

**REPORT ON NON-FINANCIAL INFORMATION**  
**BORYSZEW GROUP AND BORYSZEW S.A. FOR 2019**



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## Scope of the report

This non-financial information report (the "Report") is drafted both at a separate report for Boryszew S.A. (the "Company") and as a consolidated report for Boryszew Capital Group ("Boryszew Group", "Group", "BCG") for **2019**.

The report covers all the companies of the Boryszew Capital Group subject to full consolidation in the consolidated financial statement.

The report is drafted in accordance with Art. 49b section 1 and Art. 55 section 2b-e of the Accounting Act of 29 September 1994, with subsequent amendments (the "Accounting Act"), which implements the guidelines of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 on disclosure of non-financial and diversity information by certain large undertakings and groups.

Boryszew Capital Group companies are:

Boryszew S.A. with its registered office in Warsaw,

Impexmetal S.A. with its registered office in Warsaw,

Alchemia S.A. with its registered office in Warsaw,

Walcownia Metali Dziedzice S.A. with its registered office in Czechowice-Dziedzice.

Under provisions of Article 49b section 11 and Article 55 section 2e of the Accounting Act these companies opted for exemption from drafting a separate report on non-financial information.

## **Methodology and reporting standard**

The Report was prepared in the following stages:

- 1) verification of the scope of last year's Report,
- 2) updating the scope of significant non-financial aspects and information on diversity,
- 3) updating the set of indicators on the above aspects,
- 4) updating the list of significant risks and methods of their mitigation,
- 5) collecting information from Boryszew Group companies on the level of implementation of the reported indicators,
- 6) collecting information from Boryszew Group companies on the implementation of policies and procedures, results of applied policies and actions,
- 7) consolidation of the collected information and preparation of the Report.

This report was prepared by Boryszew S.A. based on its own rules, taking into consideration the nature and diversity of activities of Boryszew Group companies. The ratios describing the non-financial activity of Boryszew S.A. and the Group were prepared as per the GRI (G4) guidelines. GRI indicators used in this report are described below.

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.

In 2019 Boryszew Group assumed control over Alchemia Capital Group. This report includes indicators relating to Alchemia Group for 2019 and comparable indicators for 2018.

## Organisation of Boryszew Capital Group

### About Boryszew Capital Group

Boryszew Capital Group is one of the largest industrial groups in Poland. It operates in three main segments, which are: Automotive, Metals and Chemicals segments.

In 2019 Boryszew Capital Group assumed control over Alchemia Capital Group, with the following companies: Alchemia S.A., Huta Bankowa Spółka z o.o. and Laboratoria Badań Batory Spółka z o.o. The core business of Alchemia Group is production of steel products in the form of seamless steel tubes as well as other specialist steel products. The business of Alchemia Group was transferred to the Metal segment.

When conducting our operations, we take into consideration the internal industry regulations, internal procedures established at various organisational levels as well as rules resulting from other sources.

Given the internal diversity of Boryszew Group companies and Boryszew S.A. branches, it is advisable to apply different methods of action, proportional to the identified key risks as well as the nature of a specific company or branch.

Boryszew S.A. as the parent company of the Capital Group acts as the initiator and coordinator of procedures which are then implemented, with some modifications reflecting the nature of relevant entities, in operating units. It is often the case that the initiative in the scope of creation of due diligence procedures is 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.

### Key information

#### Boryszew Group

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Total	PLN million	6 260	6 100	160	3%
EBITDA	PLN million	414	379	35	9%
Investment outlays	PLN million	282	158	124	78%
Net debt	PLN million	1 429	1 149	280	24%
Sales volume	tons	305 004	329 953	-24 949	-8%
Number of employees	employees	11 154	11 990	-836	-7%
EBITDA per employee	EUR PLN/ employee	37.1	31.6	5.5	17%

Boryszew S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Total	PLN million	1 383	1 541	-158	-10%
EBITDA	PLN million	74	108	-34	-31%
Investment outlays	PLN million	27	28	-1	-5%
Net debt	PLN million	522	570	-48	-8%
Sales volume	tons	80 354	100 868	-20 514	-20%
Number of employees	employees	3 240	3 603	-363	-10%
EBITDA per employee	EUR PLN/ employee	22.9	29.9	-7.0	-23%

Selected financial data of other Group Companies

Impexmetal S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Total	PLN million	1 169	1 231	-61	-5%
Investment outlays	PLN million	110	52	58	112%
Sales volume	tons	99 063	98 659	404	0%
Number of employees	employees	747	759	-12	-2%

Alchemia Group

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Total	PLN million	588*	n/d	n/d	n/d
Investment outlays	PLN million	45	n/d	n/d	n/d
Sales volume	tons	n/d	n/d	n/d	n/d
Number of employees	employees	2 325	n/d	n/d	n/d

Alchemia Group was not covered by the report in 2018.

\*revenues for 04.2019 - 12.2019 (Alchemia Group is part of consolidation since April)

Walcownia Metali Dziedzice S.A.

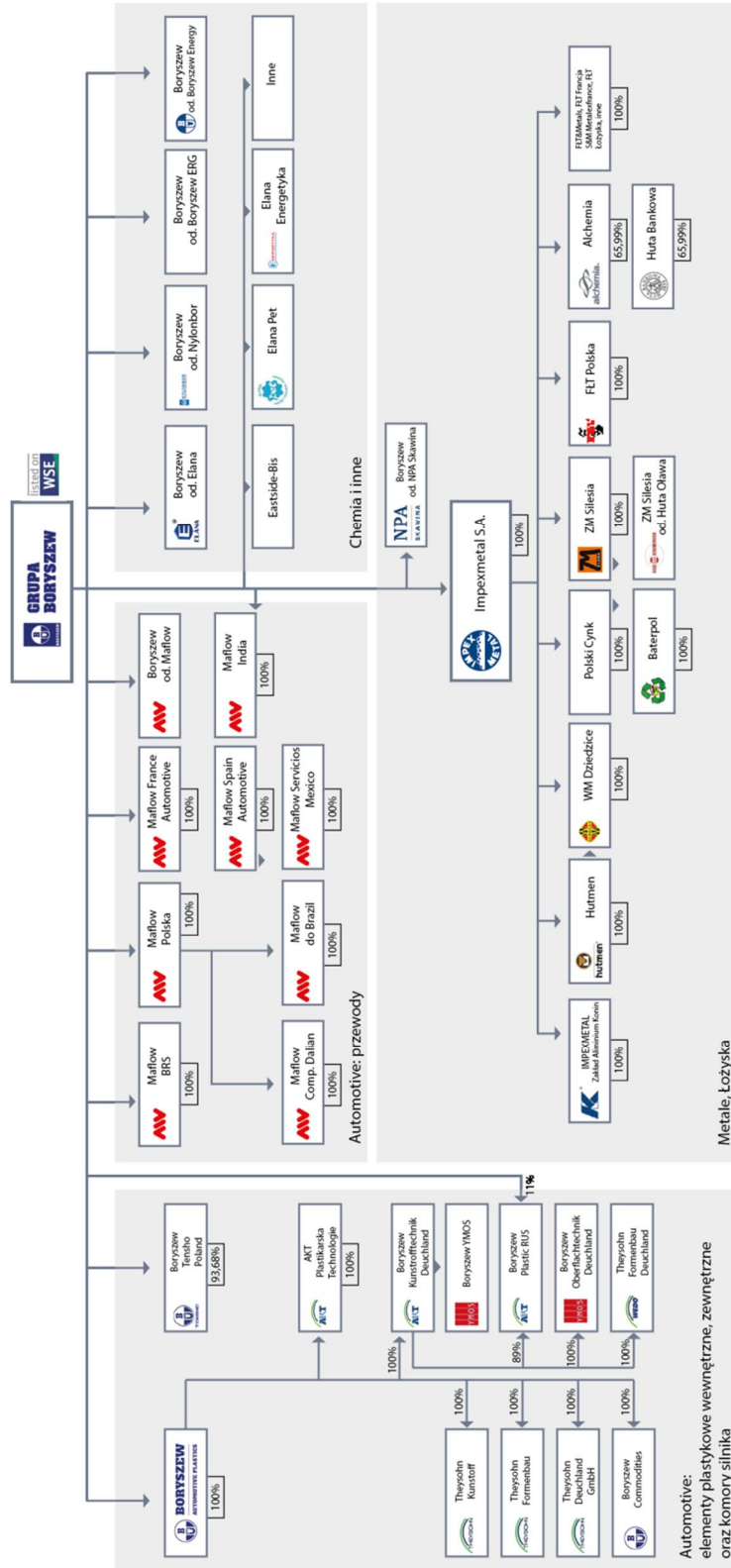
		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Total	PLN million	562	568	-6	-1%
Investment outlays	PLN million	3	8	-4	-55%
Sales volume	tons	31 186	32 131	-945	-3%
Number of employees	employees	507	505	2	0%

Definitions of selected indicators

Indicator	Unit	Definition
Investment outlays	PLN million	Expenditures on the acquisition of own fixed assets, WN and investment property
Net debt	PLN million	see non-current + see short-term (from loans and borrowings + from the issue of debt securities + leasing) less cash and cash equivalents
Sales volume	tons	segment sales calculated in tonnes (related to Chemicals and Metals segment)

# Business model

## Capital Group's diagram





## Operating segments and the value chain within operating segments

Boryszew Group operates in the following operating segments:

- Automotive Segment,
- Metals Segment,
- Chemicals segment,

Other companies not allocated to the above segments conduct, activities that involve: management of the capital group, production and trade in electricity, trade in natural gas, real estate management and sale.

The table below presents the most important features of operating segments (entities, products, customers, locations of companies):

	Automotive Segment	Metals Segment	Chemicals segment
Key entities	<p>Boryszew S.A. Maflow Branch and Companies of the Maflow Group</p> <p>Companies of the BAP Group</p>	<p>Impexmetal S.A.</p> <p>Boryszew S.A. Branch Nowoczesne Produkty Aluminiowe Skawina</p> <p>WM Dzierżycze S.A.</p> <p>Hutmen S.A.</p> <p>ZM SILESIA S.A.</p> <p>Baterpol S.A.</p> <p>Alchemia S.A.</p> <p>Huta Bankowa Spółka z o.o.</p> <p>FŁT Group</p>	<p>Boryszew S.A. Branch Boryszew ERG</p> <p>Boryszew S.A. Elana Branch</p> <p>Boryszew S.A. Nylonbor Branch</p> <p>Elana PET Spółka z o.o.</p>
Key products	<p>Automotive fluid handling systems including: air conditioning and high-pressure rubber hoses</p> <p>Internal and external plastic car parts, including: galvanised, bulky and movable parts</p>	<p>Products made of aluminium and its alloys,</p> <p>copper, brass, zinc and lead products, lead recycling,</p> <p>seamless steel tubes</p> <p>long products</p> <p>rings and rims</p> <p>ingots</p> <p>trade in bearings</p>	<p>Cooling and de-icing liquids, synthetic fibres, plasticisers, packaging</p>

Customers	Car manufacturers	Automotive industry, packaging material, electrical and technical industry, construction industry	Automotive industry, packaging material, construction industry
Location	Europe, China, India, Brazil, Mexico, Russia	Europe	Poland

## **AUTOMOTIVE**

Boryszew Group is the largest Polish manufacturer of automotive parts supplied to OEMs (*Original Equipment Manufacturers*). This is the most international business segment of our Group. In this sector, Boryszew Capital Group has two groups of enterprises dealing respectively with manufacture of automotive air-conditioning tubes (Maflow Group) and manufacture of plastic automotive components (Boryszew Automotive Plastics Group).

The automotive industry has become one of the sectors of Boryszew business mainly due to acquisitions of overseas companies (including from bankruptcy receivers), and then their effective restructuring. The development of automotive production was also supported by organic growth, for instance investments in new plants of the Maflow Group in Mexico (Guanajuato/Leon) and Toruń, as well as investments in new plants of the BAP Group: Boryszew Oberflächentechnik Deutschland GmbH in Prenzlau (Germany) and Boryszew Plastics Rus in Dzierżyńsk (Russia).

### **Maflow Group**

Maflow Group offers rubber-aluminium and rubber-steel cables for various automotive systems:

- the air conditioning system,
- of the clutch system,
- brake system,
- power steering,
- active suspension system,
- engine oil cooling system,
- fuel system,
- air pipes for turbochargers,
- mobile refrigeration systems.

The entities of the Maflow Group are divided into manufacturers of air conditioning ducts and other applications ensuring the transport of liquids and gases in passenger and commercial vehicles (Tier 2) and entities (Tier 1) assembling them into a final product sold to car manufacturers (OEM).

### **Suppliers**

The Maflow Group companies purchase aluminium and steel pipes, machined components (blocks, valve bodies), sensors and rubber mixtures for the production of air conditioning pipes. 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) LOCATED near the OEM's plants:

- Poland (Tychy, Torun, Chełmek)
- France (Chartres),
- Spain (Guarnizo),
- Italy (Ascoli Piceno),
- Brazil (Curitiba),
- Mexico (Guanajuato/Leon),
- India (Pune),
- China (Dalian).

Many of the products offered by Maflow are manufactured on the basis of their own technical solutions, which determines the competitive position of this entity against leading groups of customers.

Maflow Group companies work in liaison with each other in the production process. From a formal perspective, the Company which sells products to the end customer bears contractual liability, while the other companies of the Maflow Group are subcontractors who carry out parts of the supply chain and produce semi-finished products (mainly rubber hoses and endings).

## **Customers**

The main recipients of Maflow products are leading international automotive corporations. The most important customers include the Volkswagen Group, Renault Nissan, PSA Peugeot Citroen, Volvo Car Corporation, BMW, Volvo GTT, Scania.

Contracts for the manufacture of components are concluded with OEMs for periods of several years through the so-called nominations (appointments).

## **Management**

Strategic and management functions of Maflow Group (including R&D activities) are located in Boryszew S.A. Maflow Division in Tychy.

## **BORYSZEW AUTOMOTIVE PLASTICS GROUP**

Boryszew Automotive Plastics Group (BAP Group) consists of entities specializing in series production of high quality plastic parts for automotive sector. The Group's products are internal and external car parts, including galvanized and lacquered plastic decorative elements and injection moulds for the production of these elements. Examples of BAP Group products are

- engine lids and covers
- dashboard components, including indicator housings and air vents,
- internal post covers and threshold covers,
- elements of door panels and seats,
- compartments,
- door handles,
- lock casings,
- release buttons,
- luggage securing systems,
- battery holders,
- wheel recess covers,
- chassis covers,
- bulkhead walls,
- light casings,
- trunk elements.

In addition, BAP Group manufactures plastic products for house appliances sector and hardware for doors and windows.

BAP Group companies include:

Manufacturing companies:

- Boryszew Kunststofftechnik Deutschland GmbH (BKD) - involved in production of both internal and external plastic elements of car equipment, including painted elements,
- Boryszew Kunststofftechnik Deutschland GmbH Idar-Oberstein (BKD IO) - involved in production of ZnAl injection moulding elements and production of plastic elements for the automotive industry, household appliances sector and construction industry,
- Theysohn Kunststoff GmbH (TKS) - involved in production of exterior plastic elements for car fittings,
- AKT Plastikarska Technologie s.r.o. (AKT) - involved in production of plastic components for the automotive industry and household appliances sector,
- Boryszew Oberflächentechnik Deutschland GmbH (BOD) - involved in production of internal and external galvanised plastic elements used for automotive equipment,
- Boryszew Plastic Rus (BPR) - involved in production of plastic elements both inside and outside car equipment,
- Boryszew Tensho Poland Sp. z o.o. (BTP) - involved in production of internal and external plastic elements, including varnished elements.

Tool shops:

- Boryszew Formenbau Deutschland GmbH (BFD) - involved in production of small and large injection moulds,
- Theysohn Formenbau GmbH (TFB) - involved in production of medium and large-format injection moulds

Companies performing management and service functions (for other BAP Group entities)

- Boryszew Automotive Plastics Spółka z o.o. – is the holding and parent company in BAP Group,
- Boryszew Deutschland GmbH - sales function in BAP Group,
- Boryszew Commodities Spółka z o.o. - central procurement of key materials for the BAP Group

## **Suppliers**

BAP Group companies purchase pure raw materials and mixes based on polypropylene, ABS, polycarbonate, polyethylene, polyamides, etc. In addition, the Group procures ZnAl alloys, paints and materials for galvanising plastics. Suppliers of the aforesaid raw materials are global chemical corporations or manufacturers of zinc alloys.

The BAP Group features a supplying unit - Boryszew Commodities - which deals with purchases of plastic granulate for manufacturing units. Other raw materials and are sourced individually by each production facility.

## **Production**

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

BAP Group companies are both manufacturers of injection moulds as well as manufacturers of car equipment elements made of plastics and non-ferrous metal alloys. The most important production processes at the BAP Group include:

- plastic injection moulding (single and multi-component),
- injecting supported with gas,
- overmoulding of metal parts with plastics,
- paint coating,
- chromium plating of plastics,
- ZnAl die-casting,
- injection mould construction,
- pad printing,
- plastic welding,
- assembly

Plastic parts and tools for their manufacture (moulds) are manufactured according to end customer's specifications; these customers include: automotive manufacturers (OEMs), external first-tier suppliers for the automotive market (Tier-1), BAP Group companies.

**Customers**

Customers for products of BAP Group are global automotive corporations such as VW Group, Daimler, Volvo Trucks with several-year contracts. Non-automotive customers include Miele, Schüco, Siegenia. BAP Group is working towards diversification of its customer portfolio, by obtaining nominations from Asian and European companies in both the automotive and non-automotive sectors.

**Management**

Central functions are located in Boryszew Automotive Plastics Sp. z o.o. in Torun.

## METALS

Boryszew Capital Group is Poland's largest manufacturer in the non-ferrous metals sector. Boryszew Group business in the Metals Segment is concentrated in the following entities:

Area	Units	Products
Aluminium	Impexmetal S.A. zakład Aluminium Konin Boryszew S.A. Branch of NPA Skawina	strips metal sheets aluminium wire rod wires
Copper	Hutmen S.A. Walcownia Metali Dzierżycice S.A.	pipes radiators casting alloys bars coin blanks for coin-making
Zinc and Lead	ZM Silesia S.A. Branch Katowice ZM Silesia S.A. Branch Oława Baterpol S.A.	zinc wire zinc sheets zinc oxides lead oxides lead
Steel	Alchemia S.A. Huta Bankowa Sp. z o.o.	seamless steel tubes long products rings and rims ingots
Trade and other segments	FŁT Group Zakład Utylizacji Odpadów Sp. z o.o.,	trade in bearings waste disposal

## Suppliers

The basic raw materials for production in the metal segment include aluminium pig sows and blocks, steel scraps 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 (Rusal, Trafigura, Glencore International AG, Berliner Aluminiumwerk) or copper (KGHM) as well as steel input materials (ArcelorMittal Poland S.A.) and supplements them with the purchase of aluminium and copper scrap.

## **Production**

This segment includes aluminium (Boryszew S.A. branch NPA Skawina, Impexmetal S.A., Aluminium Konin), copper (Hutmen, WM Dziedzice) as well as zinc and lead (Baterpol, ZM Silesia S.A.) and steel (Alchemia S.A. Huta Bankowa Spółka z o.o.) 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 of aluminium and aluminium alloys.

Aluminium products manufactured by Metals Segment companies are primarily used in the automotive industry, construction industry as well as electrical engineering and production of packaging materials.

Copper products in the form of rods, wires, pipes, tapes and numismatic discs are delivered to customers 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.

Steel products are used in construction, power engineering, shipbuilding, automotive, chemical, petrochemical, mechanical engineering and gas industries.

This segment also includes overseas trade companies (located in Europe and Asia) involved in sale of roll bearings under the FŁT brand, as well as a waste storage and disposal company (including hazardous waste) - ZUO Spółka z o.o.

## **Management**

Metal segment is concentrated in companies controlled by Boryszew S.A., Impexmetal Capital Group and Alchemia Capital Group. The management of both Impexmetal S.A. and Alchemia S.A. manages the operations of the segment outside the scope of powers reserved for the management of Boryszew Capital Group.



## CHEMICAL PRODUCTS

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 branches). The activity of Boryszew Group in the Chemicals Segment is concentrated in the following entities:

Units	Products
Boryszew S.A. Branch Boryszew ERG	fluids for the automotive industry disinfectants liquids for the aviation sector fluids for refrigeration systems PP/EPS packaging plasticisers
Boryszew S.A. Elana Branch	polyester fibres
Boryszew S.A. Nylonbor Branch:	structural polyamides, means simulating a battlefield
Elana Pet Sp. z o.o.	PET flakes

### Suppliers

Due to differentiation of activity inside the segment, the supplier group is large and mainly includes manufacturers of raw materials and chemical semi-finished products.

### Production and customers

All segment entities are located in Poland (in Sochaczew and Toruń). Apart from the sale of PET flake by Elana PET Sp. z o.o. to Boryszew S.A. Elana Branch and sale of energy by Boryszew S.A. Boryszew ERG Branch to Boryszew S.A. Nylonbor Branch no significant operational relations exist between the entities of the segment.

The main business of Chemicals Segment companies is production and sales of:

- fluids for the automotive industry (mainly radiator fluids, sold under the well-known Borygo brand, as well as brake fluids and windscreen washer fluids),
- fluids for the aviation sector (used for de-icing aircraft and runways),
- fluids for refrigeration systems,
- fibres and other plastics for a wide range of customers among manufacturers of packaging, furniture, clothing, construction industry,
- other products, such as products battlefield simulation used, for instance, for special effects in film materials.

### 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.

**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.

Moreover, other business segment also includes companies dealing with property management, IT service and joint procurement of energy for the entire Boryszew Group (Boryszew S.A. Boryszew Energy branch is involved in central purchasing of electricity and natural gas for production facilities of the Group).

## Social aspects

### Description of the area

Boryszew S.A., as a company with a long tradition, understands well that the atmosphere of mutual trust and respect is crucial not only for supporting investment processes, but also for introducing innovations.

Boryszew Group companies strive to ensure good relations based on understanding and cooperation with local communities. Participation in social initiatives corresponds to the scale of company's activity in relevant location. At the same time, the goal is to provide attractive jobs to present and potential employees.

The key initiatives for the Boryszew Group are the initiatives to the communities where its factories are located. The local nature of these activities helps build communities that look more favourably on the Company. Therefore the parent company carries out no such activity on a national scale, and all activities are focused on local level, conducted by the companies of the Group. The Group focuses on creating good relations with employees from the lowest levels up, which leads to positive practices and company perception both in Poland and abroad.

The Company appreciates that business should be conducted up to ethical standards, natural environment and the needs of communities. One of the rules adopted by Boryszew S.A. is to pay taxes where the income is generated. This means that the company pays its taxes in Poland. This is fair to the local community and the country in which the company sells its products and services.

### KPIs (Key Performance Indicators)

#### Boryszew Group

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of supported social initiatives	number of initiatives	42	50	-8	-16%

#### Boryszew S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of supported social initiatives	number of initiatives	12	22	-10	-45%

Impexmetal S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of supported social initiatives	number of initiatives	5	23	-18	-78%

Alchemia Group

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of supported social initiatives	number of initiatives	2	3	-1	-33%

WM Dziedzice S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of supported social initiatives	number of initiatives	0	3	-3	-100%

Indicator	Unit	Definition	Interpretation
Number of supported social initiatives	number	Number of social initiatives for the benefit of local and broadly understood communities	The indicator reflects the degree of involvement of the unit (company) in supporting the community

The number of social initiatives in Boryszew Capital Group dropped by 16% against the previous year. The Group is involved in local initiatives because it wants to be associated with positive projects it participates in and which it co-creates. Participation in such projects helps build bonds with communities of the cities in which production facilities of the Group are located.

Boryszew Group often takes part in charitable actions. For instance Maflow organised a fund raising among employees to help a selected family in need as part of the Noble Gift 2019 project. In addition, Maflow supported financially the Tychy Hospice "Świetlikowo", which provides specialist care for terminally ill children. Maflow representation took part in the Katowice Business Run - a charity run whose organised to help people after amputations and with disabilities of the locomotive organs.

Boryszew Group also puts great emphasis on supporting investments in the development of the environment of its production plants. In fulfilling its social policy activities, Impexmetal S.A. financially supported the construction of a sports and rehabilitation gym in the Special School and Education Centre in Konin, where the Aluminium Konin facility is located. This

modern sports facility featuring sanitary and technical facilities, where sports development of the youngest inhabitants of the city is possible, was opened on 14 November 2019.

Boryszew Group is also involved in cultural events. Zakład Utylizacji Odpadów Konin supported the following cultural events: the "Let's Remember" concert, the European Night of Museums, the 26th Jazz Festival Jazzonalia 2019 and the 65th National Independent Film Competition.

Boryszew Group, through its companies, is also involved in educational activities. For instance, Zakład Utylizacji Odpadów Konin organised a performance for children in the Konin Hospital "Story of Santa Claus - A Gift for Nature" as well as pro-ecological games and contests "Santa Claus Gift for Nature". Maflow Group sponsors a class at the Schools Complex No. 6 in Tychy under the Project "The right choice - time for technical professions" and took part in the Project by Nicolaus Copernicus University in Toruń: "MOTOR - students' rush", where the students had study visits to the Maflow facility. The companies of the Group also participate in internship programmes for students.

Boryszew Group companies support activities in health promotion and health prevention. Zakład Aluminium Konin and Zakład Utylizacji Odpadów Konin took part in the 27th Final of the Great Orchestra of Christmas Charity, making donations in the fund raising. Also Zakład Utylizacji Odpadów co-financed the Club of Honorary Blood Donors and the Polish Red Cross Club, and Zakład Aluminium Konin supported Primary School No. 9 with Integration Classes in Konin in organising an Integration Sports Tournament.

These are just some of the activities in 2019 in Boryszew Group companies got involved. They show how important the activities for local communities are for the company. With increased involvement of the Group, its individual companies feel being a part of the communities they want to co-create.

### **Policies and procedures**

Boryszew Group pursues the following policies, procedures and internal regulations for its engagement in social issues:

- Boryszew Code of Ethics - setting 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,
- Supplier Sustainability Policy requires that all suppliers apply safe work standards according to OHSAS 18001 and conducting activities in terms of environmental protection in accordance with requirements of standard ISO 14001,
- Business and human rights policy.

### **Results of policies and engagement**

The operating activity of the Boryszew Group does not generate any particular burdensome factors for local communities. Operations of individual Group companies are conducted in conformity with the regulations on the impact of plant operation on the immediate environment (in particular with regard to emissions and noise), as well as in conformity with procedures and instructions being the elements of integrated management systems, with which the impact on the external environment is rationally limited.

Sponsoring activity of the Group is focused on promoting the image of individual companies and the entire Boryszew Group. The Group gets involved in a number of activities for the benefit of the wider community, and the main areas of assistance/support include:

- education, training and upbringing, including science and higher education,
- culture, art, protection of cultural goods and national heritage,
- physical culture and tourism, including support for and dissemination of physical culture, tourism and sightseeing,
- nature protection, including greenery in towns and villages, as well as ecology and animal protection and protection of natural heritage.

The Group also helps local communities in charity activities, supporting them, inter alia, through donations.

**Risks**

Most important risks involved with social issues and their mitigation:

Risk	Risk mitigation
Negative perception of Boryszew Group by the social environment.	Working with local communities to promote a positive image of Boryszew Group as a socially responsible partner.
Negative perception of Boryszew Group contractors by the social environment.	Introduction to the general terms and conditions of agreements concluded with Group companies, suppliers' commitment to observe the ethical principles of the Code of Ethics.
Lack of positive reaction of local communities to CSR activities by Boryszew Group.	Additional communication at the level of Boryszew Group and individual organisational units.

## Employee issues and human rights

### Description of the area

Acting in accordance with the UN Global Compact program, Boryszew S.A. and Boryszew Group companies respect human rights, including such issues as the right to a safe working environment, prohibition of discrimination, prohibition of child labour and total intolerance for sexual and mental harassment in the workplace. Violation of any of the above principles would be a violation not only of the law, but also of fundamental values of the Group.

Boryszew S.A. strives to establish relations based on mutual trust at every organisational level of the company, by means such as encouraging its employees to speak freely about the working environment. In addition, the Company creates an attitude of employee involvement by increasing the scope of responsibility and autonomy of work and supporting co-management in work organisation, training and qualification processes.

The Group is an international organisation that values cultural diversity and draws on the achievements and experiences of our employees, customers and other business partners from various regions of the world. It takes an active part in vocational training programmes by creating opportunities for interested persons to take up apprenticeships and traineeships at the company.

### KPIs (Key Performance Indicators)

Boryszew Group

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of employees at the end of the reporting period	FTEs	11 154	11 990	-836	-7.0%
Employment structure by gender					
- Females	%	36.0%	41.3%	-5.3%	
- Males	%	64.0%	58.7%	5.3%	
Number of newly hired employees	FTEs	618	485	133	27.4%
Number of employees who left the company	FTEs	1 454	1 100	354	32.2%
Percentage share of disabled employees in total employment	%	4.0%	4.0%	0.0%	
Number of employees belonging to trade unions	FTEs	3 824	2 271	1 553	68.4%

Percentage share of employees belonging to trade unions	%	35.0%	18.9%	16.1%	
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Boryszew Group recorded a slight decrease in the number of employees. The ratio of new jobs has been improved (133 more people were employed in 2019 than in the previous year). The percentage of trade union employees also changed, increasing by 1 553 employees in 2019.

#### Boryszew S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of employees at the end of the reporting period	FTEs	3 240	3 603	-363	-10.1%
Employment structure by gender					
- Females	%	50.0%	50.0%	0.0%	
- Males	%	50.0%	50.0%	0.0%	
Number of newly hired employees	FTEs	75	155	-80	-51.6%
Number of employees who left the company	FTEs	438	228	210	92.1%
Percentage share of disabled employees in total employment	%	6.0%	5.7%	0.3%	
Number of employees belonging to trade unions	FTEs	761	525	236	45.0%
Percentage share of employees belonging to trade unions	%	25.0%	14.6%	10.4%	

In 2019 an equal structure of employment by gender was maintained consistently at 50% males and 50% females. Also, importantly, the membership of trade unions was 761 in 2019 (an increase by 45% compared to 2018).



Impexmetal S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of employees at the end of the reporting period	FTEs	747	759	-12	-1.6%
Employment structure by gender					
- Females	%	9.0%	8.2%	0.8%	
- Males	%	91.0%	91.8%	-0.8%	
Number of newly hired employees	FTEs	64	19	45	236.8%
Number of employees who left the company	FTEs	76	23	53	230.4%
Percentage share of disabled employees in total employment	%	7.0%	6.3%	0.7%	
Number of employees belonging to trade unions	FTEs	498	494	4	0.8%
Percentage share of employees belonging to trade unions	%	68.0%	65.1%	2.9%	

Alchemia Group

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of employees at the end of the reporting period	FTEs	2 325	2 196	129	5.9%
Employment structure by gender					
- Females	%	20.0%	19.84%	0.2%	
- Males	%	80.0%	80.16%	-0.2%	
Number of newly hired employees	FTEs	524	432	92	21.3%

Number of employees who left the company	FTEs	395	439	-44	-10.0%
Percentage share of disabled employees in total employment	%	1.4%	1.3%	0.1%	
Number of employees belonging to trade unions	FTEs	922	924	-2	-0.2%
Percentage share of employees belonging to trade unions	%	39.7%	42.1%	-2.4%	

Walcownia Metali Dzierdzice S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of employees at the end of the reporting period	FTEs	507	505	2	0.4%
Employment structure by gender					
- Females	%	23.0%	22.0%	1.0%	
- Males	%	77.0%	78.0%	-1.0%	
Number of newly hired employees	FTEs	11	12	-1	-8.3%
Number of employees who left the company	FTEs	9	21	-12	-57.1%
Percentage share of disabled employees in total employment	%	7.0%	6.1%	0.9%	
Number of employees belonging to trade unions	FTEs	336	328	8	2.4%
Percentage share of employees belonging to trade unions	%	66.0%	65.0%	1.0%	

Definitions:

Indicator	Indicator number as per GRI	Unit	Definition	Interpretation
Number of employees at the end of the reporting period	GRI 401	FTEs	Total number of persons employed at the end of the calendar year expressed in FTE.	Size of the organisation in terms of human resources, basis for calculation of indicators.
Employment structure by gender	GRI 405	%	Percentage of employees by gender	This indicator describes the level of diversity in human capital.
Number of newly hired employees	GRI 401	FTEs	Total number of persons employed during a calendar year, expressed in FTE.	This indicator, together with the number of employees, shows the dynamics of human capital and thus helps target measures aimed at the balanced integration of newly hired staff in the organisation.
Number of employees who left the company, expressed in FTE.	GRI 401	FTEs	Total number of employees who left the company during a calendar year, expressed in FTE.	The indicator helps 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.

Percentage share of disabled employees in total employment	GRI 401	%	Total number of employees with certified disability expressed in FTE / total number of persons employed at the end of the calendar year expressed in FTE.	The indicator reflects openness to cooperation with persons whose access to the employment market is hindered.
Number of employees belonging to trade unions	GRI 102	FTEs	Number of employees belonging to trade unions	As a responsible employer, we focus on social dialogue the measure of which is, among other things, cooperation with professional self-governing bodies (including those designated by trade unions).
Percentage of employees belonging to trade unions	GRI 102	%	Number of employees belonging to trade unions / Total number of employees at the end of the calendar year, expressed in FTE	The indicator reflects the degree of unionisation of the crew.

### **Policies and procedures**

Boryszew Group pursues the following policies, procedures and internal regulations in labour and human rights issues:

- Code of Ethics - setting 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,
- Collective agreements and their overseas equivalents (such collective agreements or tariff agreements in German companies),
- Anti-mobbing Policy at Boryszew S.A. Maflow Branch,

- Work regulations,
- Internal procedures, instructions and orders.

### Results of policies and engagement

Boryszew S.A. pursues transparent rules of conduct towards its employees. The Company, both at the level of Boryszew S.A. and the Capital Group companies, introduced regulations such as the Code of Ethics, in order to prevent possible violations in respecting employee and human rights. It also verifies personnel management processes and maintains organisational culture at the highest level.

The company's task is to ensure stable and attractive working conditions while introducing and enforcing regulations to counteract such phenomena as bullying or discrimination. In order to build the image of a good employer inside and outside the company, the Company creates an engaging work environment that increases the effectiveness of employees.

### Risks

Most important risks involved with labour and human rights issues and their mitigation:

Risk	Risk mitigation
Availability of employees and subcontractors (mainly in the Automotive segment)	<i>Employer branding</i> activities on leading recruitment portals, close cooperation with recruitment companies and temporary employment agencies.
Risk of losing key employees	Providing employees with stable forms of employment and ensuring a satisfactory level of remuneration.
Ensuring adequate employee training and development	Training plans at the level of organisational units (companies or branches), allocation of budgets for training.
Accidents at work leading to death or damage to health	Preventive actions (such as ensuring an adequate level of training) and ex-post actions (assessment of incidents and correction of rules of conduct).
Risk of violation of laws (such as labour law) and internal regulations	Internal control and monitoring systems, also with the participation of employee representatives.

### Protection of the environment

#### Description of the area

Environmental protection and constant improvement of environmental protection are among priorities of Boryszew S.A. The company strives to ensure the best environmental protection, limit the use of natural resources and energy, limit emissions of substances harmful to the atmosphere and reduce waste generated in the production process. In 2019 the Group started to evaluate methods of diversification of electricity generation sources -

including construction of its own photovoltaic and wind farms, as well as contracting directly from operators renewable source installations.

In order to reduce the negative impact on the environment, the Group introduces also product innovations (such as lighter aluminium elements, advanced plastic products featuring reduced weight, new alloys of non-ferrous metals) resulting in indirectly reduced consumption of energy by end customer.

By providing Demand Side Response services, the Group has actively engaged in actions to maintain stability in the domestic power system (PPS) in the event of difficulties with meeting the demand, especially during peak demand hours.

The framework of responsible use of the environment means that Boryszew S.A. ensures energy-efficient production and maintains the acceptable 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.

The companies of the Group monitor in line with the integrated permits granted, that require monitoring of:

- emissions to air (measuring stations, measuring range, measuring methodology),
- water and sewage management (groundwater intake),
- the amount of surface water used,
- the amount of discharged household, industrial, rainwater and snowmelt wastewater, waste management,
- noise,
- production processes.

Special attention is given to recycling opportunities that involve metal scrap and plastic waste processing.

Further to that, Boryszew Group companies are involved in a number of pro-environmental investments, reducing both the consumption of raw materials and production materials, as well as consumption of energy (also as part of the energy efficiency certificate system) and emissions of pollutants. Sample projects:

1. Impexmetal Implementation of innovative technology for production of aluminium alloys - magnesium tapes and sheets made of 100% recycled aluminium scrap as well as implementation of innovative technology for manufacturing AlMg-VHS alloy sheets for stamping of car body parts and car construction components.
2. Walcownia Metali Dziedzice: BRASS CAST&DRAW® Tech - Innovative technology for manufacturing products of copper alloys featuring a new standard of geometric quality intended for material removal machining on high-speed cutting machines;
3. Huta Bankowa: "SBR-x: Unique forged and rolled special-purpose steel ring with advanced, designed cross-section and adjustable operating properties;
4. NPA Skawina: Development of the innovative technology of rods production from highly resilient aluminium alloys of 2xxx, 5xxx, and 7xxx series;
5. ZM Silesia: Development of technology and implementation into production of a full assortment range of Zn-Al alloy wires intended for corrosion protection by spray metallisation and upgrade of furnaces for the production of zinc white, installation of a zinc vapour collection system, process and extraction filters, a zinc white transport system;
6. Boryszew Comprehensive upgrade to energy-efficient lighting, including in the Maflow facility in Chełmek, as well as replacement of the compressor and use of waste heat from the compressors and heat recovery system;

Group's production sites do not operate in the vicinity of valuable natural areas (national parks, promotional forest complexes, health resorts and "world heritage" sites as well as Natura 2000 sites). The companies from the Group do not monitor nature. In 2019 the companies from the Group caused no environmental losses. No significant areas of impact, other than listed above, occurred.

### KPIs (Key Performance Indicators)

#### Boryszew Group

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Total energy consumption	GJ	4 257 869	4 845 551	-587 683	-12.1%
Total water consumption	m3	8 112 588	8 922 988	-810 400	-9.1%
Total mass of waste	tons	162 089	171 614	-9 525	-5.6%
Mass of reprocessed metals	tons	284 250	314 007	-29 757	-9.5%
Mass of re-cycled plastic	tons	23 889	22 486	1 403	6.2%

Boryszew S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Total energy consumption	GJ	296 789	339 256	-42 467	-12.5%
Total water consumption	m3	386 622	448 120	-61 498	-13.7%
Total mass of waste	tons	9 537	10 236	-699	-6.8%
Mass of reprocessed metals	tons	1 224	422	802	190.1%
Mass of re-cycled plastic	tons	23 556	22 084	1 472	6.7%

The increase of energy demand was generated mainly by Boryszew ERG sites. In 2019 water consumption at Boryszew S.A. dropped by almost 14% against previous year.

Impexmetal S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Total energy consumption	GJ	1 193 621	1 186 988	6 632	0.6%
Total water consumption	m3	381 800	404 824	-23 024	-5.7%
Total mass of waste	tons	11 989	25 203	-13 214	-52.4%
Mass of reprocessed metals	tons	97 960	92 323	5 637	6.1%
Mass of re-cycled plastic	tons	n/d	n/d	n/d	n/d

Alchemia Group

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Total energy consumption	GJ	1 882 400	2 148 340	-265 939	-12.4%
Total water consumption	m3	6 256 569	7 069 399	-812 830	-11.5%



Total mass of waste	tons	79 657	99 193	-19 536	-19.7%
Mass of reprocessed metals	tons	93 008	118 230	-25 222	-21.3%
Mass of re-cycled plastic	tons	n/d	n/d	n/d	n/d

Walcownia Metali Dziedzice S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Total energy consumption	GJ	209 866	212 958	-3 092	-1.5%
Total water consumption	m3	191 370	193 864	-2 494	-1.3%
Total mass of waste	tons	1 613	3 090	-1 477	-47.8%
Mass of reprocessed metals	tons	34 825	36 430	-1 605	-4.4%
Mass of re-cycled plastic	tons	n/d	n/d	n/d	n/d

Indicator	Indicator number	Unit	Definition	Interpretation
Total energy consumption in GJ	GRI 302	GJ	Total consumption of all energy carries (electricity, gas, process steam, etc.) expressed in gigajoules, in a calendar year. It does not include energy purchased for subsequent resale.	The indicator helps assess the energy intensity of economic activity (this category includes consumption of electricity, heat, gas and steam).

Total water consumption	GRI 306	m3	Total water consumption in cubic metres measured in a calendar year, including own water intakes and pipelines.	The indicator helps assess the scale of water consumption in the course of business activity.
Total mass of waste	GRI 306	tons	Total mass of all waste categories generated in a calendar year, expressed in metric tonnes.	The indicator helps assess the scale of waste generation in the course of business activity.
Mass of reprocessed metals	GRI 301	tons	Total mass of recycled input materials (such as scrap) expressed in metric tonnes.	The indicator shows the level of reuse, in the production process, of recycled materials (metals).
Mass of re-cycled plastic	GRI 301	tons	Total mass of recycled input materials (such as PET bottles) expressed in metric tonnes.	The indicator shows the level of reuse, in the production process, of recycled materials (plastics).

### Additional indicators

Due to the nature of the business, which involves volume sales (tonnes), the following indicators were developed only for the Metals and Chemicals Segment, assessed jointly within the Boryszew Group.

Boryszew Group

Metals and Chemicals Segment		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Production volume	tons	305 004	329 365	-24 361	-7.4%
Energy efficiency indicator	GJ/tonne of production	14.0	14.7	-1	-5.1%
Water efficiency indicator	m <sup>3</sup> /tonne of production	26.6	27.1	0	-1.8%
Recycling rate indicator	%	101.0%	102.2%	0	-1.1%
Waste management efficiency indicator	kg of waste/tonne of production	531	521	10	2.0%

Due to the specific nature of production processes in the Metal Segment and the Chemicals Segment, the Group can boast a very high level of recycling, which exceeds 100% and is stable in the periods under review. The indicator shows the level of reuse, in the production process, of recycled materials (metals, plastics) and of production waste as well as the impact on the reduction of waste in the environment.

Boryszew Group

Metals and Chemicals Segment		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Emissions - carbon dioxide (CO <sub>2</sub> carbon dioxide)	tons	140 151	136 571	3 580	2.62%
Emissions - Total dust	tons	20	19	1	2.62%
Emissions - Carbon monoxide (CO)	tons	575	560	15	2.62%
Emissions - Nitrogen oxides (NO <sub>x</sub> /NO <sub>2</sub> )	tons	202	197	5	2.62%
Emissions - Production (in Mg - tons)	tons	465 454	453 564	11 890	2.62%

The increase of ratios in Boryszew Group came from the changes in the structure of the group and the fact that in 2019 Alchemia Capital Group, whose emission ratios were included in this year's report, was incorporated.

Boryszew S.A.

Metals and Chemicals Segment		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Emissions - carbon dioxide (CO2 carbon dioxide)	tons	2 480	3 113	-633	-20.34%
Emissions - Total dust	tons	15 011	18 843	-3 832	-20.34%
Emissions - Carbon monoxide (CO)	tons	2	2	0	-20.34%
Emissions - Nitrogen oxides (NOx/NO2)	tons	8	10	-2	-20.34%
Emissions - Production (in Mg - tons)	tons	33 102	41 553	-8 451	-20.34%

In 2019 Boryszew S.A. reduced CO2 emission by over 20% in against previous year. Another success of the Group was reduction of dust and nitrogen oxide emissions, also by over 20%.

Impexmetal S.A.

Metals Segment		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Emissions - carbon dioxide (CO2 carbon dioxide)	tons	29 137	30 665	-1 528	-4.98%
Emissions - Total dust	tons	4	4	0	-4.98%
Emissions - Carbon monoxide (CO)	tons	44	46	-2	-4.98%
Emissions - Nitrogen oxides (NOx/NO2)	tons	7	7	0	-4.98%
Emissions - Production (in Mg - tons)	tons	29 192	30 722	-1 530	-4.98%

In 2019, the ratios of most harmful substances were reduced by 5% compared to 2018. The values in the above table are the result of gradual changes introduced in Impexmetal S.A. in order to reduce the negative impact on the environment as much as possible.

Alchemia Group

Metals Segment		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Emissions - carbon dioxide (CO2 carbon dioxide)	tons	82 845	97 627	-14 782	-15.14%
Emissions - Total dust	tons	8	10	-2	-20.00%
Emissions - Carbon monoxide (CO)	tons	128	188	-60	-31.91%
Emissions - Nitrogen oxides (NOx/NO2)	tons	134	158	-24	-15.19%
Emissions - Production (in Mg - tons)	tons	217 498	270 741	-53 243	-19.67%

Following the optimisation of the production process, in 2019 Alchemia S.A. reduced its negative impact on the environment as a whole. A great success was the reduction of CO2 emissions by more than 10 thousand tons against previous year.

Walcownia Metali Dziedzice S.A.

Metals Segment		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Emissions - carbon dioxide (CO2 carbon dioxide)	tons	2 227	2 251	-24	-1.06%
Emissions - Total dust	tons	0	0	0	-1.06%
Emissions - Carbon monoxide (CO)	tons	43	43	0	-1.06%
Emissions - Nitrogen oxides (NOx/NO2)	tons	4	4	0	-1.06%
Emissions - Production (in Mg - tons)	tons	31 219	31 553	-334	-1.06%

The ratios of Walcownia Metali Dziedzice S.A. in 2019 did not change significantly. This is due to the optimisation of last year's consumption and the willingness to maintain the indicators obtained then.

## Description of indicators

Indicator	Unit	Definition	Interpretation
Energy efficiency indicator	GJ/tonne of production	Total consumption of all energy carries (electricity, gas, process steam, etc.) expressed in gigajoules, in a calendar year against the total annual production volume expressed in tonnes	The indicator helps assess the energy intensity of business activity against the production volume (this category includes consumption of electricity, heat, gas and steam).
Water efficiency indicator	m <sup>3</sup> /tonne of production	Total water consumption in cubic metres measured in a calendar year, including own water intakes and pipelines against the total annual sales volume, expressed in tonnes	The indicator helps assess the scale of water consumption in the course of business activity against production volume.
Recycling rate indicator	%	Total use, in a calendar year, of recovered raw materials in the production process expressed in metric tonnes against the total annual production volume in tonnes	The indicator shows the level of reuse, in the production process, of recycled materials (metals, plastics) and impact on the reduction of waste in the environment.
Raw materials management efficiency indicator	kg of waste / ton of production	Total mass of all waste categories generated in a calendar year, expressed in kilograms against the total annual production volume expressed in tonnes	The indicator helps assess the scale of waste generation in the course of business activity against production volume.
Emissions	tons	Pollutants emitted to the environment	The indicator helps assess the scale of Group's impact on the natural environment.

## Policies and procedures

Boryszew Group pursues the following policies, procedures and internal regulations for its engagement in environmental protection:

- integrated environmental permits,
- ISO 14001 environmental management systems

A significant form of confirmation of high standards of enterprise management are - at the moment - various types of certificates obtained on the basis of audits carried out by independent organisations.

They may constitute a significant form of competitive advantage, but most often they decide for considering the Boryszew Group a contractor by major international corporations, which are clients of the Boryszew Group. Boryszew Capital Group companies obtained the following certificates:

Certification	Certified organisational units
ISO 9001 (certificate of quality management system within the organisation)	Boryszew S.A. Elana Branch, ZM Silesia S.A., Baterpol S.A., WM Dzierżycze S.A., Hutmen S.A., Boryszew Formenbau Deutschland (BFD), Boryszew Plastics Rus (BPR), Boryszew Tensho Poland (BTP), Theysohn Kunststoff (TKS)
ISO/TS 16949 (supply chain quality management system certificate)	Boryszew S.A. Maflow Branch, Impexmetal S.A. Aluminium Konin plant, AKT Plastikarska Technologie (AKT Czech Republic), Boryszew Kunststofftechnik GmbH (BKD), Boryszew Oberflächentechnik GmbH (BOD), Boryszew Plastics Rus (BPR), Boryszew Tensho Poland (BTP), Theysohn Kunststoff GmbH (TKS)
ISO 14001 (environmental management system certificate)	Boryszew S.A. branch Maflow, Baterpol S.A., Hutmen S.A., Boryszew Oberflächentechnik GmbH (BOD) and Boryszew Tensho Poland (BTP).
ISO 50001 (energy management system certificate)	Boryszew Formenbau Deutschland (BFD), Boryszew Kunststofftechnik GmbH (BKD), Boryszew Oberflächentechnik GmbH (BOD), Boryszew Ymos GmbH (BRS YMOS), Theysohn Kunststoff GmbH (TKS), Theysohn Formenbau GmbH (TFB)
OHSAS 18001 (occupational health and safety management system certificate)	Baterpol S.A. and Impexmetal S.A. Aluminium plant Konin

Research Laboratory Accreditation Certificate (Certificate of the Polish Centre for Accreditation)	Impexmetal S.A. zakład Aluminium Konin
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Boryszew Capital Group companies, operating in Chemicals and Metals 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 - Registration, Evaluation and Authorisation of Chemicals).

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 idea of the Regulation 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.

### **Results of policies and engagement**

Boryszew Group has properly identified, in its operations, the risks associated with exceeding the emission limit values provided for in the environmental permits. In order to counteract this, Group companies introduce energy-efficient technologies and maintain a legally permissible 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 and waste generation are assessed to the same degree.

Special attention is given to the opportunities for recycling in metal scrap and plastic waste processing (refer to the Recycling rate indicator, table Additional indicators):

- Elana PET sp. z o.o. purchases post consumer plastic bottles, which are used to produce PET flakes, to be used in turn as raw materials for production of new packaging; with this recycling some 800 tons of PET bottles per month can be removed from the natural environment.
- Alchemia S.A. reuses over 93 thousand tons of metal in its production process. Additionally, in order to reduce water consumption in two Branches of Alchemia S.A., i.e. Walcownia Rur Batory and Stalownia Batory that utilise two circuits, i.e. drinking water and closed industrial water circulation, sewage from drinking water consumed by the Branches is used to supplement losses in industrial water circuits (such as due to evaporation, losses in industrial water network, losses on fan coolers etc.),
- Baterpol S.A. operates buy-back and processing of scrap batteries and the technological solutions applied by the company close the battery recycling cycle and enable further use of over 95% of the obtained scrap mass; the technological process involves cutting-edge technological solutions that guarantee “green” recycling of used batteries in conditions meeting the requirements of national and Union standards of safety and environment protection.



- Impexmetal S.A. Aluminium plant Konin, Boryszew S.A. branch NPA Skawina and WM Dziedzice S.A. use aluminium, copper and brass scrap respectively as a significant part of their production input,
- Zakład Utylizacji Odpadów Konin collects various categories of hazardous waste for storage and processing in an environmentally sound manner or treats it in a waste incineration plant (thermal processing of waste).

These activities are part of a coherent environmental policy, which we put more and more emphasis on year after year. Boryszew Group realises the climate changes and the actions that follow, aiming at limiting the negative impact of the companies of the Group on the environment. Boryszew Group is constantly trying to introduce new technologies and enhance old solutions in order to optimise the production process in terms of natural resources utilised.

Boryszew Group focuses on recycling and reuse of resources. The Group companies try to use as few raw materials as possible, which not only reduces production costs but also reduces their negative impact on the environment. The Group is aware of the aspects of its business that need to be changed, so improvements leading to the least possible harm to the environment are constantly being introduced.

### Risks

Most important risks involved with environmental protection and their mitigation:

Risk	Risk mitigation
Pollution of natural environment (soil, water or air)	Monitoring of emissions to the environment, ex-ante and ex-post actions to reduce emissions.
Production process which follows environmental standards	Monitoring of the production process, schemes aimed at prevention of industrial accidents.
Production process in an energy inefficient way	Monitoring of energy consumption in the production process, continuous implementation of initiatives increasing energy efficiency, ISO 50001 certification in other plants of the Boryszew Group.
Lack of timely adaptation to changes in legal regulations or customer expectations regarding environmental protection	Review of planned changes in environmental regulations (in units exposed to this risk), allocation of budgets for operating costs and capital expenditure related to adjustment to these changes.

### Climate issues

Climate issues are considered by the Company as an important factor affecting the business environment, including in particular the operational processes, industry prospects, demand factors, legal regulations or possible structural changes in the value chain.

In 2019 climate issues were not taken into consideration in the management processes both at the intra-group level and in the supply chain involving Boryszew Group companies. In 2019 the Group as well as its members did not have climate policies or procedures dedicated exclusively to climate issues. Issues relating solely to climate aspects did not impact decisions on the implementation of relevant initiatives or actions of an operational nature.

Nevertheless, given the importance of the above mentioned issue, the integration of climate aspects into management processes and strategy of Boryszew Group will be considered, following relevant assessment. In the business model, the Group cooperates mainly in B2B channels and thus the shape of the product offer is associated with production technologies and solutions currently used in relevant industry.

The Group identifies the following areas of possible impact on the climate environment:

- direct consumption of raw materials and indirect impact resulting from the consumption of purchased electricity and heat - in this aspect, regardless of climate requirements, the Group's intention is to invest in production technologies that limit the consumption of energy and raw materials;
- indirect impact resulting from production and logistics activities within the supply chain;
- possible industry initiatives with the participation of Group companies to build climate awareness in the value chain.

At the same time, climate issues have (or may have in the future) an impact on Boryszew Group in the following areas:

- legislative changes imposing on specific industries the obligation to incur capital expenditure limiting the energy intensity of specific operating processes;
- the need to adjust the product offer to the regulatory requirements, which are determined by the industry standards (in particular in the automotive industry) as well as the requirements resulting from the growing climate awareness of the final product clients in the supply chain with Boryszew Group;
- the impact of climate issues that may influence the development of demand factors in specific sectors (such as initiatives by cities to discourage the use of cars as a means of transport);
- the possibility of frequent local, violent weather events that may result in physical destruction of operational locations as well as the supply chain;
- availability and potential increase in energy and raw material prices;
- potentially higher insurance premiums associated with physical damage to assets;
- availability of bank products for energy-efficient initiatives.

Boryszew S.A. believes that none of the assets of Boryszew Group are particularly exposed to the risk associated with climate factors.

## Occupational health and safety

### Description of the area

The Group creates and develops one of the largest industrial groups in Poland. Currently the Group operates more than 30 production facilities located in Europe, Asia and the Americas. Our success comes from passion, commitment and valuable work of more than 11 000 employees.

Human capital is our most important resource.

Ensuring, on a daily basis, the highest safety, stable employment conditions and work hygiene for our employees are the basic principles and values which guide Boryszew Group.

We know that healthy and safe workplaces that conform with health and safety regulations ensure increased motivation and commitment of employees. The hazards that may arise during operation can be varied. That is why we continue to take systematic and reasonable measures to prevent accidents at work and occupational diseases. We provide our employees with OHS, fire safety and first aid training. We put emphasis on education and raising the awareness of employees regarding the risks at workstations and the ways to avoid them.

Each employee also has the right to refuse to perform hazardous works. We also provide personal protective equipment in our work environment, available to every employee whose work requires such equipment.

Our priority is to make Boryszew Group a friendly place to work. We also constantly take care of the flow of good practices and knowledge from the HR industry. We see potential in each of our more than 11 000 employees. Our employees develop with us, participating in innovative projects, gaining broad knowledge and necessary competences.

Our values are a solid foundation on which we build the future of the Group.

We are grateful to our excellent employees to have joined the Boryszew Group. We are pleased with their confidence and their long history of employment with us as they develop their career paths.

### KPIs (Key Performance Indicators)

Boryszew Group

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of accidents at work	number of accidents	245	300	-55	-18.3%
Accident frequency rate per 1000 employees	number of accidents	22	25	-3	-12.2%
Number of fatal accidents	number of accidents	1	0	1	

Number of days of incapacity for work due to accident	number of days	7748	8 067	-319	-4.0%
Accident severity index	number of days	32	27	5	17.6%

Boryszew Group monitors accidents as this kind of information has an impact on the development and investments in safety procedures, aimed at constant reduction of the amount of hazardous factors in our production facilities. In 2019 Group's production companies saw their accident frequency index per 1000 employees fall by over 17%. The most common causes of accidents at work are associated with work organisation and human behaviour. These include: insufficient focus on the work performed, improper limb handling in danger zones and unexpected events. Accidents are primarily associated with manual activities (operation of machines, manual transport of material or using equipment, cleaning work). Contracts concluded by the companies with subcontractors contain clauses whereby subcontractors must comply with health and safety regulations in force at Group companies.

In July 2019 an accident occurred in Alchemia S.A., Walcownia Rur Batory branch, which resulted in the death of the operator of one of the devices. The accident victim failed to follow the required safety measures. The causes of the accident were determined by the accident investigation team, which also recommended appropriate training for employees and changes in work organisation. In addition, the corrective and preventive measures included a monitoring system, which was installed on the device. On-site warning light signals and protective barriers were installed.

Our internal security procedures are treated very strictly. Owing to the procedures implemented and consistently followed at our production facilities, our business has a negligible number of accidents, compared to similar facilities in Europe and worldwide.

Boryszew S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of accidents at work	number of accidents	29	14	15	107.1%
Accident frequency rate per 1000 employees	number of accidents	9	4	5	130.4%
Number of fatal accidents	number of accidents	0	0	0	0.0%
Number of days of incapacity for work due to accident	number of days	874	816	58	7.1%
Accident severity index	number of days	30	58	-28	-48.3%

Impexmetal S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of accidents at work	number of accidents	8	8	0	0.0%
Accident frequency rate per 1000 employees	number of accidents	11	11	0	1.6%
Number of fatal accidents	number of accidents	0	0	0	0.0%
Number of days of incapacity for work due to accident	number of days	271	226	45	19.9%
Accident severity index	number of days	34	28	6	19.9%

Alchemia Group

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of accidents at work	number of accidents	65	56	9	16.1%
Accident frequency rate per 1000 employees	number of accidents	28	26	2	9.6%
Number of fatal accidents	number of accidents	1	0	1	0.0%
Number of days of incapacity for work due to accident	number of days	4096	3412	684	20.0%
Accident severity index	number of days	63	61	2	3.4%

Walcownia Metali Dziedzice S.A.

		2019	2018	Change 2019 vs. 2018	Change 2019 vs. 2018 (%)
Number of accidents at work	number of accidents	6	12	-6	-50.0%
Accident frequency rate per 1000 employees	number of accidents	12	24	-12	-50.2%
Number of fatal accidents	number of accidents	0	0	0	0.0%

Number of days of incapacity for work due to accident	number of days	196	576	-380	-66.0%
Accident severity index	number of days	33	48	-15	-31.9%

Definitions:

Indicator	Unit	Definition	Interpretation
Number of accidents at work	number of accidents	Total number of registered accidents at work in the reporting period.	The indicator shows the absolute number of accidents in the reporting period and is the basis for the calculation of derived indicators
Accident frequency rate per 1000 employees	number of accidents	Total number of recorded occupational accidents during the reference period/ (Total number of persons employed at the end of the calendar year on a full-time equivalent basis *1000)	The indicator shows the relative number of accidents in the reporting period against the size of the organisation, for internal comparisons between units within the Boryszew Group, as well as for external comparisons with other units.
Number of fatal accidents	number of accidents	Total number of registered accidents at work in the reporting period ending with loss of life.	The indicator shows the absolute number of fatal accidents in the reporting period.
Number of days of incapacity for work due to accident	number of days	Total number of days over which employees involved in an accident were unfit for work during the reporting period	The indicator helps assess lost working time and thus lower than expected employment effectiveness.
Accident severity index	number of days	Total number of days of incapacity for work in the reporting period/ Total number of accidents in the reporting period	The indicator helps assess the average severance of the effects of accidents that took place during the reporting period (number of days of incapacity for work per one accident)

## Policies and procedures

Boryszew Group pursues the following policies, procedures and internal regulations for its engagement in occupational health and safety:

- Work regulations,
- internal health and safety instructions,
- internal instructions in the event of industrial accident or fire.

## Results of policies and engagement

2019 shows a significant improvement in occupational safety indicators. The ambition of the group is to further reduce the number of accidents, which is supported by systematic improvement of working conditions. To this end, the management boards of Boryszew Group companies maintain a constant dialogue with employees' organisations and trade unions.

Decrease of the accident rate per 1000 employees of Boryszew Group was possible as a result training sessions conducted in 2019 on health and safety, fire protection and first aid for our employees, contractors and guests. We believe that educating and making employees aware of the dangers at the workplace helps avoid them. To increase safety, employees may refuse to perform dangerous work, which gives them the choice and opportunity to make a decision on their own.

An additional form of supporting a safe work environment is, for example, introduction of process innovations (such as automation of production processes, implementation of Industry 4.0 model in the Automotive segment). These activities ensure to our employees not only safety, but also comfort in performing their tasks for the Company. In addition, ensuring protective equipment for our employees is the basis priority for our company. We want to ensure the best working conditions. Such practices build the image of the Boryszew Group, whose employees may perform their tasks, assigned by the employer on a daily basis, without risk.

## Risks

Most important risks involved with OHS and their mitigation:

Risk	Risk mitigation
Accidents at work leading to death or damage to health	Preventive actions (such as ensuring an adequate level of training) and ex-post actions (assessment of incidents and correction of rules of conduct).
Fire within the production facility, leading death or damage to health or property.	Preventive measures to minimise the risk of fire.
Violation of health and safety regulations by employees or contractors.	Regular health and safety training for employees and (where appropriate) for contractors or visitors.

**Anti-corruption and anti-bribery measures**

**Description of the area**

Bribery and corruption risks are addressed by Group's internal audit department based on an annual action plan.

Boryszew prohibits accepting from customers or suppliers any gifts or other gratuities having a value other than symbolic, regardless of their form. In addition, the Company prohibits providing any monetary, material or other gratuities to supplier's or customer's representatives for the purpose of obtaining a contract signature or any other commercial or financial benefit. It is also strictly prohibited to offer gifts to current or potential customers and suppliers or to offer them any discount or benefit of more than symbolic value.

In the selection suppliers of service and products, Boryszew S.A. is guided primarily by such criteria as: conformity with internal regulations (including requirements for suppliers), quality and price. In negotiations with suppliers, the employees who lead and supervise such negotiations should first and foremost act in the interests of the company, within the legal framework. Any preference for friends and acquaintances is excluded, as are discriminatory practices.

**KPIs (Key Performance Indicators)**

No key performance indicators were defined for "Anti-corruption and anti-bribery measures". Boryszew S.A. and Boryszew Group aim at total elimination of such cases.

**Policies and procedures**

Measures of the Group aimed at counteracting corruption and bribery are determined by the following policies, procedures and internal regulations:

- Code of Ethics of Boryszew S.A.
- Conformity rules in Boryszew Group
- Instructions for anonymous reporting of credible information on compliance violations (whistle blowers)

**Results of policies and engagement**

2019 saw no potential violations of ethical standards in Group companies and no cases of corruption were identified.

**Risks**

Most important risks involved with corruption and bribery and their mitigation:

Risk	Risk mitigation
Conflicts of interest in the conduct of business transactions, preference for specific suppliers or customers	Procedures for the disclosure of potential conflicts of interest
Acceptance of financial benefits by employees	Procedures excluding such practices



Execution of transactions contrary to legal regulations	Procedures regulating the process of concluding contracts/ incurring liabilities that reduce the risk of such transactions as much as possible
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**Approval of the report on non-financial information of Boryszew S.A. and Boryszew Capital Group for 2019**

This Report on non-financial information of Boryszew S.A. and Boryszew Capital Group for 2019 was approved by the Management Board of Boryszew S.A. on 28 May 2020.

Piotr Lisiecki - President of the Management Board

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Krzysztof Kołodziejczyk - Member of the Management Board

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Mikołaj Budzanowski – Member of the Management Board

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