



FAMUR Group
Integrated Report 2021

FAMUR

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Letter from the President of the Management Board

Dear Shareholders,

2021 was a turning point of the FAMUR Group's growth, opening new development paths in the field of green technologies. The competencies built in the industry and energy sectors, the scale of the Group's projects, a unique resource base and strong financial position allow the Group to adapt its business profile to the economic environment evolving in line with the European Green Deal. In line with the updated strategic directions unveiled in May 2021, we intend to consistently strengthen the FAMUR Group's position in the renewables sector and other promising industries supporting the accelerating green transition. In addition to the solar PV business, we plan to focus on sectors that we believe offer the greatest growth potential.

Among them, we have identified eight priority sectors, that is those of most interest in terms of potential mergers and acquisitions: solar PV, offshore and onshore wind power generation, energy storage facilities, HVAC, combined heat and power generation, energy transmission and distribution, smart metering, smart grids, and broadly defined electromobility. In addition to its compound diversification efforts, the FAMUR Group is seeking to consolidate its strong position as a global supplier of mining machinery and equipment, with a particular focus on state-of-the-art technologies for extracting strategic minerals, such as coking coal and potash.



Development of the FAMUR Group's Solar PV Segment

The first step towards transforming the FAMUR Group into a holding company that invests in green transition was its entry into the solar PV sector. With the combined resources and capabilities of Projekt Solartechnik (PST), TDJ, and the FAMUR Group, a new entity was established that strategically aims to secure a leading position in comprehensive delivery of utility-scale PV farm projects (solar power plants) and medium-sized photovoltaic installations (for businesses and corporate clients). In 2021, we focused on structuring the Segment, integrating PST Group companies, and setting up an investment fund to manage the PV project portfolio. Our operating activities included primarily acquisitions of solar projects at various stages of development, development of our own projects, and construction of solar farms with a total capacity of more than 130 MW. It is important to note that the energy to be generated by the PV farms currently under construction already has a buyer and will be delivered until 2024. As a conclusion to our efforts to optimise the financing of solar farms being constructed, in March 2022 we contracted our largest project finance credit facility to date, with a credit limit of PLN 428m. In June and December 2021, we submitted successful bids for projects with a total capacity of 161 MW in renewable energy auctions held by the Energy Regulatory Authority. As at the end of 2021, our portfolio comprised over 1.6 GW worth of projects at various stages of development, including more than 300 MW attributable to projects that won renewable energy auctions in 2019, 2020 and 2021.

Mining Machinery operating performance in 2021

From early 2021 onwards, the Group's core business segments saw a strong recovery in global coal prices. This translated into an increased number of requests for proposal from our foreign markets (including Russia, China, Turkey, Mexico and Indonesia), allowing us to secure contracts for the supply of equipment not only in geographies where we have a long-standing presence, but also in new markets, including the US. We are also proud to have signed a second contract for the supply of Mikrus equipment to a customer in China and another contract for the supply of machinery to a customer in Indonesia. On the Polish market, which remained under pressure in connection with the negotiation of terms and conditions for a governmental programme to phase out thermal coal mines in the country, we mainly entered into machinery lease contracts and provided aftermarket services. In 2021, our commercial efforts allowed the segment to secure approximately PLN 950m worth of new orders from Poland and abroad. As a result, the total value of our backlog (understood as the supplies of machinery and equipment and leases in accordance with contract duration) as at year-end 2021 was approximately PLN 799m.

Financial results in 2021

In 2021, the FAMUR Group posted PLN 1,050m in revenue, down 8% year on year, and PLN 314m in EBITDA, with revenue generated in foreign markets representing 34% of total revenue. Cash flows from operating activities reached PLN 209m despite increased

expenditure on procurement of solar farm components. At year-end 2021, the FAMUR Group carried PLN 423m in cash surplus over debt. In the second half of 2021, we issued PLN 400m worth of Green Bonds, which has provided us with sufficient funds to finance the delivery of our strategy. As part of the preparations for further transformation of the FAMUR Group into a holding investing in green transition projects, as well as in the light of the shift occurring worldwide in the approach to using thermal coal, in the fourth quarter of 2021 we recognised a PLN 95m impairment loss on goodwill allocated to the Mining Machinery segment, which reduced the net profit to PLN 25m. The impairment loss was a one-off non-cash item.

Sustainable development and social responsibility of the FAMUR Group

The FAMUR Group has been and will always be a socially responsible corporate citizen. We aim to grow our business sustainably, with due regard paid to the interests of all stakeholders, in particular our shareholders, employees and local communities. In conducting our activities we are guided by the sense of responsibility towards our external stakeholders and attach great importance to safety and environmental protection. We constantly work to raise environmental awareness among our employees through a best practice programme implemented within the organisation. We believe that with their competencies and commitment, they are the key asset of a sustainable company.

Emphasis is placed on saving space and time and, consequently, on energy efficiency and waste sorting, already at the work planning stage. We have also launched projects to optimise energy consumption, including through deployment of our own sources of renewable energy. Our plants are implementing solutions that contribute to reducing emissions. One of them is using solar energy in our day-to-day operations. In order to improve energy efficiency, installations with a total capacity of 100 kW were launched at two branches in Katowice, which are intended for further expansion. Estimates show that the share of solar energy may account for several percent of total energy consumption.

2021 continued to see the impact of the COVID-19 pandemic on our business and employees. The Group took consistent measures to ensure employee safety by introducing appropriate workplace protocols, including remote work arrangements, hygiene measures, a voluntary vaccination campaign, and by providing access to COVID-19 tests. The outbreak of war in Ukraine in late February 2022 led to significant disruptions in the commodity and component markets and a deterioration of the global economic outlook and, above all, caused a humanitarian crisis in the region. The FAMUR Group and its employees have been actively engaged in helping war refugees from Ukraine as well as supporting non-governmental organisations providing relief to those who stayed in the country. We have also offered special support to our Ukrainian employees, their families and friends. We consider non-financial reporting to be an extremely important communication channel,

allowing us to update you on the progress in the delivery of projects and development directions we have designed for the Environmental, Social and Governance (ESG) area.

Challenges in 2022

In 2022, we will continue to pursue the new strategic directions with a view to transforming the FAMUR Group into a holding that invests in green transition projects and opportunities in other promising industries. On the one hand, this means intensive search for attractive investment targets in new business areas, and on the other – acquiring new accounts and contracts in our traditional business of mining machinery, and consistent optimisation of operating resources in line with expected market developments. In response to a rapid growth in the prices of commodities, energy and components and to rising labour costs, we will continue to focus on maintaining appropriate cost discipline and exploring opportunities for continuous improvement of operational efficiency in each area of our business.

Of course, the economic and social impacts of the war in Ukraine will continue to pose a particular challenge to the FAMUR Group's business throughout 2022. We have decided to discontinue offering any new mining machinery and equipment in the Russian Federation until further notice and are fully committed to operating in strict compliance with the sanctions regime imposed by the Polish government and the European Union. At the same time,

we have been thoroughly reviewing all economic, operational and legal aspects of performing the existing contracts with customers in Russia and of our future operations in that country. Apart from having tragic humanitarian and social consequences, which are of the highest concern, the war has exacerbated disruptions in global supply chains and accelerated the already significant rise in the prices of many cost items, including energy, raw materials and components. All of this has been impeding our operating performance. We have launched intensive search for alternative sources of supply to minimise the impact of the present situation on the Group's operations. However, due to the elevated geopolitical risks, we are currently unable to estimate the full impact on the FAMUR Group's operations.

Mirosław Bendzera
President of the Management Board of FAMUR S.A.



➤ Spiral bevel gear used in FAMUR gear trains

2021 at a glance

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2021 financial performance overview

GRI 102-7

Revenue ↘ - 8%

1,050
PLNm

in revenue for 2021, down 8% year on year, mainly due to lower revenue from the supply of new machinery and equipment, partly offset by higher recurring and other revenue.

EBITDA

314 PLNm

in 2021, with EBITDA margin at 30% of revenue

Net profit

25 PLNm

for 2021, including a loss of PLN 74m for the fourth quarter of 2021 following the recognition of a PLN 95m impairment loss on goodwill allocated to the Mining Machinery segment (one-off non-cash item)

Cash surplus

423 PLNm

surplus of cash over gross debt as at December 31st 2021

Operating cash flow

209 PLNm

Operating cash flow of PLN 209m in 2021

Assets and financial resources management

	12 months to Dec 31 2021	12 months to Dec 31 2020	change (%)
Key financial ratios (PLNm)			
Revenue	1,050	1,139	- 8%
EBITDA	314	416	- 25%
Net profit	25	190	- 87%
Cash flows from operating activities	209	640	- 67%
as % of revenue			
EBITDA	30%	37%	- 7pp
Net profit*	11%	15%	- 4pp

* Adjusted for material non-recurring items affecting comparability.

	as at Dec 31 2021	as at Dec 31 2020
Net debt (PLNm)	- 423	- 420
Net debt / EBITDA	- 1.3x	- 1.0x

2021 financial performance overview

GRI 102-7

GRI 102-8

GRI 201-1

Direct economic value generated and distributed¹

FAMUR S.A. Selected financial data – separate (PLNm)	12 months to Dec 31 2021	12 months to Dec 31 2020	FAMUR Group Selected financial data – consolidated (PLNm)	12 months to Dec 31 2021	12 months to Dec 31 2020
Total capitalisation – debt and equity:			Total capitalisation – debt and equity:		
total liabilities	1,223	786	total liabilities	1,339	810
total equity	1,376	1,338	total equity	1,881	1,682
Total assets	2,599	2,124	Total assets	3,220	2,492
Direct economic value generated:			Direct economic value generated:		
revenue	946	1,027	revenue	1,072	1,174
Economic value distributed:			Economic value distributed:		
operating expenses	743	716	operating expenses	875	881
salaries, wages and employee benefits	167	197	salaries, wages and employee benefits	221	265
payments to providers of capital ²	12	21	payments to providers of capital	13	18
payments to governments	36	41	payments to governments	45	45
Charitable donations	4	6	Charitable donations	4	6

1. The presented financial data is data of FAMUR S.A. and the FAMUR Group, respectively, and is consistent with the disclosures in the published separate and consolidated financial statements for 2021.

2. The item "payments to providers of capital" includes dividends and interest from the statement of profit or loss.

Total assets of FAMUR S.A.

2599
PLNm



Total assets of the FAMUR Group

3220
PLNm



Key developments in 2021

Strategic initiatives

- Taking new strategic directions with a view to transforming the FAMUR Group into a holding that invests in green transition projects and opportunities in other promising industries.
- Launch of utility-scale solar project development and EPC services on the B2B market.



Green Bonds

400
PLNm

Issue of Series C bearer notes ("Green Bonds") with a total par value of PLN 400m to raise additional funds to finance new strategic transition projects.

Development of a solar PV segment in the FAMUR Group

- Investment agreement with TDJ concerning the development of a solar PV segment.
- Securing financing for the SPVs established to deliver PV projects.
- Execution of a framework contract for the supply of PV modules.
- Securing the offtake of renewable electricity by accepting ENERGA OBRÓT S.A.'s binding offer for the purchase of electricity until the end of 2024.



➤ Projekt Solartechnik Żarnowo PV farm

161 MW

Consistent scaling up of the portfolio of new PV projects and winning auctions held by the Energy Regulatory Authority for a total of 161 MW in 2021.

Key developments in 2021

Mining Machinery segment

→ **Approximately PLN 799m** in the FAMUR Group's total backlog (supplies of machinery and equipment and leases in accordance with the contracts terms) as at the end of December 2021.

→ Decision taken in February to close down FAMUR S.A. Longwall Hydraulic Systems Branch in Zabrze in view of the persistent decline in demand for new mining equipment, including hydraulic actuators, and the expected gradual closure of thermal coal mines in Poland.



➤ Part of a shaft with a keyseat used in FAMUR gears

Order intake

950
PLNm

PLN 950m worth of orders for the supply of machinery and equipment and provision of aftermarket services secured in 2021 (including PLN 367m in the fourth quarter of 2021 alone)

Including PLN 523m worth of significant contracts for the supply of equipment

Financing activities and corporate developments

→ Execution of amendment agreements to credit facilities: in January with Haitong Bank S.A. Poland Branch and PKO BP S.A., and in February with Credit Agricole Bank Polska and Bank Gospodarstwa Krajowego.



➤ The office complex at Aleja Rożdżeńskiego 1 in Katowice

- Execution of a share buyback programme
- TDJ's share in FAMUR S.A.'s share capital increased to 48.05% as at December 31st 2021
- Retaining the entire 2020 net profit and transferring it to the Company's share capital.

Membership of organisations

GRI102-13 GRI102-12

Regional Chamber of Commerce in Katowice



The Regional Chamber of Commerce in Katowice was established by 103 founders on February 13th 1990 and registered on March 21st 1990. The Chamber is a self-government organisation of business entities. It continues the tradition of the Chamber of Commerce established in Katowice in 1922, which operated as the Silesian Chamber of Industry and Commerce from 1927 to 1950.

Joint Social Initiatives Group "Górnictwo OK"



"GÓRNICTWO OK" was established as a "Group of Joint Social Initiatives" in 2016, during the 25th jubilee session of "the School of Underground Mining" conference. It was conceived by a group of CSR experts from companies and institutions operating in the Polish mining industry. FAMUR has been actively involved in the work of GÓRNICTWO OK since its inception. In April 2017, the Company signed a letter of intent with a view to formalising the cooperation, and then in August 2018 – the agreement formally establishing the Group.

Polish Mining Chamber of Industry and Commerce



The Polish Mining Chamber of Industry and Commerce (GIPH) is a self-regulatory organisation of hard coal and lignite producers, manufacturers of mining machinery and equipment, service companies supporting the mining industry, and research centres. Its primary objective is to promote the sustainable development of coal mining. GIPH actively promotes its affiliated members as well as the business sectors they represent in Poland and abroad.

Chamber of Industry and Commerce of the Rybnik Industrial District



The Chamber of Industry and Commerce of the Rybnik Industrial District is a self-government organisation of business entities that brings together small – and large businesses across various industries. The Chamber operates in the Province of Katowice, representing its members in Poland and abroad. The Chamber was established on April 10th 1990 at the initiative of local business owners and operates under the Articles of Association registered by the District Court of Gliwice, 10th Commercial Division of the National Court Register.

Polish Association of Listed Companies



The Polish Association of Listed Companies supports the development of the Polish capital market and represents the interests of companies listed on the Warsaw Stock Exchange. It provides knowledge and advice to security issuers regarding stock market regulations and rights and obligations of listed companies. As an expert organisation, it aims to promote and exchange knowledge to further development of the capital market and a modern market economy in Poland.

APQP4Wind



Since December 2021, FAMUR S.A. has been a member of the prestigious APQP4Wind non-profit organisation, which has long set standards for the global wind industry. As a result, we have staff trained in using the production quality management methodology for the global wind power market.

Awards and distinctions

Awards and distinctions for 2021

No. 7 in the Diamonds of Polish Economy Katowice Province Edition 2021

FAMUR S.A. ranked 7th in the Diamonds of Polish Economy Katowice Province Edition 2021 ranking compiled by the European Business Institute.

No. 268 in the ranking of Poland's largest companies Top Companies 2021 compiled by money.pl

The ranking lists the largest industrial and service companies operating in Poland. It aims to recognise the biggest companies in Poland by revenue (total revenue and equivalents, other income and finance income).

Awarded in the category: Investment of the Year in the Energy World Leaders 2021 competition

At the EuroPOWER conference held in 2022, FAMUR S.A. was presented with an award in the Energy World Leaders competition for the investment of the year 2021.

The green transition of the FAMUR Group was named "Investment of the Year". Honouring the green transition initiated in May 2021 with the announcement by the company of its new strategic directions, the award was presented during the Euro Power and OZE Power conference. The Energy World Leaders initiative singles out projects that use innovative solutions and a management strategy that delivers energy efficiency gains.



➤ EuroPOWER & OZE POWER conference, Energy World Leaders Gala

Projekt Solartechnik won the EKOSTRATEG 2021 award at the Polish Congress of Entrepreneurship in Kraków.

Projekt Solartechnik won the EKOSTRATEG 2021 award at the Polish Congress of Entrepreneurship in Kraków. EKOSTRATEG is a nationwide programme run by the Polish Agency for Entrepreneurship and the editorial teams of *Forum Przedsiębiorczości*

(Entrepreneurship Forum) and the *Biznes Plus* supplement to the *Gazeta Wyborcza* daily newspaper.

The purpose of the programme is to recognise and reward companies and institutions committed to environmental protection, also in their search for innovative solutions for business. It promotes diligence in developing green and innovative power solutions.



Strategy

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Strategy towards a holding company investing in green transition

General information

The FAMUR Group is a global manufacturer of longwall machinery and systems for underground mining. The Group's product range encompasses longwall systems, roadheaders, conveyors with accessories, power supply and switchgear equipment for mining machinery, and development and supply of IT systems for end-to-end management of coal mining processes (from the face to the surface). Through its subsidiary, the Group also provides specialist borehole drilling services for various applications and offers drilling technology implementation services for engineering and geotechnical projects.

In May 2021, the FAMUR Group modified its strategic directions with a view to transforming the Group from an enterprise manufacturing solely mining machinery and equipment into a holding investing in green transition projects and opportunities in other promising industries. Apart from the Mining Machinery segment, the FAMUR Group, in collaboration with TDJ S.A. and Projekt Solartechnik S.A. (PST), is currently developing a new segment comprising the development and turnkey delivery of utility-scale solar projects as well as PV system projects for the B2B market.

FAMUR Group's further investment in integrated provision of advanced and environmentally friendly energy solutions may include co-generation, energy storage, smart grid and HVAC projects, with the Group simultaneously working to identify new, promising areas.



FAMUR Group

Leader in solutions for the mining and power industries in Poland with a global reach on its way to become a holding company investing in green transition projects



Strategy towards a holding company investing in green transition

The current megatrends and the globally accelerating transition towards low-carbon economies induce significant changes in Poland's Energy Policy, with the pace of the changes considerably increasing since the beginning of 2020. The planned phasing out of the coal mining industry in Poland by 2049 and "Poland's Energy Policy until 2040" adopted by the Council of Ministers in February 2021 envisage, among other things, that the share of coal in Poland's energy mix will be reduced from 69% in 2020 to approximately 11% in 2040 under the high CO2 price scenario. As a large portion of FAMUR Group's revenue is generated from sales of products and services to the Polish thermal coal mining industry (approximately 52% in 2021 and 64% in 2020), the Management Board of FAMUR decided to modify the Group's strategic directions and dividend policy.

The new strategic directions are aimed at tapping the potential and opportunities presented by Poland's energy transition and will focus in particular on:

- Generating cash from the mining assets by concentrating on the most profitable and stable product lines and continuously adapting the structure of operating assets to the directions of Poland's energy transition, while retaining the competence and know-how that facilitate participation in selected mining projects in Poland and export markets on an opportunistic basis,

Poland's energy transition as a catalyst for the FAMUR Group's growth

Energy transition support sources*

PLN **525** bn

Total financing for the energy transition envisaged in PEP2040

PLN **~260** bn

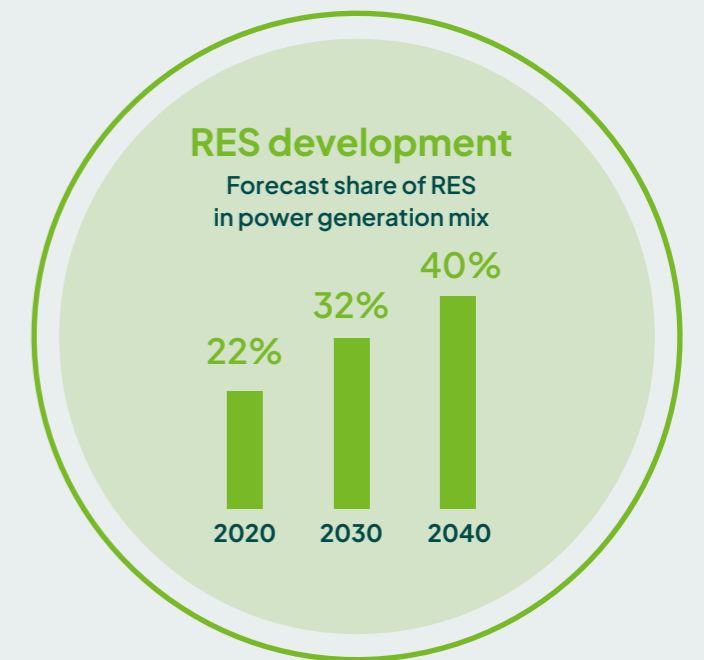
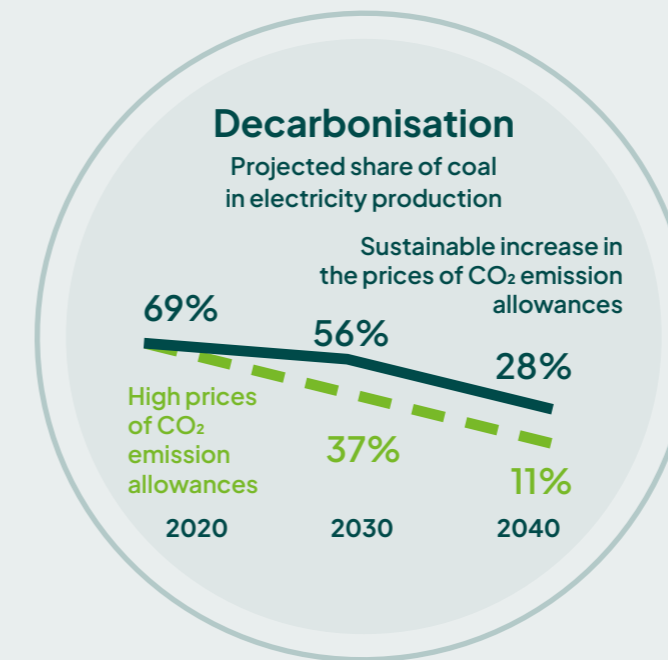
to be allocated to energy transition by Poland and EU by 2030

as much as PLN **1,6** bn

total expenditure on energy transition until 2040, of which **PLN 320bn-342bn** allocated to expansion of electricity generation capacity (PEP2040)

Energy transition in Poland*

- Shifting towards gas-fired power generation to replace coal-fired units
- RES development
- Nuclear power development



* PEP2040 objectives: www.gov.pl/web/klimat/polityka-energetyczna-polski-do-2040-r-przyjeta-przez-rade-ministrow

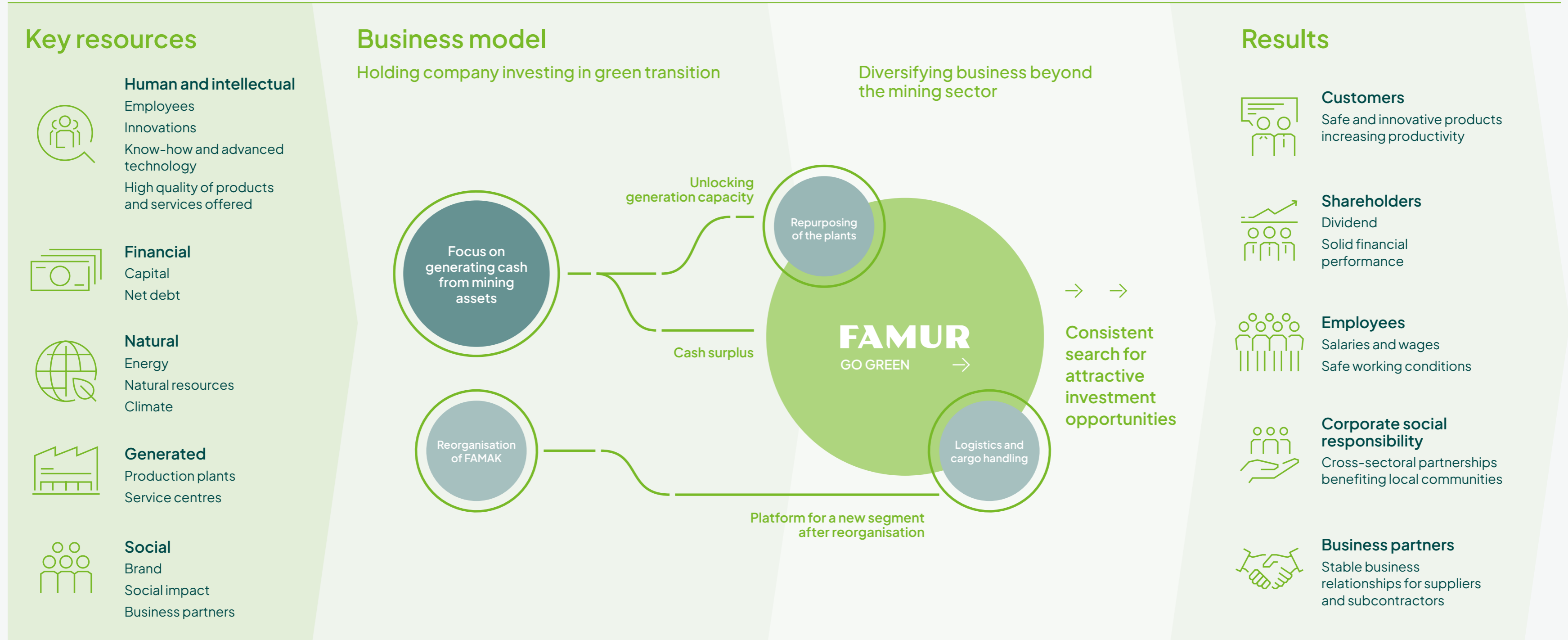
- Repurposing selected production plants, e.g., under the strategic partnership model (JV, license agreements, etc.) in the industrial sectors that are oriented particularly towards manufacturers of machinery and equipment for RES, transport, logistics and infrastructure,

- Evolving into a holding that invests in green transition projects, in the first place by launching utility-scale solar project development and EPC services on the B2B market,
- Consistently searching for attractive investment opportunities in RES and other promising industries.

Business model

GRI102-2

The modified business model will be based on the following pillars:



Business model

GRI102-2

Holding company investing in green transition

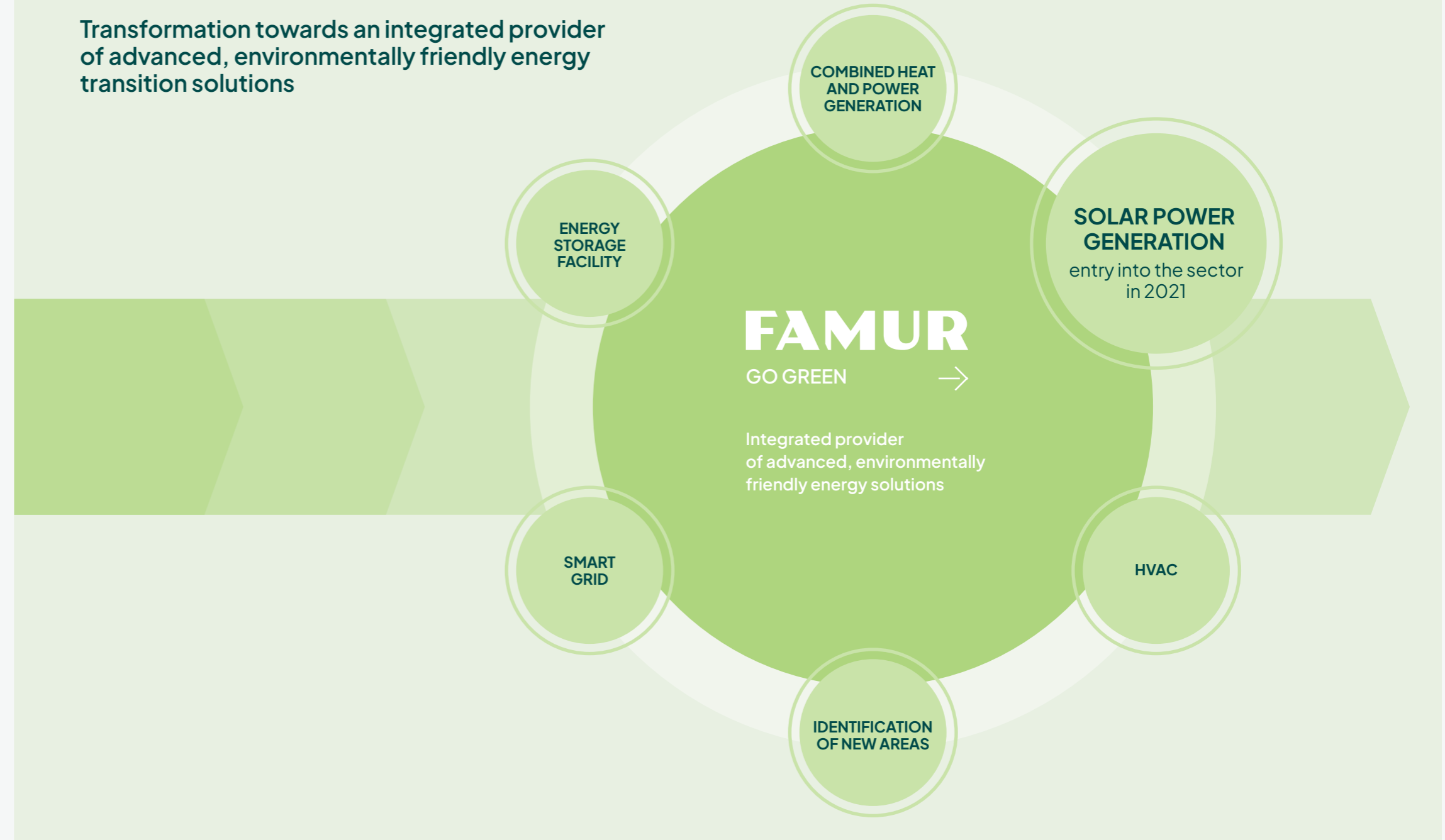
The competencies built by the FAMUR Group in the industrial and energy sectors, the scale of its projects, unique resource base and strong financial position will allow the Group to adjust its business profile to the economic environment evolving in line with the New Green Deal.

The FAMUR Group’s entry into the new sectors and rapid achievement of an operating scale will be supported by cooperation with the TDJ Group, a stable and long-term investor in FAMUR S.A.

The modification of strategic directions and their adaptation to changes in the external environment are aimed at transforming the FAMUR Group into a holding that invests in green transition projects and other promising industries. Thanks to these measures, the estimated share of revenues related to the thermal coal sector should fall to around 30% by 2024. The development in new areas will be financed from profits, available EU funds and other financial instruments supporting green energy.

The first stage of the FAMUR Group’s expansion into new directions will require profit reinvestment, which necessitates a change of the dividend policy. The dividend, if any, will depend on profits earned in a given year, the investment attractiveness of new projects and growth prospects, as well as the financial and liquidity situation of the FAMUR Group.

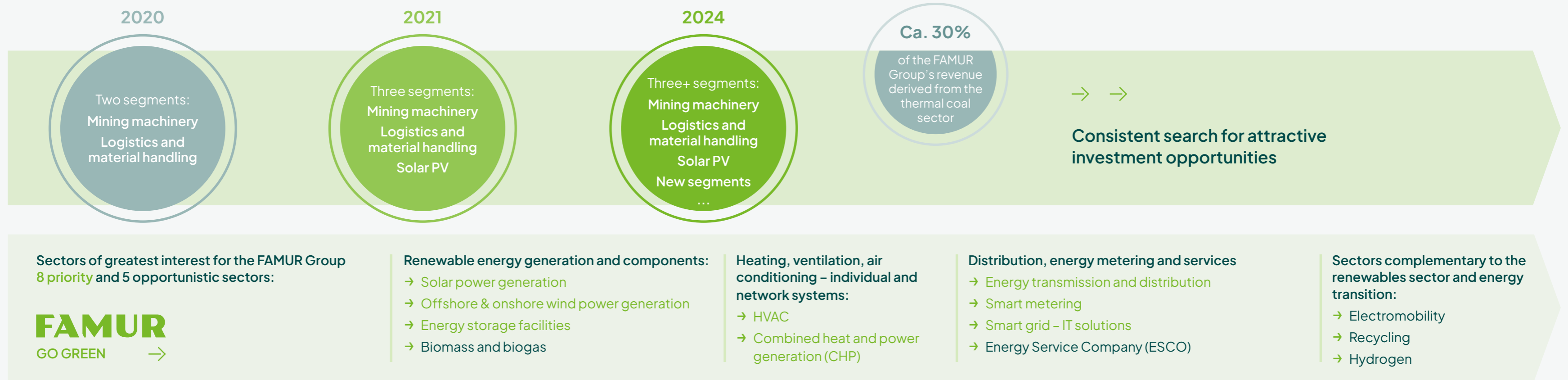
Transformation towards an integrated provider of advanced, environmentally friendly energy transition solutions



Business model

GRI102-2

Towards a holding company investing in green transition



The pursuit of the modified strategic directions, and thus the likelihood of achieving the expected benefits, may be affected by the following factors: a significant deterioration of the macroeconomic environment, major change in the announced energy transition of Poland, considerable acceleration of the programme to phase out thermal coal mines in Poland, other extraordinary one-off events with a bearing on the FAMUR Group's business, significant changes in laws and regulations currently in force and, above all, major geopolitical crises in the regions and countries where the Group operates. The Management Board of FAMUR S.A. monitors

the current market situation on an ongoing basis, adjusting the operating activities accordingly and analysing their impact on the development directions taken.

Following the announcement of new strategic directions of the FAMUR Group, which entail a change of the dividend policy, the FAMUR Management Board recommended that the General Meeting allocate PLN 70m to the buyback of Company shares by way of a tender offer with a price of PLN 2.50 per share, assuming that the total number of tendered shares would not exceed 5% of the share capital.

Few shareholders decided to participate in the programme (the tender offer was announced for 28 million shares, and only approximately 82.5 thousand shares were tendered, to be subsequently bought back for PLN 2.50 per share), which the Company considers its shareholders' stamp of approval for the new, updated strategic directions adopted by the FAMUR Group. On September 27th 2021, the Management Board of FAMUR S.A. passed a resolution to end the Company's share buyback programme as of that date.

Sustainable development

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The FAMUR Group conducts its business on the basis of consistently built relationships with all key stakeholder groups. In accordance with its system of values, the FAMUR Group feels responsible for the impact of its decisions and activities on the public and the environment. It attaches great importance to the creation of safe jobs, transparent rules of operation, as well as dialogue with the local community and engagement in social outreach initiatives, particularly for the communities in which the FAMUR Group operates and where its employees and their families come from.

Given its direct involvement with the mining sector, which has a significant impact on natural resources both in Poland and in a num-

ber of the world's regions where the Group is present through its products and services, the Group focuses on environmental issues, and by building partnerships with industry players it actively participates in the national Sustainable Development Strategy for the Polish mining sector. In doing so, the FAMUR Group engages in activities that are consistent with international standards of conduct and the competencies acquired over the years in the area of technology and innovation.

The overriding objective of the FAMUR Group's corporate social responsibility is to contribute to sustainable development within its area of influence.

In 2016, the Group based its social responsibility policy on pursuing this objective. In 2018, the Group commenced the process of revising its CSR objectives to make sure they adequately address the challenges currently faced by the organisation and its industry. In updating the CSR objectives, the Group took into account the UN Sustainable Development Goals, identified and adopted as part of the 2030 Agenda for Sustainable Development, and the UN Guiding Principles on Business and Human Rights, which define companies' responsibility for respecting human rights in their business.

Strategic goals

The FAMUR Group's CSR policy defines objectives for activities in four key areas: employees, local communities, natural environment and management of the organisation.

Employees

The FAMUR Group is aware that its success depends mainly on its employees. The Group's objective is to provide them with safe and fair working conditions that comply with national and international labour laws, and adequately take into account the employees' skills on the one hand and their company's business condition on the other.

Local communities

The FAMUR Group is not only one of the largest employers in Poland, but also a corporate neighbour and partner in local initiatives. It would like its success to be confirmed by the development of local communities, particularly in the immediate environment of its production plants. The Group also wishes to build cross-sectoral partnerships based on mutual respect and benefits.

Natural environment

The FAMUR Group's objective is to deliver an excellent product which is manufactured in a process that minimises any adverse environmental impacts.

The Group meets the legal requirements applicable in the European Union and conducts its operations in accordance with the ISO 14001 standard, which promotes environmental protection and prevention of pollution while accommodating social and economic needs.

Management of the organisation

Good corporate management which takes into account public interest in the broad sense, respect for stakeholders and principles of ethics, requires good corporate governance and fair market practices. Being aware of the processes occurring in modern economy, the FAMUR Group wants its suppliers and trading partners to follow the same rules.

Sustainable development

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Areas of the FAMUR Group's CSR policy



The UN Sustainable Development Goals were formulated as global challenges, with the belief that the complex world of today requires that any measures towards preventing the destruction of the natural environment and climate change and supporting the creation of decent living conditions need to be undertaken globally in a synchronised manner to be effective, and that the business sector plays a key role in the process. The FAMUR Group's CSR strategy provides for activities supporting over the long term the achievement of the following nine UN Goals:

- promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work,
- ensuring inclusive and quality education, and promoting lifelong learning,
- achieving gender equality and empowering all women and girls,
- ensuring healthy lives and promoting well-being for all at all ages,
- ensuring access to affordable, reliable, sustainable and modern energy,
- ensuring availability and sustainable management of water and sanitation,

↳ continued on the next page

Sustainable development

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Areas of the FAMUR Group's CSR policy

↳ continued from the previous page

- building resilient infrastructure, promoting sustainable industrialisation.
- ensuring sustainable consumption and production patterns,

- promoting peaceful and inclusive societies, providing access to justice and building effective, accountable and inclusive institutions,
- The FAMUR Group's CSR strategy provides for activities supporting over the long term the achievement of the following nine UN Goals:

FAMUR

The FAMUR Group supports Sustainable Development Goals



On November 3rd 2021, FAMUR announced the successful completion of its green bond issue. The issue is covered by the bond programme established and launched by the Company on December 18th 2015 and amended in August this year. Bonds with a total nominal value of PLN 400m were paid up and properly subscribed for by bondholders.

FAMUR has developed and published on its website the **Green Bond Framework** setting out the green and sustainable funding guidelines. The document outlines the objectives of green financing and the types of projects to which issue proceeds will be allocated. The pursuit of these goals, both in terms of deployment of issue proceeds and their environmental impact, will be reviewed annually by an external auditor and reported by the Company until redemption of the green bonds.



We consider the results of the green bond issue as very good, particularly given the current market developments the Group has to tackle on a daily basis. ESG has an increasingly important impact on the development projects under analysis, including M&A transactions, and is becoming a fundamental element when considering investment options. By increasing the funding for green projects, we contribute to the green transition of the Polish economy. The issue proceeds will be used to finance the FAMUR Group's sustainable development projects, mainly to fund the development, purchase, construction and operation of projects classified as green under the Green Bond Framework.

Miroslaw Bendzera,
President of the Management Board of FAMUR S.A.



FAMUR Group

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About FAMUR Group

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The FAMUR Group stands for over one hundred years of experience and advanced engineering know-how that help our customers to unlock operational efficiency and improve safety.

By modifying strategic growth directions, over the years we have evolved from a one-stop-shop supplier of comprehensive solutions for the soft rock mining, power and cargo handling sectors into a participant of the market for utility-scale photovoltaics and PV solutions for the B2B sector, consistently searching for attractive investments in the area of RES.

The process of building the Group began in 2003 with the purchase of NFUG NOWOMAG S.A. by FAMUR.

After several years of strong growth, more than a dozen new companies joined the Group and bolstered its product portfolio.

The FAMUR Group companies have a long track record of designing and supplying cutting-edge machinery and equipment. The Group's oldest manufacturing plant is its branch in Gorlice, which continues the tradition of the Drilling Tool and Machine Factory established in Glinik Mariampolski in 1895. Over the years, the FAMUR Group expanded its brand portfolio to what it is today.

The parent company of the FAMUR Group is **FAMUR S.A.** with its registered office at:

ul. Armii Krajowej 51, 40-698 Katowice

phone: +48 32 359 63 00, famur@famur.com

fax: +48 32 359 66 77, www.famur.com

District Court for Katowice-Wschód in Katowice, 8th Commercial Division of the National Court Register

National Court Register No. **(KRS) 0000048716**

Industry Identification No. **(REGON) 270641528**

Tax Identification No. **(NIP) 6340126246**

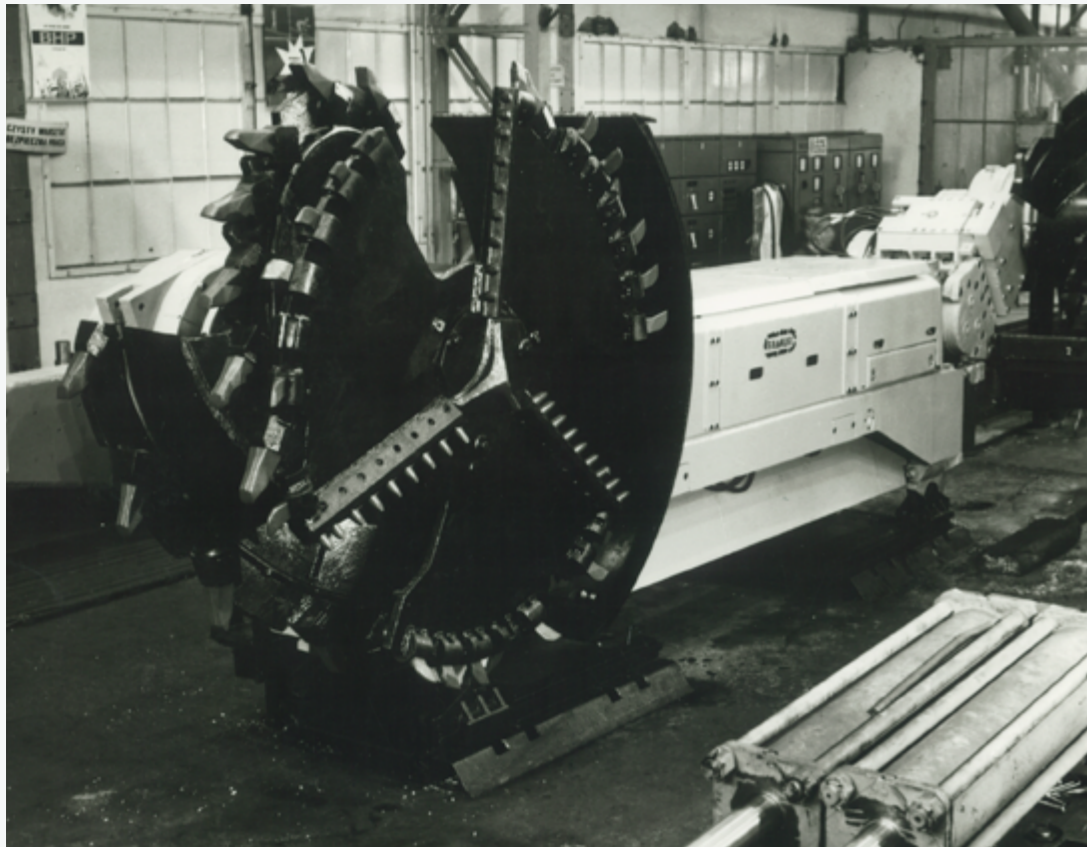
Share capital PLN 5,746,806.73* (paid up in full).

* On March 17th 2022 the District Court for Katowice-Wschód in Katowice, 8th Commercial Division of the National Court Register, registered a reduction of the Company's share capital from PLN 5,747,632.12 to PLN 5,746,806.73, that is by PLN 825.39, with the amount corresponding to the total par value of cancelled treasury shares.

About FAMUR Group

History

The FAMUR Group has its roots in traditional coal mining. Over 100 years of improvements have made our machinery and equipment more efficient in production and, most importantly, safer for people working in this demanding industry. Thanks to the extensive experience under our belt, we have access to intellectual, operational and manufacturing resources to responsibly and flexibly shape our future in alignment with our business goals, CSR objectives and the interests of our employees and shareholders.



➤ First serial-production shearer made in Piotrowice from the 1950s

GRI102-1

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GRI102-45

Towards a holding company investing in green transition

The transition is a necessity, a challenge and an opportunity for the mining-related sector. The FAMUR Group's capabilities in the industrial and energy sectors, the scale of its projects, its unique resources and strong financial position allow the Group to adjust its business profile to the economic environment evolving in line with the New Green Deal. Our aim is to support the green transition of the energy sector.

The decision to build a holding that invests in the green transition determines the growth path for our Group. The first step was the launch of design, construction and management services for utility-scale PV farms. But we do not want to limit ourselves to solar energy. We believe that various support schemes for green energy and other promising industries will significantly contribute to sustainable economic development.



➤ FAMUR service technicians' visit at a wind farm

About FAMUR Group

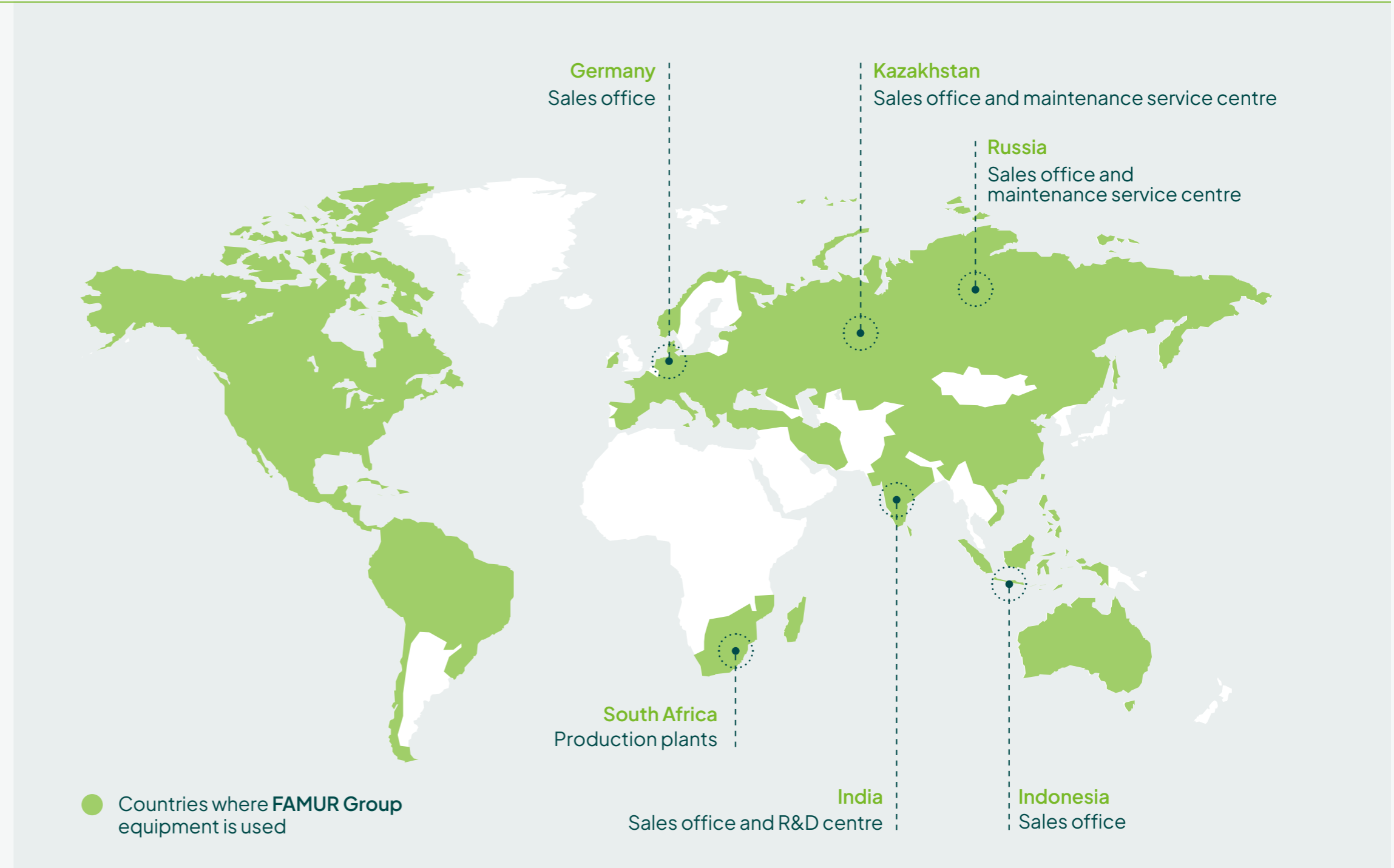
GRI102-6 GRI102-45

Global presence

The FAMUR Group’s products and services are used for mining coal as well as other soft rock minerals. We provide advanced solutions where mining would be much more hazardous to people and the environment without them. Our responsibility is to keep providing assistance and support to FAMUR’s mining machinery still in operation in various corners of the world. We are aware of global meg-trends and the climate policy, therefore we are implementing the transition responsibly, step by step, with sustainable development in mind. The FAMUR Group is continually growing and consistently expanding its international footprint.

Composition of the FAMUR Group

The composition of the FAMUR Group is presented in the **Financial results** section in the form of a table showing the structure of the FAMUR Group as at December 31st 2021.



About FAMUR Group

Research and development

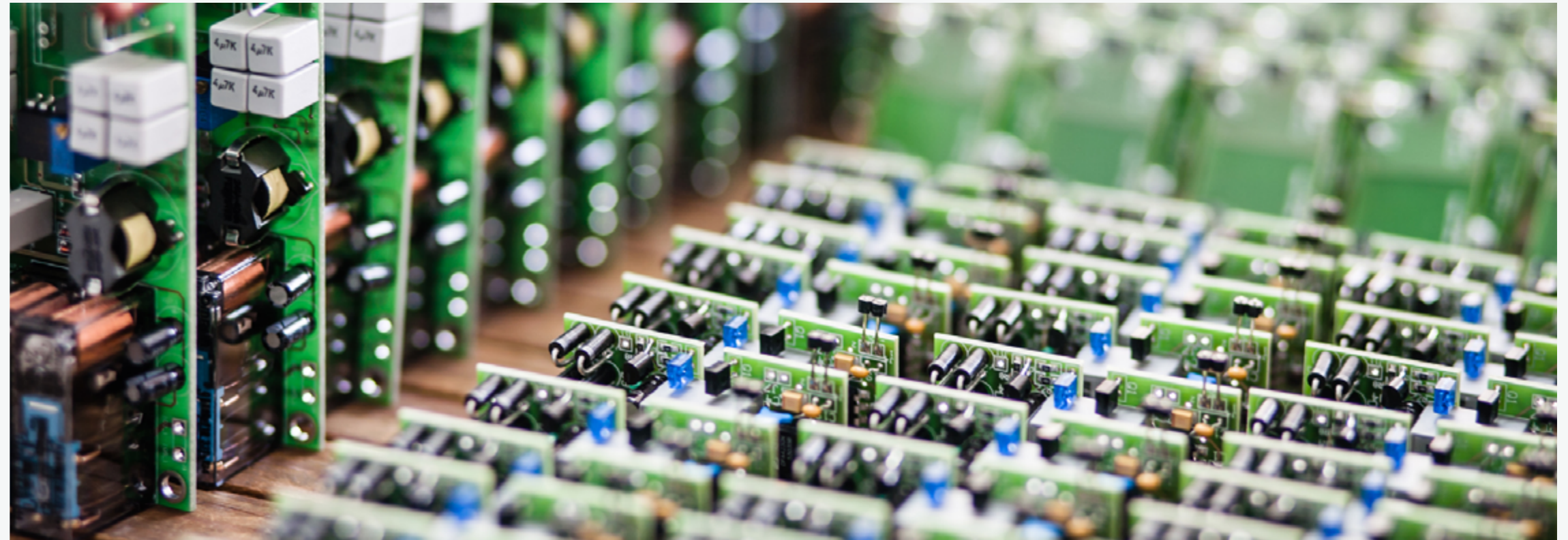
The FAMUR Group’s manufacturing branches conduct independent research and development activities.

A lot of the Group’s electronics development resources were committed to managing problems arising from disruptions in the global supply of electronic components, which affected most industries relying on advanced technologies, including the FAMUR Group, which was forced to introduce certain modifications in manufactured equipment so as to ensure its compatibility with available substitute components.

One such modification involved devising a universal platform to enable the use of various types of microprocessors within a single device without the need to change the embedded software or make changes in parts of printed circuit boards subject to third-party certification. The platform allows the Group to swiftly adapt its manufacturing process to a situation where key components for an electronic device have become unavailable.

The Group also continued the project started a year earlier to develop standardised software capable of controlling most FAMUR shearer loader and roadheader models. The development projects completed in 2021 included the development and implementation of a driller control system with a new type of a remote control.

2021 also saw increased application of 3D printing technologies in the manufacture of equipment, including in particular electronic equipment cases and small mechanical components.

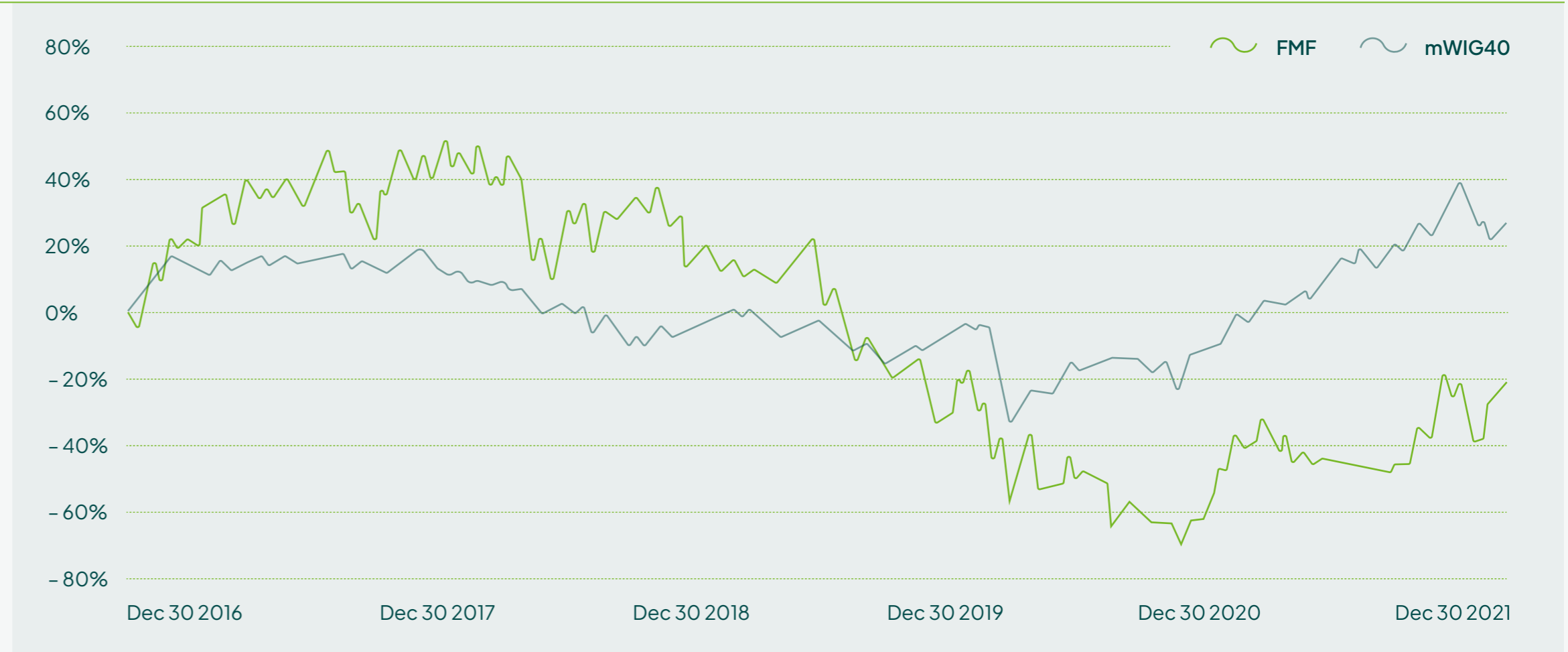


FAMUR S.A. shares on the stock exchange

GRI102-5 GRI102-7

Share price

In August 2006, FAMUR SPÓŁKA AKCYJNA (then FABRYKA MASZYN FAMUR SPÓŁKA AKCYJNA) was first listed on the Warsaw Stock Exchange (the "WSE"). As at December 31st 2021, 574.8m FAMUR shares were traded on the Warsaw Stock Exchange (abbreviated name: FAMUR; ticker code: FMF). At the end of 2021, FAMUR shares were included in the following stock exchange indices: mWIG40 (comprising 40 mid-caps listed on the Main Market of the WSE), WIG, WIG-Poland, WIG-ESG, mWIG40TR, and InvestorMS.



The chart on the right shows FAMUR stock price change vs mWIG40 over the last five years.

The table below shows the cumulative rate of return on investment in FAMUR shares (excluding dividends) (from the end of 2016 to the end of 2021) relative to the rate of return on mWIG40 index.

Base value year-end 2016 = 100	rate of return at year end					
	2016	2017	2018	2019	2020	2021
FAMUR	100	146	127	70	53	79
mWIG40	100	115	93	93	94	126

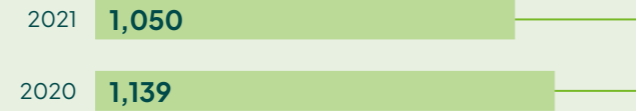
The table below presents FAMUR stock price movements in each quarter of 2021.

Price per share (PLN)	2021			
	Q1	Q2	Q3	Q4
Low	2,30	2,26	2,21	2,61
High	3,00	2,55	2,88	3,59

Selected financial data of the FAMUR Group for the last five years

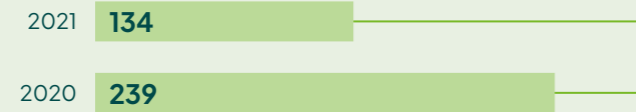
Revenue

1 050
PLNm



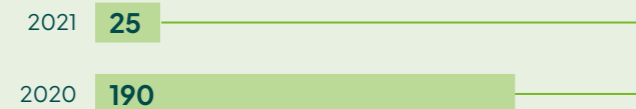
Operating profit

134 PLNm



Net profit

25 PLNm



for 12 months (year)

Selected items of the statement of profit or loss

	2021	2020	2019	2018	2017
Revenue	1,050	1,139	2,165	2,217	1,460
Operating profit	134	239	289	300	133
Net profit	25	190	249	220	57

(PLNm)

as at December 31st

Selected items of the statement of financial position

	2021	2020	2019	2018	2017
Current assets	2,621	1,718	2,039	1,800	2,039
Non-current assets	599	774	936	1,158	1,099
Total assets	3,220	2,492	2,975	2,958	2,138
Current liabilities	669	342	938	572	857
Non-current liabilities	670	468	526	520	524
Equity	1,881	1,682	1,511	1,587	1,550

(PLNm)

Mining Machinery segment

GRI102-2



FS 400 longwall system

The FAMUR Group’s Mining Machinery segment supplies long-wall systems, roadheaders, belt conveyors with accessories, and power supply and switchgear solutions for underground soft rock mining machinery. The Group’s offering includes also design and delivery of IT systems for back-to-back management of coal mining processes (from the face to the surface). The FAMUR Group is a global manufacturer of longwall machinery and systems for underground mining. The FAMUR Group is continually growing and consistently expanding its international footprint.

FAMUR Group companies and service centres based in Russia, Kazakhstan, China and Germany guarantee ongoing customer service and fast response in line with customer expectations. The FAMUR Group is constantly raising the bar on service quality and extending its outreach to new locations where reliable mining and industrial systems are needed.

The FAMUR Group develops and consistently implements e-mine innovations, mainly through its subsidiary Elgór + Hansen S.A. The company designs and manufactures electrical equipment to power industrial machinery. It offers a full range of services in the

design, manufacture, maintenance and repair of explosion-proof equipment for mining.

It provides end-to-end solutions for integrated power and control systems and offers electronics manufacturing services.

Through Śląskie Towarzystwo Wiertnicze DALBIS Sp. z o.o., a subsidiary and member of the PRIMETECH Group, the FAMUR Group also provides specialist borehole drilling services for various applications and offers drilling technology implementation services for engineering and geotechnical projects.

Mining Machinery segment

GRI102-2

Market situation in 2021

To a large extent, the number of orders for mining equipment offered by the FAMUR Group reflects the currently prevailing and expected global trends, mainly in the prices of coal and other energy commodities. In 2021, the prices of both thermal and coking coal trended upward, reaching levels not seen in years. While in the first half of 2021 the tightening decarbonisation policy and the ongoing pandemic caused mining companies to either reduce or postpone for months their planned capital projects and to focus on orders from the broadly-defined aftermarket, the second half

of the year witnessed a significant rebound and improvement in the investment sentiment, especially abroad, which translated into an increase in requests for proposals from foreign markets where the FAMUR Group operates (Russia, China, the United States, Turkey, and Mexico).

In Poland, however, changes in global prices of coal and higher demand for this commodity continued to have little impact on mining companies' investments. This was largely due to the prolonged

process of securing the European Commission's approval of a state aid scheme for the hard coal mining industry under the plan to phase out thermal coal mines in the region of Silesia by the end of 2049.

In 2021, coal production in Poland grew by approximately 1% relative to 2020. With growing demand for thermal coal, coal stocks in Poland as at the end of December 2021 fell by about 65% year on year.

Mining machinery market drivers

The impact of the political and economic situation in Ukraine

on the FAMUR Group's operations and the Mining Machinery segment in particular. The current political and economic situation in Ukraine has significantly increased the degree of exposure of the FAMUR Group to the following types of risks:

→ Interruption in the chain of supply of components necessary for the operations of the FAMUR Group as manufacturers and distributors of, inter alia, sheet metal and steel stopped offering products due to the high uncertainty in the market,

→ A spike in the volatility of commodity prices due to Ukraine's and Russia's significant shares in the production of metallurgical products and related components (e.g., castings, forgings) and Russia's significant share in the extraction of key commodities, including oil, gas, nickel, aluminium. This has led to a significant increase in the prices of components (mainly sheet metal and steel), as the FAMUR Group's suppliers largely imported components from Ukraine. In addition, the sanctions imposed on Russia ban the import into the European Union of iron and steel products originating from that country,

→ Delayed delivery of products due to limited and falling availability of transport services,
→ Risk of the interruption of business activities by the FAMUR Group's subsidiary in the Russian Federation (OOO FAMUR Russia).

Mining Machinery segment

GRI102-2

Mining machinery market drivers

The FAMUR Group monitors these risks on an ongoing basis and has taken the following measures to contain their impact on the Group's business:

- It has suspended the offering of new mining machinery and equipment in the Russian Federation until further notice,
- It has commenced a review of the directions of further operational activities in the Russian Federation,
- It monitors and adjusts its activities to any administrative decisions of the Polish government and to restrictive measures imposed by European Union bodies,

- It analyses options for sourcing raw materials and components for current and future orders from alternative sources.

With regard to orders for the supply of machinery placed by end customers from Russia before the outbreak of the armed conflict in Ukraine, the FAMUR Group is taking the following steps:

- It is thoroughly analysing all economic, operational and legal issues related to the open supply contracts with Russian trading partners,

- It monitors on an ongoing basis any restrictions on the activities of the subsidiary operating in the Russian Federation,
- It is in constant contact with its business partners in the CIS countries to work out solutions to complete the contracts and to collect the consideration due for the deliveries,
- It is in constant contact with banks and financial institutions to minimise payment delays by its trading partners from the CIS countries..

The tightening decarbonisation policy and the transition of economies towards low-carbon energy carriers will contribute to a structural decline in demand for thermal coal and thus in demand for new mining machinery. According to "Poland's Energy Policy until 2040" as adopted on February 2nd 2021, the share of coal in the country's energy mix is expected to fall to as little as 11% in 2040 (from 69% in 2020) if the prices of CO2 emission allowances remain high. The last Silesian thermal coal mine is planned to be closed down by the end of 2049. Unlike thermal coal, the impact of decarbonisation policy on metallurgical coal is limited. The European Commission has confirmed the status of coking coal as

a critical raw material on the list of 27 raw materials for which the risk of a supply shortage and its impact on the economy is higher than for other raw materials.

Current business cycle phase: Demand for metallurgical coal is correlated with steel production, which in turn depends on global economic prospects, including with respect to industrial and construction output. Changes in economic activity also result in changes in demand for energy, which may lead to temporary fluctuations in demand for thermal coal.

Changes in the global coal prices affect the condition of the global mining industry and thus its capital expenditure, including on new equipment and maintenance services.

While an increase in capex spend on new equipment largely depends on current and expected global coal price trends, the level of orders for aftermarket services is more stable as it is closely linked to current production levels at mines and to the quantity of equipment installed. As mining machinery operates in difficult underground conditions, it requires regular maintenance and replacement of parts and consumables to ensure uninterrupted operation and avoid costly downtimes.

Mining Machinery segment

GRI102-2

Mining machinery market drivers

The ability to meet the expectations of end users in terms of the reliability, efficiency, quality, safety and pricing of FAMUR solutions: Innovative, safe, end-to-end solutions sold at competitive prices, combined with the expected technical standard of products and high quality of services help the Group to remain a major player on the market of underground mining products and services. The equipment and services provided by the FAMUR Group represent a small portion of total operating costs for mining companies, but are crucial for the companies' production operations. Customers now expect mining equipment to be highly productive to offset the persistently growing cost of labour. Such equipment is expected to be even more reliable, leading to reduced downtimes, which should be supported by expedient and readily available maintenance service. In addition, suppliers of mining machinery are expected to additionally deliver IT solutions to monitor its operation on an ongoing basis and communicate in advance any future maintenance needs. More technologically advanced and autonomous mining systems are expected to promote safer working environments. Moreover, customers often expect suppliers to set up competitive financing arrangements for machinery purchases. Some developing markets tend to be particularly attracted by low prices.



➤ Powered roof support system

Competitive environment

In the underground mining segment, the FAMUR Group competes with several specialised companies, such as Komatsu Mining Corp (formerly JOY Mining Machinery), the Caterpillar Group, EICKHOFF GmbH, SANDVIK AB, as well as Czech, Ukrainian and Chinese manufacturers.

Growth strategy for the Mining Machinery segment

The accelerating energy transition in Poland and globally is worsening the outlook of the mining machinery sector. The FAMUR Group's strategic response to this trend is to focus on generating cash from its existing mining assets through:

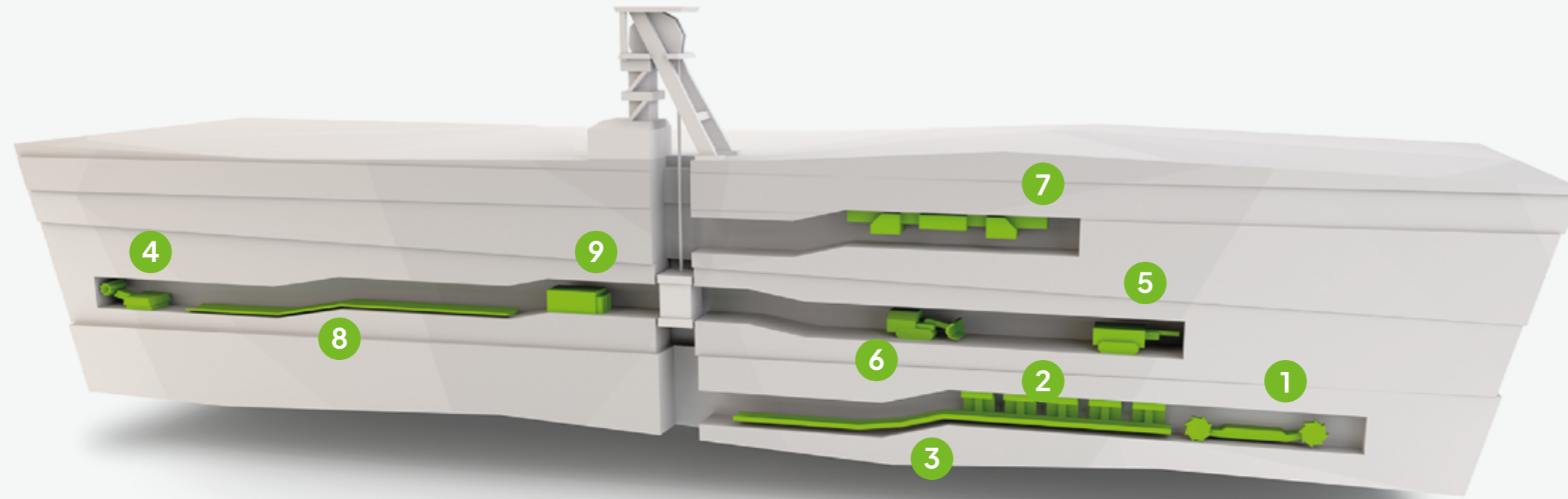
- ➔ focus on the most profitable and stable product areas,
- ➔ maintaining the lease model designed to stabilise revenue and continued provision of aftermarket services,
- ➔ disposal or phase-out of less profitable assets in keeping with Poland's energy transition,
- ➔ maintaining the competencies and know-how for opportunistic involvement in selected mining projects in Poland and export markets.

Mining Machinery segment

GRI102-2

The FAMUR Group offers a complete portfolio of advanced solutions for the underground soft rock mining industry.

Examples of machinery and equipment offered by the FAMUR Group and where they are used:



- 1 Shearer loaders
- 2 Powered roof support systems
- 3 Scraper conveyors
- 4 Roadheaders
- 5 Drill rigs and roof bolters
- 6 Loaders and dinting loaders
- 7 Suspended monorail systems
- 8 Underground belt conveyors
- 9 Mining electrical equipment

Roof supports and shearer loaders

This product category comprises shearer loaders, powered roof supports and scraper conveyors. These products can be purchased independently or in combination with other equipment to form longwall systems for mining coal from seams up to 6 m thick. Thin coal seams, varying in thickness from 1.1 m to 1.7 m, can be mined using the specialist longwall system Mikrus. The Group's offering also includes hydraulic actuators and controls, in particular hydraulic supports, pilot controls, and power hydraulics.

Roadheaders

Roadheaders form part of a gallery system and are used primarily to excavate galleries and drill tunnels. At the end of 2015 and beginning of 2016, the FAMUR Group expanded its product portfolio to include drilling rigs, drills, dinting loaders and loaders used in underground mines.

Underground transport and bulk materials handling systems

The FAMUR Group manufactures equipment for transport and handling of various bulk materials used in underground mines and other operations. The product mix for the hard coal mining industry includes underground belt conveyors, surface belt conveyors, as well as various underground means of transport for logistics purposes.

Mining Machinery segment

GRI102-2

Explosion-proof and electronic equipment

These products and services include design and manufacture of power supply and switchgear equipment for mining machinery, electronic components, development and deployment of IT solutions, implementation of industrial automation systems, development of engineering designs of systems and equipment, and integration of power and automation systems. A description of the complete product range, including the capacity and technical parameters of each product, is available on the Company's website at www.famur.com/en/our-offer.

Commercial activities of the Mining Machinery segment in 2021

In 2021, the FAMUR Group secured orders for the supply of machinery and equipment and provision of aftermarket services totalling more than PLN 950m. Significant contracts for the lease and supply of mining machinery, concluded by the FAMUR Group in 2021, are as follows:

March

26
PLNm

A number of individual roadheader lease contracts with the TAURON Group, for a total amount of approximately PLN 26m (VAT exclusive)

May

62
PLNm

Contract signed with LW Bogdanka S.A. by FAMUR S.A. as the leader of a consortium with Hydrotech S.A., for the upgrade and delivery of longwall system equipment for PLN 62m.

August

111
PLNm

Binding acceptance by Century Mining LLC of Volga, WV, US, of FAMUR S.A.'s proposal for the supply of a powered roof support system with a total value of approximately USD 28m (PLN 111m)

92
PLNm

Contract between FAMUR S.A. and AO SUEK-Kuzbass for the supply of powered roof support sections, with a price of approximately EUR 20m (PLN 92m).

September

46
PLNm

A contract for the supply of machinery to a customer in Indonesia. The total value of the contract is approximately EUR 10m (PLN 46m).

November

68
PLNm

Contract signed by FAMUR S.A. with a customer from China for the supply of Mikrus low-seam underground hard coal mining equipment. The value of the contract is approximately EUR 15m (PLN 68m).

December

144
PLNm

Series of contracts between FAMUR S.A. and Polskie Maszyny Group sp. z o.o. of Katowice for the supply of a roof support system with an output handling system to be used in the Russian Federation, and for the oversight of their installation, with a total value of PLN 144m.

Mining Machinery segment

GRI102-2 GRI102-9

799

PLNm

As at the end of December 2021, the total value of the FAMUR Group's backlog (supplies of machinery and equipment and leases in accordance with contract duration) was approximately PLN 799m (including approximately PLN 189m attributable to machinery and equipment to be used in Russia).

Distribution model and key customers

The Mining Machinery segment sells its products and services directly to companies specialised in the mining of soft rocks, such as coal (thermal and coking) and potash.

In the opinion of FAMUR S.A., there is no material risk of its dependence on any single customer. However, there is a significant concentration of sales in a single sector of the economy, that is mining. Domestic customers accounting for over 10% of the Group's revenue for 2021 were: Polska Grupa Górnicza S.A. (19% of the Group's sales and 20% of FAMUR S.A.'s sales) and Jastrzębska Spółka Węglowa S.A. (19% of the Group's sales and 20% of FAMUR S.A.'s sales). There are no formal equity links between the above entities and the Company.

Supply chain in the Mining Machinery segment

The FAMUR Group's Mining Machinery segment has access to diversified sources of raw materials and is not dependent on one or more suppliers. Expansion of the Group's operations over the previous years has helped improve the efficiency of procurement processes, mainly by leveraging the economies of scale and an effective management and logistics system. The suppliers of materials and component parts are selected with due diligence: the supplier is checked in terms of its financial situation and whether it meets the criteria to eliminate the risk of carousel fraud or transfer of funds to entities not included in the "white list", as well as in terms of its status and size to ensure compliance with the Act on Preventing Excessive Delays in Commercial Transactions. All suppliers are required to confirm that they have read and understood, and commit to comply with, the requirements set out in the Code of Ethics and Anti-Corruption Policy of FAMUR S.A. The FAMUR Group does not purchase materials from bargain suppliers offering prices that significantly differ from market levels. The machinery and equipment manufactured by the Group are directly delivered to end customers, with large machinery and process lines delivered in parts (batches). The Group outsources such deliveries as well as intra-Group deliveries to reliable third-party carriers, some of whom have signed regular cooperation agreements with the Group. In March 2020, the FAMUR Group implemented and compiled into a single document the rules of conduct and CSR criteria

adopted by the Company and the FAMUR Group, thus formalising its existing supplier assessment standards in the Supplier Code of Conduct. Compliance with the Code is an obligatory criterion in vetting prospective trade partners. The Supplier Code of Conduct is a standard binding across the FAMUR Group, promoting responsibility among external stakeholders and encouraging good practices among suppliers. The full text of the Code, as formally adopted by the Management Board of FAMUR S.A., is available for download on the Company's home page at www.famur.com.

Mining Machinery segment

GRI103-2

GRI103-3

GRI102-15

Key risks and threats in the Mining Machinery segment

For a detailed description of the risks to which the FAMUR Group is exposed, see **Key risks**. Below is presented a general overview of the identified key risks and threats to the Mining Machinery segment's business.

1. Increasing pandemic-related and geopolitical risks, which may lead to disruptions in the segment's operating activities.
2. Risk of unexpected violent political changes in the countries where entities from the FAMUR Group's Mining Machinery segment operate; such changes may result in business con-

straints, unexpected liabilities, deterioration of the entities' liquidity position, or limitation or even loss of control over the entities by the FAMUR Group.

3. Risk of a significant deterioration in the condition of the mining sector, leading to a material reduction in order volumes and customers' failure to timely pay liabilities or otherwise perform under existing contracts, or even to their losing liquidity.
4. Risk of a significant acceleration of the energy transition, leading to a material reduction in order volumes.

5. Risk of major supply chain disruptions, preventing the Group from performing its contracts in a timely manner.
6. Risk of a considerable increase in costs of labour, materials and components, to an extent that cannot be offset with a corresponding increase in the final price of the product or service, leading to a drop in the segment's margins.

The FAMUR Group continuously monitors the above risks and threats, so it is able to promptly respond to any materialised risk and take adequate mitigation measures.

Solar PV segment

GRI102-2



➤ Projekt Solarteknik Biały Bór solar PV farm

At the top of the organisational structure of the FAMUR Group's Solar PV segment is the subsidiary FAMUR SOLAR Sp. z o.o. It controls the PST Group, whose entities carry out the segment's operating activities, and the Investment Fund which manages the segment's solar PV project portfolio.

Projekt Solarteknik (PST) Group entities offer development and turnkey delivery of solar PV projects on an EPC basis on the B2B market: from project design and engineering to selection and pro-

urement of necessary components, to construction/ installation and maintenance of all project facilities.

The PST Group has a professional project development team, design and engineering studio, and its own project construction and execution resources dedicated to PV projects. Apart from developing own projects, the PST Group looks for properties it can secure for potential future projects. It also acquires projects at various stages of development, offering competitive prices.

The PST Group offers its customers proprietary solutions, including self-manufactured assembly systems, constructs its own solar power systems, and sells PV components.

The segment's portfolio of solar farms, comprising both completed projects and those under construction, is managed through the investment fund Projekt Solarteknik Fund FUNDUSZ INWESTYCYJNY ZAMKNIĘTY (the "Fund"), a subsidiary of FAMUR SOLAR Sp. z o.o.

Solar PV segment

GRI102-2

Market situation in 2021

In 2021, Poland's installed PV capacity was among the lowest in the EU. However, with an 82% year-on-year increase in installed PV capacity, the country was one of the fastest growing PV markets in the region. According to data published on the website of the International Renewable Energy Agency (IRENA), Poland's installed PV capacity was approximately 7.1 GW in 2021 (vs. 3.9 GW in 2020). To compare, installed PV capacity in Germany, which is the regional leader in solar power, and Italy was approximately 59.9 GW and over 22 GW, respectively¹. The increase in installed PV capacity in 2021 in the fastest growing markets in the EU, i.e., Germany, Spain, the Netherlands, Poland and France, was 5.3 GW, 3.8 GW, 3.3 GW, 3.2 GW and 2.5 GW, respectively.

According to data published by Agencja Rynku Energii S.A., Poland's installed PV capacity as at the end of January 2022 exceeded 8.1 GW, relative to approximately 4 GW at the end of 2020. In its "Poland's photovoltaic market in 2020" report of November 2021, the Institute for Renewable Energy (IEO) predicts an increase in installed PV capacity in Poland to 9–10 GW in 2022 and to as much as 27 GW by 2030. The share of solar farms in Poland's energy mix has been increasing at an accelerating pace, with their installed capacity likely to match that of distributed PV power systems in late 2023 or early 2024².

The growth in Poland's renewable energy capacity has also been driven by a dedicated auction system introduced under the RES Act, which primarily supports wind and solar electricity producers.

The RES Act was amended in October 2021. The amended Act extends, among others, the existing public aid schemes for renewable energy producers. It guarantees that RES auctions dedicated to supporting renewable energy production will continue to be held until December 31st 2027 and that public aid will continue to be offered until June 30th 2047. The amended Act also relaxes licensing requirements for business undertakings with respect to small RES installations and otherwise facilitates their deployment, for instance by waiving the requirement to include renewable sources with a capacity of up to 0.5 MW in core land development strategies or local development plans and exempting all rooftop solar power systems, regardless of their capacity, from that requirement. This has removed major barriers to the development of the segment of solar PV projects for business and industrial customers (B2B).

2021, especially its second half, saw solar farm construction companies experience supply chain disruptions resulting from temporary shortages of electronic and electrical components and PV modules. This also drove prices up and extended solar farm completion times.

Following an increase in energy prices under contracts for 2022, demand for the construction of distributed renewable power generation systems from business customers is expected to rise. Businesses have two main incentives to invest in such solutions: first, an RES system owner can consume electricity the system produces, which offsets the system's cost. Second, businesses have been under growing pressure to commit to environmental protection and reducing their carbon footprint to achieve carbon neutrality.



1. www.irena.org/Statistics/View-Data-by-Topic/Capacity-and-Generation/Country-Rankings
2. www.ieo.pl/pl/aktualnosci/1566-ieo-podnosi-prognoze-nowych-mocy-dla-fotowoltaiki

Solar PV segment

GRI102-2

PV market growth drivers and inhibitors

The main growth drivers of the PV sector in Poland include:

- Accelerating energy transition driven by increasingly ambitious climate objectives,
- Expected rapid increase in demand for utility – and medium-scale solar farms from power producers, infrastructure developers and businesses,
- Development of PPA and CPPA projects in the prosumer segment in line with trends seen in countries with highly advanced PV solutions,
- Prices of EUA CO₂ emission allowances, which are significantly above forecasts and push out conventional energy sources,

- Rapidly increasing energy prices, enhancing the attractiveness of investing in RES projects,
- EU funding for businesses investing in renewable energy technologies,
- Shift among financial institutions’ towards financing low – and net-zero emissions sources instead of conventional energy sources,
- Energy transition pressures and expectations of the economic and social environment to seek and apply solutions that will contribute to businesses achieving carbon neutrality within a given time horizon.

The most serious growth inhibitors of the Solar PV segment include:

- Insufficient adaptation of distribution networks to the rapid growth in RES capacity and longer waiting periods for newly-built projects to be connected to the operators’ networks,
- Disruptions in the key component supply chains and in transport logistics.

Competitive environment

The PV market is highly competitive, in particular in the non-utility (up to 1 MW) segment, a situation which is attributable to low entry barriers. The PV industry is also highly fragmented, with most contractors being active only in one area of the value chain of turnkey

delivery of utility-scale and medium-sized PV projects. At the same time, the expected fast growth in demand for PV project development and EPC services in Poland is attracting new domestic and foreign players, mainly from Germany and China.

The FAMUR Group’s key competitors in the Solar PV segment include RPower and Pro Vento Energia.

Solar PV segment

GRI102-2

Growth strategy

In order to tap the opportunities presented by the expected rapid growth of the PV sector, the FAMUR Group, TDJ S.A. (TDJ) and Projekt Solartechnik S.A. (PST) decided to pursue a solar PV joint venture. To that end, on May 25th 2021 FAMUR S.A. (FAMUR) and TDJ signed an investment agreement (the "Investment Agreement") on a solar PV joint venture project.

The Group's strategic objective is to become a leader in turnkey delivery of utility-scale solar farm projects (solar power plants) and medium-sized PV systems (for corporate customers/businesses) on an EPC basis thanks to the combination of complementary resources, competencies and sources of competitive advantage of the FAMUR Group, TDJ and PST.

Adopting the EPC model of turnkey utility-scale PV project delivery should allow the Group to achieve higher margins, mainly through planned integration of most elements of the B2B PV value chain (from development of a project to its design, engineering and construction, to its maintenance). The Group's long-term strategic objective is to position itself as a major B2B provider of EPC solutions for PV projects on the European market.

Development of the Solar PV segment in the FAMUR Group

In 2021, the FAMUR Group took a number of measures to develop the Solar PV segment in line with the terms of the Investment Agreement on a solar PV joint venture signed with TDJ on May 25th 2021.

FAMUR SOLAR Sp. z o.o. ("FAMUR SOLAR") was established and entered in the National Court Register under No. 906516 on June 15th 2021. The Projekt Solartechnik Fund FUNDUSZ INWESTYCYJNY ZAMKNIĘTY closed-end investment fund (the "Fund") was established to manage the Group's PV project portfolio. The investment certificates of the Fund are held by FAMUR SOLAR (51%) and Maciej Marcjanik (49%). On June 24th 2021, the Management Board of the Central Securities Depository of Poland (CSDP) passed resolution No. 844/2021 to grant the Fund the CSDP participation status of issuer. The Fund is controlled by FAMUR (51%).

Pursuant to the Investment Agreement, on July 13th 2021 the share capital of FAMUR SOLAR was increased through cash contributions of PLN 69m (with FAMUR S.A. contributing PLN 35m, or 51% of the total, and TDJ contributing PLN 34m, or 49% of the total). The cash contributions to FAMUR SOLAR totalled PLN 70m (with 51% contributed by FAMUR and 49% by TDJ). Pursuant to the Investment Agreement and the Articles of Association of FAMUR SOLAR, the Company has full corporate power and authority over FAMUR SOLAR and fully consolidates the results of the company and its subordinated entities. In order to secure sufficient funding to support a rapid growth of the Solar PV segment being built within the FAMUR Group, on July 16th 2021 an annex to the Investment Agreement was signed between TDJ's subsidiary and Maciej Marcjanik (the "Parties") upon consultation with the Company. Pursuant to the annex, the rights and obligations of TDJ's subsidiary under the amended Investment Agreement were transferred to FAMUR SOLAR.

FAMUR SOLAR agreed to provide funding (directly or through a related party) in the form of loans or other financial assistance to support the development of the Solar PV segment (to be repaid by December 31st 2023 at the latest) up to a maximum amount of PLN 400m. On March 10th 2022, the Parties amended the Investment Agreement, whereby the financing cap was increased to PLN 500m. The cap will be gradually reduced to PLN 50m in 2023. The amount represents the total funding to be provided by FAMUR SOLAR (directly or through a related party) to the FAMUR Group companies operating in the Solar PV segment. The rate of interest on the funds provided to the Solar PV segment companies has been set on an arm's length basis as 3M WIBOR plus margin.

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Solar PV segment

GRI102-2

Development of the Solar PV segment in the FAMUR Group

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Within the above limit, FAMUR SOLAR also agreed to provide a loan (directly or through a related party), to be disbursed in one or more tranches, to Maciej Marcjanik as the Borrower (the "Loan") to finance the acquisition of the Fund's investment certificates allocated to the Borrower (the "Certificates"), with the following key terms: the maximum Loan amount is PLN 150m, the Loan bears interest at a fixed rate determined on an arm's length basis, the final repayment date of the Loan is July 31st 2022 (for the first tranche of the Loan) and the first anniversary of each subsequent tranche (for the other tranches of the Loan), with an early repayment option. The repayment of each tranche of the Loan will be secured by a registered pledge over the Certificates subscribed for with funds provided under a given tranche of the Loan. On July 20th 2021, the Company advanced a PLN 69m loan to FAMUR SOLAR to support the delivery of the objectives set out in its Articles of Association, particularly to finance the acquisition of investment certificates issued by the Fund.

On July 20th 2021, the Company and Maciej Marcjanik signed a loan agreement to finance the acquisition of investment Certificates issued by the Fund. The first tranche of PLN 69m was disbursed under the loan on July 21st 2021. On July 21st 2021, FAMUR SOLAR acquired Series B investment Certificates issued by the Fund for a total amount of PLN 89m, representing 51% of all Certificates. The remaining portion of the Certificates was acquired by Maciej Marcjanik for PLN 86m. On July 26th 2021, in accordance with the main terms of the Investment Agreement between FAMUR and TDJ, shares in companies holding PV projects were sold by FAMUR, TDJ and PST to the Fund.

The companies sold to the Fund held in their portfolios PV projects with a total capacity of approximately 100 MW (with auctions won in 2019 and 2020) in the case of TDJ, and approximately 164 MW (including approximately 104 MW with auctions won in 2020 and 2021) in the case of FAMUR.

On July 20th 2021 and September 17th 2021, FAMUR SOLAR and Maciej Marcjanik signed agreements to sell to FAMUR SOLAR a portion of the Series A and Series B shares in PST's share capital. On November 3rd 2021, a transfer of Series B shares acquired by FAMUR SOLAR was entered in the register of shareholders of PST, following which the aggregate share of Series A and Series B shares acquired by FAMUR SOLAR in the share capital of PST reached 22%. Furthermore, on September 16th 2021 FAMUR SOLAR and PST signed an agreement on FAMUR SOLAR's subscription for new Series C shares in PST's share capital. On November 10th 2021, an increase in the share capital of PST following the issue of Series C shares was registered and as of that day FAMUR SOLAR's equity interest in PST is 51%. Following the execution of the above agreements, the aggregate amount allocated by FAMUR SOLAR to purchase some of the Series A and Series B shares and take up Series C shares in PST's share capital reached approximately PLN 48m.

Solar PV segment

GRI102-2

The FAMUR Group offers development and turnkey delivery of PV projects for the B2B market

Through its PV segment subsidiaries operating under the PST brand, the FAMUR Group offers development and turnkey delivery of utility-scale solar farms on an EPC basis, from development of a project to its design, engineering and construction, to its maintenance. The offering includes in particular the following products and services:

- Utility-scale PV projects: solar farms (free-standing solar power stations) with a capacity of 1 MW or higher. Specialisation covers project development, design, engineering and construction, connection to the grid, and maintenance to ensure full operability;
- Medium-sized PV systems for business customers: systems dedicated to various businesses, including industrial companies, and public institutions seeking to improve their energy efficiency, meet environmental standards and reduce electricity costs, i.e., to enhance their competitiveness;
- Project development: through the Development Department complete project documentation for the purposes of an investment project is prepared, from securing the title to the property (project site), obtaining environmental permits, zoning permit, grid connection permit, to a building permit design, detailed engineering design, revised building plan, and comprehensive as-built documentation. Energy audits of buildings and effective supervision of any stage of PV project development and delivery may also be performed;

- Sale or acquisition of completed projects or projects at various stages of development in order to find an appropriate solution for the customer;
- Sale of electricity from the portfolio of completed solar farms.

~1,6 GW of PV projects at different stages of development

Projects at different stages of development at the end of 2021

Geographical distribution and size of PV projects under way

~134 MW

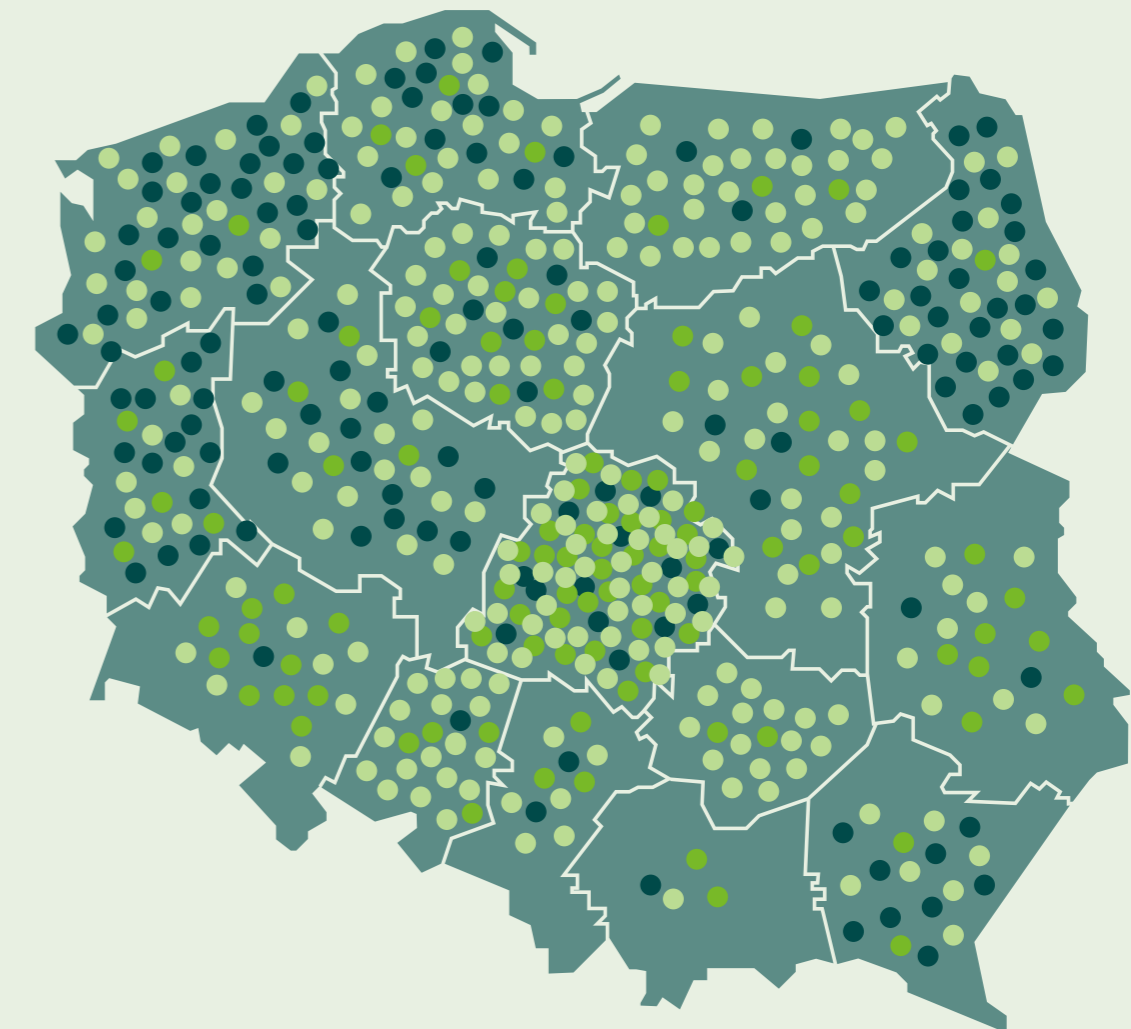
Farm projects under construction

~187 MW

Projects in the pipeline

~1,317 MW

Projects under development



Solar PV segment

GRI102-2

Solar PV Segment's operating and commercial activities in 2021

In 2021, the FAMUR Group's operating activities aimed at the development of its Solar PV segment included mainly acquisition of PV projects at various stages of development, development of own projects, including participation in RES auctions, construction of solar farms and securing the offtake of electricity to be produced by the farms, optimisation of the financing of solar farm projects being constructed under project finance arrangements, and seeking an investor for the portfolio of completed solar farms. These measures resulted in the following achievements:

- In RES auctions organised by the Energy Regulatory Authority in June and December 2021, FAMUR Group companies submitted successful bids for projects with a total capacity of 161 MW;
- Over 130 MW of total solar PV capacity is currently under construction. However, completion deadlines for some projects had to be extended due to limited availability of certain electronic components, insufficient adaptation of distribution networks to the rapid growth in renewable energy capacity, longer waiting periods for the projects to be connected to the operators' networks, etc. The completion deadline extensions were also partly necessitated by delayed deliveries of solar modules by a trading partner of the FAMUR Group. An agreement was negotiated whereby the supplier committed to complete the outstanding deliveries in the fourth quarter of 2021 and in the first half of 2022.

- On August 2nd 2021, FAMUR was notified that the SPVs operating in the PV Segment and controlled by the FUND accepted a binding offer made by ENERGA-OBRÓT S.A. of Gdańsk to purchase electricity generated by the offerees from renewable sources and fed into the DSO's distribution network on the terms and conditions specified in the offer, together with a balancing service, for a definite term until December 31st 2024. In accordance with the binding terms of the offer, the remuneration of the sellers under the contracts signed as a result of accepting the offer is estimated at approximately PLN 143m over their respective terms.

The total capacity of the Solar PV segment's portfolio of projects at various stages of development is currently estimated at more than 1.6 GW, including over 300 MW with auctions won in 2019, 2020 and 2021. As a result of the acquisition of projects, loans granted to the SPVs and costs incurred on the construction of solar farms, as at December 31st 2021 FAMUR's spending on the development of the Solar PV segment was approximately PLN 380m.

Distribution model and key customers

The Solar PV Segment sells its products and services directly to end customers, including mainly large Polish power producers, foreign and domestic infrastructure sector funds building RES project portfolios, and business undertakings at large.



Solar PV segment

GRI102-9

Supply chain in the Solar PV segment

With a large number of manufacturers, the competition on the PV component parts market is strong. The Group can decide to switch over to new suppliers of PV modules, inverters or other components at any time. Accordingly, in the Company's opinion, the Group does not depend on any component supplier to a greater extent than other entities operating in the same industry.

By selecting the main supplier of PV modules for its projects, the FAMUR Group seeks to secure a stable business relationship with a trusted manufacturer which is ranked by Bloomberg among the world's five largest PV module producers.

The Group's current main PV module supplier is Trina Solar Schweiz AG, which imports modules directly from China. The FAMUR Group mitigates the vendor concentration and supply chain disruption risks through access to alternative module manufacturers which can help meet any shortfall in components if necessary.

The FAMUR Group procures inverters from a number of reputable manufacturers depending on the specification of a given PV project. The FAMUR Group has also entered into a master agreement with ZPUE for the supply of transformer substations for solar farms with a total capacity of more than 130 MW which are currently un-

der construction. Steel for mounting structures is ordered directly from a European producer. The Group also allocates its operating resources to ensure the delivery of supplies.

Given the volume of its purchase orders, the Group is able to source most PV components and other supplies directly from manufacturers. The continuity of supplies is secured by, inter alia, placing orders well in advance and/or concluding framework agreements for the supply of strategic components (including PV modules, transformer substations, inverters, etc.).



Solar PV segment

GRI103-2

GRI103-3

GRI102-15

Key risks and threats in the Solar PV Segment

For a detailed description of the risks to which the FAMUR Group is exposed, see **Key risk**. Below is presented a general overview of the identified key risks and threats to the Solar PV segment's business.

1. **Risk of adverse changes in the legal and regulatory environment** – amendments to RES legislation reducing the amount of funds available under the public aid scheme to support renewable energy producers or impeding or preventing deployment of new RES systems may materially affect the expected profitability of the FAMUR Group's existing PV project portfolio or the business model adopted for its Solar PV segment.
2. **Risk of increased competition:** – the expected rapid growth in the solar farm construction industry may attract new players. This may lead to the adoption of an aggressive pricing and product policy by the Group's existing and future competitors, resulting in reduced profitability of the Group's pro-

jects and scaling down of its business below the threshold assumed in the strategy. If the FAMUR Group fails to align its pricing with price levels offered by competitors, its market position may deteriorate.

3. **Risk of a significant increase in the prices/costs of key PV components** – PV modules, which are mainly made in China, account for more than half of the costs of constructing a solar farm. What is also important, the number of manufacturers whose modules meet the required specifications and quality standards is limited. This gives those suppliers a certain competitive advantage, which may be used if demand for modules or their cost increases significantly. Manufacturers may then try to pass on the increased costs to customers by raising prices or delay or even reduce deliveries. This may, in turn, translate into higher total costs of a solar farm or delay its delivery.

4. **Risk of failure to upgrade distribution networks in step with the rapid growth in RES capacity** – Poland is currently facing the increasingly serious problem of outdated or rapidly aging distribution infrastructure, which affects the technical condition of power lines and substations, especially overhead MV and HV lines. The increase in RES power generation capacity requires investments primarily in upgrading Poland's MV and HV power grids. The FAMUR Group cannot rule out that the insufficient development of Poland's electricity transmission infrastructure, mainly MV and HV power lines, may hinder the process of securing grid connection conditions for future solar farm projects, with a negative effect on the number of new projects.

The FAMUR Group continuously monitors the above risks and threats. It is thus able to promptly respond to any materialised risk and take adequate mitigation measures.

Key factors with a bearing on the FAMUR Group

The FAMUR Group has identified the following key factors affecting its performance, financial position and outlook.

In the Management Board’s opinion, the following factors were the key drivers of the FAMUR Group’s performance and had a material impact on its financial position in the reporting period.

Unless indicated otherwise, the Management Board expects that these factors will continue to materially affect the performance and financial position of the FAMUR Group and of its Parent.

External factors:

- Political and economic situation in Ukraine
- COVID-19 pandemic
- Expected structural decline in production of thermal coal in Poland and globally
- Global business cycles affecting the mining industry’s capital expenditure levels

- Financial condition of the Group’s key customers
- Expected increase in demand for renewable energy solutions
- Supply chain disruptions reflecting increasing PV components and energy prices and rising pay expectations

Internal factors:

- Effective and efficient delivery of the adopted strategy to achieve diversification of revenue streams
- Ability to meet the growing expectations of trading partners by continuously seeking to improve the quality and efficiency of the Group’s products and services and of the technologies implemented in them
- Maintaining a flexible operating model and tight cost control

External factors with a material bearing on the FAMUR Group’s business and growth

Political and economic situation in Ukraine

The current political and economic situation in Ukraine has significantly increased the FAMUR Group’s exposure to risks, as described in section **Mining machinery market drivers**.

As at December 31st 2021, the total amount of backlog of equipment intended for use in Russia was PLN 189m. On March 4th 2022, the Management Board of FAMUR S.A. decided to notify its cus-

tomers Polskie Maszyny Group sp. z o.o. of Katowice of the occurrence of a force majeure event with respect to two of a series of executed contracts for the supply of equipment to be used in the Russian Federation.

The Company made the decision after it was notified by a supplier of sheet metal, a material necessary for the performance of the contracts by FAMUR, of an event of force majeure preventing the supplier from fulfilling the order.

Citing the current geopolitical situation in Ukraine, the supplier notified the Company that it is unable to obtain a substitute offer for the material necessary to perform the Agreements from any other manufacturers or distributors as all of them have stopped submitting offers due to the highly uncertain conditions prevailing on the market.

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Key factors with a bearing on the FAMUR Group

External factors with a material bearing on the FAMUR Group’s business and growth

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On April 1st 2022, an agreement was concluded with the customer to discontinue the performance of three out of a series of contracts with a total contract price of approximately PLN 130m for the supply of equipment and provision of assembly supervision services, to be used in the Russian Federation. Each Party agreed to pay a portion of the costs incurred in connection with the commenced performance of the contracts.

The amount of the costs to be paid by the Company is not material. Adjusted for the price of the terminated contracts, the total amount of backlog for equipment to be operated in Russia was approximately PLN 40m as at the end of February 2022.

In 2021, the FAMUR Group recognised PLN 205m in revenue from contracts for the delivery of machinery for operation in the Russian Federation.

The FAMUR Group has a service centre located in Russia, operated by OOO FAMUR. The entity is primarily responsible for the performance of obligations under contract warranties provided by the Group in the past. Considering the current dynamic situation, FAMUR S.A. assesses on an ongoing basis the entity’s ability to continue trading and at present sees no indication that it would not be able to continue trading throughout 2022.

Impact of the COVID-19 pandemic on the FAMUR Group’s business

In 2021, Poland and other countries were still struggling with the impact of the COVID-19 pandemic on business activity and the persistently high risk of business interruption. Due to smooth and prompt implementation at the FAMUR Group of a plan to mitigate this risk, the impact of the COVID-19 pandemic on the FAMUR Group’s business was significantly lower in 2021 than in the previous year.

In 2021, some countries where the FAMUR Group’s trading partners operate continued to apply the restrictions imposed in 2020 (e.g., China), which hindered the performance of contracts in those markets. In order to send maintenance teams and delegations to China two coronavirus tests had to be performed (before departure and after arrival), the teams and delegations had to be kept in self-isolation for many days, and a special entry visa had to be obtained, also preceded by coronavirus testing.



➤ Vaccinations against COVID-19 at FAMUR S.A. registered office.

Vaccinated persons are not exempted from the obligation to undergo the tests. All this has a significant impact on the amount and duration of work performed by maintenance teams, and every business trip has to be planned well ahead and take much more time. Cross-border traffic restrictions are now being eased. However, the emergence of new variants of the virus may lead to their retightening, which will affect the FAMUR Group’s operations. In order to maintain the continuity of maintenance teams’ operations and support them during the pandemic, the FAMUR Group used Service In Grid.

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On-balance-sheet exposure related to the performance of contracts for the supply of machinery and services to customers in the Russian Federation

	Dec 31 2021	Feb 28 2022
Prepayments received	85	99
Contract assets	54	14
Net liability on measurement of derivative instrument	1	<1

(PLNm)

Key factors with a bearing on the FAMUR Group

External factors with a material bearing on the FAMUR Group's business and growth

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With Service In Grid solutions, it is also possible to hold safe multimedia training and meetings with trading partners worldwide, including with the use of VR equipment.

For more information, see [Social capital and employees](#).

To minimise the risk of significant constraints in operating activities, as well as to ensure the safety of employees, their families and contractors, FAMUR carried out a voluntary vaccination campaign in June 2021, with a total of approximately 350 employees receiving two doses of the vaccine. With a view to containing the spread of the virus to the maximum extent possible, FAMUR provides its employees with access to free SARS-CoV-2 tests.

The Management Board is monitoring the threats posed by the SARS-CoV-2 virus and its mutations on an ongoing basis and is taking appropriate steps to ensure that the employees are safe, operations are not disrupted, liabilities are met, financial liquidity is maintained, and the negative impact of the situation on the FAMUR Group's profitability is mitigated.

Expected structural decline in production of thermal coal in Poland and globally

The transition towards low carbon economy, embraced by a growing number of countries, will affect the long-term investment rates in the thermal coal mining industry. EU Member States have entered into an agreement to raise their CO2 reduction target from the current 40% to no less than 55% by 2030 (relative to the 1990 levels), known as the "Fit for 55" package. In February 2021, the Polish authorities officially adopted "Poland's Energy Policy until 2040", which envisages, among other things, a reduction of the share of coal in Poland's energy mix down to 11% in 2040 (from 69% in 2020) if the prices of CO2 emission allowances remain high. In late April 2021, representatives of the Polish government and industry trade unions initialled an agreement providing for a gradual phase-out of thermal coal mines by 2049. The agreement also provides for a mechanism to finance hard coal mining companies and a redundancy package for employees of the mines to be closed down. The entry into force of the agreed solutions is subject to approval by the European Commission.

The expected fall in the number of coal production projects due to the decarbonisation policy may result in more intense competition both in Poland and abroad, potentially eroding margins and

driving down profitability. Moreover, there has been growing pressure from financial institutions to curtail financing for companies associated with the broad sector of conventional coal-fired power generation.

Global business cycles affecting the mining industry's capital expenditure levels

Despite the implementation of projects to diversify the FAMUR Group's revenue streams, its sales in the coming quarters will continue to be strongly correlated with soft rock (e.g., hard coal or potash) mining companies' capital expenditure on new equipment. The level of investment in thermal coal production will depend on the pace of green energy transition in different regions of the world.

Unlike thermal coal, the impact of decarbonisation policy on metallurgical coal is limited. The European Commission confirmed the status of coking coal as a critical raw material included in the list of 27 raw materials for which the risk of a supply shortage and its impact on the economy is higher than for other raw materials. Demand for metallurgical coal is correlated with steel production, which in turn depends on global economic prospects, including with respect to industrial and construction output.

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Key factors with a bearing on the FAMUR Group

External factors with a material bearing on the FAMUR Group’s business and growth

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Financial condition of the FAMUR Group’s key customers

The protracted process to have a plan for the phase-out of coal mines in Poland and reorganisation of coal-fired power assets formulated and approved is affecting the Polish hard coal mining industry, particularly Polska Grupa Górnicza (PGG), which accounted for 19% of the FAMUR Group’s revenue for 2021. As at December 31st 2021, the FAMUR Group’s total invoiced receivables from PGG stood at approximately PLN 77m, including past due receivables of approximately PLN 4m, attributable to the payment policy in place at PGG. The total exposure, including invoiced revenue, recourse rights relating to receivables sold, and other payments under the contracts in progress (including, but not limited to, the outstanding payments for the lease of shearer loaders and roadheaders), is approximately PLN 257m. There are currently no material delays in payment of liabilities by the Polish mining industry.

Expected increase in demand for renewable energy solutions

The FAMUR Group offers project development and EPC solutions for utility-scale solar farms for power producers, infrastructure sector funds and businesses.

Demand for renewable energy products and services is mainly driven by:

1. demand for renewable electricity,
2. electricity prices increasing in step with the rising prices of CO₂ emission allowances, among others,
3. availability of financing and state aid for RES projects,
4. energy sector regulations,
5. pace of the green energy transition in Poland and the European Union.

Supply chain disruptions reflecting increasing PV component and energy prices and pay growth expectations

2021 emergence of the following adverse trends, which may lead to an increase in operating expenses and affect lead times in the quarters to come:

- Growing prices of energy and raw materials, in particular steel and semi-finished steel products (such as forgings and castings),
- A surge in sea freight rates,

- Limited availability of electronic and electrical components,
- Growing prices and limited availability of PV modules and other components,
- Higher salary expectations of employees.

Increase in steel and energy prices

Prices of steel grades purchased by the Company have been growing significantly since the end of 2020. The average prices of selected steel grades used by the FAMUR Group rose, on average, by approximately 40% in 2021, with prices of certain grades up by even 60%. In the first quarter of 2022, steel prices continued to rise at a rate of 80% to more than 100%, depending on the grade. The increase was mainly attributable to the discontinuation of production in Ukraine and the sanctions imposed on the Russian Federation. The rising steel prices affect the prices of machinery and equipment offered by the FAMUR Group, powered roof supports and scraper conveyors in particular. This may cause customers to reduce or halt investment and may increase operating expenses incurred by the FAMUR Group. Higher steel prices also increase the cost of structural profiles used to construct solar farms.

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Key factors with a bearing on the FAMUR Group

External factors with a material bearing on the FAMUR Group's business and growth

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The increase in electricity and gas prices has a relatively limited impact on the FAMUR Group's profitability as this cost currently represents less than 2% of the FAMUR Group's total product costs. Electricity and gas prices were fixed under contracts until the end of 2021. Since early 2022, however, there has been a marked increase in the costs of energy (including electricity and gas) as well as other utilities.

Growing freight rates

2021 saw an approximately three-fold surge in sea freight rates. Rates charged on imports from China rose the fastest, with those on deliveries from European countries growing at a slower pace. The increase in freight rates has had a limited impact on the FAMUR Group's Mining Machinery segment as most of the components used to build shearers/roadheaders and powered roof supports (steel, etc.) are sourced from European manufacturers. Freight rates represent only a minor fraction of the cost of complete mining machinery delivered to end customers. By contrast, higher freight rates may affect the overall construction costs of solar farms as their major cost items are PV modules and inverters, which are mostly imported from China.

Limited availability of electronic and electrical components

The market has been witnessing limited availability and longer delivery times of certain electrical and electronic components. In addition, the increase in the prices of commodities (mainly metals) has pushed up the prices of cables and transformers. Problems with timely delivery of components give rise to risks associated with longer lead times and postponed deliveries of certain products to customers. The FAMUR Group's production process is largely based on cooperation with external partners. Any disruptions in production at such partners or suppliers of raw materials and feedstocks, or lower access to raw materials or merchandise required to perform orders for the FAMUR Group's customers, may adversely affect the Group's ability to meet its obligations towards customers. The limited availability of certain electronic components (semiconductors) also affects the implementation of solar farm projects. Although these components account for a relatively small share of the overall costs, any shortages cause the completion time of a solar farm to lengthen.

Growing prices and limited availability of PV modules and other components

2021 saw limited availability of PV modules, which are mainly produced in China. Driven by the growing prices of semiconductors in China and their insufficient supply, the prices of PV modules are

also rising. The insufficient supply of modules on the market may extend the completion times for solar farms. The average increase in the price of a PV module was around 30% in 2021. Given that PV modules account for a material share in the overall solar farm construction costs, a significant growth in their prices may increase the amount of capital expenditure required to deploy a PV system. Prices of other components used to construct solar farms, including transformer substations, cables, inverters and mounting systems, may also be expected to rise.

Wage pressures and planned amendments to tax regulations under the Polish Deal

Pay growth expectations are rising in Poland today. The current trend resulting from accelerating inflation and the introduction of new regulations under the "Polish Deal" may translate into wage pressures and, consequently, increase operating expenses both in the segment of mining machinery and equipment production and in the Solar PV segment being developed at the FAMUR Group.

Key factors with a bearing on the FAMUR Group

Internal factors with a material bearing on the FAMUR Group's business and growth

Effective and efficient delivery of the adopted strategy to achieve diversification of revenue streams

In 2021, about 52% of the FAMUR Group's revenue was derived from sales of machinery and equipment and maintenance services to customers in the thermal coal mining industry. The growing importance of the decarbonisation policy in Poland and globally, coupled with the increasing pressure from financial institutions to curtail financing for companies associated with the conventional coal-fired power generation sector, will lead to a long-term decline in the number of mining projects. Therefore, further development of the FAMUR Group requires making significant efforts to diversify its revenue streams beyond the thermal coal mining industry. In 2021, the FAMUR Group updated its strategic directions with a view to transforming it into a holding investing in green transition projects and opportunities in other promising industries, including photovoltaics, cogeneration, energy storage, smart grid, HVAC, and electromobility. This is expected to help decrease the share of revenue related to the thermal coal mining sector in the Group's total revenue to around 30% by 2024. The pace of revenue diversification will depend on the Group's ability to identify suitable investment targets as well as on efficient integration of new entities within the Group.

Ability to meet trading partners' growing expectations by continuously seeking to improve the quality and efficiency of the Group's products and services and of the technologies applied in them

The FAMUR Group continuously strives to enhance the quality and innovativeness of its solutions while offering competitive pricing. The Group invests in technology development, introduces new products and services, and improves the existing ones, thus expanding its product portfolio to include more and more comprehensive solutions. At the same time, by continuously improving production efficiency, the Group is able to maintain both the technological sophistication and the attractive pricing of its offering. These efforts allow the Group to retain its distinct competitive advantage in the Mining Machinery and Solar PV segments alike.

Maintaining a flexible operating model and tight cost control

The fundamental principle underlying the FAMUR Group's operations is to maintain a flexible operating model enabling quick and effective adaptation of the cost and production base to current and expected demand shaped by the business cycle and structural shifts in the markets in which the Group operates. In 2021, in order to adjust its operational resources and cost base structure to current and expected market demand reflecting the global economic slowdown, developments on the coal market and the COVID-19 crisis, the Group took the following optimisation measures:

- Closing down of the FAMUR S.A. Longwall Hydraulic Systems Branch in Zabrze,
- Implementation of a collective redundancy process and launch of a voluntary redundancy programme at the FAMUR S.A. Longwall Systems Branch in Katowice,
- Conclusion of individual working time and pay reduction agreements between the Glinik branch and its employees in May 2021.

These measures help the FAMUR Group to adjust its operational resources to the current and expected market situation, while maintaining production, technical and technological competence and product know-how that facilitate production in accordance with secured orders. The FAMUR Group's manufacturing plants constantly strive to increase productivity and efficiency under the Lean Manufacturing programme. Lean Enterprise Institute Polska Sp. z o.o., Poland's most experienced organisation promoting Lean Management and a member of Lean Global Network, named FAMUR S.A. a reference Lean manufacturer. Also, we use the services of subcontractors to assemble and manufacture equipment that does not require any specialist technical or technological knowledge, which allows us to flexibly and quickly adapt to changing backlog levels.



FAMUR S.A. service centre in Katowice

Risk management

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Risk classification and management

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General definition and classification of key risks at the FAMUR Group

The FAMUR Group defines risk as an uncertainty which is inherent in its business and which may result in both opportunities and threats to the achievement of its strategic objectives and have an adverse impact on its financial performance, assets, operating or commercial activities, or outlook. Based on its best knowledge, the Management Board of FAMUR S.A. has identified the key risks to the FAMUR Group and classified them into the following categories:

- **External risks:** associated with the FAMUR Group’s business environment and geopolitical situation,
- **Operational risks:** arising from the Group’s business activities,
- **Financial risks:** movements in prices, interest rates and foreign exchange rates, the Group’s liquidity position, failure by the Group’s trading partners to fulfil their obligations under contracts with the Group.

Risk management process at the FAMUR Group

The identified risks are assessed in the context of strategic and operational objectives pursued by FAMUR. The criteria for risk assessment include both financial and reputational impacts, as well as consequences for the environment, employees and members of the community affected by the Group’s operations. For each of the identified risks, risk handling procedures and mitigation measures are determined. Periodically, the risks are reviewed for relevance and adequacy in the context of changes in the Group’s operating environment. A review of the identified risks is discussed in the Directors’ Reports on the operations of the Company and the Group.

In assessing the materiality or change of a specific risk in terms of the expected magnitude of its negative impact on the FAMUR Group’s business, financial condition, results of operations or prospects, and in terms of the probability of its occurrence, the Group considered a number of factors, including any past occurrence of that risk and its impact, as well as the availability and effectiveness of remedial measures that could mitigate the impact of its materialisation. Such assessment was based on the best knowledge of the Management Board, relying on facts and circumstances known to the Management Board as at December 31st 2021.



Key risks

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The current geopolitical situation related to the war in Ukraine has led to instability in the production and availability of key raw materials and components and, consequently, to high volatility of their prices.

This has deteriorated the outlook for the global economy, and the economic and social consequences of the war will be long-lasting. In such circumstances, the assessment of all relevant risks and the scale of their impact on the FAMUR Group's business is extremely difficult and may be subject to revision on an ongoing basis.

The order in which the risks are presented below is not in any way indicative of their materiality, the likelihood of their materialisation, or their potential impact on the FAMUR Group's business.

Type of risk	Risk exposure	Change in 2021
Key external risks		
Changes in macroeconomic trends	High	↗ Increase
Geopolitical risk	High	↗ Increase
Significant changes in the industries in which the FAMUR Group operates	High	↗ Increase
Major regulatory changes	High	No change
Environmental and climate	High	No change
Technological shifts	Medium	No change

Type of risk	Risk exposure	Change in 2021
Key operational risks		
M&A transactions and acquiree integration	Medium	No change
Failure to meet customer expectations	Medium	No change
Failure to retain or attract key personnel	Medium	↗ Increase
Supply chain disruption	High	No change
Disruptions in manufacturing processes and provision of maintenance services	Low	No change
IT and cybersecurity threats	High	↗ Increase
Failure to comply with legal or regulatory requirements	Medium	No change
Key financial risks		
Credit risk: failure by a trading partner to meet its contractual obligations	Medium	No change
Liquidity risk: loss or limitation of the FAMUR Group's ability to meet its obligations	Low	No change
Market risk: currency risk, interest rate risk, and price risk	Medium	↗ Increase

Key risks

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Description of key risks and corresponding risk mitigation measures

Below is presented a description of the key external and operational risks, including information on the possible consequences of their materialisation for the FAMUR Group and on the risk prevention measures.

For information on the financial risks to which the FAMUR Group is exposed, see Note 49 *Objectives and principles of financial risk*

management to the Consolidated Financial Statements of the FAMUR Group for 2021.

Type of risk	Risk description	Consequences of materialisation	Risk mitigation measures
Changes in macroeconomic trends	Failure to keep pace with changes in macroeconomic trends: a slow-down in the global economy can result in lower order volumes, increased competition and consequent margin erosion; on the other hand, rapid economic growth may lead to increased wage pressures and rising prices of services, energy and components, and often to reduced availability of certain components.	Reduced order volumes, increase in operating expenses, drop in margins.	Continuous optimisation of manufacturing processes and tight cost control. Flexible organisational structure, adaptable to changes in the environment. Monitoring of project margins and cash flows. Maintaining a low leverage ratio.
Geopolitical risk	Political changes in countries where FAMUR Group companies operate may result in business constraints, unexpected liabilities or charges, supply chain disruptions, or restrictions on cash transfers.	Reduced order volumes, increase in operating expenses.	Monitoring of political changes in countries where FAMUR Group companies operate or offer their products or which the Group is considering entering into.
Significant changes in the industries in which the FAMUR Group operates	Change in the competitive environment: an increase in the number of new players on the market may cause a downward pressure on prices, structural decline in demand for certain products or services offered by the Group, and limited availability of key components for the Group's products. Consolidation of suppliers or customers may increase the costs of components or pressure on prices of the FAMUR Group's products, as appropriate.	Reduced demand for certain products or services offered by the Group, lower order volumes, declining revenue, depressed margins.	Pursuing strategy to diversify revenue streams and searching for entities offering product synergies. Continuous improvement of the product offering, provision of comprehensive solutions, expansion of the product portfolio.
Major regulatory changes	Major amendments to RES, tax or public procurement laws or regulations, imposing unexpected significant burdens on businesses.	Benefits from entering into renewable energy market partly or entirely offset. Increased costs due to unforeseen taxes and other public charges. Cancelling auctions or restricting participation therein may result in a revenue drop.	Ongoing monitoring of changes in and comprehensive analysis of statutory interpretations and recent judicial decisions and taking prompt action to ensure compliance with new legislation.

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Key risks

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Description of key risks and corresponding risk mitigation measures

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Type of risk	Risk description	Consequences of materialisation	Risk mitigation measures
Environmental and climate	Potential acceleration of global trends to phase out carbon emitting energy generation sources Changes in regulations, administrative fees, charges for using natural resources such as water, energy or raw materials, or emission fees.	Faster than expected decline in revenue in the Mining Machinery segment.	Adoption of a strategy for entry into the renewable energy sector, deployment of PV systems at selected production facilities.
Technological shifts	Development or emergence of new technologies offering an economically viable alternative to the existing solutions on the market.	Inventory write-downs, decrease in revenue, costs of implementing new technologies.	Development and improvement of existing products, investment in R&D, monitoring of technology developments and customer needs and expectations.
M&A transactions and acquiree integration	Difficulties in closing an acquisition, integrating the acquiree, or obtaining the expected synergies.	Reduced ability to achieve strategic objectives, unexpected costs or potential impairment losses on acquired assets.	Ongoing review of acquisition plans, development of an acquiree integration plan at the due diligence stage, ensuring adequate and properly qualified personnel, engagement of reputable external advisers.
Failure to meet customer expectations	Failure to obtain the required certificates, failure to pass a customer's product quality tests, failure to fulfil orders on schedule, failure to market new products or solutions, failure to respond to a technological shift or meet customer demand for new products.	Incurring damages or penalties, reputational damage, decline in revenue.	Investments in R&D, expansion of the product portfolio, offering tailor-made solutions based on customer input, provision of after-sales services.
Failure to retain or attract key personnel	Failure or inability to retain or attract qualified personnel. The pandemic adversely affecting employees' health and fitness for work.	Increase in labour costs, possible disruptions in operating activities, deteriorated growth prospects following loss of key personnel.	Continuous mapping of employee competences and requirements, monitoring of the labour market in terms of remuneration and qualifications. Providing development opportunities to employees within the Group.

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Key risks

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Description of key risks and corresponding risk mitigation measures

↳ continued from the previous page

Type of risk	Risk description	Consequences of materialisation	Risk mitigation measures
Supply chain disruption	<p>The FAMUR Group relies heavily on suppliers of components for its products.</p> <p>Risk of disruptions or unexpected major delays in component deliveries or of a sharp rise in component prices.</p> <p>Risk of failure by FAMUR Group suppliers to comply with the "Code of Conduct for FAMUR Group Suppliers".</p>	<p>Increase in operating expenses.</p> <p>Delays in contract performance.</p> <p>Reduced ability to accept new orders as a result of limited availability or increased costs of components.</p>	<p>Evaluation and selection of business partners based on objective criteria such as quality, pricing and supply reliability.</p> <p>Prior to commencing deliveries for the FAMUR Group, each new trading partner is required to commit to complying with the "Code of Conduct for FAMUR Group Suppliers".</p>
Disruptions in manufacturing processes and provision of maintenance services	<p>Unforeseen major disruptions in manufacturing processes or provision of services as a result of extreme weather conditions, fires, pandemics, civil unrest, etc.</p>	<p>Failure to deliver products and services on schedule may result in a decrease in revenue or an increase in costs due to contractual penalties.</p>	<p>Adequate crisis management procedures and business continuity plans have been developed and are reviewed on an ongoing basis and updated as required.</p>
IT and cybersecurity threats	<p>Failure of or unauthorised access to the FAMUR Group's IT infrastructure and/or systems, leakage of confidential information, theft of FAMUR Group's intellectual property, loss of the operational continuity of key IT systems and services.</p>	<p>Crisis resulting from unauthorised access to confidential information, risk of reputational damage to the FAMUR Group, risk of penalties</p>	<p>The FAMUR Group takes regular measures to ensure the security of its IT infrastructure and systems, including by implementing various procedural, organisational and technical safeguards.</p>
Failure to comply with legal or regulatory requirements	<p>Risks related to breaches of the security or integrity of personal data (GDPR), trade secrets or other confidential information, including in particular destruction, loss, modification, or unauthorised disclosure, publication or transfer of protected data.</p>	<p>Failure to comply with the GDPR may result in the imposition of a penalty of up to 4% of the breaching party's annual global turnover. Any breach of the security of personal data or trade secrets may adversely affect the perception of the Group's brand, its competitive position, or its future financial performance.</p>	<p>The FAMUR Group takes regular measures to ensure adequate protection of its trade secrets and personal data that is controls or processes, including by implementing various procedural, organisational and IT security solutions.</p>

Integrated management systems

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To ensure the required quality of their products and services, individual companies of the FAMUR Group have implemented **Integrated Management Systems (IMS)** whose scope corresponds to the companies' business profiles. The Management Systems are process-based. Processes identified in connection with the adopted business strategy have been organised into a uniform system defining their sequence and interaction. Continuous improvement of the Integrated Management Systems boosts competitiveness while mitigating environmental impacts and fostering occupational health and safety.

In the fulfilment of the requirements of the PN-EN ISO 9001:2015, PN-EN ISO 14001:2015, and PN-EN 45001:2018 standards and industry standards for quality, health, safety and environment (QHSE) management, IMS documentation has been developed, comprising IMS Policies, IMS Objectives, as well as procedures and instructions.

The systems undergo annual surveillance and re-certification audits carried out every three years by accredited certification bodies.

Quality

1. Responsibility of each employee for the quality they achieve in their job
2. Work with all material and service suppliers to ensure that high quality standards are maintained throughout the supply chain
3. Operational excellence guaranteeing maximum operational efficiency
4. Taking care to ensure high quality of aftersales service and improvement of servicing processes
5. Steady increase of sales on the global market while maintaining the leading position on the Polish market and diversifying the business profile
6. Creating a work environment that motivates employees to develop and improve their professional skills
7. Investing in the development of new innovative products, technologies, intelligent solutions ensuring efficiency, security and reliability (Smart Technology)

Integrated Management System Policy

Occupational Health and Safety

One of the primary objectives of the FAMUR Group is to maintain a high level of occupational safety. This approach is demonstrated in the following measures we take to prevent injuries, accidents at work and occupational diseases:

- Striving for continuous improvement of health and safety conditions at work
- Regular assessment of occupational health and safety
- Raising employees' awareness and qualifications to ensure that employees are familiar with their responsibilities as regards health and safety at work
- Identifying and eliminating hazards and mitigating health and safety risks

Natural environment

In our operations, we seek to minimise the significant environmental impacts associated with the FAMUR Group's business through:

- Rational waste management through waste reclamation and recycling
- Introducing changes to the applied environmentally friendly technologies
- Raising employees' environmental awareness by promoting behaviour that reduces the risk of environmental hazards
- Rational management of utilities and increasing energy efficiency
- Reduction of emissions

Commitment

We undertake to comply with legal and other requirements, including those relating to OHS risks and environmental aspects, applicable to the operations of FAMUR S.A., and to prevent pollution and protect the environment.



Corporate governance

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Corporate governance principles

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Corporate governance principles applicable to FAMUR S.A. and where they can be accessed by the public

Corporate governance is a set of rules of conduct applicable both to the governing bodies of companies and members of those bodies as well as to majority and minority shareholders. Corporate governance principles refer to broadly defined management of the company. The aim of Best Practice for WSE Listed Companies is to enhance the transparency of listed companies, improve the quality of communication between companies and investors, strengthen the protection of shareholder rights, also with regard to matters not regulated by legislation, without creating for listed companies any burdens that would not be offset by benefits resulting from market needs.

FAMUR S.A. issues current and periodic reports, which are published on its corporate website.

Extent of non-compliance

Based on the current status of compliance with Best Practice, FAMUR S.A. does not apply the following 12 principles: 1.2., 1.3.1., 1.4., 1.4.1., 1.4.2., 2.1., 2.2., 2.7., 2.11.6., 4.3., 4.8., and 6.3.

The website also presents a calendar of key corporate events, financial results of the Company, and news.

In July 2021, the statement of compliance with the principles of Best Practice for GPW Listed Companies was updated following the coming into effect of the new Best Practice for GPW Listed Companies 2021 ("Best Practice 2021") on July 1st 2021. The new principles are available on the Warsaw Stock Exchange's official website, in the corporate governance section www.gpw.pl/best-practice2021 and on the Company's website at www.famur.com/en/corporate-governance.

Information on the corporate governance rules which the Company does not comply with, including the extent of and reasons for such non-compliance, was provided, in accordance with the WSE Rules, on July 29th 2021 in EBI Current Report No. 1/2021, available on FAMUR S.A.'s website at www.famur.com/en/corporate-governance.



➤ The Management Board building at ul. Armii Krajowej 51, Katowice, Poland

Shareholding structure

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Shareholders holding directly or indirectly (through subsidiaries) at least 5% of total voting rights at the General Meeting of FAMUR S.A. as at December 31st 2021.

The table presents data as at the date of the most recent Extraordinary General Meeting of FAMUR S.A. held on December 14th 2021 and data sourced from notifications received by FAMUR S.A. from TDJ Equity I sp. z o.o., dated December 15th 2021, December 20th 2021 and December 22nd 2021 (Current Reports No. 59/2021, 62/2021, 64/2021, and 65/2021).

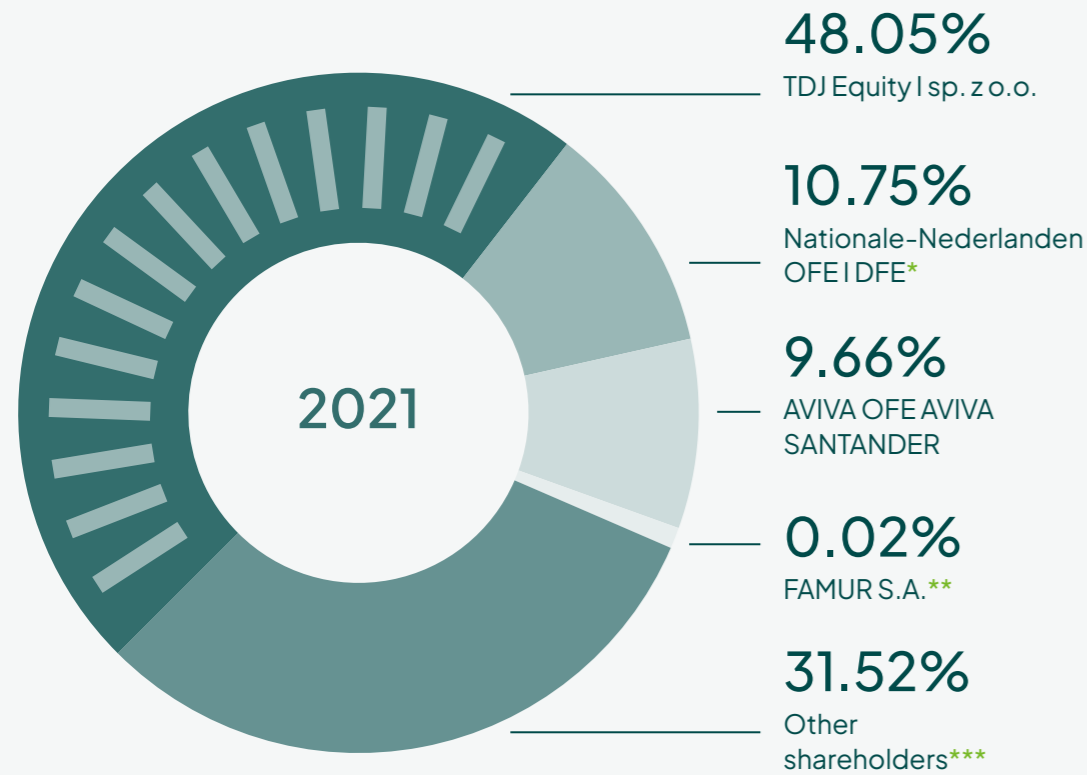
FAMUR S.A. shareholding structure as at December 31st 2021

Shareholder	Number of shares held	Number of voting rights	Equity interest
TDJ Equity I sp. z o.o.	276,172,470	276,172,470	48.05%
Nationale-Nederlanden OFE I DFE*	61,769,000	61,769,000	10.75%
AVIVA OFE AVIVA SANTANDER	55,513,000	55,513,000	9.66%
FAMUR S.A.**	86,655	86,655	0.02%
Other shareholders***	181,222,087	181,222,087	31.52%
Total	574,763,212	574,763,212	100.00%

* Funds managed by Nationale-Nederlanden Powszechno Towarzystwo Emerytalne S.A.: Nationale-Nederlanden Otwarty Fundusz Emerytalny ("OFE") and Nationale-Nederlanden Dobrowolny Fundusz Emerytalny ("DFE").

** FAMUR S.A. and indirectly the subsidiary FAMUR Finanse sp. z o.o. (4,116) and 82,539 ordinary bearer shares acquired by FAMUR as part of the tender offer for FAMUR S.A. shares (announced in Current Report No. 45/2021 of September 1st 2021).

*** Total other shareholders holding less than 5% of total voting rights.



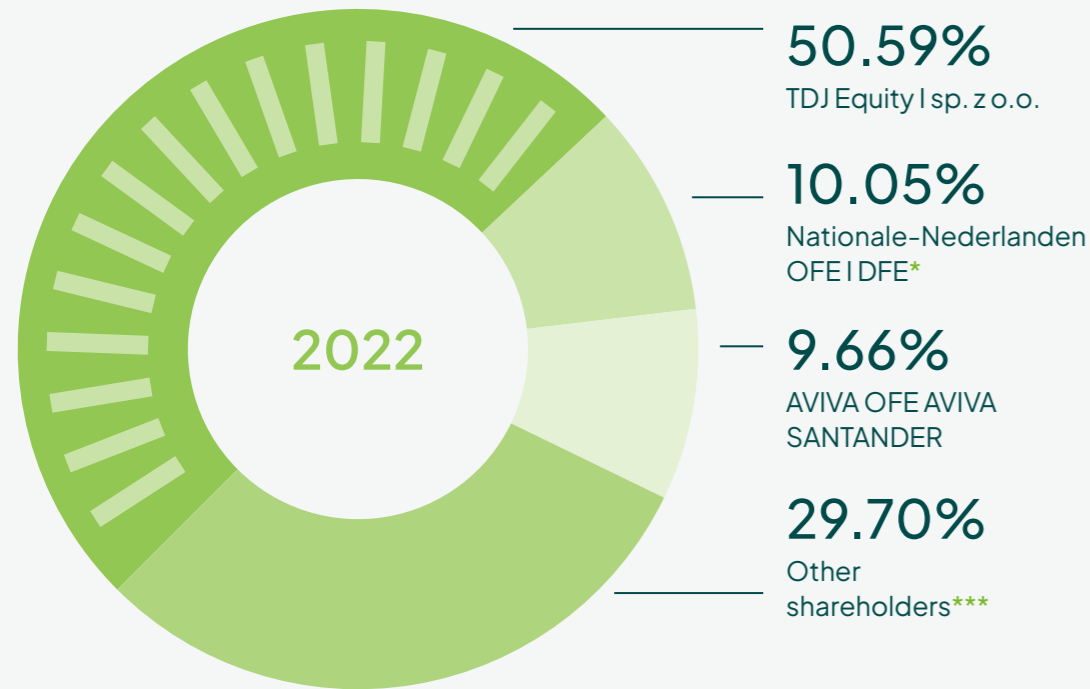
The parent of TDJ Equity I Sp. z o.o. is TDJ S.A. TDJ S.A. is directly controlled by Tomasz Domogała, Chairman of the Supervisory Board, who thus indirectly controls the majority interest in FAMUR S.A..

On March 17th 2022, the District Court for Katowice-Wschód in Katowice, 8th Commercial Division of the National Court Register, registered the amendments to FAMUR S.A.'s Articles of Association made pursuant to Resolutions No. 3 and 4 of the Extraordinary General Meeting of the Company held on December 14th 2021. The Company's share capital was reduced from PLN 5,747,632.12 to PLN 5,746,806.73, that is by PLN 825.39, which corresponds to the total par value of cancelled treasury shares. Art. 6.1 of the Company's Articles of Association was amended. The consolidated text of the Articles of Association is available on FAMUR S.A.'s corporate website at www.famur.com/en/corporate-governance.

Shareholding structure

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Based on data from the most recent Extraordinary General Meeting of December 14th 2021 (Current Report No. 60/2021), Current Report No. 15/2022 of March 30th 2022, Current Report No. 19/2022 of April 15th 2022, and Current Report No. 22/2022 of April 26th 2022, FAMUR S.A.'s shareholding structure as at the date of issue of the report for the first quarter of 2022 was as follows:



FAMUR S.A. shareholding structure as at April 26th 2022, reflecting the change of the share capital amount

Shareholder	Number of shares held	Number of voting rights	Equity interest
TDJ Equity I sp. z o.o.	290,728,459	290,728,459	50.59%
Nationale-Nederlanden OFE I DFE*	57,738,124	57,738,124	10.05%
AVIVA OFE AVIVA SANTANDER	55,513,000	55,513,000	9.66%
FAMUR S.A.**	4,116	4,116	0.00%
Other shareholders***	170,696,974	170,696,974	29.70%
Total	574,680,673	574,680,673	100%

- * Aggregate value for accounts of OFE and DFE funds managed by NN PTE.
- ** Indirectly through subsidiaries.
- *** Total other shareholders holding less than 5% of total voting rights.

Shares held by the Company's management and supervisory personnel

According to the Company's knowledge, no FAMUR S.A. shares were held by the Company's management or supervisory personnel as at December 31st 2021 or April 26th 2022.

However, during the reporting period and as at the issue date of this report a majority interest in FAMUR S.A. was held indirectly by Tomasz Domogała, who held the interest through TDJ S.A.'s subsidiary TDJ Equity I Sp. z o.o. and remained a major shareholder in the Company.

Dividend

On June 22nd 2021, by resolution of the General Meeting the Company's entire net profit earned in 2020, in the amount of PLN 169.5m, was allocated to the Company's statutory reserve funds.

Major holdings of shares

There are no securities conferring any special control rights. Also, the Company's Management Board is not aware of any restrictions

on the transferability of Company shares or of any agreements that could lead to future changes in the shareholding structure.

Shareholding structure

GRI102-5

Investor relations at the FAMUR Group

In its investor relations activities FAMUR S.A. places focus on ensuring transparent and active communication with capital market participants, working in close liaison with investors and analysts, and on ensuring compliance with disclosure requirements set out in applicable laws. The Investor Relations team, along with Company representatives, regularly hold meetings with investors and analysts, both at home and abroad, and participate in most regional and industry investor conferences.

The activities undertaken by the Investor Relations department in its contacts with investors aim to facilitate reliable assessment of the Group's financial standing and market position in the context of changes occurring in the sector of machinery and equipment suppliers as well as of the effectiveness of the strategic directions intended to transform the FAMUR Group from a soft rock mining machinery manufacturer into a holding investing in green transition projects and opportunities in other related promising industries.

The Company holds quarterly conferences for investors and analysts (face-to-face or online conference calls) to present the financial and operating results of the FAMUR Group.

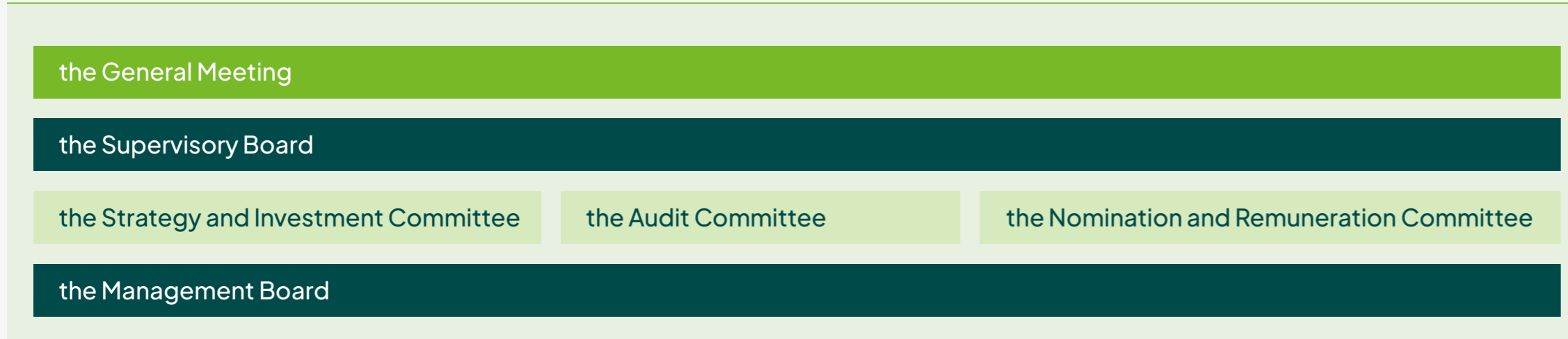
Four quarterly earnings presentation conferences and approximately 40 investor and analyst meetings were held in 2021.

In order to provide easy, quick and fair access to information on the FAMUR Group, the Company runs a corporate website at www.famur.com/en/investor-relations-1, where it regularly posts current reports, periodic reports, presentations and other information relevant to understanding the FAMUR Group's activities, available in Polish and English.

Governance structure and General Meeting

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FAMUR S.A.'s governing bodies are:



General Meeting

Operation and key powers of the General Meeting; shareholder rights and how they are exercised

The General Meeting of FAMUR S.A. operates in accordance with the Rules of Procedure for the General Meeting, the Company's Articles of Association, and the Commercial Companies Code. Apart from other matters provided for in relevant laws, the key powers of the General Meeting include:

- a. Appointment and removal from office of Supervisory Board members,
- b. Determination of the rules of remuneration of Supervisory Board members,

- c. Determination of the amounts of remuneration for the Supervisory Board members delegated to individually perform certain supervisory functions on a permanent basis.

The General Meeting of a public company is convened by publishing a relevant notice on the company's website and in the manner required for the publication of current information pursuant to the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies. Such notice should be published at least twenty-six days prior to the date of the General Meeting. A notice of a public company's General Meeting should include as a minimum:

- 1. The date, time and place of the Meeting and a detailed agenda for the Meeting,

- 2. Precise description of procedures for participating in the General Meeting and exercising voting rights, including in particular information on:
 - a. A shareholder's right to request that certain items be placed on the agenda of the General Meeting,
 - b. A shareholder's right to propose draft resolutions on matters which have been placed or are to be placed on the agenda prior to the General Meeting,
 - c. A shareholder's right to propose draft resolutions on matters which have been placed on the agenda during the General Meeting,
 - d. Voting through a proxy,
 - e. Including in particular information on the proxy voting forms, and the manner of notifying the Company of appointment of a proxy using electronic means of communication,
 - f. The possibility and manner of participation in the General Meeting using electronic means of communication,
 - g. Information on how to take the floor at the General Meeting using electronic communication means,
 - h. Voting by postal ballot or by using electronic means of communication

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Governance structure and General Meeting

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General Meeting

↳ continued from the previous page

3. The record date for participation in the General Meeting referred to in Art. 406 of the Commercial Companies Code,
4. Information that only persons being the Company's shareholders as at the date of registration of attendance for the General Meeting may attend the Meeting,
5. Information on where and how a person entitled to attend the General Meeting may access a complete set of documents to be presented to the Meeting, as well as draft resolutions or, if no resolutions are to be passed, comments from the Management Board or the Supervisory Board on matters which have been placed on the agenda or are to be placed on the agenda before the date of the Meeting,
6. Address of the website on which information on the Meeting will be made available.

Only persons who are Company shareholders sixteen days prior to the date of the General Meeting (the record date for participation in the General Meeting) have the right to attend the Meeting. The record date for participation in the General Meeting is the same for holders of rights attached to bearer shares and registered shares. The Chairperson's role is to open and chair the General Meeting, and to ensure that the Meeting proceeds smoothly and that the rights and interests of all the shareholders are respected.

After presentation of each item on the agenda by a rapporteur, the Chairperson of the General Meeting opens the discussion. More than one agenda item may be discussed at the same time. Participants take the floor in the order in which they requested to speak. With respect to each agenda item and procedural matter, a shareholder is only entitled to speak and reply once. The General Meeting may only pass resolutions concerning matters on its agenda.

One share carries the right to one vote at the General Meeting. A shareholder may vote each of their shares in a different manner. A shareholder has the right to vote on each proposal once. Resolutions of the General Meeting are passed with an absolute majority of votes, unless the Company's Articles of Association or the Commercial Companies Code provide otherwise. Resolutions are voted on in an open ballot. A secret ballot is ordered in the case of voting on appointment or removal from office of members of the Company's governing bodies or its liquidators, on bringing somebody to account and on personnel matters.

The Chairperson of the General Meeting announces the results of a vote, which are then recorded in the minutes of the meeting. The minutes of a General Meeting are drawn up by a notary public. Shareholders and members of the Company's governing bodies have the right to review the minutes of General Meetings and to request to be issued their copies certified as true by the Management Board.



Governance structure and General Meeting

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Governance structure

Rules governing appointment, removal and replacement of the Company's Management Board members and amendment of the Company's Articles of Association; powers of Management Board members (including in particular the authority to resolve to issue or buy back shares)

Members of the Management Board are appointed and removed by the Supervisory Board. The Management Board consists of one or more members. When appointing members of the Management Board, the Supervisory Board determines their number and defines the function to be performed by a given person on the Management Board. Members of the Management Board are appointed for a joint term of office. The term of office of the Management Board is three years. A member of the Management Board may at any time resign from his or her position. A resignation should be submitted to the Company in writing.

The Management Board manages the Company's affairs and represents the Company before third parties. Resolutions of the Management Board are passed by an absolute majority of votes.

In the case of a voting tie, the President of the Management Board has the casting vote. The President of the Management Board directs the Management Board's work; in particular, the President coordinates, supervises and organises the Management Board members' work and convenes and chairs meetings of the Management Board. In the event of the President's absence, their duties are performed by a Vice President of the Management Board or

another Management Board member designated for that purpose by the President.

In accordance with the Company's Articles of Association, the Management Board is authorised to increase the Company's share capital by up to PLN 2,523,491, through the issue of new shares with an aggregate par value of up to PLN 2,523,491, by way of one or more share capital increases within the limit specified above (the authorised share capital).

As part of the authorisation to increase the share capital within the authorised capital limit, the Management Board is authorised to issue subscription warrants referred to in Art. 453.2 of the Commercial Companies Code, exercisable by the date of expiry of the authorisation. The Management Board is authorised to increase the share capital within the period of three years from the date of registration by the competent court of the amendment to the Articles of Association authorising the Management Board to increase the share capital within the authorised capital limit of up to PLN 2,523,491. In exercising the authorisation referred to in the preceding sentences, the Management Board decides independently – except where the provisions of the Commercial Companies Code provide otherwise – on all matters related to the share capital increase; in particular the Management Board is entitled to:

a. Carry out the share capital increase within the authorised capital limit through one or more issues and to assign consecutive series designations to those issues,

- b. Determine the issue price, subject to the Supervisory Board's approval,
- c. With the Supervisory Board's approval, disapply in whole or in part the existing shareholders' pre-emptive rights with respect to shares issued within the authorised share capital limit,
- d. Decide to deliver the shares of a given issue in exchange for a cash contribution, a non-cash contribution or any combination of a cash and non-cash contribution; the delivery of shares in exchange for a non-cash contribution may also be carried out under Art. 447 of the Commercial Companies Code, but will in each case require the Supervisory Board's approval,
- e. Take steps with a view to registering shares issued within the authorised capital limit with the Central Securities Depository of Poland as well as any other steps necessary to have the shares admitted and introduced to trading on the regulated market operated by the Warsaw Stock Exchange.

The General Meeting authorised the Company's Management Board to take any steps necessary to list shares issued by the Company within the authorised capital limit on the Warsaw Stock Exchange; this authorisation covers in particular.

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Governance structure and General Meeting

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General Meeting

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- a. Signing an agreement with the Central Securities Depository of Poland on conversion of shares issued by the Company within the authorised capital limit into book-entry form and their registration in the relevant register,
- b. Filing of applications or notifications with the competent authorities and institutions in relation to the introduction and admission of shares issued by the Company within the authorised capital limit to trading on the regulated market operated by the Warsaw Stock Exchange.

The Management Board is not authorised to make a decision regarding buy-back of shares. The detailed scope of rights and duties of the Management Board and its operating procedures are defined in the Rules of Procedure for the Management Board. The

Amendments to the Articles of Association

Any amendment to the Company's Articles of Association requires a resolution by the General Meeting and must be entered in the National Court Register. An amendment to the Articles of Association must be submitted by the Management Board to the registry court within three months from the date on which the General Meeting passed the resolution introducing the amendment.

Rules of Procedure for the Management Board are adopted by the Management Board and approved by the Supervisory Board.

With the Supervisory Board's consent of March 12th 2020, on March 12th 2020 the FAMUR S.A. Management Board resolved to amend the existing Rules of Procedure for the Management Board of FAMUR S.A. by updating its provisions, including a precise specification of the number of Management Board members, streamlining of the rules and form of making decisions during or outside of FAMUR S.A. Management Board meetings (i.e., voting by written ballot or by means of remote communication), and formalisation of the acceptable methods and means of communication between Management Board members.

The main purpose of these amendments is to facilitate the remote decision-making process. The consolidated text of the Rules of Procedure for the Management Board is available on the Company's website at www.famur.com/en/corporate-governance.

The General Meeting may authorise the Supervisory Board to prepare a consolidated text of the amended Articles of Association or to make other editorial changes to the Articles of Association as specified in the General Meeting's resolution.



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The Supervisory Board of FAMUR S.A. and its committees

Composition of the Supervisory Board as at December 31st 2021:

Tomasz Domogała	Chairman of the Supervisory Board
Czesław Kisiel	Deputy Chairman of the Supervisory Board
Jacek Leonkiewicz	Member of the Supervisory Board
Adam Toborek	Member of the Supervisory Board
Dorota Wyjadłowska*	Member of the Supervisory Board
Tomasz Kruk*	Member of the Supervisory Board

* Supervisory Board member meeting statutory independence criteria

The committees operating within the Supervisory Board of FAMUR S.A. since 2018 are the Nomination and Remuneration Committee, Strategy and Investment Committee, and Audit Committee. The composition of each committee is presented below.

Strategy and Investment Committee:

- Czesław Kisiel
- Adam Toborek
- Jacek Leonkiewicz

Nomination and Remuneration Committee:

- Czesław Kisiel
- Adam Toborek
- Jacek Leonkiewicz

Audit Committee:

- Tomasz Kruk, Chairman of the Audit Committee
- Dorota Wyjadłowska
- Jacek Leonkiewicz

Independent Supervisory Board Members:

- Tomasz Kruk
- Dorota Wyjadłowska

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The Supervisory Board of FAMUR S.A. and its committees

Tomasz Domogała

Chairman of the Supervisory Board

Tomasz Domogała holds an MBA from the Stanford Graduate School of Business, US. He also holds degrees from the AGH University of Science and Technology of Kraków (Faculty of Mechanical Engineering and Robotics) and the University of Loughborough, UK (Faculty of Mechanical and Manufacturing Engineering). In 2010, he transformed the industrial holding company taken over from his father into a family investment firm. At present, TDJ's largest investment area is Equity, including WSE-listed companies: FAMUR and Zamet, as well as private entities: PGO, Glinik, and FPM, as well as the most recent acquisitions in the portfolio: Teamtechnik, Projekt Solartech, Miya Cosmetics and EDINA Vetcare Group. Tomasz Domogała also invests on the real estate market and in start-ups. He is the founder of the TDJ Foundation, supporting education and development of children and youth.

Czesław Kisiel

Deputy Chairman of the Supervisory Board

Czesław Kisiel has been with TDJ since 1992. He has held managerial positions at many of its companies and has been actively involved in numerous investment and acquisition processes. Currently, he serves on the management and supervisory bodies of a range of TDJ Group companies. Mr Kisiel specialises in capital market matters and corporate finance. A graduate of the Faculty

of Production Economics of the Cracow University of Economics, he also completed an MBA-based Postgraduate Managerial Programme at Warsaw School of Economics.

Jacek Leonkiewicz

Member of the Supervisory Board

Jacek Leonkiewicz graduated from the Warsaw School of Economics and completed the CEMS Master in International Management programme at the Copenhagen Business School (CBS) in Copenhagen, Denmark. He also studied in Madrid. Since April 2016, he has been a managing partner at TDJ Equity, in charge of corporate supervision. He also serves on the supervisory boards of TDJ portfolio companies: FPM, Odlewnia Śrem, Pioma Odlewnia, Pemug, ZBM and PGO.

Adam Toborek

Member of the Supervisory Board

Adam Toborek completed the MBA programme at the Kozminski University in Warsaw. He also completed numerous management courses. From 2017 to the end of June 2021, he was responsible for the longwall systems segment and managed the Underground segment export sales at the FAMUR Group. Currently, as a managing partner at TDJ Equity, he is responsible for corporate supervision of the portfolio companies and for implementing the portfolio building strategy, including M&A processes.

Dorota Wyjadłowska

Independent Member of the Supervisory Board

Dorota Wyjadłowska graduated from the Cracow University of Economics majoring in Finance and completed postgraduate studies in financial and tax law at Warsaw School of Economics as well as in economic law at Cracow University of Economics. She also passed the state exam for a tax advisor and was entered in the list of tax advisors. Since 2001, she has been the owner of tax advisory firm Kancelaria Doradztwa Podatkowego Dorota Wyjadłowska. Ms Wyjadłowska has sat on FAMUR S.A.'s Supervisory Board since 2017.

Tomasz Kruk

Independent Member of the Supervisory Board

Mr Tomasz Kruk holds a Master's degree in economics from the Faculty of Management at Łazarski University of Warsaw (major: strategic management) and has studied risk management at Warsaw School of Economics (Postgraduate Studies in Risk Management at Financial Institutions). He is qualified in project management (having passed Prince2 Foundation Examination). In 2008, Mr Kruk became Certified Internal Auditor (CIA). He is a member of the International Compliance Association and the Institute of Internal Auditors. Mr Kruk has extensive experience in compliance audits,

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The Supervisory Board of FAMUR S.A. and its committees

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internal audits, special audits, advisory audits, litigation advice, risk management, as well as fraud and abuse risk management projects. He has sat on FAMUR S.A.'s Supervisory Board since 2018.

Dorota Wyjadłowska and Tomasz Kruk meet the statutory independence criteria for a member of the Company's Supervisory Board.

For a full description of positions held and functions performed by Members of the Supervisory Board, see Current Report No. 26/2021 of June 15th 2021 on nomination of candidates for Supervisory Board members and Current Report No. 30/2021 of June 22nd 2021 on reappointment of Management Board members for a new term. Current reports are available on FAMUR S.A.'s corporate website at www.famur.com/en/reports.

The appointed Supervisory Board members are not engaged in any activities competing with the Company's business and are not partners in any competing partnership under civil law or another

type of partnership, or members of the governing bodies of other companies. None of the persons specified above is entered in the Register of Insolvent Debtors maintained under the National Court Register Act.

Gender diversity on the Supervisory Board

Period	Share of women [%]	Share of men [%]
Dec 31 2021	16.67%	83.33%
Dec 31 2020	33.33%	66.67%

Description of the internal control system

The key features of the internal control and risk management systems used at the Company in the process of preparing financial statements are as follows:

- Transactions are carried out on the basis of general or specific authorisations by the management staff (depending on the importance of a document),
- Documents are checked, accepted and described by persons responsible both for the subject matter they relate to and for the accounting aspects,
- Each material transaction is duly reviewed by the legal department to ensure that it is properly accounted for in accordance with the accounting and tax laws,

- Control procedures put in place by the management staff are used, including:
 - Checking the correctness of accounting entries by responsible persons,
 - Control of computer programs and the IT environment by assigning care of the programs and the IT environment to IT specialists and firms,
 - Maintaining and reviewing subsidiary ledger accounts and statements of ledger transactions and account balances,
 - Approval and control of documents,
 - Comparing actual performance against targets and analysis of the results,

- All transactions and other events are promptly recorded in correct amounts, in appropriate accounts and in proper accounting periods so as to enable the preparation of financial statements in accordance with the adopted financial reporting policy,
- Access to assets and records is only possible with the management's authorisation,

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The Supervisory Board of FAMUR S.A. and its committees

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→ Assets disclosed in accounting records are compared against physical assets in line with the provisions of the accounting laws; appropriate measures are taken whenever any discrepancies are found,

- A uniform accounting policy has been developed for all the Group companies,
- The accounting policy is updated as needed so that it is always in line with the current accounting laws.

At the beginning of January 2019, an **Internal Audit Department** was established at the Company. In 2021, the Company did not establish any additional internal audit units, and all internal control, risk management and compliance functions were performed within the internal audit, corporate controlling and legal departments.

Audit Committee

The Audit Committee is an advisory and opinion giving body, acting collectively within the Supervisory Board and supporting the Supervisory Board, particularly with its recommendations, proposals, opinions and reports. Its responsibilities include monitoring of the effectiveness of the internal control and risk management systems as well as of the internal audit function, also with respect to financial reporting. Two Audit Committee members meet the independence criteria specified in Art. 129.3 of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017 (Dz.U. of 2017, item 1089, as amended). At least one member of the Audit Committee has knowledge of and skills in accounting or financial statements auditing and at least one member of the Audit Committee has knowledge and skills relevant for the industry in which the Company operates, or the individual members of the Audit Committee have knowledge and skills relevant for different aspects of that industry.

In 2021, the Audit Committee was composed of:

- Tomasz Kruk, Chairman of the Audit Committee, meeting the statutory independence criteria,
- Dorota Wyjadłowska, Audit Committee member meeting the statutory independence criteria,
- Jacek Leonkiewicz.

Members of the Supervisory Board and members of Supervisory Board Committees act on the basis of the Commercial Companies Code, the Company's Articles of Association and the Rules of Procedure for the Supervisory Board, published on FAMUR S.A.'s website at www.famur.com/en/corporate-governance, and are required to comply with the corporate governance principles stipulated in Best Practice for WSE-Listed Companies, except where the Company has submitted a statement of non-compliance.

For details regarding education and professional experience of the appointees, see section **The Supervisory Board of FAMUR S.A. and its committees**.

Having analysed the practices and procedures set out in Art. 130.1.5-7 of the Act on Statutory Auditors, Audit Firms and Public Oversight, the Audit Committee adopted:

- A policy for the selection of an audit firm to perform audits,
- A procedure for audit firm selection,
- A policy for the provision of non-audit services by the audit firm, its affiliates and members of its network.

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Audit Committee

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At the beginning of January 2019, an Internal Audit Department was established at the Company.

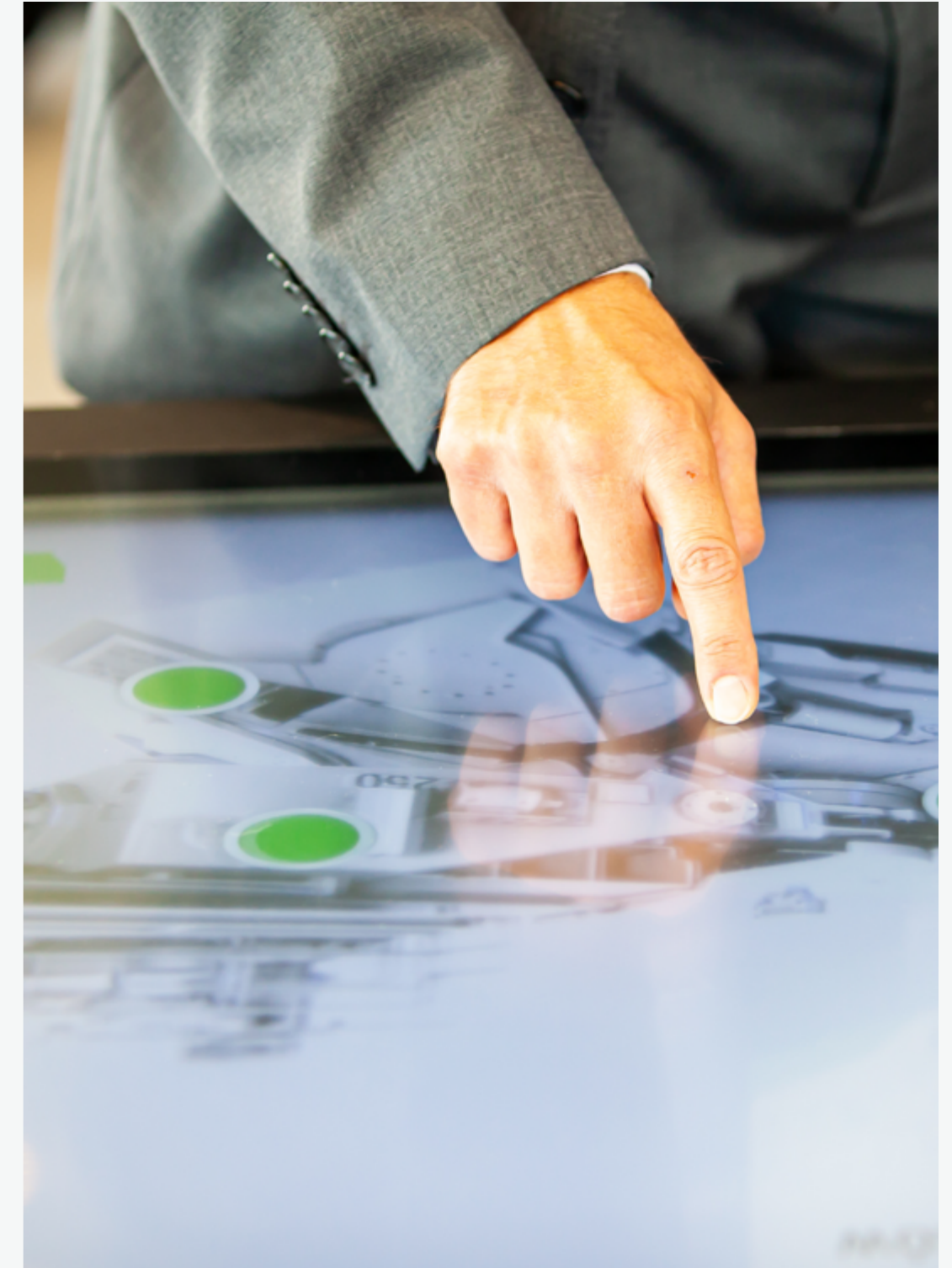
In 2021, the Company did not establish any additional internal audit units, and all internal control, risk management and compliance functions were performed within the internal audit, corporate controlling and legal departments.

Additional information on the Audit Committee

- No permitted non-audit services were provided to the Company by the audit firm auditing its financial statements, save for the review of its interim financial statements.
- Key assumptions of FAMUR S.A.'s policy for the selection of the audit firm to perform statutory audit of the Company's financial statements and of the policy for the provision of permitted non-audit services by the audit firm, its affiliates and members of its network.
- The internal regulations governing selection and rotation of the audit firm and the lead auditor have been introduced pursuant to the Act on Statutory Auditors and Their Self-Government, Entities Qualified to Audit Financial Statements and Public Oversight of May 11th 2017 (Dz.U. of 2020, item 1415, as amended).

- The audit firm is selected in keeping with the principle of audit firm and lead auditor rotation so that the maximum duration of uninterrupted statutory audit engagements with an audit firm, any of its affiliates or members of its network operating in the territory of the European Union does not exceed five years, and that a lead auditor does not carry out statutory audits of the Company's financial statements for a period longer than five years (in which case the lead auditor may again carry out statutory audits of the Company's financial statements after at least three years from the end of the most recent statutory audit).
- The audit firm is selected by the Company's Supervisory Board after considering the Audit Committee's recommendation.

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Audit Committee

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- The audit firm is selected sufficiently in advance to enable it to take part in inventory taking of significant assets and a review of interim reports.
- When selecting the audit firm, the Audit Committee and the Supervisory Board must pay particular attention to ensuring independence of the audit firm and the auditor.
- The independence of the statutory auditor and the audit firm is verified and monitored at each stage of the selection procedure.
- The Supervisory Board, during the selection process, and the Audit Committee, when preparing its recommendation, apply in particular the following criteria: the auditor's confirmed impartiality and independence, price offered by the auditor, the audit firm's reputation and experience, its human resources and qualifications and experience of its personnel directly involved in the audit process, the ability to perform an audit within the time frame specified by the Company, and completeness of the service range.
- The provision of permitted non-audit services is allowed to the extent provided for in Art. 136.2 of the Act on Statutory Auditors, Audit Firms and Public Oversight.

- The provision of permitted non-audit services is only allowed to the extent they do not relate to the Company's tax policy, after a risk assessment has been performed and independence referred to in Art. 69–73 of the Act on Statutory Auditors, Audit Firms and Public Oversight has been ensured by the Audit Committee.
- An agreement for the provision of permitted non-audit services is signed on the initiative of the Company's Management Board, subject to the Audit Committee's approval.
- When entering into an agreement for the provision of permitted non-audit services, the Company's Management Board must pay particular attention to ensuring the auditor's and audit firm's independence.
- Permitted non-audit services are performed in compliance with the independence requirements laid down in relevant professional ethics policies and standards of performance of non-audit services.
- The Audit Committee's recommendation on the selection of the audit firm to audit the Company's and the FAMUR Group's financial statements met relevant requirements stipulated in the Polish Accounting Act of September 29th 1994 (Dz.U. of 2021, item 217, as amended), Regulation (EU) No. 537/2014 of the Eu-

ropean Parliament and of the Council of April 16th 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, and complied with the adopted policy on selecting the audit firm to perform statutory audits of the Company's financial statements. The recommendation was prepared following the completion of an audit firm selection procedure by FAMUR S.A..

Number of audit committee or supervisory board meetings or meetings held by any other supervisory or governing body, devoted to the performance of audit committee duties:

In 2021, Audit Committee meetings were held in the form of conference calls, and Audit Committee resolutions were voted on in writing. In 2021, the Audit Committee held three votes and its members took part in two conference calls.

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Audit Committee

The remuneration policy for Members of the Management Board and Supervisory Board of FAMUR S.A. was approved by the Annual General Meeting of the Company in Resolution No. 23 of June 29th 2020. The remuneration policy sets out the framework for awarding remuneration to members of the FAMUR S.A. Management Board and Supervisory Board. It forms part of the Company's governance that relies on a corporate culture consisting of a transparent organisational structure, ethical values, personnel competencies and skills, powers and responsibilities, information channels, controls, and a risk management system. The full text of the remuneration policy is available on FAMUR S.A.'s website at www.famur.com/en/general-shareholders-meeting

All remuneration paid to Management Board and Supervisory Board members is subject to compliance with the Company's remuneration policy.

For details on remuneration of members of the Management Board and Supervisory Board, see Note 51 to the consolidated financial statements of the FAMUR Group for 2021.

Members of FAMUR S.A.'s Management Board are not employed under contracts of employment. They receive remuneration in amounts determined by way of a Supervisory Board resolution. In 2021, FAMUR S.A. did not enter into any non-competition agreements with the Management Board members. The Company's remuneration policy for Management and Supervisory Board Members provides that if a Management Board Member is removed during their term of office or if they resign or are not re-appointed for another term of office, such Management Board Member has the right to receive a severance pay in the following amounts: in the case of the President of the Management Board – from three to six times their fixed gross monthly remuneration, depending on the Supervisory Board's decision, and in the case of other Management Board members – from one to three times their fixed gross monthly remuneration, depending on the Supervisory Board's decision. The Company does not have in place any employee stock option scheme.

On August 17th 2021, the Extraordinary General Meeting of FAMUR S.A. (EGM) passed Resolution No. 4 to approve the Report on Remuneration of FAMUR S.A. Supervisory Board and Management Board Members for 2020. The EGM resolutions, including the appendices thereto, are available on the Company's corporate website at www.famur.com/en/general-shareholders-meeting.



FAMUR S.A. Management Board

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Composition of the Management Board as at December 31st 2021 and the issue date of the Integrated Report



Mirosław Bendzera

President of the Management Board

Responsible for the FAMUR Group's strategy and development. Since 2009, he has served on the management boards of companies related to TDJ. He was appointed President of the FAMUR S.A. Management Board in October 2014.



Beata Zawiszowska

Vice President, Chief Financial Officer

Beata Zawiszowska is responsible for coordinating finance and accounting at the FAMUR Group. Since 1998, she has served on the management boards of TDJ's related companies. She has been a member of the FAMUR S.A.

Management Board since the Group's inception in 2002. She is responsible for ensuring compliance of new Group companies with International Accounting Standards and for raising financing.



Dawid Gruszczyk

Vice President of the Management Board, Sales

In charge of the FAMUR Group's domestic and export sales, Mr Gruszczyk has served on the FAMUR S.A. Management Board since January 2016.



Tomasz Jakubowski

Vice President, Chief Operating Officer, Underground segment

At the FAMUR Group, Mr Jakubowski is responsible for operational management. During his professional career he has held managerial positions and served as management board member at many TDJ companies. In 2003–2010, he was President and Vice President of the FAMUR S.A. Management Board. Reappointed to the Management Board in 2018.



Ireneusz Kazimierski

Vice President, Business Development

At the FAMUR Group, he is responsible for providing support to the Management Board, sales and R&D, liaising with existing and prospective customers, driving growth in new and existing markets, supporting product development, and building strategic partnerships. He has served on the FAMUR S.A. Management Board since November 2019.

Changes in the Management Board composition in 2021

On June 14th 2021, Adam Toborek tendered his resignation as Vice President of the Management Board, Underground Export Sales, with effect from the end of day on June 21st 2021 (see *Current Report No. 25/2021 of June 14th 2021*). The resignation resulted from Mr Toborek having been assigned a role within the TDJ Group.

On July 16th 2021, the Supervisory Board resolved to change the Management Board position held by Dawid Gruszczyk from Vice President of the Management Board, Underground Sales, to Vice President of the Management Board, Sales.

FAMUR S.A. Management Board

GRI 405-1 GRI 102-18

Diversity policy

The FAMUR Group has in place a diversity policy requiring the Group companies to:

- Prevent any discrimination based on gender, racial, national or ethnic origin, religion or religious denomination, philosophy of life, degree or type of disability, health, age, psychosexual orientation or gender identity, family status, lifestyle or any other possible discriminatory grounds (policy of equal treatment);

- Manage diversity by developing strategies, policies and programmes that help create a work environment in which each employee can feel appreciated, contributing to the success of the entire FAMUR Group.

Furthermore, the diversity policy assumes that in electing members to the Group companies' governing bodies and their key managers, the FAMUR Group seeks to ensure diversity, especially in terms of gender, educational background, age, and professional experience. High qualifications and professional preparation to perform a given function are the key factors in determining whether a person may take up a particular position.

Composition of FAMUR S.A. Management Board by diversity criteria

Company	criteria	at end of 2021		at end of 2020	
		% of persons meeting the criterion	Number of persons	% of persons meeting the criterion	Number of persons
FAMUR S.A. Management Board	women	20%	1	17%	1
	men	80%	4	83%	5
	age 30-50	60%	3	50%	3
	age > 50	40%	2	50%	3





Social capital and employees

Mission, vision and values

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Employment matters

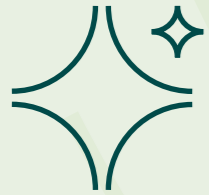
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Social matters

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Mission, vision and values

Our values



Faith

- We believe our shared vision can be accomplished
- We are true to our system of values
- We focus on the future
- We believe that investing in education and development is the most valuable contribution to society



Cooperation

- We are a close-knit team of people who trust one another
- We listen to and learn from others, making sure all voices are heard in a discussion
- Once a decision is made, we work together towards the goal
- We are happy about achievements of our people, promoting them within the organisation



Reliability

- We always deliver on our promises
- We are reliable and honest
- We play fair
- We fulfil our obligations



Responsibility

- We make bold, well thought-out decisions
- We take responsibility for our and our team's decisions and actions
- We take the initiative
- We always act in the best interests of our company



Openness

- We are loyal to one another and we communicate openly and honestly
- We respect diversity of views and opinions
- We are open to change and innovation
- We talk about and learn from our mistakes

Mission, vision and values

GRI102-17

GRI103-2

GRI103-3

GRI205-2

Ethics

The FAMUR Group and TDJ jointly developed a new system of values to be followed in their daily work in order to consistently deliver their objectives. Further work is now required to improve the corporate culture and to implement the adopted values across the complex organisational structure. Improved communication, including the ability to openly and honestly discuss difficulties and to draw constructive conclusions, will be an essential part of these efforts.

In addition to the adopted new system of values, in 2020 the organisation developed a **Code of Ethics** to be followed by all employees and implemented an ethical education system facilitating the promotion of acceptable standards of conduct. Also, a code of conduct for suppliers was adopted in April 2020. The full text of the Code of Ethics is available on FAMUR S.A.'s website.

In 2021, as part of communication, implementation and training on procedures and anti-corruption policies, two workshops for Company employees and additional e-learning sessions were held at FAMUR S.A.

Matters related to counteracting corruption

The risk of corruption relates to all FAMUR Group companies and branches, especially those that directly cooperate with customers or suppliers, as well as the technical departments which search for solutions and suppliers on their own. To counteract this, the FAMUR Group companies are obliged to observe the comprehensive Anti-Corruption Rights Policy in their operations. Compliance with the Policy is monitored.

In addition, those matters are regulated by due diligence procedures adopted by FAMUR, such as the Supplier Selection Procedure and the Rules of Cooperation with Suppliers and Trading Partners. The full text of the Anti-Corruption Policy in place at the FAMUR Group is available in the home section of FAMUR S.A.'s website at www.famur.com and in section Investor Relations: Corporate governance:

www.famur.com/en/corporate-governance (materials to download). In 2021, there were no confirmed incidents of corruption at FAMUR Group companies covered by non-financial reporting.

The Anti-Corruption Code is available on FAMUR S.A.'s website: **Anti-Corruption Code**.

Incidents may be reported directly to the line manager, legal staff, a Management Board member or by email: famur@famur.com

Trade secret

In November 2021, FAMUR S.A. introduced the Trade Secret regime. The main objective was to secure the execution of important processes by the organisation, ensure business continuity and minimise financial losses. The establishment of the Trade Secret regime is also intended to increase the organisation's ability to protect itself against loss of reputation, loss of control over intellectual property, or loss of customers' and partners' trust.

As part of the Trade Secret regime, FAMUR implemented a Trade Secret Protection Policy and Procedures for Classifying Information and Managing Trade Secret Security Risk.

Following the implementation of the Trade Secret regime, each employee was obliged to read the Trade Secret List and sign a Confidentiality Statement. As part of their induction process, all new employees receive the Trade Secret List and sign the Confidentiality Statement.

In December 2021, a series of training sessions were held for employees to sum up the project of establishing the Trade Secret regime at FAMUR S.A..

Employment matters

GRI103-2 GRI103-3 GRI102-41 GRI401-2

HR policy

The HR policy in place at the FAMUR Group sets out **four main strategic goals**:

- Ensure safe working conditions
- Develop employee competencies
- Maintain a stable team of qualified staff
- Ensure that the FAMUR Group and its companies are perceived as good employers.

In accordance with the adopted policy, the criteria to be taken into account when hiring a new employee are their appropriate skills and experience and the candidate's readiness to respect the rules applicable at the Group.

The FAMUR Group also aims to provide its employees with safe working standards and fair terms of employment, reflecting the employee's qualifications and the company's business standing. Moreover, the Group adheres to the principle that employees should be fairly and adequately remunerated considering the work they actually perform, irrespective of their position.

At FAMUR Group companies, part-time employees are entitled to **the same benefits as full-time staff**. Employees are eligible for the benefits provided for in the labour law, as well as additional benefits, e.g., those available under the Company Social Benefits Fund or in accordance with the collective bargaining agreement in force at a given Group company, regardless of what part of an FTE their contract provides for. Depending on the company, employee category, and the terms and conditions set out in individual collective bargaining agreements, additional benefits include, for instance, group life insurance, partial funding of commuting expenses, additional disability and old-age retirement severance payments, length-of-service awards or Miner's Day benefits. At FAMUR, employees have the option to use private medical care on a co-funded basis, with a part of the cost covered by the employer.

Collective bargaining agreements

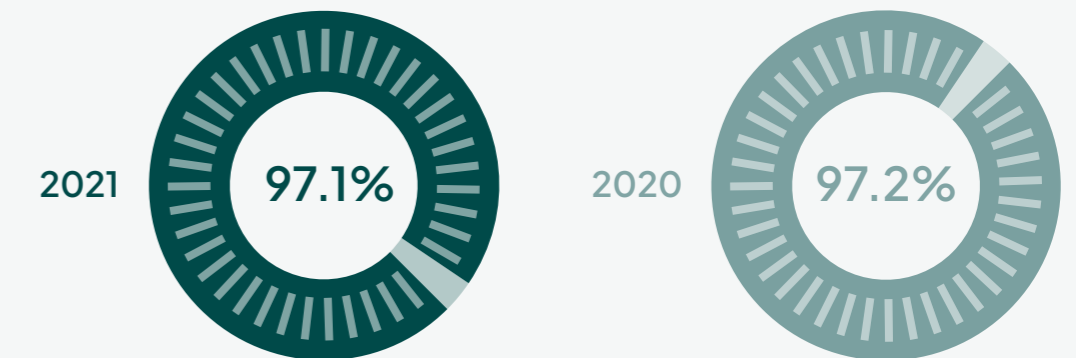
FAMUR S.A. is a multi-branch organisation where each of the branches is a separate employer applying its own collective bargaining agreement or remuneration rules. In accordance with Art. 231 of the Labour Code, in the event of a business combination the new employer takes over employees together with their collective bargaining agreement.

The FAMUR Group cares for all staff, and requires its service providers to ensure appropriate working conditions for their employ-

ees. Harassment and discrimination, in any form, are unacceptable. Managers are required to build and maintain a sense of mutual trust and atmosphere of dialogue within their teams and in the business environment.

Most of the Group companies have in place documented internal policies on training and facilitating effective team management. These documents also define training requirements and set development priorities.

Percentage of employees covered by collective bargaining agreements FAMUR S.A.



Employment matters

GRI 407-1 GRI 408-1 GRI 409-1

The FAMUR Group does not in any way restrict the employees' freedom of association or their right to form unions and associations under the local law. It is also engaged in dialogue with the trade unions operating within the Group companies. Regular meetings are held with trade union representatives, who also sit on the Company Social Benefits Fund committees.

Each employee may join a company trade union organisation, and no activities restricting this freedom were reported in 2021.

The FAMUR Group seeks to create a stable team of qualified employees by such means as building relationships with potential candidates, cooperating with technical and vocational schools

and universities, and offering apprenticeships and work placements for secondary school and university students at the Group's companies and branches. Representatives of the Group take part in educational fairs and scientific industry conferences, presenting work at the FAMUR Group to potential candidates.

Human rights policy

The FAMUR Group's Human Rights Policy has been formulated on the basis of the Universal Declaration of Human Rights (1948), International Bill of Rights, United Nations Guidelines on Business and Human Rights, and the United Nations Global Compact initiative.

The Policy defines the rules of activities and conduct relating to human rights at the FAMUR Group, including in the supply chain and in relations with stakeholders.

The Group understands respecting human rights as refraining from violating the rights of others, active prevention of any such violations, and taking remedial measures should any of the Group companies directly or indirectly contribute to any such violation.

The FAMUR Group pledges to respect the human rights of its employees and to continuously raise their awareness of the human

rights they have. The Group respects and promotes human rights in relations with its trading partners. It seeks to respect human rights and to understand the needs, customs and values of the local communities where it directly or indirectly conducts its operations.

The matters covered by the FAMUR Group's Human Rights Policy include:

- Occupational health and safety
- Ensuring freedom of expression
- Prevention of child labour
- Elimination of exploitation
- Observance of terms and conditions of employment

- Prevention of discrimination
- Protection of personal data

With regard to the last matter, that is protection of personal data, in 2018 the Group companies were legally required to take measures to ensure that the provisions of the General Data Protection Regulation (GDPR) are complied with in their relations with current and former employees, their families, as well as job applicants and external partners. These matters are treated not only as a legal requirement, but also as part of a broader commitment to respecting privacy, which is a human right.

1. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

Employment matters

GRI 408-1 GRI 409-1

Human rights policy

In accordance with the requirements of the Human Rights Policy adopted at the Group, compliance with its terms is monitored by FAMUR S.A..

In 2021, there were no confirmed cases of human rights violation at the Group companies covered by non-financial reporting, including no cases of child labour or practices involving the risk of forced or compulsory labour.

On May 25th 2018, the FAMUR Group implemented a **Personal Data Protection Policy**, along with the necessary physical and ICT security procedures and instructions as well as compliance and organisational solutions. The Policy applies to all personal data processed by the FAMUR Group. The documents are updated on an ongoing basis to comply with personal data protection rules and regulations. The method of securing personal data processed in IT systems and otherwise recorded on data carriers, including on paper and electronic data carriers, as well as the tools used for this purpose were selected following a risk analysis.

The obligation to protect personal data processed at the FAMUR Group and to comply with the Personal Data Protection Policy applies to anyone with access to personal data processed at the FAMUR Group, irrespective of their position, place of work, or the nature of their employment relationship.

Anyone with access to personal data processes it solely under an authorisation granted to them to process such data.

As part of their induction process, all new hires receive a *Personal Data Protection in a Nutshell* brochure and excerpts from the personal data protection regulations in place at FAMUR S.A..

The Company keeps records required by the GDPR, including a record of processing activities, a record of categories of processing activities, a record of personal data breaches and, optionally, a record of personal data processing agreements, a record of persons authorised to process personal data, and a record of consents to use a person's image.

Moreover, in order to raise employees' awareness regular training on personal data protection is provided, supported by interesting presentations disseminated via internal communication channels. A Data Protection Officer has been appointed at FAMUR and notified to the President of the Office for Personal Data Protection. The Data Protection Officer is responsible for monitoring compliance with the GDPR and the due diligence procedures adopted in this area.

The Data Protection Officer unit comprises the Data Protection Officer and the Personal Data Protection Coordinator. The Data Protection Officer at FAMUR S.A. also serves in the same capacity at Famur Institute Sp. z o.o., Śląskie Towarzystwo Wiertnicze DAL-BIS Sp. z o.o., Elgór + Hansen S.A., PRIMETECH S.A., and DE ESTATE

Sp. z o.o., which have appointed their Personal Data Protection Coordinators to cooperate directly with the DPO. One of the main responsibilities of the Data Protection Officer is to collaborate with and act for the Data Controller.

The activities of the Data Protection Officer included another review of risks involved in the protection of personal data processed by the FAMUR Group, carried out from December 2021 to January 2022 as part of the personal data protection risk management process. The risk review reports and the risk management plans were submitted and approved by the Management Boards of the respective Group companies. Data protection impact assessment (DPIA) and a risk analysis are carried out whenever new processes and IT tools are implemented.

In 2021, FAMUR S.A. organised several training sessions on personal data protection across its units, including:

→ **January 2021** – "Personal data breaches: what the controller pays for" – e-learning training for employees with access to a computer.

↳ continued on the next page

Employment matters

GRI 408-1

GRI 409-1

GRI 401-2

Human rights policy

↳ continued from the previous page

- **March 2021** – "All you need to know about personal data breaches" – workshops for HR employees.
- **March, May 2021** – "Personal data breach" – e-learning training using the Webex platform.
- **May 2021** – "Ensure security – report incidents" – e-learning training for employees with access to a computer.
- **May 2021** – Handling incidents in practice and a case study – workshops for TDJ Group and FAMUR Group employees.
- **June 2021** – "Locking computers" – e-learning training for employees with access to a computer.
- **August 2021** – "Standard contractual clauses" – workshops for management staff responsible for concluding personal data processing agreements.
- **August 2021** – Handling incidents in practice and a case study – workshops for employees of FAMUR S.A. export department.
- **January – December 2021** – induction training for new hires.

→ **January – December 2021** – information activities – disseminating articles published by the Personal Data Protection Office that affect the everyday security of personal data; editing the *Information Security* section, where one can find the current personal data protection documents, disclosure requirements that the Data Controller is obliged to meet, GDPR – questions.

In 2021, 14 personal data security incidents were reported at the FAMUR Group. Following a risk analysis, two incidents were classified as personal data breaches and reported to the President of the Personal Data Protection Office.

Proceedings in the case have been closed. In addition, the breaches were notified to the data subjects.

Corrective and preventive measures are taken on an ongoing basis to address the reported personal data protection incidents.

Each year, personal data processing compliance audits are carried out as part of the monitoring of compliance with the GDPR and the safeguards in place.

19

completed personal data processing compliance audits

In 2021, 19 audits were carried out at the FAMUR Group.

Employment matters

Key indicators on employment, diversity, working conditions, and occupational health and safety

FAMUR Group workforce		as at Dec 31 2021		as at Dec 31 2020	
Company	Type of employment	women	men	women	men
FAMUR S.A.	employment contract	185	1,447	233	1,769
	of which open-ended employment contracts	174	1,337	217	1,575
ELGÓR + HANSEN S.A.	employment contract	43	174	39	187
	of which open-ended employment contracts	36	157	31	141
ŚWT DALBIS sp. z o.o.	employment contract	4	68	4	72
	of which open-ended employment contracts	4	63	4	59



FAMUR S.A. service centre in Katowice

Best employee relationship practices

Training and education

Seeking to create a value-based community of employees and to ensure their continuous professional advancement and improvement of skills, the FAMUR Group provides:

→ **Specialist training** – as its industry requires specialist skills, the Group helps its employees to acquire them through, for instance, internal and external training courses and session;

→ **Partial funding of university studies** – the employees may apply for and receive partial funding of bachelor’s, engineering, master’s, postgraduate and MBA programme tuition fees;

→ **Skills development programmes** – employees are offered an opportunity to develop their professional and personal skills through participation in voluntary skills sharing initiatives, which are held on a regular basis. To facilitate their organisation, a dedicated Social and Civic Competence Building Studio was estab-

lished. It may be joined by those employees who wish to share their knowledge both inside and outside of the organisation;

→ **Kaizen projects and best practice.**

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Employment matters

Internal initiatives

↳ continued from the previous page

We develop modern technologies and focus on virtual reality



Following Industry 4.0 trends, FAMUR has been consistently developing training tools using virtual reality, remote diagnostics and service goggles technology to operate equipment used in various industries. To this end, the concept of creating an innovative SIGMA room (Service in Grid Monitoring Area) was developed and implemented. The concept is based on the use of modern technologies such as Virtual Reality (VR), webex, smart glasses and smart mining.

The SIGMA room allows users to collaborate online with customers, provides real-time analysis of machine parameters, and enables users to connect with an operator equipped with field service smart glasses and located anywhere in the world. For several months, the SIGMA room has been hosting training sessions, conferences and meetings with both Polish and foreign customers. Video material showing the operation of the SIGMA room is available at <https://youtu.be/ahYdcnFSZv0>

Today's technology opens up many possibilities. The solutions used in the SIGMA room enable us to meet with the service teams and customers from all over the world. We are one of the first companies in Poland offering products for industry to use smart grid tools in customer relations. This allows us not only to conduct quick on-line diagnostics, but also to support customers and service staff in solving problems – explains Grzegorz Marcinkowski, Head of the Central Service, FAMUR S.A. – By using virtual reality devices, we can conduct training safely and effectively. Using VR goggles in the SIGMA room, trainees can see 3D models of our equipment and learn how to maintain, operate and repair it.

Grzegorz Marcinkowski,
Head of Central Service Department,
Domestic and Export, FAMUR S.A.



Projects and best practice

New water dispensers were installed at FAMUR S.A. Katowice branches to optimise costs and encourage employees to drink running water.

I am proud to confirm that we were able to deploy new solutions in the office buildings, production floor and production facilities on the premises of FAMUR S.A. Katowice branches. The new dispensers allow us to reduce orders for water in PET bottles, because employees have constant access to filtered, running drinking water. This is the first step towards further changes in our workplace.

Katarzyna Kurzyca,
Procurement Contract Management Specialist at FAMUR S.A.

Employment matters

GRI404-1 GRI102-7 GRI401-1

Average hours of training received by FAMUR Group employees by gender and employee category

Company	Diversity criteria	average hours 2021	average hours 2020
FAMUR S.A.	women	7.40	1.46
	men	6.17	4.68
	blue-collar workers	3.71	3.74
	specialists	9.81	4.58
	managers	10.24	6.77
ELGÓR + HANSEN S.A.	women	8.88	7.18
	men	11.02	7.93
	white-collar workers	16.65	8.69
	blue-collar workers	5.98	6.65
ŚTW DALBIS Sp. z o.o.	women	8.00	-
	men	2.47	-
	white-collar workers	1.92	-
	blue-collar workers	66.21	-

FAMUR Group total headcount

Company	as at Dec 31 2021	as at Dec 31 2020
FAMUR S.A.	1,632	2,002
ELGÓR + HANSEN S.A.	217	226
ŚTW DALBIS Sp. z o.o.	72	76
total	1,921	2,304

New hires and employee turnover at the FAMUR Group

Company	Diversity criteria	number of new hires in 2021	number of new hires in 2020
FAMUR S.A.	age < 30	30	40
	age 30-50	50	43
	age > 50	30	9
	women	9	5
	men	101	87
	Silesia region	69	62
	Łódź region	5	4
Lesser Poland region	employee turnover	36	26
		29.17%	34.3%
ELGÓR + HANSEN S.A.	age < 30	1	3
	age 30-50	8	3
	age > 50	2	2
	women	5	2
	men	6	6
	employee turnover	9%	17%
ŚTW DALBIS Sp. z o.o.	age < 30	1	1
	age 30-50	1	3
	age > 50	2	-
	women	1	-
	men	3	4
employee turnover	10%	50%	

Employment matters

GRI102-8 GRI405-1

Percentage of FAMUR Group employees by employee category

Company	gender	Percentage of employees in the category 2021		Percentage of employees in the category 2020	
		White-collar workers	Blue-collar workers	White-collar workers	Blue-collar workers
FAMUR S.A.	women	21%	4%	22%	4%
	men	79%	96%	78%	96%
ŚTW DALBIS Sp. z o.o.	women	25%	13%	14%	2%
	men	75%	87%	86%	98%
ELGÓR + HANSEN S.A.	women	12%	2%	22%	11%
	men	88%	98%	78%	89%

Percentage of FAMUR Group employees by age

Company	age	Percentage of employees in the age group 2021		Percentage of employees in the age group 2020	
		White-collar workers	Blue-collar workers	White-collar workers	Blue-collar workers
FAMUR S.A.	< 30	13%	8%	11%	8%
	30-50	56%	39%	60%	41%
	> 50	31%	53%	29%	51%
ŚTW DALBIS Sp. z o.o.	< 30	12%	17%	9%	16%
	30-50	42%	33%	50%	54%
	> 50	46%	50%	41%	30%
ELGÓR + HANSEN S.A.	< 30	9%	9%	10%	12%
	30-50	74%	60%	74%	61%
	> 50	17%	31%	16%	27%

Occupational safety

One of the FAMUR Group's priority objectives is to maintain a high level of occupational safety for both its own employees and employees of subcontractors performing work for or on behalf of the Group, as well as for all visitors to its production plants. In addition to strict compliance with the law, additional non-mandatory measures are taken to prevent injuries, accidents at work and occupational diseases and to raise employees' OHS knowledge and awareness.

In 2018, the Group started to implement a lean culture, in which particular attention is paid to occupational safety, health and ergonomics through consistent improvement of processes related to OHS aspects.

Lean culture is about improving work organisation, eliminating waste, minimising inventory levels, constantly enhancing processes, and increasing efficiency. Guided by the principles of lean management, the FAMUR Group supports and rewards employees who, while being committed to safety at work, achieve the best results in terms of efficiency and work organisation.

Employment matters

Occupational safety

The FAMUR Group:

→ Implements best OHS practices, promoting safe behaviour (not only among its own personnel and contractors' staff, but also among, for instance, drivers of delivery vehicles on the premises of the Group's plants, or visiting guests);

- Develops corporate safety programmes and standards (including Lean Boards), encouraging its employees to constantly seek efficiency and improve everyday behaviour;
- Detects negative incidents, identifying the causes of actual or potential irregularities;

- Conducts behavioural audits, which involve employees watching each other to identify unsafe behaviours that may cause accidents, and takes action to prevent their recurrence. Each employee subject to such audit is provided with feedback;
- The objective of ensuring safe working conditions as part of the FAMUR Group's CSR efforts is pursued through constant efforts to reduce accident severity and frequency rates and to eliminate fatalities.



➤ Production floor at Armii Krajowej street, Katowice, Poland

Employment matters

GRI 403-2

Severity and frequency rates of accidents, injuries, occupational diseases, days lost, and total number of work-related fatalities at the FAMUR Group

Company		Jan-Dec 2021	Jan-Dec 2020
FAMUR S.A.	number of occupational diseases in former employees	4	5
	work-related fatalities	-	-
	accidents at work	21	32
	rate		
	Frequency	12	13
	Severity	82	42
ELGÓR + HANSEN S.A.	liczba occupational diseases in former employees	-	-
	work-related fatalities	-	-
	accidents at work	3	2
	rate		
	Frequency	14	8
	Severity	75	74
ŚTWDALBIS sp. z o.o.	number of occupational diseases in former employees	-	-
	work-related fatalities	-	-
	accidents at work	1	1
	rate		
	Frequency	14	13
	Severity	78	180

Accidents at work at the Group companies in 2021 led only to minor injuries. The causes of each accident are analysed to prevent similar events in the future. There were no fatal accidents at any of the companies covered by non-financial reporting.

The identified cases of occupational diseases relate to retired employees who, while on retirement, requested the former employer to deliver their professional career description for the purposes of an occupational exposure assessment.

Occupational diseases to which our employees are exposed are pneumoconiosis and hearing loss. In cooperation with specialist organisations, Group companies conduct working environment surveys to identify harmful and burdensome factors and analyse the causes of identified diseases. Organisational and technical measures are also being implemented to reduce employees' exposure to harmful factors, such as noise.

Employment matters

GRI 403-1 GRI 403-4

In accordance with legal requirements, each Group company with a workforce of more than 250 has established an OHS Committee, consisting of representatives of the employees acting as social labour inspectors and, if trade unions operate at a given company, trade union representatives.

Meetings of the OHS Committees at Group companies are also attended by managers of selected organisational units, managers of current projects, representatives of technical inspection authorities, and an occupational physician. At each Group company where an OHS Committee has been established, 100% of the employees are represented in the Committee. The Committee members' responsibilities include evaluation and submission of proposals to periodic OHS standard improvement plans adopted by Group companies, as well as review of follow-up recommendations of the National Labour Inspectorate.

Those companies which are not required to establish an OHS Committee appoint Social Labour Inspectors. Occupational safety matters are not separately regulated under collective bargaining agreements, except for matters such as employees' right to benefits, additional remuneration for night-time work, or accounting for overtime work.

Reference to material risks related to human resources management

Risk description	Risk mitigation measures	Risk exposure
1. Risk of occupational accidents	Due diligence procedures have been put in place across the FAMUR Group to support the "zero accident" policy.	Medium
2. Risk of workforce shortage	The FAMUR Group organises wide-ranging and effective multichannel recruitment processes, which include communicating its job offers on various platform. The Group also has in place employee substitution procedures to ensure uninterrupted information flow within and across organisational units. Group employees are also divided into task teams and deployed in different locations, as well as being provided with an option to work remotely (home office).	Medium

Social matters

GRI 408-1 GRI 409-1 GRI 102-12

The Extraordinary General Meeting of FAMUR S.A. held on January 18th 2021 adopted the FAMUR S.A. Charitable Giving Policy. FAMUR's image is built not only based on sound financial performance, but also based on openness to the needs of local communities and strong, trusting stakeholder relationships. The Charitable Giving Policy and corporate social responsibility play a vital role in our decision making and corporate culture. Our sponsorship efforts target mainly local community initiatives and the needs of organisations in our immediate environment. FAMUR's sponsorship activities also include initiatives aimed at promoting FAMUR and its business at conferences, trade fairs and other events held under its patronage.

The purpose of sponsorship efforts is to implement FAMUR's strategy by showcasing our operational and corporate strength.

The full text of the Charitable Giving Policy in place at FAMUR is available on the home page of FAMUR S.A.'s website www.famur.com and in the Investor Relations section: **Corporate governance** (materials to download).

As a socially responsible corporate citizen, in 2021 the FAMUR Group donated more than PLN 4m in cash to the Guardian Angels House and TDJ's Foundation for the Promotion of Education and Development to support their projects and activities as well as to the Municipality of Bytom for the construction of an access road to

a production floor (to eliminate nuisance caused by heavy goods vehicle traffic going through a nearby residential area).

The table below presents the amounts of FAMUR S.A.'s and the FAMUR Group's charitable donations.

Charitable donations (PLNm)

	12 months to Dec 31 2021	12 months to Dec 31 2020
FAMUR S.A.	4	6
FAMUR Group	4	6

Employee engagement in corporate social initiatives

Ranking among the largest employers in Poland, we are a partner to our local communities, particularly those living near our manufacturing plants. We want our success to drive the development of our external environment.

Community outreach initiatives

The best example of the FAMUR Group's community engagement is its participation in various campaigns and projects, including the Mining for Engagement, Social and Civic Competence Building Studio, Paint the World for Children and Kilometres of Good programmes, Christmas collections for aid organisations, and refugee support initiatives.

Project name	Beneficiary	Number of employees involved
Run for Angels	"Guardian Angels House" Youth Assistance Association	11
Poland Business Run	Poland Business Run Foundation	10
Ekomocni	Regional Childcare and Therapeutic Centre No. 1 and 2 in Gliwice	12
#SadziMy	Employees of FAMUR and its branches	20
Business League	Employees of FAMUR and its branches	10
"Books for Heroes" book collection	ARKA Foundation	+100
"Easter dECOorations" competition to design an eco-friendly Easter wreath	Children of employees of FAMUR and its branches	28
"Christmas like no other" competition do design a Christmas card	Children of employees of FAMUR and its branches	11
"Christmas Youth Empowering Aid" initiative	"Guardian Angels House" Youth Assistance Association	+100
League of Patrons of the Guardian Angels House	"Guardian Angels House" Youth Assistance Association	+100

Social matters

GRI102-12

Educational workshops

In September 2021, the FAMUR Group launched a series of environmental workshops at the Regional Childcare and Therapeutic Centre No. 1 and 2 in Gliwice. The purpose of the project was to foster environmentally-friendly attitudes and habits in everyday life. Three meetings were held, with each subsequent one enjoying fast growing interest both from participants and volunteers.



➤ "The second life of waste – introduction to zero waste and recycling" workshop

The first workshop was entitled "**The second life of waste – introduction to zero waste and recycling**". Volunteers from Famur and the subsidiary Elgór + Hansen S.A. discussed topics such as the basic rules of recycling, what happens to waste after it has been thrown away, how long it takes to decompose and what environmental impacts this has.

Children had the opportunity to give waste a second life and built marvellous musical instruments from a heap of waste: guitars made from tissue boxes and rubber bands, drums made from

plastic containers and plastic carrier bags, rattles from boxes and jars filled with bottle caps, and many others.

The topic of the second meeting, entitled "**Save the Insect – save the Environment**", was beneficial insects. Volunteers and children learnt about insects which are of paramount importance to the



➤ "Save the Insects – save the Environment" workshop

environment – one could find out, for instance, what green lacewings or ground beetles look like, and that each ladybird has seven spots. The usefulness of pollinators, such as ladybirds or bumblebees, was also highlighted. At the end of the workshop the children received brief instructions and, with the help of the volunteers, built insect hotels, which were then placed in the Childcare Centre's garden.

The last workshop, entitled "**The secret life of trees, or the great importance of trees and forests to our life**" was, as the title implies, devoted to trees and forests and – more precisely – to demonstrating the role individual species of trees and forests play in our life. The participants learnt, for instance, that the beech produces 7,000 litres of oxygen daily, or that many trees, such as the



➤ "The secret life of trees, or the great importance of trees and forests to our life" workshop

birch, have a beneficial effect on human health and may help reduce stress. During the workshops, children were also shown how to grow their own forest at home. 13 beautiful forests in a jar were created, which today decorate the windowsills at the Centre.

"**EKOMOCNI**" is a project completed thanks to a mini grant received from the Regional Volunteering Centre in Katowice and the Solidarity Corps, institutions that Barbara Stachańczyk, one of the volunteers involved in the initiative (and Head of FAMUR S.A. Organisational Development Department), collaborates with.

Social matters

GRI102-12

Participation in campaigns and events



➤ FAMUR S.A. employees during the 2nd Charity Run on the occasion of the Children's Day – Run for Angels!

For many years now, FAMUR has worked with the "**Guardian Angels House**" **Youth Assistance Association** by providing financial support (under the League of Patrons programme, which brings together socially responsible companies) directly to children and teenagers from underprivileged and economically disadvantaged former mining and steelworks communities in Silesia and the Upper Silesian Coal Basin, and by encouraging its employees to actively participate in campaigns and events at the Guardian Angels House.

To continue this tradition, the Company's representatives could not miss the **second Charity Run to celebrate the Children's Day "TAURON – Run for Angels!"**, which was held on May 30th in the Kościuszko Park in Katowice.

The participants included both professional and amateur runners, representatives of partners and sponsors of the Association, as well as families with children, making up more than 300 participants in total, including 17 representatives of FAMUR. Together, in the spirit of healthy sportsmanship (facilitated by an electronic



time measurement system), we ran a five-kilometre distance to help those under the care of the Guardian Angels House.

Monika Bajka,
Head of the "Guardian Angels House"
Youth Assistance Association

Social matters

GRI102-12

Participation in campaigns and events



Poland Business Run is the largest charitable business run whose purpose is to help fulfil the dreams of people after amputation. It is a relay competition, with each team consisting of five runners, each of whom is to cover a distance of 4 km. In 2021, the run was held for the 10th time, although as a secure virtual event due to the pandemic.

The initiative aims not only to support people with disabilities, but also to promote active lifestyle and integration between local communities and businesses. Thanks to the engagement of company teams, the Poland Business Run Foundation is able to finance the purchase of prostheses, orthopaedic equipment, rehabilitation and specialist consultations for the beneficiaries. The benefit for the companies is the opportunity to integrate their staff, promote healthy lifestyle and achieve important social objectives.

We are glad that FAMUR S.A. has joined more than 1,300 other "positively run" companies and corporations, which have been creating the special atmosphere of this extraordinary event since 2012. This shows that FAMUR employees understand the importance of cooperation and integration, especially in these times of limited personal contact.



FAMUR S.A. employees during Poland Business Run 2021 charity event

It is worth noting that FAMUR teams took the 185th and 1036th place among 4,653 classified teams. We can therefore say that FAMUR employees are not only physically active on an everyday basis, but also have an ambition and determination to compete when the opportunity arises.

We believe that the cooperation will continue over the coming years and FAMUR's running team will increase along with the amount of assistance we will provide as part of Poland Business Run in the future.

Kamil Bąbel,
Project Manager of the Poland Business Run Foundation

Collaboration with schools and universities



Students of the school under the Company's patronage and FAMUR employees

We are a company with a long history, which has employed successive generations of workers. This is why we strive to foster strong relationships with technical and vocational schools and universities providing education to our potential future workforce. We try to help them grow by offering professional development opportunities in the form of internship and work placement programmes run at the FAMUR Group. We take part in educational fairs and scientific trade conferences to showcase our achievements, and we support classes organised under our patronage.

Social matters

Active support and assistance

The FAMUR Group has been actively providing assistance for Ukraine

The Company is strongly committed to helping people arriving in Poland and supports the efforts of non-governmental organisations assisting those who stayed in Ukraine.



The company helps to transport the employees' family members. It intermediates in organising transport in Ukraine and, where possible, provides cars to carry families coming from Ukraine in Poland. The FAMUR Group employees also offer assistance in providing accommodation. The employees receive in their homes Ukrainian families, who are offered comprehensive assistance.

Among the initiatives undertaken by one of the FAMUR Group companies, Elgór + Hansen S.A., is cooperation with the authorities of the town of Chorzów. In response to an appeal from the authorities of Chorzów's twin town of Ternopil, Ukraine, the authorities of Chorzów have organised a donation drive to collect the most needed items.



In collaboration with the *Mieszkańcy dla Katowic* Association, in its building situated at the Grabowa street in Katowice FAMUR made available space which representatives of aid organisations (other associations and foundations also participate in the project) have converted into as a charity shop where Ukrainians can find the most essential items, such as food, clothing, cosmetics, cleansing agents, dishes, animal feed, baby cribs and strollers.

A storage facility has been set up in a rented space to store any items that the families staying in Poland may need. Among the coordinators and volunteers are many FAMUR Group employees.

In the festive season, the Company provided food to the storage facility and purchased new footwear for the guests from Ukraine. Right after the outbreak of the war, a donation drive was organised among the Group employees. Some of the collected items were distributed to Ukrainians as they arrived in Poland, and some were sent to those who remained in Ukraine. With their needs in mind, sleeping bags and pads, food, water, electronics, medical supplies and medicines were collected. The items were transported directly to the areas in Ukraine most affected by the conflict, in cooperation with a logistics company. All these efforts were supported by a large number of local businesses and private individuals.

One of the Company's production branches, Glinik Gorlice, decided to support the employees from the Welles recruitment agency.

To this end, 15 beds, mattresses and bedding were purchased for the Ukrainian workers hired by that agency, and provided to their place of residence. The Glinik Branch located in Zabrze launched an initiative to help the Ukrainians on a long-term stay at the Guido hostel in Zabrze by organising a cash drive among employees and donating new household equipment to the hostel host to create more comfortable conditions for the families

Social matters

Matters related to respecting human rights

As part of its efforts to put its human rights policy into action, FAMUR S.A. regularly educates its employees, raising their human rights awareness. In line with the principles of sustainable development upheld by FAMUR S.A., a short series of training sessions and workshops on protecting human rights, counteracting workplace bullying and corruption and on environmental issues was launched in 2020 and continued during the reporting year. Over the several months of the programme, FAMUR S.A. employees were provided with information and training materials in various forms (such as online presentations, brochures, articles in the Fama magazine, etc.) devoted to particular topics, along with information on how the organisation is dealing with that aspect of its activities, what actions it has taken or intends to take and why. FAMUR S.A. focuses on building the awareness among its employees that each of them can contribute to strengthening the fundamental human rights both within and outside of the organisation.

In 2021, there were no confirmed incidents of discrimination at FAMUR Group companies covered by non-financial reporting. The FAMUR Group's Human Rights Policy has been formulated on the basis of the Universal Declaration of Human Rights (1948), International Bill of Rights, United Nations Guidelines on Business and Human Rights, and the United Nations Global Compact initiative.

The Policy defines the rules of activities and conduct relating to human rights at the FAMUR Group, including in the supply chain and in relations with stakeholders. The Group understands respecting human rights as refraining from violating the rights of others, active prevention of any such violations, and taking remedial measures should any of the Group companies directly or indirectly contribute to any such violation. The FAMUR Group pledges to respect the human rights of its employees and to continuously raise their awareness of the human rights they have. The Group respects and promotes human rights in relations with its trading partners. It seeks to respect human rights and to understand the needs, customs and values of the local communities where it directly or indirectly conducts its operations.

The matters covered by the FAMUR Group's Human Rights Policy include:

- Occupational health and safety
- Freedom of expression
- Preventing child labour
- Eliminating exploitation
- Observing the terms and conditions of employment
- Preventing discrimination and
- Protecting personal data



➤ Projekt Solartechnik Biały Bór solar PV farm

The environment and climate

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Environmental policy

GRI103-2

GRI103-3

GRI102-17

FAMUR Group and the environment

In 2018, the FAMUR Group developed and implemented an Environmental Policy. In order to properly manage environmental matters, some of the FAMUR Group subsidiaries have implemented Integrated Management Systems, which include an Integrated Management System Policy (specific to the individual companies) as their integral parts.

All the FAMUR Group companies have in place internal regulations designed to ensure top quality and safety of their products and services. They also seek to minimise, wherever possible, the environmental impact of their operations.

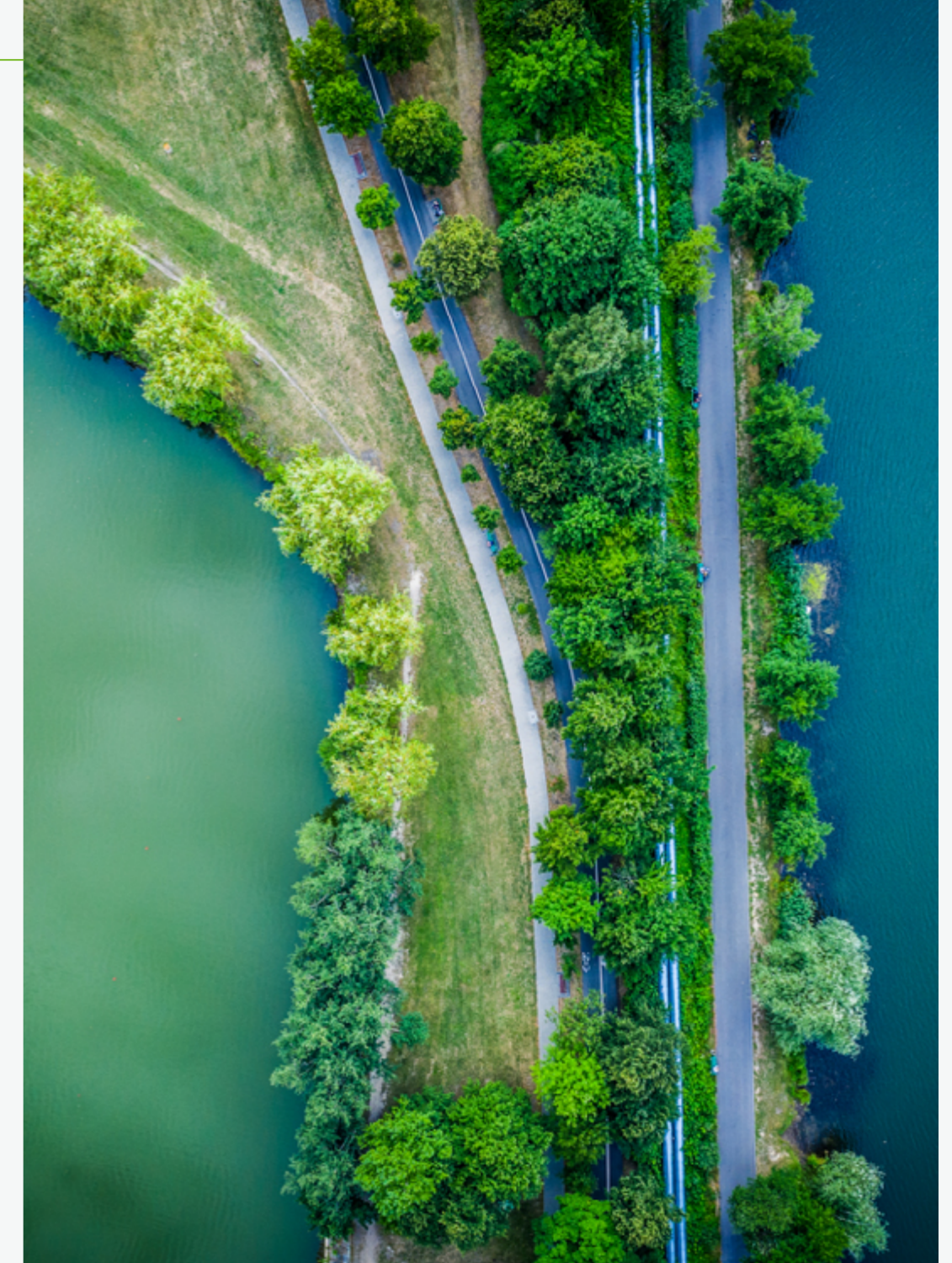
The management boards of individual Group companies, their managers and employees are committed to developing environmental protection initiatives so that quality improvements of products and services are inextricably connected with efforts towards reducing their environmental impact, including by preventing contamination, thus taking into account the social and economic needs of the local community.

Environmental initiatives of the FAMUR Group

We monitor our major environmental impacts by:

→ Promoting eco-friendly attitudes and environmental awareness: We engage in initiatives to increase environmental awareness and promote eco-friendly attitudes among our employees, business partners as well as children and youth from local educational institutions.

- We are determined to reduce paper consumption through electronic workflow.
- Minimising waste: Focus on proper waste management, waste reduction measures and recycling.
- Enhancing rational use of raw materials in the supply chain: We implement procurement plans through efficient and well thought-out resource management.



Environmental policy

Environmental and climate impact

With regard to climate change issues and the new European Commission Guidelines on non-financial reporting of climate-related information (2019/C 209/01), the FAMUR Group focuses on the analysis of non-binding guidelines which began in late 2019 and early 2020. We expect that the analysis will proceed from planning to implementation in subsequent reporting years so that FAMUR S.A. is able to present progress in the implementation of the guidelines in its future non-financial reports.

The FAMUR Group is aware of the impact of its operations on rapidly changing climate and of the impact of climate on its own operations observed in the following areas:

- fuel and energy consumption and related greenhouse gas emissions from operating activities,
- greenhouse gas emissions from manufacturing activities,
- waste management (supply chain).

In order to mitigate environmental risks, the FAMUR Group companies are obliged to observe the Comprehensive Environmental Policy in their operations. Compliance with the Policy is monitored, and the Policy itself undergoes periodic reviews. The effectiveness of those measures is confirmed by the fact that in 2021 no significant sanctions for non-compliance with environmental laws and regulations were imposed on the FAMUR Group companies covered by non-financial reporting on environmental protection.

Mitigation of environmental and climate impacts

In its Environmental Policy, the FAMUR Group has declared that it continuously mitigates the impact of its operations on the environment through:

- Rational waste management, including waste reclamation and recycling
- Introducing changes to the applied environmentally friendly technologies
- Rational management of energy and water
- Efficient management of hazardous substances and reduction of emissions of substances harmful to the environment



Environmental policy

GRI 307-1 GRI 102-11

Steps taken to achieve the FAMUR Group’s objectives:

- Rational use of utilities
- Improving waste management
- Rational management of packaging
- Use of recyclable materials
- Optimising the use of raw materials
- Implementation of innovative solutions in the manufactured equipment
- Analysing, on a case-by-case basis, whether the applicable environmental protection standards and requirements are met whenever new machinery and equipment are purchased and solutions are selected for use, as well as during the operation of the existing units and facilities
- Building lean culture aimed at raising employees’ awareness of the need to reduce the environmental impact of operations, implementing tools and methods to improve the efficiency of production processes and making the necessary improvements

Non-compliance with laws and regulations



In 2021, the company was not subject to any significant fines or non-financial penalties for non-compliance with environmental laws and regulations.

By effectively monitoring all the environmental aspects, the Group companies are able to control their environmental footprint and take, if required, immediate steps to reduce the risk of adverse events. The Group companies operate in compliance with the applicable environmental protection requirements and based on valid sectoral permits (including permits for waste generation, permits for gas and dust emissions, and water permits), fulfilling its reporting obligations stipulated in the environmental laws in a timely manner.

Our precautionary principle

An important aspect of the organisation’s approach to ensuring appropriate environmental standards in its value chain is the inclusion of environmental criteria in supplier evaluation procedures. Each supplier of goods and services that represent at least 0.1% of the value of total annual supplies is subject to periodic evaluation and qualification. This applies in particular to suppliers of raw materials, utilities and other materials, parts for resale, transport services and production services.

The evaluation takes into account environmental criteria such as:

- Having a certified **Environmental Management System in place;**
- Use of environmentally friendly solutions, e.g., **green energy sources, biofuels in means of transport, eco-labelled products;**
- Application of internal **environmental policies and instructions.**

Key environmental performance indicators

GRI 301-1

GRI 302-1

GRI 303-1

GRI 306-2

Consumption of utilities, volumes of emissions and waste generated at the FAMUR Group*

Total for 12 months

Indicator	Unit	2021	2020
Electricity	[MWh]	13,419	19,089
Heat	[GJ]	37,486	297
Water withdrawal	[m ³]	29,337	49,666
Gasoline	[Mg]	58	37
Diesel oil	[Mg]	413	243
Industrial post-installation waste	[Mg]	8,522	7,913
Municipal waste	[Mg]	215	446
Reclaimed waste	[Mg]	102	117
Packaging waste – recycled	[kg]	238,438	86,623

Wielkość zużycia, emisji i powstałych odpadów FAMUR S.A.

Total for 12 months

Indicator	Unit	2021	2020
Electricity	[MWh]	12,710	18,409
Heat	[GJ]	34,464	-
Water withdrawal	[m ³]	27,581	46,667
Gasoline	[Mg]	34	37
Diesel oil	[Mg]	141	124
Industrial post-installation waste	[Mg]	8,518	7,870
Municipal waste	[Mg]	179	415
Reclaimed waste	[Mg]	93	111
Packaging waste – recycled	[kg]	237,994	86,290

* The table presents non-financial consolidated data for FAMUR S.A. and those of its subsidiaries whose activities are relevant to the non-financial aspects of the Group's business, i.e., ELGÓR+HANSEN S.A. and ŚTW DALBIS Sp. z o.o.

Consumption of utilities, volumes of emissions and waste generated at ELGÓR + HANSEN S.A.

Total for 12 months

Indicator	Unit	2021	2020
Electricity	[MWh]	619	564
Heat	[GJ]	2,627	-
Water withdrawal	[m ³]	1,269	1,799
Gasoline	[Mg]	24	-
Diesel oil	[Mg]	7	-
Industrial post-installation waste	[Mg]	3	43
Municipal waste	[Mg]	24	24
Reclaimed waste	[Mg]	9	6
Packaging waste – recycled	[kg]	444	333

Consumption of utilities, volumes of emissions and waste generated at Śląskie Towarzystwo Wiertnicze DALBIS Sp. z o.o.

Total for 12 months

Indicator	Unit	2021	2020
Electricity	[MWh]	90	116
Heat	[GJ]	395	297
Water withdrawal	[m ³]	487	1,200
Gasoline	[Mg]	-	-
Diesel oil	[Mg]	264	119
Industrial post-installation waste	[Mg]	-	-
Municipal waste	[Mg]	12	7
Reclaimed waste	[Mg]	-	-
Packaging waste – recycled	[kg]	-	-

Key environmental performance indicators

GRI 305-1 GRI 305-2

Greenhouse gas emissions FAMUR Group*

Total for 12 months

Indicator	Unit	2021	2020
SCOPE 1 – process emissions			
CO ₂	[kg]	531,714	471,117
CH ₄	[kg]	-	-
N ₂ O	[kg]	-	-
HFC	[kg]	-	-
PFC	[kg]	-	-
SF ₆	[kg]	-	-
SCOPE 1 – mobile combustion			
CO ₂	[kg]	920,284	-
CH ₄	[kg]	-	-
N ₂ O	[kg]	-	-
HFC	[kg]	-	-
PFC	[kg]	-	-
SF ₆	[kg]	-	-
SCOPE 2			
Emissions from purchase of electricity	[MgCO ₂]	10,016	13,785
Emissions from purchase of heat	[MgCO ₂]	4,220	-

Greenhouse gas emissions FAMUR S.A.

Total for 12 months

Indicator	Unit	2021	2020
SCOPE 1 – process emissions			
CO ₂	[kg]	491,435	438,589
CH ₄	[kg]	-	-
N ₂ O	[kg]	-	-
HFC	[kg]	-	-
PFC	[kg]	-	-
SF ₆	[kg]	-	-
SCOPE 1 – mobile combustion			
CO ₂	[kg]	571,808	-
CH ₄	[kg]	-	-
N ₂ O	[kg]	-	-
HFC	[kg]	-	-
PFC	[kg]	-	-
SF ₆	[kg]	-	-
SCOPE 2			
Emissions from purchase of electricity	[MgCO ₂]	9,517	13,785
Emissions from purchase of heat	[MgCO ₂]	3,629	-

* The table presents non-financial consolidated data for FAMUR S.A. and those of its subsidiaries whose activities are relevant to the non-financial aspects of the Group's business, i.e., ELGÓR+HANSEN S.A. and ŚTW DALBIS Sp. z o.o.

Key environmental performance indicators

GRI 305-1 GRI 305-2

Greenhouse gas emissions ELGÓR + HANSEN S.A.

Total for 12 months

Indicator	Unit	2021	2020
SCOPE 1 – process emissions			
CO ₂	[kg]	40,248	32,479
CH ₄	[kg]	-	-
N ₂ O	[kg]	-	-
HFC	[kg]	-	-
PFC	[kg]	-	-
SF ₆	[kg]	-	-
SCOPE 1 – mobile combustion			
CO ₂	[kg]	84,106	-
CH ₄	[kg]	-	-
N ₂ O	[kg]	-	-
HFC	[kg]	-	-
PFC	[kg]	-	-
SF ₆	[kg]	-	-
SCOPE 2			
Emissions from purchased electricity	[MgCO ₂]	431	-
Emissions from purchased heat	[MgCO ₂]	549	-

Greenhouse gas emissions Śląskie Towarzystwo Wiertnicze DALBIS Sp. z o.o.

Total for 12 months

Indicator	Unit	2021	2020
SCOPE 1 – process emissions			
CO ₂	[kg]	30	49
CH ₄	[kg]	-	-
N ₂ O	[kg]	-	-
HFC	[kg]	-	-
PFC	[kg]	-	-
SF ₆	[kg]	-	-
SCOPE 1 – mobile combustion			
CO ₂	[kg]	264,370	-
CH ₄	[kg]	-	-
N ₂ O	[kg]	-	-
HFC	[kg]	-	-
PFC	[kg]	-	-
SF ₆	[kg]	-	-
SCOPE 2			
Emissions from purchased electricity	[MgCO ₂]	67	-
Emissions from purchased heat	[MgCO ₂]	42	-

Key opportunities and risks

GRI102-15



With regard to environmental management, the FAMUR Group has identified the following risks (significant direct aspects with a negative impact according to the Register of Environmental Aspects¹):

Risk description	Risk mitigation measures	Risk exposure	Risk description	Risk mitigation measures	Risk exposure
1. Risk related to production of hazardous office waste.	The FAMUR Group has introduced internal instructions for waste management. In addition, the Group meets all the conditions required to obtain a waste generation permit, and its employees receive training in proper waste management.	Medium	4. Risk associated with generation of hazardous waste during continuous plant operation processes.	The FAMUR Group has developed instructions for waste management and obtained a permit for waste generation.	Medium
2. Risk associated with generation of production waste (including hazardous waste).	The FAMUR Group has developed instructions for waste management and obtained a permit for waste generation.	Medium	5. Risk resulting from the need to adapt the Company's operations to the rapidly changing climate policy: Pursuant to the objectives of the Paris Agreement, the European Union intends to achieve climate neutrality by 2050.	The FAMUR Group keeps track of any changes in the EU climate policy and the related legal requirements.	Medium
3. Risk associated with air emissions of dust and oxides from production processes.	The FAMUR Group has obtained a permit to release gases and dusts into the air.	Medium			

1. FAMUR S.A.'s Register of Environmental Aspects as well as the Environmental Monitoring Plan and Environmental Aspects Assessment were updated in April 2018.

Participation in climate protection conferences

FAMUR at the European Economic Congress

Between April 25th and April 27th 2022, the European Economic Congress was held at the International Congress Centre in Katowice. We were a partner of the congress, which was held for the 14th time. We discussed climate protection policy and sustainable production.

On April 25th, the *Green Deal, Green Business* panel was held, with Mirosław Bendzera, President of the FAMUR S.A. Management Board, as one of the speakers. The discussion during the panel concerned mainly such topics as transition, standards and ESG strategies – the priorities and new business realities, as well as whether the current geopolitical situation will hinder or accelerate the transition.

34th EuroPOWER Energy Conference and 4th OZE POWER conference.

On November 17th and November 18th 2021, the EuroPOWER & OZE Power Conference was held in & Warsaw, under the following slogan: "Energy transition strategy and striving for carbon neutrality". The FAMUR Group was a partner of the event.

Leszek Juchniewicz, President of the Programme Board, opened the event, and the honorary guest of the conference was Anna Moskwa, the Minister of Climate and Environment. During the first day of the discussion panels, the speakers shared their views on such matters as "Energy transition strategy – towards carbon neutrality", "Polish energy mix until 2050", "Upgrade and expansion of distribution networks", and "Role of natural gas in transforming the electricity and heat production sector".



➤ Mirosław Bendzera, President of the FAMUR S.A. Management Board, during the European Economic Congress 2022

Mirosław Bendzera, President of the FAMUR S.A. Management Board, participated in the discussion panel "RES as a pillar of development and competitiveness of the Polish economy", during which, together with other speakers, it analysed renewable energy sources in the context of the development and competitiveness of the Polish economy. Other subjects raised during the discussion included the social and economic potential of RES, increased greenhouse gas reduction targets, use of hydrogen in power generation and transport, and development of large PV solar farms. The second, and the last, day of the conference was devoted to such matters as "The energy and economic potential of the Polish wind", "Is the Polish power sector ready for digital transition?", "Prospects for the development of hydrogen technologies", "Modern energy companies", "Community power – local – distributed" and "Systems and regionalisation of energy transition support".

The conference was attended by representatives of energy and fuel companies, CHP plants, network companies, public administration bodies and companies providing services to energy sector entities.

FAMUR at Idea-Business-Climate conference

On November 22nd 2021, the *Idea-Business-Climate* conference was held in Warsaw, organised by Bank Ochrony Środowiska. The aim of the conference was to spark a discussion on the role of business in climate change processes.

It was also an opportunity to exchange views based on the most recent IPCC report, which shows that climate change is taking place in line with the worst case scenarios drawn up by researchers in previous years.

The meeting was officially opened by Wojciech Hann, President of the Management Board of Bank Ochrony Środowiska S.A. (BOŚ S.A.). Emil Ślęzak, Chairman of the Supervisory Board of BOŚ S.A., was the next speaker to welcome the participants. Anna Moskwa, Minister of Climate and Environment, was the special guest. In her speech, the Minister discussed the concept of carbon neutrality as seen through the business perspective.

A speech was also delivered by Mirosław Bendzera, President of the FAMUR S.A. Management Board, who talked about diversification of operations and building competence in renewable energy sources.

The conference was also attended by: Mateusz Madejski from EN-GIE Zielona Energia sp. z o.o., Joanna Wis-Bielewicz from Ørsted, Bartosz Kubik from Ekoenergetyka Polska S.A., Sławomir Halbryt from Sescom S.A., and Paweł Wołęjsza from Polski Związek Firm Deweloperskich (Polish Association of Developers), who spoke on such subject as "Market forces as energy transition drivers" and "RES energy as protection against electricity price increase".

Taxonomy

In compliance with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18th 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 2020.198.13) and with Commission Delegated Regulation (EU) 2021/2139 of June 4th 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (Technical Screening Criteria), as well as with the other Commission delegated acts supplementing Regulation 2020/852 by clarifying the content of the required presentation of information on environmentally sustainable economic activities, FAMUR S.A. hereby presents the proportions of its Taxonomy-eligible and Taxonomy non-eligible economic activities as defined in the said regulations (hereinafter jointly referred to as the "Taxonomy") in its total turnover, capital expenditure and operating expenditure, as well as the required qualitative information.

Under the Taxonomy, in 2022 FAMUR S.A. is required to report key indicators for its economic activities in 2021 which contributed to two of the six environmental objectives, i.e., climate change mitigation and climate change adaptation.

Economic activities contributing to the other environmental objectives will be reported in subsequent periods, following the addition of those objectives to the Taxonomy.

FAMUR S.A.'s core business, that is the manufacture of mining machinery, is not included in either Annex I or Annex II to the Commission Delegated Regulation 2021/2139 defining the Technical Screening Criteria. The FAMUR Group is currently continuing to pursue its new strategic directions as announced in May 2021. These efforts may contribute positively to climate change mitigation and adaptation by helping to reduce carbon footprint in subsequent reporting periods. FAMUR S.A. applied the Technical Screening Criteria as defined in Annexes I and II to the Commission Delegated Regulation 2021/2139 to determinate the Taxonomy-eligible portion of its turnover, capital expenditure and operating expenditure. The reported indicators do not take into account the Company's economic activities which meet the Technical Screening Criteria but which in 2021 were negligible in terms of the amount of revenue, capital expenditure or operating expenditure associated therewith.

In order to ensure consistency, this Report presents the proportions of Taxonomy-eligible and Taxonomy non-eligible activities both on a consolidated basis – for the entire FAMUR Group, and on a separate basis – for FAMUR S.A. alone.



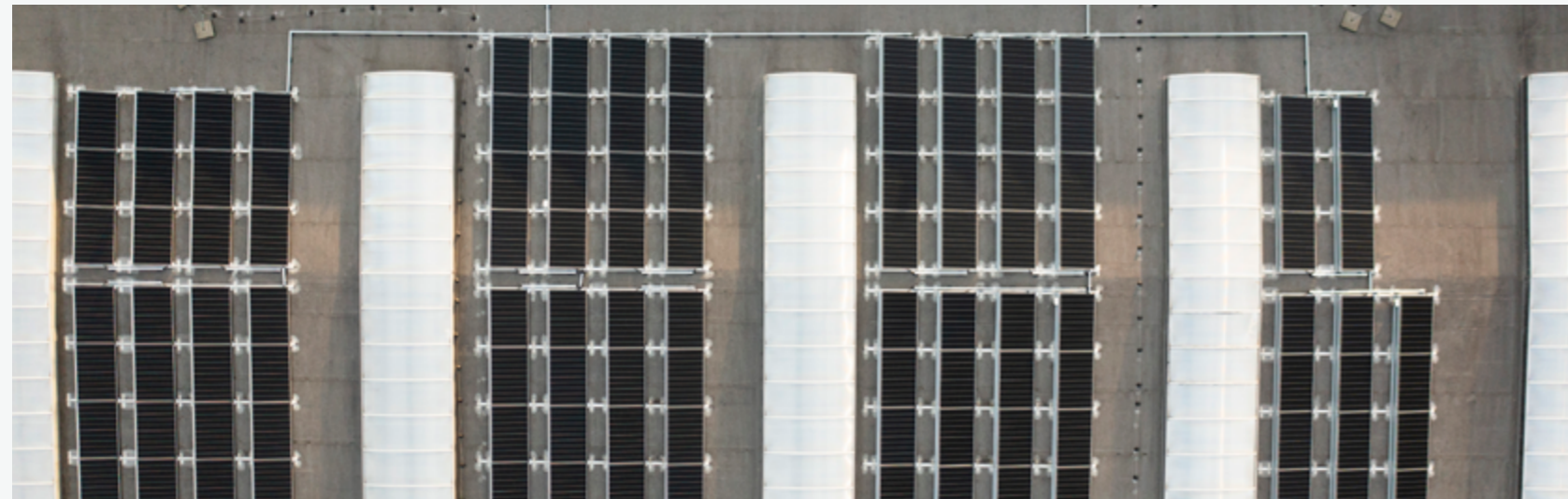
➤ PV modules on the building of FAMUR S.A. Mining, Katowice Branch

Taxonomy

FAMUR S.A.

Review of activities in relation to the first two environmental objectives

Environmental objective	Activities as defined in the Taxonomy	Activities as defined by FAMUR S.A.
Climate change mitigation	7.6 Construction and real estate activities Installation, maintenance and repair of re- newable energy technologies	Revenue from sale of components for the construction of solar farms



➤ PV modules on the building of FAMUR S.A. Systemy Napędowe, Katowice Branch

The proportion of Taxonomy-eligible economic activities in FAMUR S.A.'s total turnover was calculated in accordance with Commission Delegated Regulation 2021/2139 as a quotient of the Company's revenue from Taxonomy-eligible economic activities and its total revenue. In 2021, the proportion of FAMUR S.A.'s revenue associated with Taxonomy-eligible economic activities was 16.42%, reflecting the portion of the Company's revenue attributable to sales to the FAMUR SOLAR Group of components for the construction of solar farms for the purposes of developing the FAMUR Group's Solar PV segment.

The proportion of Taxonomy-eligible economic activities in FAMUR S.A.'s capital expenditure was calculated as a quotient of the Company's capital expenditure meeting the Technical Screening Criteria under Annex I to Commission Delegated Regulation 2021/2178 and the Company's total capital expenditure.

The proportion of Taxonomy-eligible economic activities in FAMUR S.A.'s operating expenditure was calculated as a quotient of the Company's operating expenditure associated with Taxonomy-eligible economic activities and the Company's total operating expenditure.

Proportion of revenue, capital expenditure and operating expenditure associated with environmentally sustainable activities

12 months to
Dec 31 2021

Revenue from Taxonomy-eligible economic activities (PLNm)	150.5
Separate revenue (PLNm)	916.4
Proportion of revenue associated with Taxonomy-eligible economic activities	16.42%
Proportion of revenue associated with Taxonomy non-eligible economic activities	83.58%
Capital expenditure associated with Taxonomy-eligible economic activities (PLNm)	0.0
Total capital expenditure (PLNm)	121.0
Proportion of capital expenditure associated with Taxonomy-eligible economic activities	0%
Proportion of capital expenditure associated with Taxonomy non-eligible economic activities	100%
Operating expenditure associated with Taxonomy-eligible economic activities (PLNm)	0.0
Total operating expenditure (PLNm)	6.5
Proportion of operating expenditure associated with Taxonomy-eligible economic activities	0%
Proportion of operating expenditure associated with Taxonomy non-eligible economic activities	100%

Taxonomy

FAMUR Group

Review of activities in relation to the first two environmental objectives

Environmental objective	Activities as defined in the Taxonomy	Activities as defined by FAMUR S.A.
Climate change mitigation	7.6 Construction and real estate activities Installation, maintenance and repair of renewable energy technologies	Revenue from professional solar PV services Capital expenditure classified as non-current assets upon merger with the FAMUR SOLAR Group



➤ Projekt Solartechnik Żarnowo PV farm

The proportion of Taxonomy-eligible economic activities in the Group's total turnover was calculated in accordance with Commission Delegated Regulation 2021/2139 as a quotient of the Group's revenue from Taxonomy-eligible economic activities and its total revenue. In 2021, the proportion of the Group's revenue associated with Taxonomy-eligible economic activities was 0.86%, reflecting the portion of the Group's revenue attributable to the FAMUR SOLAR Group's services consisting in delivery and installation of PV systems.

The proportion of Taxonomy-eligible economic activities in the Group's capital expenditure was calculated as a quotient of the Group's capital expenditure meeting the Technical Screening Criteria under Annex I to Commission Delegated Regulation 2021/2178 and the Group's total capital expenditure. Capital expenditure associated with Taxonomy-eligible activities, which were classified as an increase in non-current assets upon merger with the FAMUR SOLAR Group.

The proportion of Taxonomy-eligible economic activities in the Group's operating expenditure was calculated as a quotient of the Group's operating expenditure associated with Taxonomy-eligible economic activities and the Group's total operating expenditure. In 2021, operating expenditure associated with Taxonomy-eligible activities comprised the FAMUR SOLAR Group's direct expenses related to the use of items of property, plant and equipment and to their maintenance to ensure the continuity and reliability of their operation.

Proportion of revenue, capital expenditure and operating expenditure associated with environmentally sustainable activities

12 months to
Dec 31 2021

Revenue from Taxonomy-eligible economic activities (PLNm)	9.0
Consolidated revenue (PLNm)	1,050.4
Proportion of revenue associated with Taxonomy-eligible economic activities	0.86%
Proportion of revenue associated with Taxonomy non-eligible economic activities	99.14%
Capital expenditure associated with Taxonomy-eligible economic activities (PLNm)	14.5
Total capital expenditure (PLNm)	141.0
Proportion of capital expenditure associated with Taxonomy-eligible economic activities	10.26%
Proportion of capital expenditure associated with Taxonomy non-eligible economic activities	89.74%
Operating expenditure associated with Taxonomy-eligible economic activities (PLNm)	0.2
Total operating expenditure (PLNm)	7.5
Proportion of operating expenditure associated with Taxonomy-eligible economic activities	3%
Proportion of operating expenditure associated with Taxonomy non-eligible economic activities	97.00%



Financial results

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Discussion of the financial results

The following discussion of financial results for the 12 months ended December 31st 2021 should be read in conjunction with the audited Consolidated Financial Statements of the FAMUR Group and the audited Separate Financial Statements of FAMUR S.A. for the year ended December 31st 2021, prepared in accordance with the International Financial Reporting Standards (IFRS).

The following discussion of the results achieved in the period is intended to provide the readers with information enabling them to understand changes in the selected key items of the financial statements and to present significant factors behind those changes.

In its evaluation and discussion of the reported financial performance, financial position and cash flows, the FAMUR Group makes

references to performance metrics other than those expressly defined or outlined in the applied financial reporting framework compliant with IFRS requirements, such as "EBITDA", "net debt", and "working capital". However, these metrics are calculated on the basis of information sourced from the financial statements prepared in accordance with IFRSs, with their definitions and calculations presented in this section.

Discussion of key components of financial results and assessment of factors significantly affecting financial results

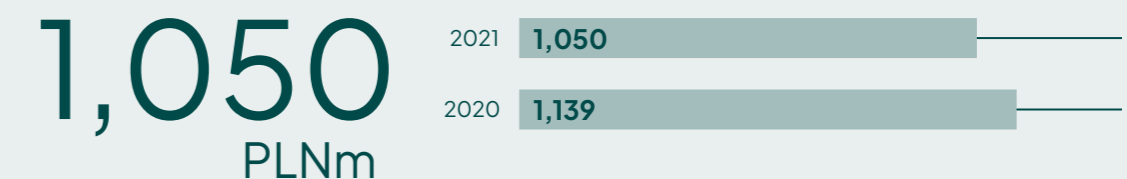
In 2021, revenue fell PLN 89m (-8%) year on year, to PLN 1,050m. Revenue from the supply of machinery and equipment for the period was PLN 370m, a drop of PLN 223m (-38%) on year on year, with recurring revenue (aftermarket services and leases) up PLN 53m (+10%), to PLN 592m. The increase in other revenue was mainly attributable to transactions involving key components for solar farm construction projects entered into with related SPVs and operating companies implementing the projects. In line with the strategy to develop the FAMUR Group's Solar PV Segment, the SPVs and operating companies were fully consolidated following formal acquisition of control. From then on, the transactions became intra-group transactions subject to elimination in the consolidated financial statements of the FAMUR Group and do not distort the economic analysis of changes in revenue or profitability.

In the third quarter of 2021, the SPVs became controlled entities, while the operating companies were formally acquired following registration of changes in the National Court Register in the fourth quarter of 2021 (for details, see Notes 9 and 10 to the FAMUR Group's Consolidated Financial Statements for the year ended December 31st 2021).

Sales by key geographies

In 2021, the FAMUR Group's export sales accounted for approximately 34% of total revenue, up 1pp year on year. Sales to foreign markets were mainly to Russia and CIS countries (over 25% of total revenue), with Asian, American and African countries combined representing about 6% of total revenue, and EU members states – about 3% of total revenue.

Revenue - 8%



Revenue development (PLNm)	12 months to Dec 31 2021	12 months to Dec 31 2020
Supply of machinery and equipment	370	593
Revenue from aftermarket services and leases	592	539
Other	88	7
Total trade receivables	1,050	1,139

Discussion of the financial results

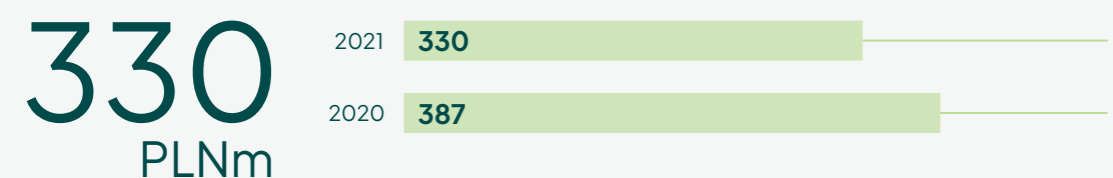
Discussion of key components of financial results and assessment of factors significantly affecting financial results

Key profitability ratios of the FAMUR Group

	12 months to Dec 31 2021	12 months to Dec 31 2020
Gross profit	330	387
Operating profit	134	239
EBITDA	314	416
Net profit	25	190

(PLNm)

Gross profit Jan-Dec 2021



Gross profit

In 2021, gross profit was PLN 330m, down PLN 57m year on year. Gross profit margin as a percentage of revenue declined 3pp year on year, to 31%, in 2021. The analysis of profitability was distorted by transactions involving key components for solar farm construction projects, entered into with related SPVs and operating companies implementing the projects. Excluding the effect of those transactions, gross profit margin for 2022 would be approximately 34%, i.e., largely unchanged year on year.

Operating profit

Operating profit for 2021 amounted to PLN 134m, down PLN 105m on the previous year, mainly on account of lower gross profit. In addition, operating expenses were relatively lower in the comparative period due to the following factors: (i) wage subsidies received under the Anti-Crisis Shield Act, a 20% working time and pay reduction effective from May to July 2020, suspension of bonus schemes in the application of measures provided for in the Act Amending the Act on Special Measures Related to Preventing, Counteracting and Combating COVID-19 (the "Anti-Crisis Shield Act"), and (ii) reversal, in the third quarter of 2020, of the provision for tax risk following the receipt of a favourable tax decision to discontinue a CIT investigation.

EBITDA

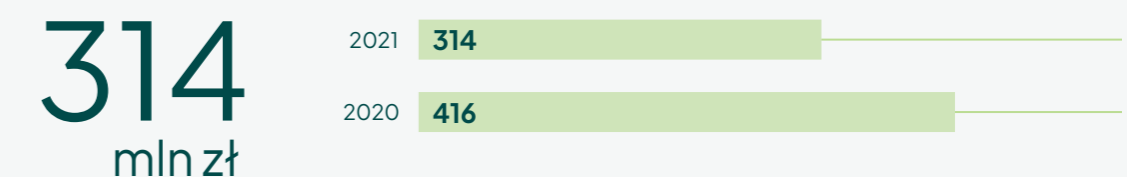
EBITDA is the main operating profit metric used by the Management Board, representing operating profit before depreciation/amortisation and impairment of non-current assets. The method of calculating EBITDA is not defined in IFRSs, and the methodology adopted by the Group is presented below.

Operating profit metric EBITDA

	12 months to Dec 31 2021	12 months to Dec 31 2020
Operating profit	134	239
Depreciation and amortisation	180	177
EBITDA	314	416

(PLNm)

EBITDA -25%



EBITDA for 2021 came in at PLN 314m, down PLN 102m on the previous year. The decrease in EBITDA was mainly attributable to lower operating profit caused by the comparative period events discussed earlier: wage subsidies received under the Anti-Crisis Shield Act, a 20% working time and pay reduction effective from May to July 2020, suspension of bonus schemes in the application of measures provided for in the Act Amending the Act on Special Measures Related to Preventing, Counteracting and Combating COVID-19 (the "Anti-Crisis Shield Act"), and reversal, in the third quarter of 2020, of the provision for tax risk following the receipt of a favourable tax decision to discontinue a CIT investigation.

continued on the next page

Discussion of the financial results

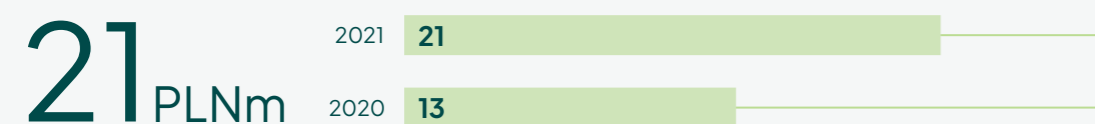
Discussion of key components of financial results and assessment of factors significantly affecting financial results

↳ continued from the previous page

EBITDA margin, calculated as a percentage of revenue, for 2021 fell by 7pp, to 30% as an effect of a lower cost base in the comparative period, as described above. The analysis of profitability in the 12 months ended December 31st 2021 is also distorted by transactions involving key components for solar farm construction projects, entered into with related SPVs and operating companies implementing the projects. These companies are fully consolidated as of the date of assuming formal control.

From that moment, the transactions become intra-group transactions and are subject to elimination in the Consolidated Financial Statements of the FAMUR Group and do not distort the economic analysis of changes in revenue and profitability. Adjusted for the transactions with the SPVs, the EBITDA margin for the 12 months ended December 31st 2021 would have been around 33%.

Net finance income/costs



Net finance income/costs

	12 months to Dec 31 2021	12 months to Dec 31 2020
Finance income	38	38
Finance costs	-23	-34
Net finance costs	15	4
Gains (losses) on expected credit loss allowances	2	4
Gain/(loss) on disposal or partial disposal of shares in subordinates	-	14
Share in net profit/(loss) of equity-accounted subordinates	4	-9
Net finance income/costs	21	13

(PLNm)

In 2021, net finance income was PLN 21m, up PLN 8m year on year, largely on the back of lower finance costs. Gain on disposal of subordinated entities in 2020 was a non-cash item recognised on deconsolidation of the FAMAK Group following loss of control of the FAMAK Group in February 2020.

Share of net profit of equity-accounted subordinated entities of PLN 4m reported for 2021 reflected the FAMUR Group's 32% share of the FAMAK Group's profit earned thanks to implementation of the restructuring process of the FAMAK Group commenced in 2020. In the comparative period, the FAMAK Group reported a loss, with the share of the loss allocated to the FAMUR Group pro rata to its interest amounting to PLN - 9m.

Net profit

Net profit for 2021 was PLN 25m, down PLN 165m from PLN 190m a year earlier, mainly as a result of lower operating profit and a close to PLN 95m impairment loss on goodwill allocated to the Mining Machinery segment, partly offset by net finance income.

In 2020-2021, the Company identified the following non-recurring factors affecting the Group's net profit:

- 2021 - impairment loss of **PLN 95m** on goodwill allocated to the Mining Machinery segment - the impairment loss is non-monetary,
- 2020 - positive effect of **PLN 22m** on net profit following the receipt of a favourable tax decision to discontinue a CIT investigation,
- 2020 - positive effect of **PLN 5m** from events at the FAMAK Group.

Excluding material non-recurring events, net profit margin for the 12 months ended December 31st 2021 would have been at 11% of revenue, up from 15% in the comparative period.

Discussion of the financial results

Assets and financial resources management

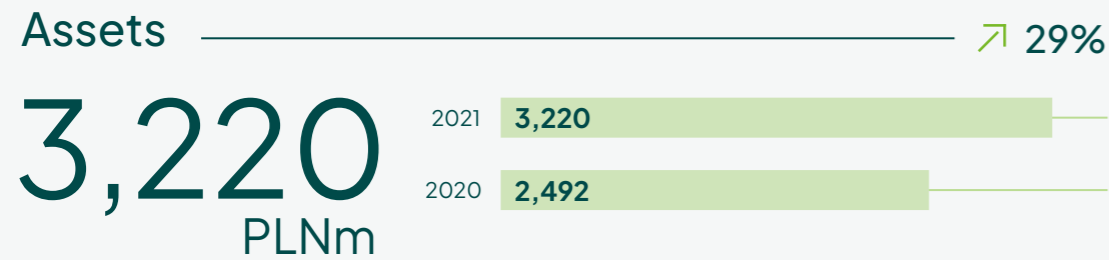
Analysis of consolidated assets, equity and liabilities, including from the perspective of the Group's liquidity position	As at Dec 31 2021	As at Dec 31 2020
Non-current assets	599	774
Current assets	2,621	1,718
Total assets	3,220	2,492
Equity	1,881	1,682
Non-current liabilities	670	468
Current liabilities	669	342

(PLNm)

Working capital

	As at Dec 31 2021	As at Dec 31 2020
Inventories	583	229
Short-term trade receivables	419	481
Subtotal	1,002	710
Less short-term trade payables	-160	-97
Less prepayments received	-139	-80
Working capital	703	533
Working capital as % of revenue	67%	47%

(PLNm)



Assets

In the 12 months ended December 31st 2021, assets rose by PLN 728m, with current assets up PLN 903m and non-current assets down PLN 175m. The increase in current assets was mainly attributable to an increase in inventories, other current financial assets and cash. The decrease in non-current assets was mainly attributable to goodwill impairment and decrease in property, plant and equipment, primarily due to depreciation.



Working capital

Working capital is the metric used by the Management Board to assess the amount of capital needed to perform contracts. Working capital as a percentage of revenue shows the efficiency of managing the operating cash conversion cycle. The method of calculating working capital is not defined in IFRSs, and the methodology applied by the FAMUR Group is presented above.

The PLN 170m increase in working capital in 2021, to PLN 703m, was mainly attributable to an increase in inventories. The working capital to revenue ratio for the last 12 months was 67%. Higher working capital requirements were mainly related to expenditure on development of the Solar PV segment, partly financed by FAMUR.

Discussion of the financial results

Assets and financial resources management

Financial resources and liquidity position

The main sources of financing and liquidity for the FAMUR Group in the reporting period was cash at banks, cash from operating activities (above operating capital requirements), proceeds from the sale of non-operating assets, lines of credit available under agreements with banks, and proceeds from issue of notes, including "green bonds".

Cash flows	12 months to Dec 31 2021	12 months to Dec 31 2020
Cash flows from operating activities	209	640
Cash flows from investing activities	-138	-105
Cash flows from financing activities	362	-236
		(PLNm)

In the 12 months ended December 31st 2021, cash flows from operating activities amounted to PLN 209m, being primarily an outcome of two opposite effects: the EBITDA level achieved, on the one hand, and higher operating capital requirement, on the other hand. Cash used in investing activities totalled PLN 138m as a result of expenditure on property, plant and equipment and intangible assets, partly offset by proceeds from the disposal of non-core assets. Cash flows from financing activities amounted to PLN 362m and were mainly attributable to PLN 400m in proceeds from the issue of green bonds.

Net debt

Net debt is a debt metric used by the Management Board. The method of calculating net debt is not defined in IFRSs, and the methodology applied by the FAMUR Group is presented below.

	As at Dec 31 2021	As at Dec 31 2020
Non-current financial liabilities	648	437
bank borrowings	4	2
other debt instruments	599	401
leases	32	26
factoring	13	8
Current financial liabilities	262	42
bank borrowings	28	2
other debt instruments	206	-
leases	11	5
factoring	17	35
Gross debt	910	479
less cash and cash equivalents	-1,333	-899
Net debt	-423	-420
Net debt/EBITDA	-1.3x	-1.0x
		(PLNm)

423 PLNm
surplus of cash over
gross debt

541 PLNm
undrawn credit
facilities

As at December 31st 2021, net cash exceeded borrowings, other debt instruments, debt purchases and lease liabilities by PLN 423m. In addition, as at the end of 2021 the Group had access to undrawn lines of credit totalling PLN 541m.

Agreements signed with banks require the FAMUR Group to maintain selected ratios within a specified range. As at December 31st 2021, the ratios remained at safe levels and the Group was not in breach of any of the covenants.

In 2021, FAMUR S.A. issued Series C Notes (green notes) with a total nominal value of PLN 400m, maturing on November 3rd 2026. Series C Notes bear interest at a floating rate based on 6M WIBOR (Warsaw Interbank Offered Rate) rate plus a margin of 290 basis points per annum for each interest period.

Selected financial data

Consolidated statement of profit or loss of the FAMUR Group PLN million, except for earnings per share

	12 months to Dec 31 2021	12 months to Dec 31 2020
Revenue	1,050	1,139
Cost of sales	720	752
Gross profit	330	387
Distribution costs	38	22
Administrative expenses	117	107
Other income	29	79
Other expenses	70	98
Operating profit	134	239
Gains (losses) on expected credit loss allowances	2	4
Finance income	38	38
Finance costs	23	34
Gains (losses) recognised when control of subsidiary is lost	0	14
Share in net profit/(loss) of equity-accounted subordinates	4	-9
Goodwill impairment loss	95	0
Profit before tax	60	252
Income taxes	35	64
Net profit from continuing operations	25	188
Discontinued operations	0	2
Net profit, attributable to:	25	190
owners of the parent	34	185
non-controlling interests	-9	5
Earnings per share		
Earnings per ordinary share (PLN)	0,04	0,33
Diluted earnings per ordinary share (PLN)	0,04	0,33

Consolidated statement of comprehensive income of the FAMUR Group

	12 months to Dec 31 2021	12 months to Dec 31 2020
Net profit	25	190
Other comprehensive income that may be reclassified to profit or loss in subsequent reporting periods:	3	-19
Cash flow hedges	-1	-3
Exchange differences	4	-16
Other comprehensive income that will not be reclassified to profit or loss in subsequent reporting periods:	1	2
Actuarial gains (losses)	1	2
Total other comprehensive income, net of tax	4	-17
Total comprehensive income	29	173
including income attributable to owners of the parent	38	168
including income attributable to non-controlling interests	-9	5

(PLNm)

Selected financial data

Consolidated statement of financial position of the FAMUR Group	As at Dec 31 2021	As at Dec 31 2020
Non-current assets	599	774
Goodwill	67	162
Other intangible assets	17	23
Property, plant and equipment	374	441
Long-term receivables	1	2
Investment property	56	62
Investments in subsidiaries and associates	38	37
Other non-current financial assets	8	8
Deferred tax assets	38	39
Current assets	2,621	1,718
Current assets other than assets held for sale	2,556	1,655
Inventories	583	229
Short-term trade and other receivables	519	520
Current tax assets	35	5
Other current financial assets	86	2
Cash and cash equivalents	1,333	899
Non-current assets classified as held for sale	65	63
Total assets	3,220	2,492 (PLNm)

Consolidated statement of financial position of the FAMUR Group	As at Dec 31 2021	As at Dec 31 2020
Equity	1,881	1,682
Share capital	6	6
Other components of equity	1,091	910
Retained earnings	624	794
Equity attributable to owners of the parent	1,721	1,710
Equity attributable to non-controlling interests	160	-28
Liabilities	1,339	810
Non-current liabilities	670	468
Long-term provisions	20	30
Deferred tax liabilities	2	1
Other non-current financial liabilities	648	437
Long-term trade and other payables	0	0
Current liabilities	669	342
Current liabilities other than liabilities included in disposal groups classified as held for sale	657	330
Short-term provisions	23	21
Short-term trade and other payables	371	266
Current tax liabilities	1	1
Other current financial liabilities	262	42
Liabilities included in disposal groups classified as held for sale	12	12
Equity and liabilities	3,220	2,492 (PLNm)

Selected financial data

Consolidated statement of changes in equity of the FAMUR Group

	Share capital	Other capital reserves	Equity attributable to owners of the parent	Kapitał własny przypadający akcjonariuszom podmiotu dominującego	Equity attributable to non-controlling interests	Total equity
Jan 1 2021	6	910	794	1,710	-28	1,682
Net profit	0	0	34	34	-9	25
other comprehensive income	0	3	1	4	0	4
total comprehensive income	0	3	35	38	-9	29
transfer of profit to statutory reserve funds and other reserves	0	178	-178	0	0	0
Increase (decrease) due to changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	-27	-27	197	170
changes in equity during the period	0	181	-170	11	188	199
Dec 31 2021	6	1,091	624	1,721	160	1,881
						w milionach złotych
Jan 1 2020	6	756	795	1,557	-46	1,511
Net profit	0	0	185	185	5	190
other comprehensive income	0	-19	2	-17	0	-17
total comprehensive income	0	-19	187	168	5	173
transfer of profit to statutory reserve funds and other reserves	0	173	-173	0	0	0
Increase (decrease) due to changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	-15	-15	13	-2
changes in equity during the period	0	154	-1	153	18	171
Dec 31 2020	6	910	794	1,710	-28	1,682

(PLNm)

Selected financial data

Consolidated statement of cash flows of the FAMUR Group

	12 months to Dec 31 2021	12 months to Dec 31 2020
Cash flows from operating activities – indirect method		
Profit before tax	60	252
Total adjustments, including	186	470
inventories	-129	46
trade receivables	62	485
other operating receivables	-142	-51
trade payables	64	-144
other operating payables	45	-15
depreciation and amortisation	180	177
impairment loss (reversal of impairment loss) recognised in profit or loss	0	7
provisions	20	-28
exchange differences	7	-9
undistributed profits of associates	-4	9
(gain) loss on disposal of non-current assets	62	-25
Other adjustments producing cash effects in the form of investing or financing cash flow	19	19
other adjustments to reconcile profit (loss)	2	-1
total gross profit and adjustments	246	722
Income tax paid (refunded)	37	82
Net cash from operating activities	209	640

(PLNm)

Consolidated statement of cash flows of the FAMUR Group

	12 months to Dec 31 2021	12 months to Dec 31 2020
Cash flows from investing activities		
Cash flows from losing control of subsidiaries	0	-19
Proceeds from sale of property, plant and equipment	28	35
Purchase of property, plant and equipment	111	157
Purchase of intangible assets	1	5
Cash advances and loans to third parties	125	0
Cash receipts from repayment of advances and loans to third parties	44	32
Dividends received	2	3
Interest received	1	0
Other inflows (outflows) of cash	24	6
Net cash from investing activities	-138	-105
Cash flows from financing activities		
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control	34	0
Proceeds from borrowings	400	23
Repayment of borrowings	54	244
Payment of lease liabilities	9	5
Interest paid	9	10
Net cash from financing activities	362	-236

Cash flows from financing activities

Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	433	299
Effect of exchange rate changes on cash and cash equivalents	1	-2
Increase (decrease) in cash and cash equivalents	434	297
Cash and cash equivalents at beginning of period	899	602
Cash and cash equivalents at end of period	1,333	899

(PLNm)

Structure of the FAMUR Group

GRI102-45

Composition of the FAMUR Group as at December 31st 2021

No.	Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	Interest of entity exercising direct control (%)	Name of entity exercising direct control	Registered office, country
1.	Famur Institute sp. z o.o.	100.0	-	-	Katowice, PL
2.	Famur Finance sp. z o.o.	100.0	-	-	Katowice, PL
3.	Famur INVEST sp. z o.o.	100.0	100.0	Famur Finance sp. z o.o.	Katowice, PL
4.	Famur Finance & Restructuring sp. z o.o.	100.0	-	-	Katowice, PL
5.	Elgór+Hansen S.A.	100.0	83.6	Hansen Sicherheitstechnik AG	Chorzów, PL
6.	De Estate sp. z o.o.	100.0	-	-	Katowice, PL
7.	Ex-Coal sp. z o.o.	100.0	-	-	Katowice, PL
8.	Polskie Maszyny Górnicze S.A.	100.0	-	-	Katowice, PL
9.	EXPO Katowice S.A. (formely: Polska Technika Górnicza S.A.)	33.3	-	-	Katowice, PL
10.	EXC FMF sp. z o.o.	100.0	-	-	Katowice, PL
11.	Invest PV 1 sp. z o.o.	100.0	-	-	Katowice, PL
12.	INVEST PV 56 sp. z o.o.	100.0	-	-	Warsaw, PL
13.	INVEST PV 57 sp. z o.o.	100.0	-	-	Warsaw, PL
14.	INVEST PV 58 sp. z o.o.	100.0	-	-	Warsaw, PL
15.	INVEST PV 46 sp. z o.o.	100.0	-	-	Kraków, PL
16.	INVEST PV 47 sp. z o.o.	100.0	-	-	Kraków, PL
17.	INVEST PV 48 sp. z o.o.	100.0	-	-	Kraków, PL

No.	Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	Interest of entity exercising direct control (%)	Name of entity exercising direct control	Registered office, country
18.	Famur Solar sp. z o.o. (composition of the FAMUR SOLAR Group is presented in the tables below)	51.0	-	-	Katowice, PL
19.	Stadmar sp. z o.o.	50.0	-	-	Radziszów, PL
20.	Primetech S.A.	81.2	-	-	Katowice, PL
21.	Śląskie Towarzystwo Wiertnicze Dalbis sp. z o.o.	81.2	100.0	Primetech S.A.	Tarnowskie Góry, PL
22.	OOO Famur Rosja	100.0	-	-	Novokuznetsk, RU
23.	TOO Famur Kazachstan	100.0	-	-	Karaganda, KZ
24.	Kopex-Min A.D.	100.0	-	-	Niš, Serbia
25.	Dams GmbH	100.0	-	-	Velbert, DE
26.	Hansen Sicherheitstechnik AG	100.0	-	-	Munich, DE
27.	PT. Kopex Mining Contractors	100.0	-	-	Jakarta, ID
28.	Kopex Africa Pty Ltd.	100.0	100.0	Hansen Sicherheitstechnik AG	Benoni, RSA
29.	Hansen And Genwest Pty Ltd.	74.9	74.9	Kopex Africa Pty Ltd.	Benoni, RSA
30.	Air Reliant Pty Ltd.	74.9	100.0	Hansen And Genwest Pty Ltd.	Benoni, RSA
31.	Shandong Tagao Mining Equipment Manufacturing Co. Ltd.	50.0	-	-	Tai'an, CN
32.	Taian Famur Coal Mining Machinery Co., Ltd.	100.0	-	-	Tai'an, CN

Structure of the FAMUR Group

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Composition of the FAMUR Group as at December 31st 2021 (associates)

No.	Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	Interest of entity exercising direct control (%)	Name of entity exercising direct control	Registered office, country
1.	Famak S.A.	31.9	-	-	Kluczbork, PL
2.	Fmk Engineering sp. z o.o.	31.9	100.0	Famak S.A.	Kluczbork, PL

No.	Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	Interest of entity exercising direct control (%)	Name of entity exercising direct control	Registered office, country
3.	Mining Equipment Finance sp. z o.o.	51.0	-	-	Katowice, PL
4.	Famak India Private Limited	2.9	10.0	Famak S.A.	New Delhi, IN

Composition of the Famur Solar Group as at December 31st 2021 (direct interest of Famur Solar in the PST Group was 51%)

No.	Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	KRS No.	Registered office, country
1.	Projekt-Solartechnik S.A.	26	834759	Tomaszów Mazowiecki, PL
2.	PST Service sp. z o.o.	26	912684	Tomaszów Mazowiecki, PL
3.	Sun Deal sp. z o.o.	26	824863	Tomaszów Mazowiecki, PL
4.	Projekt-Solartechnik Group sp. z o.o.	26	468833	Tomaszów Mazowiecki, PL
5.	PST MOUNTING SYSTEMS sp. z o.o.	26	846378	Tomaszów Mazowiecki, PL
6.	Projekt-Solartechnik Dystrybucja sp. z o.o.	26	850401	Tomaszów Mazowiecki, PL
7.	Projekt-Solartechnik Development sp. z o.o.	18	819926	Tomaszów Mazowiecki, PL
8.	P+S Energooszczędni sp. z o.o.	17	701159	Czerniewice, PL

No.	Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	KRS No.	Registered office, country
9.	PV PROJEKT HUB sp. z o.o.	26	905061	Tomaszów Mazowiecki, PL
10.	PV PROJEKT STARA RUDNA sp. z o.o.	18	885615	Wrocław, PL
11.	PV DASZYNA sp. z o.o.	18	896299	Łódź, PL
12.	Solar Energia 4 sp. z o.o.	18	580709	Nadarzyn, PL
13.	MM Solartechnik sp. z o.o.	26	842926	Warsaw, PL
14.	PV OLEŚNICA sp. z o.o.	26	896238	Tomaszów Mazowiecki, PL
15.	PST Projekt Solartechnik GmbH	26	-	Bahretal, DE

Structure of the FAMUR Group

GRI102-45

Projekt Solartechnik Fund Fundusz Inwestycyjny Zamknięty ("FUND"), in which FAMUR Solar holds 371 investment certificates (51%) – as at Dec 31 2021

No.	Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	KRS No.	Registered office, country	No.	Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	KRS No.	Registered office, country
1.	Invest PV 2 sp. z o.o.	26.0	879450	Katowice, PL	20.	Invest PV 15 sp. z o.o.	26.0	773957	Katowice, PL
2.	Invest PV 3 sp. z o.o.	26.0	879476	Katowice, PL	21.	Invest PV 14 sp. z o.o.	26.0	824366	Katowice, PL
3.	Invest PV 4 sp. z o.o.	26.0	879446	Katowice, PL	22.	Invest PV 17 sp. z o.o.	26.0	850482	Katowice, PL
4.	Invest PV 5 sp. z o.o.	26.0	879527	Katowice, PL	23.	Invest PV 18 sp. z o.o.	26.0	446948	Katowice, PL
5.	Invest PV 6 sp. z o.o.	26.0	879522	Katowice, PL	24.	Invest PV 19 sp. z o.o.	26.0	730449	Katowice, PL
6.	Invest PV 7 sp. z o.o.	26.0	879452	Katowice, PL	25.	Invest PV 20 sp. z o.o.	26.0	522095	Katowice, PL
7.	Invest PV 8 sp. z o.o.	26.0	879457	Katowice, PL	26.	Invest PV 21 sp. z o.o.	26.0	387119	Katowice, PL
8.	Invest PV 9 sp. z o.o.	26.0	879416	Katowice, PL	27.	Invest PV 22 sp. z o.o.	26.0	443003	Katowice, PL
9.	Invest PV 10 sp. z o.o.	26.0	879455	Katowice, PL	28.	Invest PV 23 sp. z o.o.	26.0	461180	Katowice, PL
10.	Invest PV 11 sp. z o.o.	26.0	840444	Katowice, PL	29.	Invest PV 25 sp. z o.o.	26.0	435841	Katowice, PL
11.	Invest PV 12 sp. z o.o.	26.0	829093	Katowice, PL	30.	Invest PV 26 sp. z o.o.	26.0	842906	Katowice, PL
12.	Invest PV 13 sp. z o.o.	26.0	507743	Katowice, PL	31.	Invest PV 27 sp. z o.o.	26.0	728459	Katowice, PL
13.	Polska Energia Słoneczna sp. z o.o.	26.0	839412	Poznań, PL	32.	Invest PV 28 sp. z o.o.	26.0	852249	Katowice, PL
14.	PV Koryta sp. z o.o.	26.0	854946	Łódź, PL	33.	Invest PV 29 sp. z o.o.	26.0	714293	Katowice, PL
15.	PV Ostrowąsy sp. z o.o.	13.5	852418	Łódź, PL	34.	Invest PV 30 sp. z o.o.	26.0	777797	Katowice, PL
16.	PV Projekty Piotrowice sp. o.o.	26.0	859386	Wrocław, PL	35.	Invest PV 31 sp. z o.o.	26.0	445980	Katowice, PL
17.	PV Projekt Strupina sp. z o.o.	26.0	858773	Wrocław, PL	36.	Resnet 1 sp. z o.o.	26.0	873926	Wrocław, PL
18.	PV Skrzypaczowice Dziemiony sp. z o.o.	26.0	833844	Kokoszczyń, PL					
19.	Invest PV 16 sp. z o.o.	26.0	772495	Rzeszów, PL					

↳ continued on the next page

Structure of the FAMUR Group

GRI102-45

Projekt Solartechnik Fund Fundusz Inwestycyjny Zamknięty ("FUND"), in which FAMUR Solar holds 371 investment certificates (51%) – as at Dec 31 2021

↳ continued from the previous page

No.	Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	KRS No.	Registered office, country	No.	Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	KRS No.	Registered office, country
37.	Elektrownia PV Grylewo sp. z o.o.	26.0	675195	Wrocław, PL	48.	P+S SPV 3 sp. z o.o.	26.0	864856	Tomaszów Mazowiecki, PL
38.	Invest PV 32 sp. z o.o.	26.0	796747	Katowice, PL	49.	P+S SPV 4 sp. z o.o.	26.0	864838	Tomaszów Mazowiecki, PL
39.	Invest PV 33 sp. z o.o.	26.0	796684	Katowice, PL	50.	P+S SPV 5 sp. z o.o.	26.0	873181	Tomaszów Mazowiecki, PL
40.	Invest PV 34 sp. z o.o.	26.0	440454	Katowice, PL	51.	P+S SPV 6 sp. z o.o.	26.0	873127	Tomaszów Mazowiecki, PL
41.	Invest PV 35 sp. z o.o.	26.0	425274	Katowice, PL	52.	Invest PV 49 sp. z o.o.	26.0	917556	Katowice, PL
42.	Invest PV 36 sp. z o.o.	26.0	440047	Katowice, PL	53.	Invest PV 50 sp. z o.o.	26.0	918131	Katowice, PL
43.	Invest PV 37 sp. z o.o.	26.0	734704	Katowice, PL	54.	Invest PV 51 sp. z o.o.	26.0	918031	Katowice, PL
44.	Invest PV 38 sp. z o.o.	26.0	569871	Katowice, PL	55.	Invest PV 52 sp. z o.o.	26.0	918084	Katowice, PL
45.	Invest PV 39 sp. z o.o.	26.0	844431	Katowice, PL	56.	Invest PV 53 sp. z o.o.	26.0	918067	Katowice, PL
46.	Invest PV 24 sp. z o.o.	26.0	460404	Katowice, PL	57.	Invest PV 54 sp. z o.o.	26.0	918068	Katowice, PL
47.	P+S SPV 2 sp. z o.o.	26.0	864853	Tomaszów Mazowiecki, PL	58.	Invest PV 55 sp. z o.o.	26.0	918111	Katowice, PL

Changes in the composition of the Group in the reporting period:

→ Kopex MIN Fitip (register number: 07583168) was dissolved and deleted from the National Court Register on January 12th 2021, following a resolution to that effect passed by the company's Extraordinary General Meeting on November 6th 2020.

→ WAMAG sp. z o.o. w likwidacji w upadłości (in liquidation bankruptcy) (National Court Register No. 0000060368) was deleted from the National Court Register on January 5th 2021, after the decision of the District Court in Wałbrzych, 6th Commercial Division, case No. VI GUp 84/16, dated June 9th 2020, to close the company's bankruptcy proceedings had been carried into effect.

→ On May 19th 2021, the District Court for Katowice-Wschód in Katowice entered EXC FMF sp. z o.o. (wholly-owned by FAMUR S.A.) in the National Court Register.

↳ continued on the next page

Structure of the FAMUR Group

GRI102-45

Changes in the composition of the Group in the reporting period:

↳ continued from the previous page

- On June 15th 2021, the District Court for Katowice-Wschód in Katowice entered Famur Solar Sp. z o.o. (51% owned by Famur S.A. and 49% owned by TDJ S.A.) in the National Court Register.
- On June 24th 2021, the Management Board of the Central Securities Depository of Poland (CSDP) passed resolution No. 844/2021 to grant Projekt Solarteknik Fund Fundusz Inwestycyjny Zamknięty (the "Fund") the CSDP participation status of issuer. The Fund is controlled indirectly by Famur S.A. (51%) through its subsidiary Famur Solar Sp. z o.o. A description of the PV segment in the FAMUR Group is presented on page 17 of the Directors' Report on the operations of the FAMUR Group and FAMUR S.A. in 2021.
- On July 8th 2021 FAMUR S.A. acquired 100% of the shares in SH32 Sp. z o.o., SH22 sp. z o.o. and SH16 Sp. z o.o.
- Following acquisition by FAMUR of a 50% interest in PV Koryta sp. z o.o. on July 12th 2021, the Company's interest in that company reached 100%. On July 26th 2021, FAMUR S.A. sold 50% of shares in PV Koryta sp. z o.o. to Projekt Solarteknik Fund Fundusz Inwestycyjny Zamknięty and as at the date of issue of this report holds 50% of shares in PV Koryta sp. z o.o.
- On July 20th 2021 and September 17th 2021, FAMUR SOLAR sp. z o.o. and Maciej Marcjanik concluded agreements for the sale to FAMUR SOLAR sp. z o.o. of some of series A and B shares of Projekt-Solarteknik S.A. ("PST"). Furthermore, on September 16th 2021 FAMUR SOLAR sp. z o.o. and PST signed an agreement on subscription by FAMUR SOLAR Sp. z o.o. of new Series C shares in PST. On November 10th 2021, an increase in the share capital of PST following the issue of Series C shares was registered and as of that day FAMUR SOLAR's equity interest in PST is 51%.
- On August 6th and 9th 2021, FAMUR S.A. acquired 100% of the shares in SPP Wytwarzanie 3 Sp. z o.o. and SPP Wytwarzanie 35 Sp. z o.o.
- On September 16th and 17th 2021 FAMUR S.A. acquired 100% of the shares in SPP Wytwarzanie 38 Sp. z o.o.
- On September 22nd 2021, FAMUR sold 14% of shares in Anhui Long Po Electrical Co., Ltd., following which its equity interest in the company fell to 6%. Subsequently, the sale of the remaining 6% interest was registered on October 18th 2021, followed by the formal removal of the existing shareholder from the register on October 22nd 2021. As at the reporting date, Anhui Long Po Electrical Co., Ltd. was not part of the Company's Group.
- On October 22nd 2021, the Fund purchased from TDJ Legal Morawiec sp.k. seven companies, i.e., Invest PV 49 – 55 sp. z o.o.
- On December 9th 2021, FAMA S.A. sold 100% of the shares in Pemug sp. z o.o. in restructuring ("Pemug") to a buyer outside the FAMUR Group. As a result, Biprocewmam S.A. and BPiRI Separator sp. z o.o., both directly controlled by Pemug, were also removed from the Group.
- Pursuant to a decision of the District Court for Katowice-Wschód of Katowice, 8th Commercial Division of the National Court Register, dated December 16th 2021, Polska Technika Górnicza S.A. changed its name to EXPO Katowice S.A. (KRS No. 0000008533).
- On December 22nd 2021, FAMA S.A. sold 90% of shares in Famak India Private Limited to a buyer outside the FAMUR Group, thus reducing its interest in the company to 10%.

Structure of the FAMUR Group

GRI102-45

Changes in the composition of the Group after the reporting date:

→ On January 3rd 2022, the Extraordinary General Meeting of Mining Equipment Finance sp. z o.o. held in Warsaw passed a resolution to dissolve the company and open its liquidation. As of January 3rd 2022, the company's name includes the words "w likwidacji" ("in liquidation") and the company trades as Mining Equipment Finance sp. z o.o. w likwidacji;

→ On February 8th 2022, the Extraordinary General Meeting of Polskie Maszyny Górnicza S.A. passed a resolution to dissolve the company and open its liquidation;

→ On March 28th 2022, following a reduction of the share capital of Hansen Sicherheitstechnik AG, a subsidiary of the Company, in exchange for compensation in kind in the form of shares in Kopex Africa (Pty) Ltd, 100% of shares in Kopex Africa Pty Ltd. were transferred to FAMUR S.A..

Consolidated entities as at December 31st 2021

No.	Company	No.	Company	No.	Company	No.	Company	No.	Company	No.	Company
1.	FAMUR S.A.	12.	INVEST PV 57 sp. z o.o.	23.	Hansen Sicherheitstechnik AG	33.	PST MOUNTING SYSTEMS sp. z o.o.	42.	PV OLEŚNICA sp. z o.o.	53.	Invest PV 11 sp. z o.o.
2.	FAMUR Finance sp. z o.o.	13.	INVEST PV 58 sp. z o.o.	24.	PT. Kopex Mining Contractors	34.	Projekt-Solartechnik Dystrybucja sp. z o.o.	43.	PST ProjektSolartechnik GmbH	54.	Invest PV 12 sp. z o.o.
3.	FAMUR INVEST sp. z o.o.	14.	INVEST PV 46 sp. z o.o.	25.	Kopex Africa Pty Ltd.	35.	Projekt-Solartechnik Development sp. z o.o.	44.	Invest PV 2 sp. z o.o.	55.	Invest PV 13 sp. z o.o.
4.	FAMUR Finance & Restructuring sp. z o.o.	15.	INVEST PV 47 sp. z o.o.	26.	Hansen And Genwest Pty Ltd.	36.	P+S Energooszczędni sp. z o.o.	45.	Invest PV 3 sp. z o.o.	56.	Polska Energia Słoneczna sp. z o.o.
5.	Elgór+Hansen S.A.	16.	INVEST PV 48 sp. z o.o.	27.	Air Reliant Pty Ltd.	37.	PV PROJEKT HUB sp. z o.o.	46.	Invest PV 4 sp. z o.o.	57.	PV Koryta sp. z o.o.
6.	De Estate sp. z o.o.	17.	FAMUR Solar sp. z o.o.	28.	Taian Famur Coal Mining Machinery Co., Ltd.	38.	PV PROJEKT STARA RUDNA sp. z o.o.	47.	Invest PV 5 sp. z o.o.	58.	PV Ostrowąsy sp. z o.o.
7.	Ex-Coal sp. z o.o.	18.	Primetech S.A.	29.	Projekt-Solartechnik S.A.	39.	PV DASZYNA sp. z o.o.	48.	Invest PV 6 sp. z o.o.	59.	PV Projekty Piotrowice sp. o.o.
8.	Polskie Maszyny Górnicze S.A.	19.	Śląskie Towarzystwo Wiertnicze Dalbis sp. z o.o.	30.	PST Service sp. z o.o.	40.	Solar Energia 4 sp. z o.o.	49.	Invest PV 7 sp. z o.o.	60.	PV Projekt Strupina sp. z o.o.
9.	EXC FMF sp. z o.o.	20.	OOO Famur Rosja	31.	Sun Deal sp. z o.o.	41.	MM Solartechnik sp. z o.o.	50.	Invest PV 8 sp. z o.o.	61.	PV Skrzypaczowice Dziemiony sp. z o.o.
10.	Invest PV 1 sp. z o.o.	21.	TOO Famur Kazachstan	32.	Projekt-Solartechnik Group sp. z o.o.			51.	Invest PV 9 sp. z o.o.		
11.	INVEST PV 56 sp. z o.o.	22.	Kopex-Min A.D.					52.	Invest PV 10 sp. z o.o.		

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Structure of the FAMUR Group

GRI102-45

Consolidated entities as at December 31st 2021

↳ continued from the previous page

No.	Company	No.	Company	No.	Company	No.	Company	No.	Nazwa podmiotu		
		68.	Invest PV 20 sp. z o.o.	75.	Invest PV 28 sp. z o.o.	81.	Invest PV 32 sp. z o.o.	88.	Invest PV 39 sp. z o.o.	95.	Invest PV 49 sp. z o.o.
62.	Invest PV 16 sp. z o.o.	69.	Invest PV 21 sp. z o.o.	76.	Invest PV 29 sp. z o.o.	82.	Invest PV 33 sp. z o.o.	89.	Invest PV 24 sp. z o.o.	96.	Invest PV 50 sp. z o.o.
63.	Invest PV 15 sp. z o.o.	70.	Invest PV 22 sp. z o.o.	77.	Invest PV 30 sp. z o.o.	83.	Invest PV 34 sp. z o.o.	90.	P+S SPV 2 sp. z o.o.	97.	Invest PV 51 sp. z o.o.
64.	Invest PV 14 sp. z o.o.	71.	Invest PV 23 sp. z o.o.	78.	Invest PV 31 sp. z o.o.	84.	Invest PV 35 sp. z o.o.	91.	P+S SPV 3 sp. z o.o.	98.	Invest PV 52 sp. z o.o.
65.	Invest PV 17 sp. z o.o.	72.	Invest PV 25 sp. z o.o.	79.	Resnet 1 sp. z o.o.	85.	Invest PV 36 sp. z o.o.	92.	P+S SPV 4 sp. z o.o.	99.	Invest PV 53 sp. z o.o.
66.	Invest PV 18 sp. z o.o.	73.	Invest PV 26 sp. z o.o.	80.	Elektrownia PV Grylewo sp. z o.o.	86.	Invest PV 37 sp. z o.o.	93.	P+S SPV 5 sp. z o.o.	100.	Invest PV 54 sp. z o.o.
67.	Invest PV 19 sp. z o.o.	74.	Invest PV 27 sp. z o.o.			87.	Invest PV 38 sp. z o.o.	94.	P+S SPV 6 sp. z o.o.	101.	Invest PV 55 sp. z o.o.



➤ Gear shaft assemblies

Appendices

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Contact person in matters relating to this Report	139

About this Report

This integrated report has been prepared in accordance with Global Reporting Initiative Standards (GRI Standards, core option), as well as guidelines and good market practice for integrated reporting.

GRI indicators are marked with the [GRI-] symbols, and the final part of this Report includes a GRI Content Index, which makes it easier to find information prepared in accordance with the GRI Standards.

Since 2018, the FAMUR Group has been subject to the extended non-financial reporting requirements under the amended Accounting Act, transposing Directive 2014/95/EU of the European Parliament and of the Council on the disclosure of non-financial and diversity information by certain large undertakings and groups. The purpose of non-financial reporting includes providing the organisation's key stakeholders with more complete information



on the scale and nature of the positive and negative impacts of the organisation's activities on sustainable development.

The organisation collects and discloses non-financial information that may have an ongoing impact on its policies, strategies and operations with respect to social, HR, environmental, human rights and anti-corruption matters.

The FAMUR Group's CSR policy assumes that good corporate management which takes into account public interest in the broad sense, respect for the stakeholders, and the principles of ethics, requires sound corporate governance and fair market practices. The quality of communication with the stakeholders is one of the determinants of a responsible approach to business.

This Report is a continuation of the following CSR statements and reports: The 2020 Integrated Report and the non-financial statements of the FAMUR Group and FAMUR S.A. for 2020, and the 2019



FAMUR employees at the production floor at Armii Krajowej street, Katowice

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About this Report

ESG Criteria

E – Environmental, S – Social, G – Governance

Following the definition by the FAMUR Group of new strategic directions and the announcement of the plan to actively search for development opportunities outside the mining industry, in 2021 FAMUR S.A. proceeded to carry out an analysis of the impact of risk on ESG management and activities.

The change of development directions and the ensuing change of the Group’s profile necessitate a revision of assumptions and a precise definition of ESG objectives and indicators to measure the effectiveness of their implementation across the Group. The FAMUR Group is currently working on implementing appropriate solutions in this respect.



GRI102-45 GRI102-49 GRI102-50 GRI102-52 GRI102-54 GRI102-56 GRI103-1 GRI102-54 GRI103-1

GRI102-51

The 2021 Integrated Report contains data published in the non-financial statement of the FAMUR Group and FAMUR S.A. for 2021, which is an integral part of the 2021 Directors’ Report issued on April 11th 2022. This Report is the second Integrated Report of the FAMUR Group. The first one was published on June 22nd 2021.

GRI102-52

The FAMUR Group has chosen to prepare its CSR reports as full-year reports. This Report covers the results achieved in the financial year 2021, unless indicated otherwise.

GRI102-45, GRI102-46

This Report covers the entire FAMUR Group, that is the parent – FAMUR S.A., and its subsidiaries, as presented in the table showing the FAMUR Group structure, and with respect to materiality it presents data from the perspective of non-financial aspects of the Group’s operations, aggregated by: FAMUR S.A., ELGÓR+HANSEN S.A., and ŚTW DALBIS Sp. z o.o.

FAMUR S.A. intends to gradually expand the scope of its non-financial reporting with a view to presenting, as fully as possible, the context of its decisions and key outcomes of implementing the CSR policy by individual FAMUR Group companies.

GRI102-50

This Report covers the year 2021 (the period from January 1st to December 31st 2021) and also discusses significant events which occurred between the reporting date and date of the final version of this Report, i.e., until July 22nd 2022.

GRI102-56

This Report has not been externally assured. The internal review was performed with the participation of Management Board representatives and directors of Group companies’ individual business areas, and the whole process was coordinated by persons responsible at FAMUR S.A. for the key business areas covered by this Report.

The non-financial information disclosed in this Report is presented in accordance with the GRI Standards, while the financial information is consistent with the information disclosed in the financial statements for 2021, prepared in accordance with International Accounting Standards and International Financial Reporting Standards.

Moreover, this Report contains graphical references to the 2030 Sustainable Development Goals adopted by the United Nations in 2015, supported by the FAMUR Group through its CSR activities.

Stakeholders

GRI102-40

GRI102-42

GRI102-43

GRI102-44

GRI102-47

Stakeholder engagement

The purpose of non-financial reporting includes providing the organisation’s key stakeholders with more complete information on the scale and nature of the positive and negative impacts of the organisation’s activities on sustainable development. The organisation collects and discloses non-financial information that may have an ongoing impact on its policies, strategies and operations with respect to social, HR, environmental, human rights and anti-corruption matters.

The FAMUR Group’s CSR policy assumes that good corporate management which takes into account public interest in the broad sense, respect for the stakeholders, and the principles of ethics, requires sound corporate governance and fair market practices. The quality of communication with the stakeholders is one of the determinants of a responsible approach to business.

In 2021, the Company continued to hold consultations with its stakeholders to update their expectations with respect to disclosure of non-financial information on the Company’s activities. Based on the analytical material obtained, the Company’s Management Board decided to maintain the adopted scope of non-financial reporting, while further working on and reviewing the management risks related to climate change, FAMUR S.A.’s and the FAMUR Group’s impacts on climate and climate’s impact on the operations of FAMUR S.A. and the FAMUR Group, as well as the identification of material social risks which materialised prominently in the wake of the global COVID-19 pandemic.

The chart below shows key stakeholders broken down by level of interest and impact.

Key stakeholders of the FAMUR Group



Stakeholders

GRI102-40 GRI102-42 GRI102-43 GRI102-44

Stakeholders by market and non-market categories:

Market stakeholders have economic interests in the FAMUR Group	Non-market stakeholders do not engage in direct economic exchange with the FAMUR Group but are affected or can affect its activities
<ul style="list-style-type: none"> → Shareholders and investors → Group companies → Employees, associates and subcontractors → Employees' families Existing and potential customers → Apprentices and trainees → Employment agencies → Employee organisations → Suppliers of goods and services → Banks and financial institutions 	<ul style="list-style-type: none"> → Market regulators and supervisory authorities → International institutions and organisations → Industry organisations → Employer organisations Certification institutions and auditors → Public administration, including local government units of all levels → Competitors → Non-governmental organisations (NGOs) → Local communities → Job candidates, grant holders → Academic centres, secondary schools/vocational schools → Media → Natural environment (including entities involved in environmental protection)

FAMUR S.A. intends to gradually expand the scope of its non-financial reporting with a view to presenting, as fully as possible, the context of its decisions and key outcomes of implementing the CSR policy by individual FAMUR Group companies.

Description of how relationships with each stakeholder group are managed:

Stakeholder group	Stakeholder relations management tools and methods
Employees, associates and subcontractors, employees' families, employee organisations	Meetings, satisfaction surveys, training courses, social media, information website, internal communications (newsletter, quarterly magazine, Intranet, bulletin boards), telephone contact, CSR programmes and campaigns, public consultations
Shareholders, investors, analysts	Meetings, information website, telephone contact, public consultations, conferences and industry events
Existing and potential customers	Meetings, satisfaction surveys, training courses and workshops, social media, conferences and industry events, trade fairs, information website, telephone contact
Suppliers of goods and services	Meetings, training courses, conferences and industry events, information website, internal communications, telephone contact
Apprentices and trainees, employment agencies, job candidates, grant holders, academic centres, secondary/vocational schools	Meetings, training courses and workshops, social media, conferences and industry events, trade fairs, information website, CSR programmes and campaigns, site visits at out plants
Banks and financial institutions, market regulators and supervisory authorities, certification institutions, auditors	Meetings, conferences and industry events, information website, telephone contact, public consultations
International institutions and organisations, industry organisations, employer organisations	Meetings, conferences and industry events, information website
Public administration, including local government units of all levels	Meetings, information website, public consultations
Competitors	Social media, conferences and industry events, information website
Local communities, NGOs	E-meetings, social media, information website, CSR programmes and campaigns, public consultations
Media	E-meetings, satisfaction surveys, social media, conferences and industry events, information website, telephone contact.

Stakeholders

GRI102-44

Key topics to be addressed in the description of economic, social and environmental aspects prepared in accordance with the GRI, by materiality level, are presented in the table below.

Key topics to be addressed in the description of economic, social and environmental aspects prepared in accordance with the Global Reporting Initiative	Materiality level inside (internal – I) and outside (external – E) of the organisation
Aspects that are most material to both external and internal stakeholders	
Compliance with laws and codes of conduct, mitigation of business risks	Highly material (E) / (I)
Quality of management	Highly material (E) / (I)
Aspects that are most material to external stakeholders	
Prevention of unethical behaviour and counteracting misconduct	Highly material (E)
Reduction of environmental footprint of the Group's operations	Highly material (E)
Innovation supporting the economic and social development	Highly material (E)
Aspects that are most material to internal stakeholders	
Responsible marketing communication	Highly material (E)
Protection of privacy	Highly material (E)
Quality of service	Highly material (E)
Other aspects	
Responsibility in the supply chain	Highly material (E)
Environmental education	Highly material (E)
Employee engagement, management	Material (E) / (I)
Respect for diversity and equal opportunities	Material (I)
Employee education and development opportunities	Material (I)
Dispute resolution system for disputes with customers and trading partners	Material (I)
Employees' social initiatives	Material (I)
CSR initiatives for the Group's environment	Of low materiality (I) / (E)



GRI Content Index

GRI102-55

Indicator	Description	UN goal	Comment / Description	Pages
GENERAL INDICATORS				
Strategy and analysis				
GRI102-14	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy		Letter from the President of the Management Board	3
GRI102-15	Description of key impacts, risks, and opportunities		Risk management Letter from the President of the Management Board	3, 36, 45, 53, 58, 104
Organisational profile				
GRI102-1	Name of the organisation		FAMUR Group	23 i nast.
GRI102-2	Primary brands, products, and/or services		FAMUR Group	17, 23 i nast.
GRI102-3	Location of headquarters		FAMUR Group	23 i nast.
GRI102-4	Number of countries where the organisation operates, and the names of those countries		FAMUR Group	23 i nast.
GRI102-5	Ownership and legal form		FAMUR Group	
GRI102-6	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)		FAMUR Group	25 i nast.
GRI102-7	Scale of the organisation		2021 at a glance Strategy FAMUR Group Corporate Governance	7, 27, 86
GRI102-8	Total number of employees by region of activity, age, gender and type of contract	8	Social capital and employees	87
GRI102-9	Supply chain		FAMUR Group	23 et seq., 35, 44
GRI102-10	Significant changes to the organisation and its supply chain during the reporting period		Corporate governance Shareholding structure	61, 75

Indicator	Description	UN goal	Comment / Description	Pages
GENERAL INDICATORS				
GRI102-11	Precautionary principle or approach		The environment and climate	100
GRI102-12	External initiatives to which the organisation subscribes		2021 at a glance Strategy Social capital and employees	11, 19 et seq., 91
GRI102-13	Membership of organisations	9, 12	2021 at a glance	11
Ethics				
GRI102-16	Values, principles, standards, and norms of behaviour	16	Social capital and employees	20 et seq.
GRI102-17	Mechanisms for advice and concerns about ethics	16	Corporate governance Social capital and employees	60, 79
Governance				
GRI102-18	Governance structure	16	Corporate governance Supervisory structure	64 et seq.
GRI102-22	Composition of the highest governance body and its committees	16	Corporate governance Supervisory structure	64 et seq.
GRI102-23	Chair of the highest governance body		Corporate governance Supervisory structure	64 et seq.
Stakeholder engagement				
GRI102-40	List of stakeholder groups		Stakeholders	129 et seq.
GRI102-41	Collective bargaining agreements	8	Stakeholders	80
GRI102-42	Identifying and selecting stakeholders		Stakeholders	129 et seq.

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Indicator	Description	UN goal	Comment / Description	Pages
GENERAL INDICATORS				
Stakeholder engagement				
GRI102-43	Approach to stakeholder engagement		Stakeholders	129 et seq.
GRI102-44	Key topics and concerns raised		Stakeholders	129
Reporting practice				
GRI102-45	Entities included in the consolidated financial statements		Financial results FAMUR Group Financial results	23 et seq., 119
GRI102-46	Defining report content and topic boundaries		Stakeholders	128
GRI102-47	List of material topics		Stakeholders	129
GRI102-48	Explanation of the effect of any restatements of information provided in previous reports, and the reasons for and impact of such restatements (e.g. mergers, acquisitions, change of base year/period, nature of business, measurement methods)		Not applicable. No restatements were made.	
GRI102-49	Changes in reporting		Appendices	127 et seq.
Report profile				
GRI102-50	Reporting period		Appendices	127 et seq.
GRI102-51	Date of most recent report		This Report is the second Integrated Report of the FAMUR Group. The first one was published on June 22nd 2021.	128

Indicator	Description	UN goal	Comment / Description	Pages
GENERAL INDICATORS				
Report profile				
GRI102-52	Reporting cycle		Appendices	127
GRI102-53	Contact point for questions regarding the report		Contact	139
GRI102-54	Claim made by the organisation if it has prepared a report in accordance with the GRI Standards in the core or comprehensive version		Appendices	127
GRI102-55	GRI Content Index		GRI Content Index	132
GRI102-56	External assurance		Appendices	127
Management approach to material topics				
GRI103-1	Explanation of the material topic and its Boundary		Appendices	127
GRI103-2	The management approach and its components		Appendices	19 et seq., 36, 45, 53, 98
GRI103-3	Evaluation of the management approach		Appendices	79, 98
TOPIC-SPECIFIC DISCLOSURES				
ECONOMIC INDICATORS				
GRI201-1	Direct economic value generated and distributed		2021 at a glance	8
Anti-corruption				
GRI205-2	Communication and training about anti-corruption policies and procedures	16	Social capital and employees	79
GRI205-3	Confirmed incidents of corruption and actions taken		None.	

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GRI Content Index

GRI102-55

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Indicator	Description	UN goal	Comment / Description	Pages
TOPIC-SPECIFIC DISCLOSURES				
ECONOMIC INDICATORS				
Anti-competitive behaviour				
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		None.	
ENVIRONMENTAL INDICATORS				
Materials				
GRI 301-1	Materials used by weight or volume	8, 12	The environment and climate	101
Energy				
GRI 302-1	Energy consumption within the organisation	7, 12	The environment and climate	101
Water				
GRI 303-1	Total water withdrawal by source	6	The environment and climate	101
Emissions				
GRI 305-1	Direct (Scope 1) GHG emissions		The environment and climate	102
Effluents and waste				
GRI 306-2	Waste by type and disposal method	12	The environment and climate	102
Compliance				
GRI 307-1	Non-compliance with environmental laws and regulations	16	The environment and climate	100

Indicator	Description	UN goal	Comment / Description	Pages
SOCIAL INDICATORS				
Workforce				
GRI 401-1	New employee hires and employee turnover	5, 8	Social capital and employees	86
GRI 401-2	Benefits provided to full-time employees	5, 8	Social capital and employees	80
Occupational health and safety				
GRI 403-1	Workers representation in formal joint management-worker health and safety committees	8	Social capital and employees	90
GRI 403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	3	Social capital and employees	89
GRI 403-4	Health and safety matters covered in formal agreements with trade unions		Social capital and employees	90
Training and education				
GRI 404-1	Average hours of training per employee	4, 5, 8	Social capital and employees	86
Diversity and equal opportunities				
GRI 405-1	Diversity of governance bodies and employees	5, 8	Corporate governance Social capital and employees	87

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GRI Content Index

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Indicator	Description	UN goal	Comment / Description	Pages
TOPIC-SPECIFIC DISCLOSURES				
SOCIAL INDICATORS				
Non-discrimination				
GRI 406-1	Incidents of discrimination and corrective actions taken		There were no incidents of discrimination in 2021	
Freedom of association and collective bargaining				
GRI 407-1	Operations and suppliers in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights		Social capital and employees FAMUR Group does not identify any risk of violation of freedom of association and collective bargaining at its suppliers.	

Indicator	Description	UN goal	Comment / Description	Pages
TOPIC-SPECIFIC DISCLOSURES				
SOCIAL INDICATORS				
Child labour				
GRI 408-1	Operations and suppliers at significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour		Risk management Social capital and employees	81
Forced or compulsory labour				
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour, and measures taken to effectively eliminate all forms of forced or compulsory labour		In 2021, there were no confirmed cases of human rights violation at the Group companies covered by non-financial reporting, including no cases of child labour or practices involving the risk of forced or compulsory labour. There were no identified violations of personal data protection which would require notification to the President of the Office for Personal Data Protection and to persons to whom data affected by the violation relates.	
Compliance				
GRI 419-1	Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area	16	None.	

Glossary

Glossary of terms used in the Integrated Report

A

Anti-competitive behaviour

Actions of an organisation or its employees that may result in collusion with potential competitors to fix prices; coordinate bids; create market or output restrictions; impose geographic quotas; or allocate customers, suppliers, geographic areas, and product lines, with the purpose of limiting the effects of market competition.

Anti-trust and monopoly practices

Actions of the organisation that may result in collusion to erect barriers to entry to the sector; unfair business practices; abuse of market position; cartels; anti-competitive mergers; price-fixing; and other collusive actions which prevent competition.

C

Code of ethics / code of conduct

A set of standards and principles of conduct applicable at an organisation, based on adopted core values and issues identified by employees as needing regulation. In addition to laying down general guidelines concerning reliability and integrity required in business and actions that are conducive to social development and not contradictory to moral standards and common customs, a code of business ethics defines specific conduct to be pursued by an organisation.

Conflicts of interest

A conflict of interest is a situation where a person (or organisation) is bound by dual loyalty, i.e. where the person's or organisation's interest (their own or the interest of the entity they have commitments to) is, or may be, incompatible with that of another entity to whom this person or organisation should also be loyal. The interest may be financial or non-financial. One may find oneself in a position of conflict of interest due to external circumstances or as a result of one's own actions. While certain conflicts of interest are addressed by provisions of law or self-regulation, a significant proportion of such conflicts remains unregulated.

Corruption

Corruption is "the abuse of entrusted power for private gain" (according to *Business Principles for Countering Bribery*, Transparency International, 2011) and can be instigated by individuals or organisations. In the Transparency International Guidelines, corruption includes practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering. It also includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the enterprise's business. This may include cash or in-kind benefits, such as free goods, gifts, and holidays, or special personal services provided for the purpose of an improper advantage or that may result in moral pressure to receive such an advantage.

Corporate culture

A set of standards, values, patterns of behaviour, attitudes, assumptions and symbols that determine the mode of thinking and acting in a company and define standards of conduct and communication.

Corporate social responsibility

A management concept whereby an organisation is responsible for the impact of its decisions and activities on society and the environment through transparent and ethical conduct that contributes to sustainable development. It promotes observance of ethical principles, employee rights, and human rights, as well as respect for the social and natural environment. It is generally accepted that corporate social responsibility should be, next to business ambitions, an integral part of any company's policy.

Corporate social responsibility report (CSR report)

A report issued by a company that presents a comprehensive view of its strategy and social policy. It describes economic, social and environmental aspects of its operations.

Community engagement programme

A set of planned actions aimed at solving or counteracting a specific social problem. They may be implemented jointly or independently by public institutions, businesses or social organisations.

Słownik

Słownik pojęć używanych w Raporcie Zintegrowanym

D

Donation

An agreement by which a donor agrees to transfer property to the recipient free of charge from its assets. A donation may be made by a legal or natural person. It may comprise real property, movables, money as well as property rights, but may not involve provision of services for free.

Discrimination

The act of or the result of treating people unequally by imposing unequal burdens or denying benefits rather than treating each person fairly on the basis of individual merit. Discrimination may also include harassment, understood as comments or actions that are unwelcome, or should reasonably be known to be unwelcome, by the person towards whom they are addressed.

E

Business ethics

Taking account of the moral aspect in business, i.e. applying solutions that reconcile ethical requirements with the strategic interests of a business. Business ethics determines ethical standards of behaviour, norms and values as well as conduct in a company.

F

Forced or compulsory labour

All work and service which is exacted from any person under the menace of any penalty and for which the said person has not offered herself or himself voluntarily (ILO Convention 29 "Forced Labour Convention"). The most extreme examples are slave labour and bonded labour, but debts can also be used as a means of maintaining workers in a state of forced labour. Examples of forced labour include: withholding identity papers; requiring compulsory deposits; compelling workers, under threat of firing, to work extra hours to which they have not previously agreed.

G

GRI

Global Reporting Initiative (GRI) is an independent institution based in the Netherlands. Since the 1990s, it has been developing and promoting the Sustainability Reporting Guidelines. The GRI Guidelines are applied globally – they may be used by all organisations wishing to report comprehensively on their economic, environmental and social activities. Until 2017, the fourth version of the GRI Guidelines (G4) was in force. In 2016, new GRI Standards were introduced, which since 2018 have entirely replaced the GRI Guidelines. The GRI Standards include three universal standards – Foundation (GRI 101), General Disclosures, (GRI 102), Manage-

ment Approach (GRI 103), and 33 Topic-specific Standards in three series: Economic (GRI 200), Environmental (GRI 300), and Social (GRI 400). Sustainability reports based on the Standards provide information on the organisation's positive or negative contribution to sustainable development.

L

Local community

The people living in a specific area and bound by social relationships, common traditions and culture. A local community is formed by inhabitants of villages, towns, cities or municipalities.

M

Mission (corporate mission)

A set of fixed goals and ambitions of a business. It incorporates values which are upheld by the management and provides the main guiding principle for the company's actions. The corporate mission determines the identity of a company and its corporate culture.

Workplace bullying (mobbing)

Actions or behaviour referring to an employee, or directed against an employee, comprising persistent and drawn-out harassment or intimidation of that employee, resulting in the employee's un-

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Glossary

Glossary of terms used in the Integrated Report

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derestimation of their vocational value, and causing – or aimed at – humiliation or ridicule of the employee and/or their isolation or elimination from the workplace team. Subjective feelings of the workplace bullying victim are not sufficient; the occurrence of the above must be determined in an objective manner.

Misconduct

Intentional act or omission which constitutes violation of the law or a breach of the organisation's internal regulations, committed to secure an unlawful gain or causing the company to sustain an undue loss. These gains may be financial or material, but they may also be intangible, involving access to information or special status. The perpetrator of the misconduct meets three conditions: experiences pressure, sees an opportunity for misconduct and, at the same time, is able to explain his/her behaviour rationally to himself/herself. All forms of corruption are deemed misconduct.

N

Non-governmental organisation (NGO)

A voluntary organisation that operates independently of state or political structures and whose operation is not profit oriented. It works for social causes and public good. Its operation is largely based on voluntary work.

S

SDGs

The Sustainable Development Goals – see the UN Sustainable Development Goals above.

Stakeholder

A person or entity interested in the company activities and exposed to various risks related to its operations, as well as persons or entities that are affected by the company's activities. Unlike shareholders, who are primarily interested in business profits of the company, stakeholders are a much wider group including: employees, customers, lenders, suppliers, government administration and, in a wider context, local communities, natural environment, public opinion. This term was introduced by Stanford Research Institute in 1963.

Social dialogue

The exchange of information and presentation of positions on social problems and issues between parties such as public institutions, businesses or NGOs. It is a form of representing the interests of parties. The success of social dialogue depends on reliable information exchange between the parties and their cooperation.

Sustainable development

Social and economic growth in harmony with the natural environment. The idea behind sustainable development is to make wise use of resources (social, human and natural), so that they can be used by future generations.

UN Sustainable Development Goals

The Agenda for Sustainable Development 2030, containing the Sustainable Development Goals (SDGs), was adopted by 193 Member States of the UN under the General Assembly Resolution of September 25th 2015 in New York. The Agenda identifies 17 Sustainable Development Goals and 169 related tasks to be achieved by the world by 2030. They involve five areas – people, planet, welfare, peace and partnership. The SDGs replaced the Millennium Development Goals which were to be completed by 2015. Activities undertaken to achieve the SDGs and perform the tasks are monitored globally by means of respective indicators. In Poland, Statistics Poland (GUS) is responsible for their monitoring. The first Sustainable Development Goals Report in Poland was adopted by the Council of Ministers on June 5th 2018. It outlines the implementation of 17 goals in Poland and describes the national priorities for sustainable development and the association of the 2030 Agenda with the national Sustainable Development Strategy.

Contact person in matters relating to this Report

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For more information on the business as well as social and environmental aspects of the FAMUR Group operations, see www.famur.com.

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