 418	464 500
Total water consumption in m ³	1 442 756	1 490 122	459 368	460 080
Total waste in Mg	80 353	90 716	9 502	10 063

Boryszew S.A. Nylonbor Branch: As of May 2017, production of polyamide structural plastics is carried out using a new pouring machine, ensuring better use of the raw material, lower production loss and higher efficiency.

8. Company's KPI's

Systematic reporting of performance indicators develops analogously to the division into two main categories of essential risk areas.

The following indicators were deemed the most reliable in the area of safe work environment.

Number of employees on full-time positions at the end of the reporting period - it is the basis for calculation of derivative categories that will be discussed below.

It is defined as the total number of persons employed at the end of the calendar year per full time positions.

Number of new employees - this rate, in combination with the previous element, allows to determine the situation in terms of human capital dynamics and, thus, target the activities aimed at harmonic integration of new human resources in the organisation. It is defined as the total number of persons hired in the calendar year per full time position. **Number of employees on full-time positions who left work in the reported period** – this category allows, or instance, to assess the relative attractiveness of the Group as an employer on the market and its ability maintain employed persons. One significant reservation is related to the industrial nature of the dominant part of positions offered by the Group and, thus, higher rotation that, for instance, in the area of white-collar jobs.

It is defined as the total number of persons who left in the calendar year per full time position.

Percentage share of disabled employees in total employment - it reflects the openness of the Boryszew Group to cooperation with persons whose access to the employment market is hindered. Definition - total number of employees with certified disability per full time position / total number of persons employed at the end of the calendar year per full time positions.

Number of employees belonging to trade unions and percentage (%) of employees belonging to trade unions - as a responsible employer, we focus on social dialogue the measure of which is, inter alia, cooperation with professional self-governing bodies, including those designated by trade unions. Definition - total number of trade unions at the end of the calendar year per full time position / total number of persons employed at the end of the calendar year per full time positions.



	METALS		CHEMICAL PRODUCTS	
Emissions to air (in tons)				
BORYSZEW CAPITAL GROUP	2017	2016	2017	2016
Carbon dioxide (CO ₂)	55 678	49 336	42 946	39 884
Total dust	12	9	22	22
Carbon monoxide (CO)	290	239	69	65
Nitrogen oxides (NOx/NO ₂)	57	68	46	44
Production (in Mg - tons)	286 109	262 001	56 076	64 291
BORYSZEW S.A.	2017	2016	2017	2016
Carbon dioxide (CO ₂)	10 201	6 048	33 577	31 381
Total dust	1	0	17	16
Carbon monoxide (CO)	2	1	64	58
Nitrogen oxides (NOx/NO ₂)	3	2	41	40
Production (in Mg - tons)	50 624	37 887	37 725	47 055
Emissions to air (in tons)				
BORYSZEW CAPITAL GROUP	2017	2016	2017	2016
Carbon dioxide (CO ₂)	194.61	188.31	765.81	620.36
Total dust	0.04	0.04	0.39	0.34
Carbon monoxide (CO)	1.01	0.91	1.22	1.01
Nitrogen oxides (NOx/NO ₂)	0.20	0.26	0.82	0.68
BORYSZEW S.A.	2017	2016	2017	2016
Carbon dioxide (CO ₂)	201.50	159.63	890.02	666.91
Total dust	0.02	0.01	0.45	0.35
Carbon monoxide (CO)	0.04	0.02	1.69	1.24
Nitrogen oxides (NOx/NO ₂)	0.07	0.04	1.10	0.86

Number of accidents at work - through creation of an integrated system of recording of accidents on an enterprise-wide scale, we make sure that conclusions are drawn in order to support systematic development of safety procedures and their effective implementation on the Capital Group scale. Definition - total number of accidents at work registered in the reporting period.

Accident rate per 1000 employees - the purpose of this measure is focusing the decision-making factors on the most problematic areas of operation of the enterprise for the purpose of their rational improvement. Definition - (total number of accidents at work registered in the reporting period / total number of persons employed at the end of the calendar year per full position)*1000.

Number of lethal accidents among employees - death of any person, regardless of their position in the organisation, is a tragedy, affecting a large group of persons both inside and outside the organisation. As opposed to the accident frequency rate, there are no average standards here.

The purpose is always the same, total elimination of fatal car accidents.

Definition - the total number of registered lethal accidents at work in the reporting period.

Number of days of unfitness for work caused by an accident as well as accident gravity ratio (number of days of unfitness/1 accident) - they allow to assess the lost work time and, thus, employment effectiveness lower than expected. Definition - total number of days of unfitness for work per calendar year / total number of accidents per calendar year.

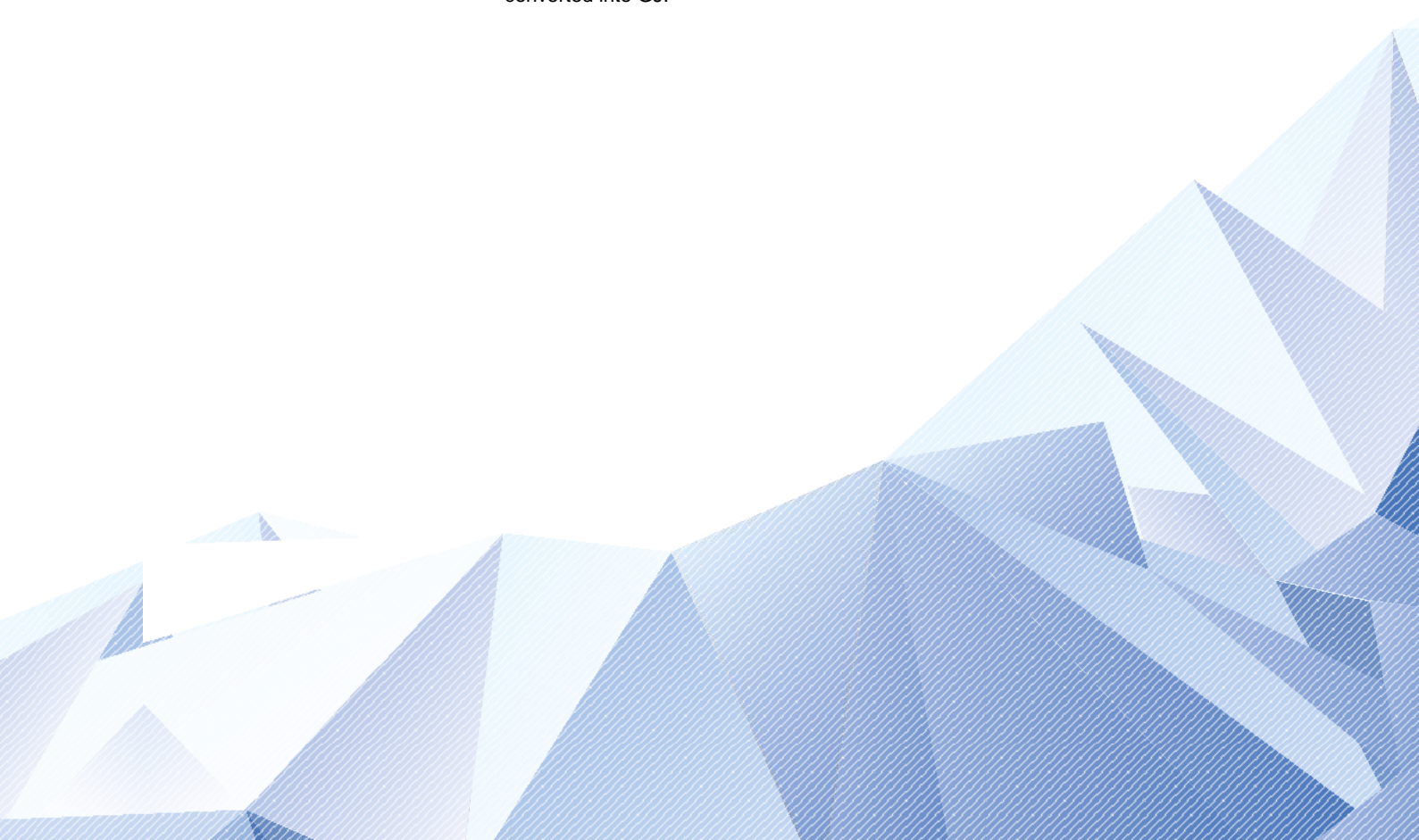
In the area of responsible use of the environment, the following ratios were considered the most conclusive: **Total energy consumption in GJ** (gigajoule) - not only does the energy efficiency of the enterprise have ecology-related effects and is an element of being a responsible corporate member of the society. It also allows to achieve the goals assumed in economic terms in the form of rational use of available resources. This category includes consumption of electric, heat and gas power. Definition - total consumption of all energy carriers (electric energy, process steam, etc.) measures in the calendar year and converted into GJ.

Total water consumption in m³ -

The issue of shrinking water resources is a substantial challenge for most areas regions of the contemporary world. Thus, activities aimed at saving of this precious and rare resource are desired by the social partners of the enterprise as well as the financial community. Definition - total water consumption in cubic metres measured in the calendar year, including own intakes and waterlines.

Total waste mass in tons - limited availability and capacity of waste storage yards encourages actions limiting their generation. Alternatives in the form of internal recycling or alternative processing support both the image of a socially responsible entrepreneur as well as potential factor of cost limitation. Definition - sum of weight of all categories of generated wastes in the calendar year per metric tons.

Additionally, the metal and chemical segments use **emission to air** rates due to the specifics of their business.



9. Approval of the report on non-financial information of Boryszew Group and Boryszew S.A.

This report on non-financial information of Boryszew Group and Boryszew S.A. for 2017 was approved by the Management Board of Parent Company on 26 April 2018.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD FOR BORYSZEW S.A.

Piotr Szeliga – acting President of the Management Board

-

Aleksander Baryś – Member of the Management Board

-

Mikołaj Budzanowski – Member of the Management

-

Cezary Pyszkowski – Member of the Management Board

-