

# 2019 Corporate Social Responsibility Report of the FAMUR Group

## WE CREATE INITIATIVES



# FAMUR

People are the pillar of the FAMUR Group. A responsible business is not only a fast-growing enterprise, but also its commitment of care for the employees and local communities, overall responsibility towards external stakeholders, and a major focus on safety and environmental protection. The Group seeks to actively support the internationally embraced UN Global Sustainable Development Goals. To achieve them, every year the Group develops a number of external initiatives, with a focus on supporting children and young people across a range of fields spanning education, sports and culture. Special attention is paid to young people from post-mining towns and districts, who, after a number of mines have been closed down over the last dozen or so years, are hard-pressed to develop their talents and skills facilitating the start of adult lives.

At the same time, FAMUR develops internal initiatives encompassing professional training, staff education and OHS commitment. These activities aim to enhance staff competencies and awareness of the impact of individual behaviours on the working conditions and resource efficiency.

**FAMUR**

**CELE**   
**ZRÓWNOWAŻONEGO**  
**ROZWOJU**

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## 2019 overview

GRI 102-7, GRI 102-8

| FAMUR S.A. – HIGHLIGHTS              |                     |                        |                        |            |
|--------------------------------------|---------------------|------------------------|------------------------|------------|
| FINANCIAL DATA                       | Company             | Year ended Dec 31 2019 | Year ended Dec 31 2018 | Change [%] |
| Revenue                              | PLNm                | 1,588                  | 1,384                  | 15%        |
| Operating profit/(loss)              | PLNm                | 353                    | 228                    | 55%        |
| Gross profit/(loss)                  | PLNm                | 201                    | 191                    | 5%         |
| Net profit/(loss)                    | PLNm                | 161                    | 153                    | 5%         |
| Total comprehensive income           | PLNm                | 162                    | 153                    | 6%         |
| Net cash from operating activities   | PLNm                | 508                    | 189                    | 169%       |
| Net cash from investing activities   | PLNm                | -197                   | -33                    | 497%       |
| Net cash from financing activities   | PLNm                | 89                     | -411                   | -122%      |
| Total net cash flows                 | PLNm                | 400                    | -255                   | -257%      |
| Basic earnings/(loss) per share      | PLN                 | 0.28                   | 0.27                   | 4%         |
| Total assets                         | PLNm                | 2,621                  | 2,242                  | 17%        |
| Equity                               | PLNm                | 1,169                  | 1,312                  | -11%       |
| Charitable donations                 | PLNm                | 2                      | 1                      | 100%       |
| NON-FINANCIAL DATA                   | Company             | Year ended Dec 31 2019 | Year ended Dec 31 2018 | Change     |
| Employees                            | number of employees | 2,622                  | 2,566                  | 2%         |
| Employee turnover <sup>1</sup>       | %                   | 13.1                   | 10.7                   | 2.4pp      |
| Accident frequency rate <sup>2</sup> |                     | 23                     | 17                     | 34%        |
| Accident severity rate <sup>3</sup>  |                     | 38                     | 54                     | -30%       |
| Total water withdrawal               | m <sup>3</sup>      | 58,893                 | 66,047                 | -11%       |
| Carbon dioxide emissions             | kg                  | 489,271                | 641,661                | -24%       |

### FAMUR GROUP – SELECTED CONSOLIDATED DATA<sup>4</sup>

<sup>1</sup>Based on the average annual employment numbers calculated according to the Statistics Poland (GUS) methodology.

<sup>2</sup>Accident frequency calculated according to the following formula: number of accidents/number of employees x 1,000.

NOTE: Synthetic rate calculated for the purposes of this Report based on the aggregate data of FAMUR S.A. and its branches.

<sup>3</sup> Accident severity rate calculated according to the following formula: number of workdays lost to accidents/number of accidents

NOTE: Synthetic rate calculated for the purposes of this Report based on the aggregate data of FAMUR S.A. and its branches.

<sup>4</sup>The presented financial data is data of the FAMUR Group and was sourced from the consolidated financial statements, whereas the non-financial data includes the following companies consolidated for the purposes of non-financial reporting:

| FINANCIAL DATA   | Company             | Year ended Dec 31 2019 | Year ended Dec 31 2018 | Change [%] |
|--|---------------------|------------------------|------------------------|------------|
| Revenue  | PLNm                | 2,165                  | 2,217                  | -2%        |
| Operating profit/(loss)  | PLNm                | 269                    | 300                    | -10%       |
| Gross profit/(loss)  | PLNm                | 333                    | 269                    | 24%        |
| Net profit   | PLNm                | 249                    | 220                    | 13%        |
| Net profit attributable to owners of the parent                      | PLNm                | 245                    | 208                    | 18%        |
| Net profit attributable to non-controlling interests                 | PLNm                | 4                      | 12                     | -67%       |
| Total comprehensive income   | PLNm                | 255                    | 209                    | 22%        |
| Total comprehensive income attributable to owners of the parent      | PLNm                | 251                    | 197                    | 27%        |
| Total comprehensive income attributable to non-controlling interests | PLNm                | 4                      | 12                     | -67%       |
| Net cash from operating activities                                   | PLNm                | 504                    | 215                    | 134%       |
| Net cash from investing activities                                   | PLNm                | -15                    | -138                   | -89%       |
| Net cash from financing activities                                   | PLNm                | -180                   | -460                   | -61%       |
| Total net cash flows   | PLNm                | 309                    | -383                   | 181%       |
| Basic earnings per share   | PLN                 | 0.44                   | 0.37                   | 19%        |
| Total assets   | PLNm                | 2,975                  | 2,958                  | 1%         |
| Equity attributable to owners of the parent                          | PLNm                | 1,557                  | 1,624                  | -4%        |
| Non-controlling interests  | PLNm                | -46                    | -37                    | 24%        |
| Total equity   | PLNm                | 1,511                  | 1,587                  | -5%        |
| Charitable donations <sup>5</sup>                                    | PLNm                | 4                      | 4                      | 0%         |
| NON-FINANCIAL DATA   | Company             | Year ended Dec 31 2019 | Year ended Dec 31 2018 | Change     |
| Employees  | number of employees | 4,636                  | 5,164                  | -10%       |
| Accident frequency rate  |                     | n/a                    | n/a                    | n/a        |

FAMUR S.A. (including branches), ELGÓR+HANSEN S.A., FAMUR FAMAK S.A., FUGO Sp. z o.o., FUGO S.A., PEMUG Sp. z o.o., ŚTW DALBIS Sp. z o.o., Ex Coal Sp. z o.o., and RELT Sp. z o.o.

<sup>5</sup>Charitable donations of the FAMUR Group based on data of FAMUR S.A., ELGÓR+HANSEN S.A., and FAMUR FAMAK S.A.

## Letter from the President of the Management Board

*Ladies and Gentlemen,*

*it is with pleasure that we present to you the FAMUR Group's second corporate social responsibility report.*

*2019 was for us a time of intensive work towards the objectives set in the FAMUR Strategy for 2019–2023 and continued commitment to building the Group's social responsibility. Non-financial reporting is an extremely important communication channel, allowing us to update you on the progress in the delivery of projects and development directions designed for the Corporate Social Responsibility area.*

*Over a little more than a decade, the FAMUR Group has evolved from a manufacturer of stand-alone machines for the mining industry to a supplier of end-to-end solutions to customers based in more than 40 countries across six continents. The transition was underpinned by consolidation of the local mining-related industry, build-up of know-how, expertise and experience together with the integrated enterprises, and continuous efforts to refine the operating model, improve efficiency and perfect business processes.*

*The laying of a solid foundation for our business, supporting long-term growth across many markets, must not take place at the expense of our imminent or broader environment. At the FAMUR Group, we are fully aware of our responsibility towards both internal and external stakeholders. We believe that the business carried out on scale such as ours should develop alongside its environment, as it affects the economic development of the areas where we operate, including the natural environment and local communities.*

*Today FAMUR is among the region's largest employers. It creates safe workplaces, operates transparently, promotes the awareness of environmental protection within the organisation, engages in dialogue with local communities and gets involved in community projects, supporting numerous initiatives in education, culture, sports, safety and health.*

*At the same time, the Group takes steps to protect the health of its employees through dedicated programmes, raise their awareness of a healthy lifestyle and build specialist and managerial skills. In 2019, the Group's employees and their family members were covered by private medical care. Our HR policy involved a range of training and health promotion projects. We also got involved in bottom-up initiatives important to our employees. Continuing the Social and Civic Competence Building Studio project launched in 2017 with the TDJ Foundation, we maintained a focus on initiatives to educate children and young people, providing development and mentoring opportunities for children of the Group's employees.*

*With future generations in mind, we set up more patronage classes in secondary schools, providing students with a high level of education, monthly scholarships, traineeships and work placements, as well as professional training courses for selected persons. Graduates of these educational programmes stand a good chance of getting employed at the FAMUR Group's production units.*

*Through good practices within the organisation, we also foster the awareness of the need to care for the natural environment. Emphasis is placed on saving space and time, and – consequently – on energy efficiency and waste sorting, already at the work planning stage.*

*The CSR policy is an essential aspect of the FAMUR Group's activity. Every year, we strive to achieve a demonstrable progress in building the Group's social responsibility. Through education, we increase our*

# FAMUR

*organisation's awareness of the need to take further steps towards effective delivery of the sustainable development strategy, understanding of environmental needs and protection, and concern for future generations.*

*By releasing this Report, we intend to express our commitment to the principles of transparency and social responsibility and present the FAMUR Group's approach to responsible business.*

*At this point, I would like to extend my gratitude to all employees who get involved in and pursue our CSR initiatives, as well as those whose work has enabled this Report to be written.*

*Have a good read!*

*With kindest regards*

**Miroslaw Bendzera**

**President of the Management Board of FAMUR S.A.**



## 1. The organisation and its report

### GRI 102-1

This non-financial statement of the FAMUR Group and FAMUR S.A. for 2019 (“2019 CSR Report”) includes information on the activities of the FAMUR Group (the “FAMUR Group” or the “Group”), and in particular of the parent, i.e. FAMUR S.A. (“FAMUR” or the “Company”) as well as the subsidiaries which are material in terms of non-financial aspects of the Group’s activities, i.e. ELGÖR+HANSEN S.A., FAMUR FAMAK S.A., FUGO Sp. z o.o., FUGO S.A., PEMUG Sp. z o.o., ŚTW DALBIS Sp. z o.o., Ex Coal Sp. z o.o., and RELT Sp. z o.o., unless stated otherwise.

### 1.1. Organisation

### GRI 102-2, GRI 102-3, GRI 102-7

The FAMUR Group is a leading global manufacturer of mining machinery and equipment. The Group specialises in delivery of comprehensive mechanised longwall systems for coal mines; design and delivery of IT systems for back-to-back management of coal mining processes (from the face to the surface). The FAMAK Group (in 2019 a subsidiary of the FAMUR Group, and since February 2020 an associate) offers surface mining machinery as well as equipment for bulk transport and handling.

As at December 31st 2019, the FAMUR Group comprised FAMUR S.A. of Katowice (the parent) and 36 subsidiaries or associates located in and outside Poland. This 2019 CSR Report covers the non-financial indicators for FAMUR S.A. and its subsidiaries specified in GRI 102-1 above, i.e. entities which are material to the non-financial aspects of the Group’s operations.

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, when more than a dozen new companies joined the Group strengthening its product offering, the Group evolved from a supplier of stand-alone machinery to a one-stop supplier of comprehensive solutions for the mining, power and cargo handling sectors.

### Simplified organisational structure of the FAMUR Group



### GRI 102-5

# FAMUR

In August 2006, the shares of FAMUR S.A. (formerly: FABRYKA MASZYN FAMUR SPÓŁKA AKCYJNA) were floated on the Warsaw Stock Exchange (WSE). Starting from December 2017, the Company stock has been included in the mWIG40 index. In 2017, the FAMUR S.A. acquired control over the PRIMETECH (formerly: KOPEX) Group through the purchase of a controlling stake in PRIMETECH of Katowice, which is listed on the WSE as well.

In 2019, the FAMUR Group consisted of entities manufacturing equipment and machines for underground mining (the Underground segment), for open-pit mines, the power industry and the cargo handling sector (the Surface segment); entities specialising in providing power supply, automation, and control solutions and products for the mining industry (the Electrical Equipment segment), as well as those specialising in services and underground construction (the Mining Services segment). The structure of the organisation also includes engineering design and service offices, as well as foreign trade companies.

All the manufacturing plants are located in selected regions.

## MORE THAN 100 YEARS ON THE MARKET

In 1897, a decision was made to expand Galicyjskie Karpackie Towarzystwo Akcyjne (Galician Carpathian Joint Stock Company). As a result, Warsztaty Naprawcze (Repair Workshops) was transformed into Fabryka Maszyn i Narzędzi Wiertniczych (Drilling Machines and Tools Production Plant) of Glinik, which manufactured drilling tools and equipment, as well as production equipment for oil refineries and oil production plants in the then Austro-Hungarian province of Galicia. The current branch of the FAMUR Group in Gorlice is the heir to the tradition of those plants.

In 2019, the average annual headcount at the FAMUR Group was 4.6 thousand.

**FAMUR** is listed in key rankings of Poland's largest companies. In 2019, it ranked 144th in the 21st edition of the *Rzeczpospolita* daily's Top 500 list (up from the 222nd position a year earlier).

The list is modelled after the American *Fortune* magazine's 500 list.



## GRI 201-1

Each of the Group's key manufacturing plants is important to its local community. The scale of FAMUR's operations and material assets make it a significant taxpayer, contributing to the improvement of the quality of life of the Group companies' local communities. In addition, through the dividend policy adopted in 2018, the Company rewards its investors (shareholders).

## Direct economic value generated and distributed<sup>6</sup>

| FAMUR S.A.<br>- separate highlights (PLNm)      | Year ended Dec 31<br>2019 | Year ended Dec 31<br>2018 |
|---|---------------------------|---------------------------|
| <b>Total capitalisation – debt and equity:</b>  | <b>2,621</b>              | <b>2,242</b>              |
| - total liabilities                             | 1,452                     | 930                       |
| - total equity                                  | 1,169                     | 1,312                     |
| <b>Total assets</b>                             | <b>2,621</b>              | <b>2,242</b>              |
| <b>Direct economic value generated:</b>         | <b>1,629</b>              | <b>1,407</b>              |
| - revenue                                       | 1,629                     | 1,407                     |
| <b>Economic value distributed:</b>              | <b>1,814</b>              | <b>1,646</b>              |
| - operating expenses                            | 1,192                     | 1,125                     |
| - salaries, wages and employee benefits         | 241                       | 201                       |
| - payments to providers of capital              | 332                       | 272                       |
| - payments to governments                       | 49                        | 48                        |
| FAMUR GROUP<br>- consolidated highlights (PLNm) | Year ended Dec 31<br>2019 | Year ended Dec 31<br>2018 |
| <b>Total capitalisation – debt and equity:</b>  | <b>2,959</b>              | <b>2,940</b>              |
| - total liabilities                             | 1,448                     | 1,353                     |
| - total equity                                  | 1,511                     | 1,587                     |
| <b>Total assets</b>                             | <b>2,975</b>              | <b>2,958</b>              |
| <b>Direct economic value generated:</b>         | <b>2,188</b>              | <b>2,243</b>              |
| - revenue                                       | 2,188                     | 2,243                     |
| <b>Economic value distributed:</b>              | <b>2,579</b>              | <b>2,694</b>              |
| - operating expenses                            | 1,759                     | 1,896                     |
| - salaries, wages and employee benefits         | 389                       | 450                       |
| - payments to providers of capital              | 334                       | 280                       |
| - payments to governments                       | 97                        | 68                        |

Both in 2019 and 2018, the FAMUR Group's principal source of revenue was the sale of new, high-performance machinery and equipment for the mining sector, heat and power producers, and the cargo handling industry. Another important source of revenue is also lease of the machinery. The Group has a fleet of equipment, including shearer loaders and roadheaders, which are leased to coal producers. The Group also earns revenue on aftermarket support, repairs, maintenance and sale of spare parts. In February 2020, as a result of equity changes at the FAMAK Group (the Company's subsidiary in 2018 and 2019), the Company's shareholding in FAMAK fell to 31.88%. Currently, FAMUR S.A. remains a major shareholder of FAMAK, albeit not its parent. Consequently, the FAMAK Group ceased to be consolidated in 2020 and, since then, the FAMAK Group's revenue is no longer included in the consolidated revenue of the FAMUR Group, offering surface mining machinery, as well as bulk transport and handling equipment for the power sector and ports.

<sup>6</sup>The presented financial data is data of FAMUR S.A. and the FAMUR Group, respectively, and is consistent with the disclosures in the separate and consolidated financial statements. 2018 is the first period in which the data is aggregated according to GRI Standards.

In 2019, revenue earned in Poland accounted for 63% of the FAMUR Group's total revenue (2018: 67%).

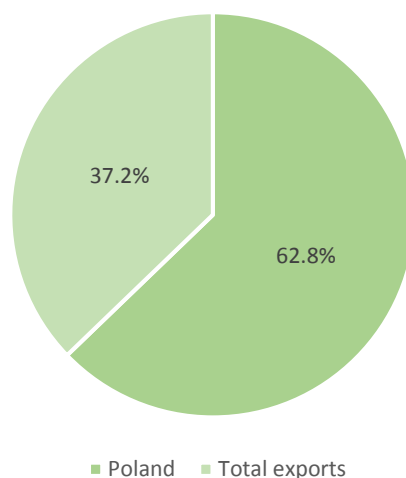
**The FAMUR Group plans to generate at least 50% of its revenue from foreign operations in 2023.**

A significant portion of the revenue comes from export contracts. The FAMUR Group's brand awareness on international markets is increasing. It is associated with the high quality of products 'made in Europe', their technological advancement, stable aftermarket service, and competitive prices.

### The FAMUR Group's revenue structure (PLN '000) in 2019 and 2018

|                           | 2019         | 2018         | Share in 2019 [%] |
|---------------------------|--------------|--------------|-------------------|
| <b>Poland</b>             | <b>1,359</b> | <b>1,491</b> | 62.8%             |
| <b>Export, including:</b> | <b>806</b>   | <b>726</b>   | 37.2%             |
| Russia and CIS            | 524          | 387          | 24.2%             |
| European Union            | 146          | 244          | 6.7%              |
| Other Europe              | 9            | 23           | 0.4%              |
| Other <sup>7</sup>        | 127          | 72           | 5.9%              |
| <b>Total</b>              | <b>2,165</b> | <b>2,217</b> | <b>100%</b>       |

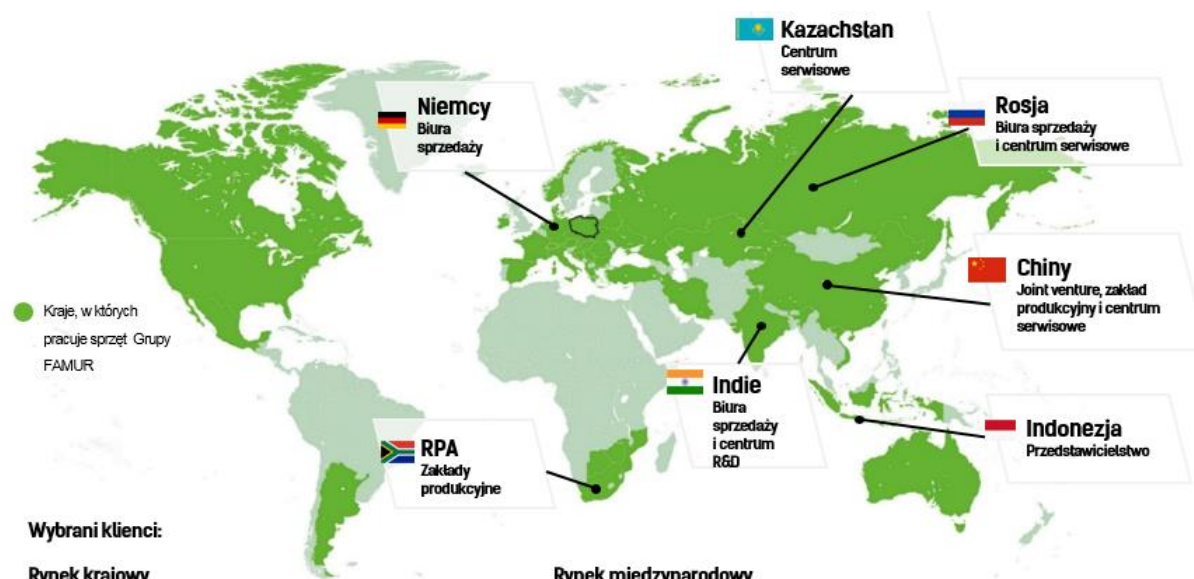
### Geographical split of the FAMUR Group's revenue in 2019



### GRI 102-4, GRI 102-6

The FAMUR Group has marked its presence in more than 40 countries. Its machines, equipment and solutions operate in Russia, Kazakhstan, Turkey, the Balkans, the Netherlands, Austria, Germany, China, India, Argentina, South Africa, Mexico and other countries. Outside Poland, the Group's operations in 2019 were coordinated by the parent, FAMUR S.A., with the exception of the Surface segment, where the coordinating company was the subsidiary FAMAK, and selected foreign markets, where the operations are coordinated by foreign subsidiaries or commercial agents.

<sup>7</sup>America, Asia, Africa, Australia.



Wybrani klienci:

Rynek krajowy



Rynek międzynarodowy



|   |   |
|---|---|
| Kraje w których pracuje sprzęt Grupy Famur                    | Countries where FAMUR Group equipment is used                 |
| Niemcy – biura sprzedaży                                      | Germany – sales offices                                       |
| Kazachstan – centrum Serwisowe                                | Kazakhstan – service centre                                   |
| Rosja – Biura sprzedaży i centrum serwisowe                   | Russia – sales offices and service centre                     |
| Chiny - joint venture, zakład produkcyjny i centrum serwisowe | China – joint venture, manufacturing plant and service centre |
| Indonezja - Przedstawicielstwo                                | Indonesia – representative office                             |
| Indie – Biura sprzedaży i centrum R&D                         | India – sales offices and R&D centre                          |
| RPA- Zakłady produkcyjne                                      | South Africa – manufacturing plants                           |
| Wybrani klienci:  | Selected customers:   |
| Rynek krajowy   | Domestic market   |
| Rynek międzynarodowy  | International market  |

### 1.1.1. Business model in 2019

The FAMUR Group offered technologically advanced machinery and equipment as well as end-to-end solutions for the mining, transport, cargo handling and power sectors. The Group companies have the capabilities required not only to manufacture, but also to design and develop machinery and equipment, which gives them flexibility and enables them to adapt solutions to specific customer needs and offer tailor-made products.

In 2019, the Group's end-to-end offering comprised solutions covering the entire process of hard coal mining, from equipment design, through its production, delivery, assembly at the customer's site, start-up, maintenance and aftermarket support, as well as the delivery of IT systems for back-to-back management of coal mining processes.

Customers can also receive consultancy on mining methods, in particular on mining in the most challenging geological conditions. Additionally, the Group offers assistance in obtaining investment financing from companies operating in the financial sector. Providing assistance in investment financing is an important driver of the FAMUR Group's unique competitive position.

## Key processes



CONSULTANCY, WITH OPTIONAL ASSISTANCE IN PROVIDING THE OPTIMUM FINANCING MODEL

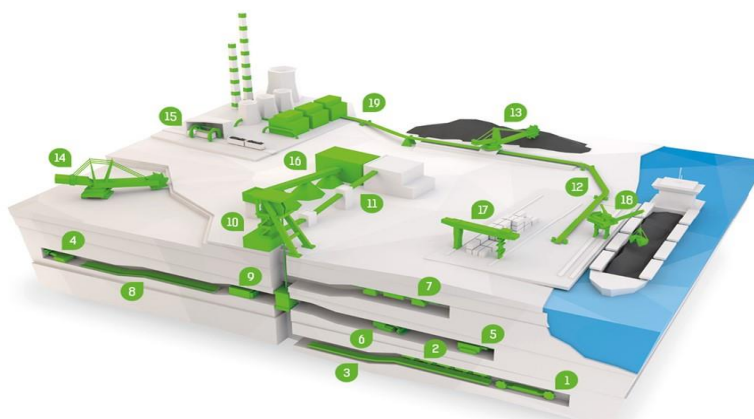
|              |                     |
|--------------|---------------------|
| Projekt      | Design              |
| Produkcja    | Manufacture         |
| Dostawa      | Delivery            |
| Montaż       | Assembly            |
| Uruchomienie | Start-up            |
| Serwis       | Aftermarket support |

## GRI 102-2

In 2019, the FAMUR Group's offering ensured:

- For **mines** – comprehensive design and construction of new, as well as upgrades of existing shafts and surface infrastructure, including coal dressing plants, complete deep and surface mining systems, power supply equipment and solutions, automation and industrial control systems;
- For **power plants** – delivery of complete coal feeding systems, tailored to the needs of individual plants;
- For **ports, handling and in-plant transport terminals** – specialist handling equipment.

1. Kombajny ścienne
2. Obudowy zmechanizowane
3. Przenośniki zgrzeblowe
4. Kombajny chodnikowe
5. Wozy wierzące i kotwiące
6. Ładowarki i spągłodawarki
7. Kolejki podwieszane
8. Przenośniki taśmowe dołowe
9. Aparatura elektryczna
10. Szyb kopalniany
11. Transport ciągły w zakładach
12. Przenośniki taśmowe powierzchniowe
13. Ładowarko-zwałowarki
14. Koparki wielonaczyniowe
15. Wywrotnice wagonowe
16. Infrastruktura powierzchniowa
17. Suwnice kontenerowe
18. Suwnice bramowe nabrzeżne
19. Układ nawęglania elektrowni



|                            |                              |
|----------------------------|------------------------------|
| Kombajny ścienne           | Shearer loaders              |
| Obudowy zmechanizowane     | Powered roof support systems |
| Przenośniki zgrzeblowe     | Scraper conveyors            |
| Kombajny chodnikowe        | Roadheaders                  |
| Wozy wierzące i kotwiące   | Drill rigs and roof bolters  |
| Ładowarki i spągłodawarki  | Loaders and dunting loaders  |
| Kolejki podwieszane        | Suspended monorail systems   |
| Przenośniki taśmowe dołowe | Underground belt conveyors   |
| Aparatura elektryczna      | Mining electrical equipment  |

|                                    |                                   |
|------------------------------------|-----------------------------------|
| Szyb kopalniany                    | Mine shaft                        |
| Transport ciągły w zakładach       | In-plant continuous transport     |
| Przenośniki taśmowe powierzchniowe | Surface belt conveyors            |
| Ładowarko-zwałowarki               | Stacker-reclaimers                |
| Koparki wielonaczyniowe            | Bucket-wheel excavators           |
| Wytwornice wagonowe                | Wagon tippers                     |
| Infrastruktura powierzchniowa      | Surface infrastructure            |
| Suwnice kontenerowe                | Container cranes                  |
| Suwnice bramowe nabrzeżne          | Ship-to-shore gantry cranes       |
| Układ nawęglania elektrowni        | Power plant's coal feeding system |

The FAMUR Group products meet the requirements of local regulations, as well as the national and international standards applicable in a given country. In addition, all plant and equipment manufactured by the FAMUR Group and marketed in the European Union meet the requirements of applicable Directives of the European Parliament and of the Council.

## GRI 102-9

### Suppliers

The majority of materials supplies are coordinated by FAMUR, which centralises management of the supply chain for the necessary feedstocks and materials in the Underground segment. As part of its efforts to optimise the Group's operations, in 2019 the Group commenced to centralise the Surface segment supply chain at FAMUR S.A. The other segments pursue independent procurement policies in their respective business areas. The FAMUR Group 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 helped improve the efficiency of procurement processes, mainly by leveraging the economies of scale and the 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. 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 delivered to the customers, with large machines and process lines delivered in parts (batches). The delivery of machinery and equipment to customers is performed by proven external carriers, some of whom have signed regular cooperation agreements with the Group.

In March 2020, FAMUR S.A. implemented and compiled into a single document the rules of conduct and CSR criteria adopted by the Company and its 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, after its formal adoption by the Company's Management Board, was published on [www.famur.com](https://famur.com/oferta) in the <https://famur.com/oferta> section.

## 1.1.2. Shareholding structure<sup>8</sup>

### GRI 102-7, GRI 102-10

As at December 31st 2019, FAMUR S.A.'s share capital amounted to PLN 5,747,632.12 and was divided into 574,763,212 Series A, B, C, D, E and F shares with a par value of PLN 0.01 per share. All outstanding shares are ordinary shares without any preference in terms of profit distribution or voting rights at the General Meeting. There are no other securities conferring any special control rights.

#### Shareholding structure of FAMUR S.A. as at December 31st 2019 and the date of issue of this CSR Report

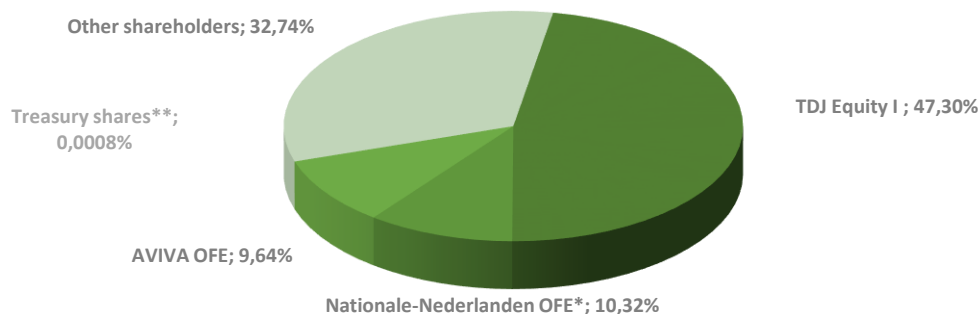
| Shareholder   | Number of shares   | Number of voting rights at GM | % of total voting rights at GM | % of share capital |
|---|--------------------|-------------------------------|--------------------------------|--------------------|
| <b>TDJ Equity I Sp. z o.o.</b>                        | 271,853,785        | 271,853,785                   | 47.30%                         | 47.30%             |
| <b>Nationale-Nederlanden OFE*</b>                     | 59,300,000         | 59,300,000                    | 10.32%                         | 10.32%             |
| <b>OFE AVIVA Santander</b>                            | 55,400,000         | 55,400,000                    | 9.64%                          | 9.64%              |
| <b>Treasury shares**</b>                              | 4,616              | 4,616                         | 0.0008%                        | 0.0008%            |
| <b>Other shareholders</b> (excluding treasury shares) | 188,204,811        | 188,204,811                   | 32.74%                         | 32.74%             |
| <b>Total</b>  | <b>574,763,212</b> | <b>574,763,212</b>            | <b>100.00%</b>                 | <b>100.00%</b>     |

Data based on the last General Meeting of the Company held in 2019 (June 17th 2019).

\* Aggregate value for accounts of OFE and DFE funds managed by NN PTE.

\*\* Indirectly through subsidiaries.

Shareholding structure of FAMUR S.A. as at the date of issue of this CSR Report



As at June 17th 2019

\* Aggregate value for accounts of OFE and DFE funds managed by NN PTE.

\*\* Indirectly through subsidiaries.

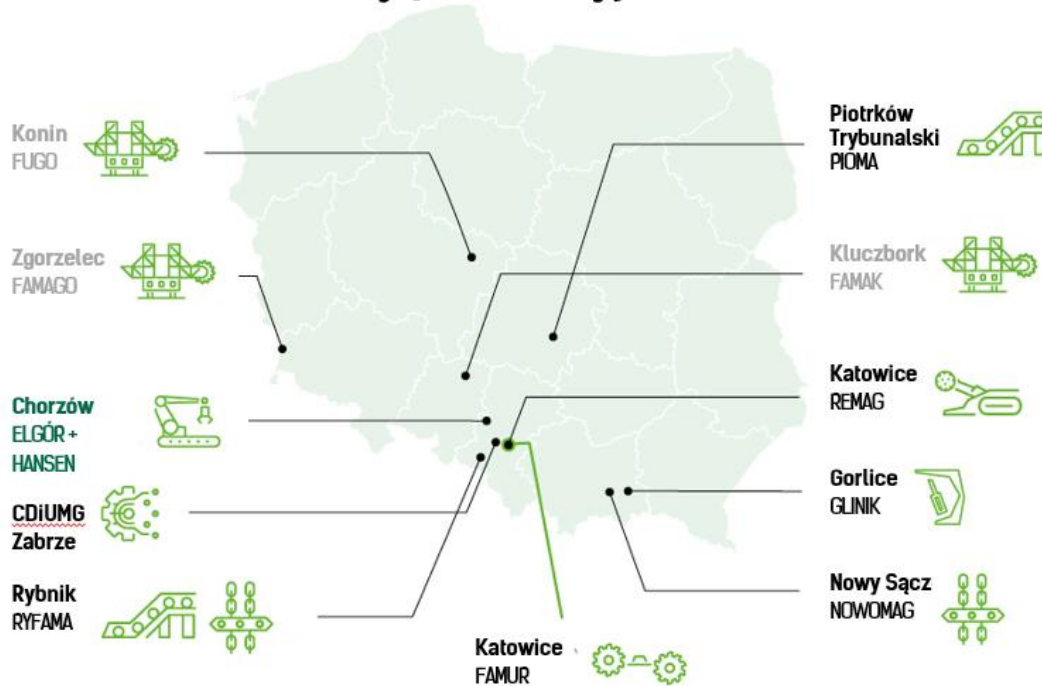
<sup>8</sup>For complete information on changes in the FAMUR S.A.'s capital and ownership structure (in accordance with the Minister of Finance's Regulation on current and periodic information), see the Directors' Report for 2019. Information is also available at <https://famur.com/relacje-inwestorskie/raporty/>.



## 1.1.3. Organisational structure

GRI 102-5

### Kluczowe zakłady produkcyjne w 2019 r.



Kluczowe zakłady produkcyjne w 2019 r.

Key manufacturing sites in 2019

In 2019, the FAMUR Group owned the following key manufacturing plants in Poland:

- 8 plants in the Underground segment:
  - 1 plant manufacturing shearer loaders and gearboxes, at FAMUR S.A. Longwall Systems Branch in Katowice,
  - 1 plant manufacturing roadheaders, drills, anchor drill rigs, loaders, and dinting loaders, at FAMUR S.A. REMAG Gallery Systems Branch in Katowice,
  - 1 plant manufacturing powered roof supports, at FAMUR S.A. GLINIK Longwall Systems Branch in Gorlice,
  - 2 plants manufacturing scraper conveyors and crushers – FAMUR S.A. NOWOMAG Longwall Systems Branch in Nowy Sącz and RYFAMA Longwall Systems Branch in Rybnik,
  - 1 plant manufacturing transport/handling systems for underground and surface mining – FAMUR S.A. PIOMA Transport/Handling Systems Branch in Piotrków Trybunalski,
  - Service Centre of FAMUR S.A. Longwall Systems Mining Machinery Diagnostics and Maintenance Centre Branch in Zabrze and FAMUR S.A. Longwall Hydraulic Systems Branch in Zabrze;
- 3 plants manufacturing machinery and equipment as part of the Surface segment, i.e. loading and handling as well as transport and mining equipment used in surface mining: FAMUR FAMAK S.A. of Kluczbork, FUGO S.A. of Konin and FUGO S.A. of Zgorzelec. In February 2020, TDJ Equity I Sp. z o.o. (the parent of FAMUR S.A.) acquired control of the FAMUR FAMAK Group (the entity comprising the Surface segment's principal activity) by acquiring a controlling interest in FAMUR FAMAK S.A.

- 1 plant based in Chorzów, operating in the Electrical Equipment segment (ELGÓR+HANSEN S.A.).

In 2019, the operations of the FAMUR Group were complemented by the Mining Services segment, comprising mainly

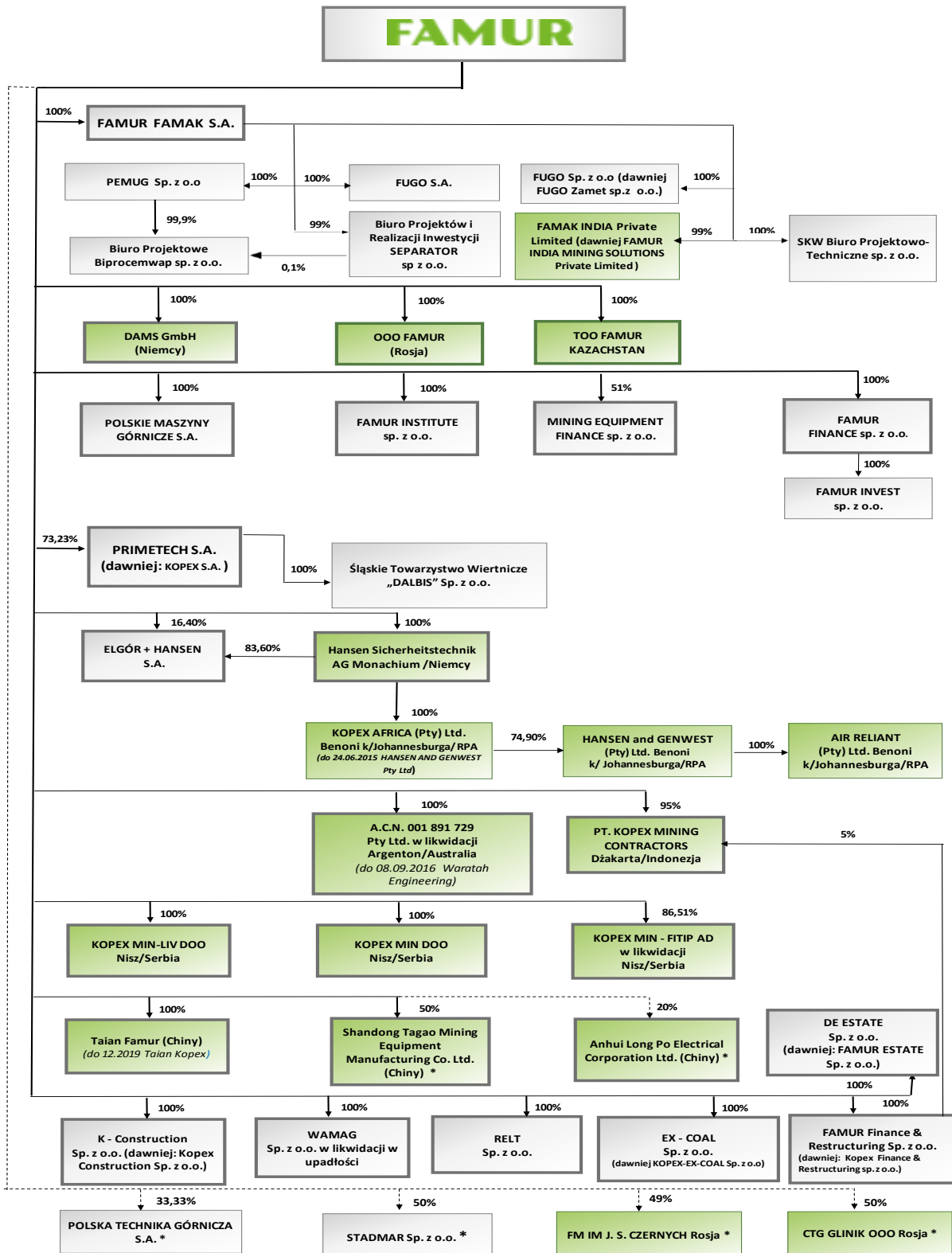
- **Przedsiębiorstwo Budowy Szybów S.A.** ("PBSz"), which had been part of the FAMUR Group until May 2019. For more detailed information, see Section 1.1.4. of this Report.
- **ŚTW DALBIS Sp. z o.o.** of Tarnowskie Góry.

The service and design offices – FUGO Projekt Sp. z o.o., Biuro Projektów i Realizacji Inwestycji SEPARATOR Sp. z o.o., SKW Biuro Projektowo-Techniczne Sp. z o.o. and Biuro Projektowe BIPROCEMWAP Sp. z o.o. – provide significant support for the FAMUR Group's operating activities.

Another important Group member is FAMUR INSTITUTE Sp. z o.o., a research and development company.

As at December 31st 2019, the structure of the FAMUR Group was as follows:

## Schemat Grupy Kapitałowej Famur stan na dzień 31.12.2019



Uwaga: kolorem zielonym zaznaczono spółki z siedzibą za granicą.  
\*) podmioty nie są spółkami zależnymi  
Źródło: Grupa Famur, Grupa Primetech

## Changes in the FAMUR Group in 2019 and subsequent to the reporting date of December 31st 2019 – until the issue date of this Report

- **Liquidation of OOO FAMUR UKRAINA**

On January 22nd 2019, OOO FAMUR Ukraina was deleted from the business register.

- **Change of name of FAMUR PEMUG**

On January 23rd 2019, the District Court for Katowice-Wschód in Katowice, 8th Commercial Division of the National Court Register, registered the change of FAMUR Pemug Sp. z o.o.'s name to Pemug Sp. z o.o.

- **Sale of shares in FUGO PROJEKT Sp. z o.o.**

An agreement for the sale of 1,720 shares in Fugo Projekt Sp. z o.o., dated March 5th 2019, came into effect on March 8th 2019. Under the agreement, FAMUR FAMAK S.A. sold all of its holding (i.e. 1,720 shares) to a buyer outside the Group, and the company ceased to be a member of the FAMUR Group as of March 8th 2019.

- **Change of name of FAMUR ESTATE Sp. z o.o.**

On March 1st 2019, pursuant to a resolution adopted by the shareholders of FAMUR ESTATE sp. z o.o., the Company's name was changed to DE ESTATE sp. z o.o. The change was registered by the District Court for Katowice-Wschód in Katowice, 8th Commercial Division of the National Court Register, on May 24th 2019.

- **Establishment of Biuro Projektowe BIPROCEMWAP Sp. z o.o.**

On April 26th 2019 Biuro Projektowe Biprocemwap Sp. z o.o. of Kraków was established, with 99.9% of its shares subscribed for by PEMUG Sp. z o.o., and 0.1% – by BPiRI Separator Sp. z o.o.

- **Changes involving PBSz S.A.**

The sale of PBSz S.A. was envisaged already at the time of execution of the PRIMETECH Group (formerly the KOPEX Group) restructuring agreement at the end of 2016, as one of the options enabling the repayment of a significant portion of the debt covered by the agreement.

On December 21st 2018, representatives of Jastrzębska Spółka Węglowa S.A. (as the Buyer) and PBSz1 Sp. z o.o. and Primetech S.A. (subsidiaries of the Company, as the Sellers) entered into a conditional agreement whereby the Sellers agreed to sell 4,430,476 shares in Przedsiębiorstwo Budowy Szybów S.A. of Tarnowskie Góry ("PBSz"), representing 95.01% of PBSz's share capital. As a result of negotiations, the final transaction price was agreed at PLN 204m (Current Report No. 73/2018).

On May 20th 2019, the Company announced the execution of the Final PBSz Share Sale Agreement (the "Agreement") – Current Report No. 25/2019. Under the Agreement, PRIMETECH S.A. (formerly KOPEX S.A.) and PBSz 1 Sp. z o.o. sold to JSW an equity interest in PBSz, comprising 4,430,476 shares with a total par value of PLN 13,025,599.44, representing 95.01% of the PBSz share capital and 4,430,476 voting rights (95.01% of total voting power) at the PBSz General Meeting. The total sale price of the shareholding was PLN 204,000,000.

In Current Report No. 26/2019 of May 20th 2019, the Company announced that on May 20th 2019 it had been notified of a transfer of funds to PKO BP SA, acting as a paying agent and security agent, to prepay the entire Tranche B of PRIMETECH S.A.'s debt, totalling PLN 210,515,860.72 (principal and interest).

- **Merger of OOO FAMUR Sibir into OOO Famur**

On August 6th 2019, a process to reorganise the Russian operations was completed, as a result of which OOO FAMUR Sibir was merged into OOO FAMUR. As a consequence, OOO FAMUR assumed all the rights and obligations of OOO FAMUR Sibir.

- **Change of registered office of Ex Coal sp. z o.o.**

On May 9th 2019, the Management Board of Ex Coal sp. z o.o. relocated the company's registered office from ul. Podlesie 1, Przewodów, to ul. Armii Krajowej 51, 40-698 Katowice. The resolution became effective as of its date.

- **FAMUR to announce a tender offer for Primetech shares** On June 14th 2019, in Current Report No. 36/2019, the Company announced that it had obtained consent from the Supervisory Board and entered into an agreement with Santander Bank Polska S.A. – Santander Biuro Maklerskie ("Santander BM") whereby steps

were being taken to announce a tender offer for shares in the subsidiary Primetech S.A. through which the Company expected to acquire full ownership of Primetech S.A. (the "Tender Offer"). A summary of the Tender Offer was notified by the Company to PRIMETECH S.A. on September 20th 2019. Prior to the announcement of the Tender Offer, the Company held directly 10,274,359 ordinary bearer shares in PRIMETECH S.A., representing approximately 65.82% of its share capital and conferring 10,274,359 voting rights, or approximately 65.82% of total voting rights, at its General Meeting. After settlement of the Tender Offer and as at the date of the notification, FAMUR S.A. held directly 11,431,625 ordinary bearer shares in PRIMETECH S.A., representing approximately 73.23% of the company's share capital and conferring 11,431,625 voting rights, or approximately 73.23% of total voting rights, at its General Meeting.

- **BPiRI Separator Sp. z o.o. – intragroup sale of shares**

On June 27th 2019, an agreement for the sale of all shares in Biuro Projektów i Realizacji Inwestycji SEPARATOR Sp. z o.o. was signed between FAMUR FAMA S.A. (as the seller) and its subsidiary PEMUG Sp. z o.o. (as the buyer). The ownership was transferred on payment of the price, i.e. on July 17th 2019.

- **Sale of shares in Kopex MIN LIV**

On July 16th 2019, a sale agreement was concluded for 4.01% of shares in Kopex MIN LIV of Serbia. Under the agreement, Kopex MIN of Serbia sold the shares to FAMUR S.A. The amendment was entered in the relevant court register on July 22nd 2019 and since that date FAMUR S.A. has been the sole shareholder of Kopex MIN LIV of Serbia.

- **Merger of PRIMETECH S.A. with PBSz 1 Sp. z o.o.**

On November 4th 2019, the Extraordinary General Meeting of PRIMETECH S.A. ("PTH") passed a resolution to approve a merger plan, as agreed and adopted on September 23rd 2019 by the merging companies, between PTH (as the Acquirer) and PBSz 1 Sp. z o.o. of Katowice (as the Acquiree), and resolved that the companies would be merged by transferring all the assets of PBSz 1 Sp. z o.o. to PRIMETECH S.A. on the terms defined in the merger plan. The merger was registered with the District Court for Katowice-Wschód in Katowice, 8th Commercial Division of the National Court Register, on December 10th 2019.

- **Change of name of Taian Kopex Coal Mining Equipment Service Co. Ltd (China)**

On December 25th 2019, the company's name was changed from Taian Kopex Coal Mining Equipment Service Co. Ltd to Taian Famur Coal Mining Machinery Co., Ltd (abbreviated name: Taian Famur).

- **Equity changes relating to FAMUR FAMA S.A.**

On January 8th 2020, the Company's Management Board made a decision to invite TDJ Equity I Sp. z o.o. ("TDJ Equity I") to acquire a controlling interest or to subscribe for new shares in its subsidiary FAMUR FAMA S.A. ("FAMA") and to commence negotiations with TDJ Equity I concerning acquisition TDJ Equity I of control over FAMA and making a capital contribution to the company. The purpose of the negotiations was to confirm the intentions of both parties regarding acquisition by TDJ Equity I of control over FAMA and to carry out a restructuring of FAMA and its subsidiaries intended to stabilise their financial and operating positions.

On February 10th 2020, the Company was notified that TDJ Equity I accepted its proposal to acquire a controlling interest in FAMA in the form of newly issued shares. Among the arrangements negotiated between the parties were a reduction of FAMA's share capital by PLN 69.6m by reducing the par value of its shares from PLN 1.00 to PLN 0.32 in order to cover the company's losses, with a concurrent increase of the share capital by PLN 70m through the issue of Series F shares by way of a private placement, with the pre-emptive rights of the existing shareholder waived, and acquisition of shares in the increased share capital by TDJ Equity I.

On February 11th 2020, the Extraordinary General Meeting of FAMA passed resolutions to effect the equity changes specified above, i.e. to reduce FAMA's share capital by PLN 69.6m, with a concurrent increase of its share capital by PLN 70m through the issue of Series F shares.

On February 25th 2020, the District Court in Opole, 8th Commercial Division, registered the reduction and increase in FAMA's share capital. As a result, the Company's shareholding in FAMA fell to 31.88%.

- **Changes relating to K-CONSTRUCTION Sp. z o.o.**

On March 11th 2020, a reduction in the share capital of K-Construction sp. z o.o. was registered. The company's share capital was reduced from PLN 7,473,200.00 to PLN 4,412,800.00, i.e. by PLN 3,060,400.00, through the cancellation of 4,372 shares.

On March 20th 2020, a share sale agreement was concluded under which FAMUR S.A. disposed of all its shares in K-Construction. Ownership of the shares was transferred to the buyers on March 20th 2020.

## 1.1.4. Products and business segments

### GRI 102-2

#### Underground segment

The FAMUR Group is a leading global manufacturer of longwall machinery and systems for underground mining. The Group's key products and services include:

- **Longwall systems**

The components of a longwall system include shearer loaders, powered roof supports, scraper conveyors, and other auxiliary equipment. The shearer loaders' installed capacities range from 250 to 1,300 kW, while the powered roof supports' range of operation is from 0.8 to 6 metres. The FAMUR Group's offering also includes power and control hydraulics. The diameters of hydraulic supports and actuators range from 50 to 440 mm. The equipment can be used for mining coal seams with thickness ranging from 1 to 6 metres.

- **Equipment for transport and handling of various bulk materials used in underground mines, for personnel transport, etc.**

The products include underground belt conveyors, surface belt conveyors, various underground means of transport for logistics purposes, such as cable-driven floor-mounted railways, diesel-powered suspended monorails, diesel-powered floor-mounted railways, diesel-powered locomotives, mechanical winches, and complete equipment for material transport and man-riding units.

- **Gallery systems**

The key element of a gallery system is roadheaders, which are used to excavate galleries and drill tunnels. The roadheaders manufactured by the FAMUR Group can excavate galleries with sections of up to 37 m<sup>2</sup>, in rocks with a compressive strength up to 110 MPa.



*Roof supports and shearer loaders*





# FAMUR

## Roadheaders



*Underground transport and handling systems and bulk materials handling systems*

## Surface segment

Another important segment of the Group's operations in 2019 was the manufacture of equipment for surface works, used in surface mines, handling and loading terminals, power plants, and in storage yards. Those activities are concentrated within FAMAK and its direct subsidiaries. The product portfolio includes:

- Continuous transport systems and equipment;
- Hoisting equipment;
- Machinery and equipment for surface mining;
- Complete design and delivery of minerals processing and beneficiation plants;
- Construction and delivery of equipment for complete mine shaft hoists;
- Turnkey delivery of process systems.



*Machinery and equipment for surface mining and loading and handling equipment.*

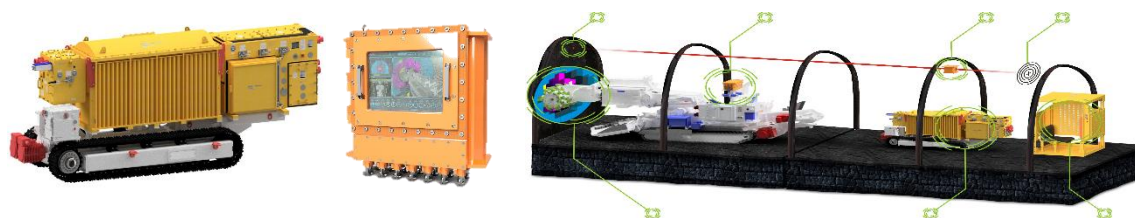
## Changes in the Surface segment in 2020:

Following a number of internal and external developments beyond the Company's control which materially affected the FAMUR FAMAK Group's operations and performance (for more information, see the Directors' Report on the Operations of FAMUR in 2019), at the beginning of January 2020 the Company's Management Board made a decision to invite TDJ Equity I to acquire a controlling interest or to subscribe for new shares in FAMAK and to commence negotiations with TDJ Equity I concerning acquisition by TDJ Equity I of control over FAMAK and making a capital contribution to the company. In February 2020, the Company was notified that TDJ Equity I accepted its proposal to acquire a controlling interest in FAMAK in the form of newly issued shares. In the same month, the equity changes were registered with the court. As a result, the Company's shareholding in FAMAK fell to 31.88% so that currently FAMUR S.A. remains a significant shareholder of FAMAK, although not its parent.

## Electrical Equipment

This segment includes 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 technical systems and devices, and integration of power and automation systems. The Group also provides a 24x7 servicing of equipment used in mining, as well as equipment repairs and upgrades.

The key company in this segment is ELGÓR+HANSEN S.A.



*Explosion-proof devices and solutions*

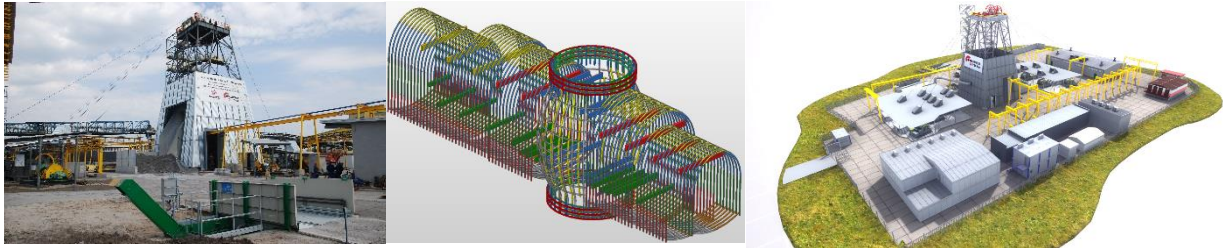
## Mining Services

Until May 20th 2019, the operations of Przedsiębiorstwo Budowy Szybów S.A. (PBSz, PBSz S.A.), one of few highly specialised providers of underground construction services operating in Poland and abroad, had been the linchpin of the Mining Services segment. The segment covered a wide range of services, including engineering design services related to coal, ore, salt and other minerals mining, in particular vertical (mainly shafts and winzes) and horizontal excavations and tunnels. PBSz had been a member of the Company's Group until May 2019, when the FAMUR Group companies and Jastrzębska Spółka Węglowa S.A. ("JSW") signed an agreement whereby 95.01% of shares in PBSz were sold to JSW. (The sale of PBSz S.A. was envisaged already in 2016, at the time of execution of the restructuring agreement for the PRIMETECH Group, which was acquired by FAMUR). For more information, see the Directors' Report on the Operations of FAMUR in 2019.

In July 2019, a resolution was passed to discontinue the coal trading business as no new contracts could be executed given the limited availability of required volumes of coal meeting relevant quality standards on the Polish market.

As at the date of issue of this Report, the Mining Services segment comprised ŚTW DALBIS Sp. z o.o.'s activities and services provided by PRIMETECH S.A.





Designs and infrastructure made by the FAMUR Group

## 1.1.5. The markets

### GRI 102-6

The FAMUR Group's revenue is largely dependent on capital expenditures made by coal mines. Until the end of February 2020, the FAMUR Group's revenue (through its subsidiary FAMAK and its entities) had been partly derived from contracts with heat and power producers as well as transport and cargo handling operators. However, after the necessary reorganisation of the FAMAK Group, forming part the Surface segment, it is no longer controlled by the FAMUR Group.

In underground mining, capex involves both upgrades and repairs of the mines' existing machinery, as well as purchases of new machines when preparing access to new longwall panels. Delivery of spare parts and provision of maintenance services are additional revenue sources. Because the Group derives a substantial part of its revenue from the domestic market, capital expenditure of the Polish mining industry is a significant revenue driver. From 2017, there was a recovery in that market, reflected in the FAMUR Group's execution of significant contracts with Polish mining companies in 2018 and 2019. However, capital investments in the mining industry are of a cyclical nature. Moreover, coal producers' capex plans are under pressure from structural changes, which are in turn caused by pressures on achieving climate neutrality and falling gas prices. Following completion of a large number of capital projects initiated in 2018 and at the beginning of 2019, 2020 is expected to usher in a slowdown with fewer new projects, both in Poland and on foreign markets, further compounded by problems related to the spread of the SARS-Cov-2 coronavirus at the beginning of 2020.

### Global markets

Global annual production of both hard coal and lignite is approximately 8bn tonnes. The largest coal producers are: China (around 46% of world output), India (around 9.5%) and the US (around 8.6%). Poland ranked ninth, with some 1.5% share in global production<sup>9</sup>. Poland is a leading hard coal producer in the European Union: According to available market information, in 2019 its output was in excess of 62 million tonnes.

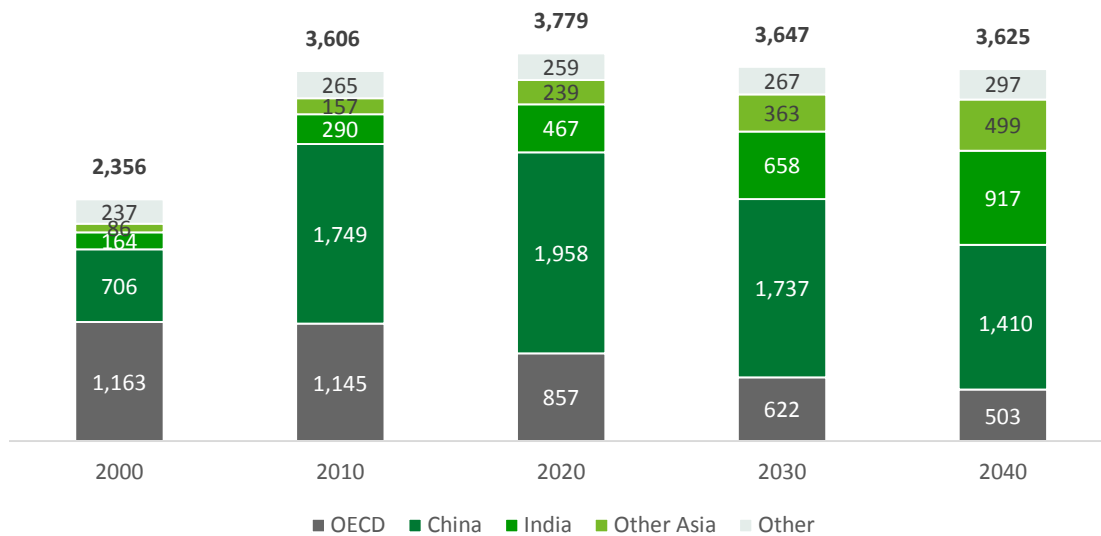
Within the next 20 years, coal will probably remain an important component of the global energy mix. The growth of global population, urbanisation and steadily improving living standards should bring about an increase in global demand for energy over the coming decade. In its 'Stated Policies Scenario', the International Energy Agency points out that by 2040 global demand for thermal coal will remain stable. However, as other energy sources, especially renewable ones, are quickly gaining in prominence, coal's share in primary energy generation will fall to approximately 21% in 2040 from 27% in 2018. Depending on the region, changes in coal demand will follow different trends. In Asia, FAMUR's key exports market, demand for coal is expected to rise steadily as it remains one of the cheapest energy sources and continues to play a major role given that coal-fired power plants in Asia are relatively new (12 years on average). In Europe on the other hand, demand for thermal coal will follow a downward trend as Europe is determined to achieve climate neutrality and as the prices of CO<sub>2</sub> allowances are

<sup>9</sup> Source: Statistical Review of World Energy 2019.

on the rise, while in the US a decline in demand for coal will mainly be driven by falling gas prices. Despite a decline in the share of coal in the global energy mix, its output in nominal terms is expected to remain globally at current levels until 2040.<sup>10</sup>

### Projected evolution of demand for thermal coal by region

(data in Btoe)



Coal prices are an important driver of the mining industry’s financial condition and capex plans. In early 2016, the price of thermal coal hit an all-time low of USD 45 per tonne. A rebound of global prices from the second quarter of 2016 had a positive impact also on Polish coal producers, translating into increased investment outlays within the mining industry in 2018 and 2019. A reversal of coal price trends seen on global exchanges since mid-2018 and its continuation in 2019, coupled with the persistently falling gas prices and pressures on achieving climate neutrality, have reduced the number of RFPs abroad, which heralds a slowdown and fewer new projects in 2020.

### Price of 1 tonne of coal in USD, Amsterdam-Rotterdam-Antwerp and Richards Bay (South Africa)<sup>11</sup>

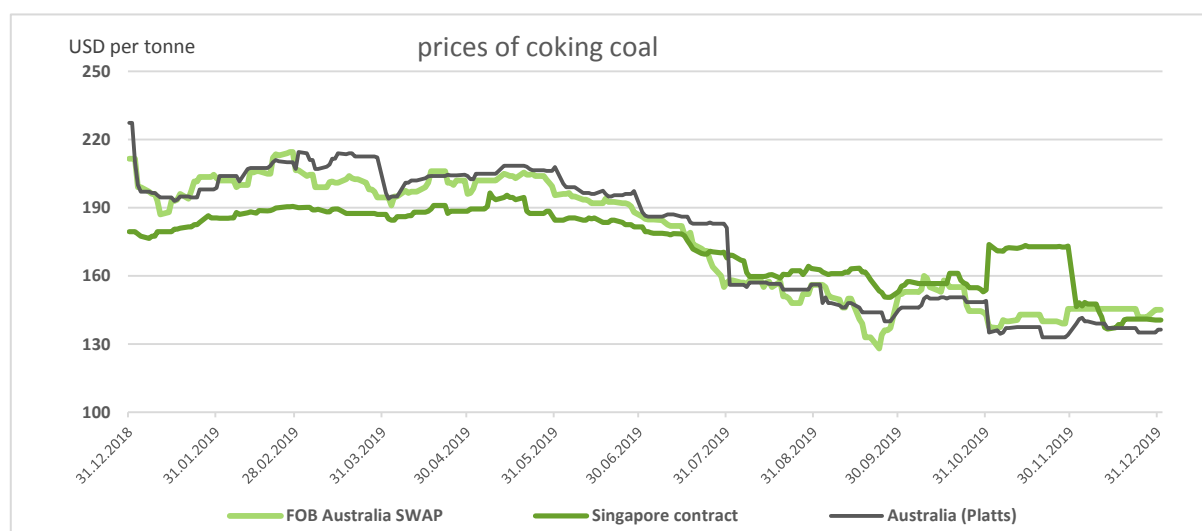


Demand for coking coal depends on the production of steel, which is under pressure of the deteriorating global economic outlook, increasing uncertainty in trade relations and a decline in industrial output. In 2017, the European Commission confirmed the status of coking coal as a critical raw material included in the list of 27 raw

<sup>10</sup> Source: BP Energy Outlook 2019.

<sup>11</sup>Source: www.gornictwo.wnp.pl.

materials for which the risk of a supply shortage and its impact on the economy is higher than for other raw materials. As at the end of 2019, the price of coking coal fluctuated around USD 140, having decreased by approximately 32% relative to 2018.



## Poland

The key players in the Polish mining and heat and power sectors include:

- Polska Grupa Górnicza S.A.
- Jastrzębska Spółka Węglowa S.A.
- Lubelski Węgiel Bogdanka S.A.
- TAURON Wydobycie S.A.
- Węglokoks Kraj Sp. z o.o.
- KGHM Polska Miedź S.A.
- PGE Group companies
- Enea Group companies
- Energa Group companies
- Pątnów-Adamów-Konin power plants
- Przedsiębiorstwo Górnicze Silesia Sp. z o.o.

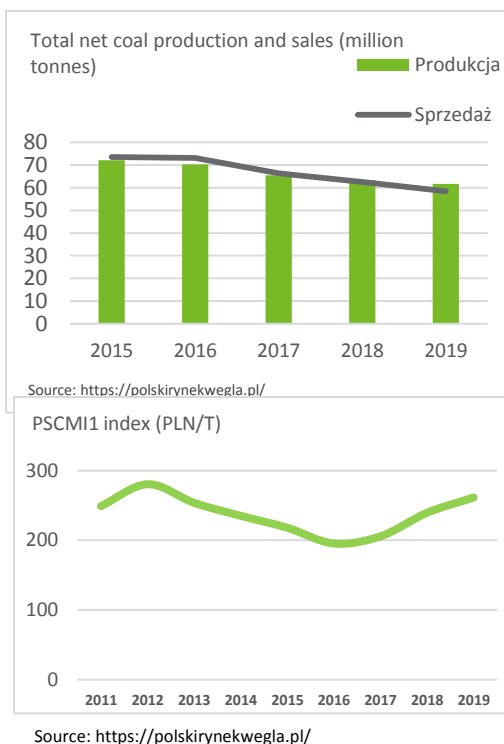
The first two companies control mines accounting for approximately 70% of Poland's hard coal production, and are the key customers on the Polish market for mining equipment. The FAMUR Group's long-standing presence in the mining equipment sector, experience gained on foreign markets, a portfolio of recognised products, and the nature of the domestic market keep the Group's core customer base relatively stable.

Coal production continued to decline in Poland in 2019, having fallen by approximately 2.8% (vs 3.2% in 2018) to 61.6m tonnes. In the same period, coal sales fell by 6.5% (vs 5.7% in 2018) to 58.4m tonnes.

The Polish Steam Coal Market Index 1 (a group of price indicators for benchmark steam coal from Polish producers sold on the Polish energy market – the PSCMI1 index) rose by 9.1% in 2019, to PLN 12.01 per GJ (vs 16.4% in 2018). Interestingly, both the index itself, which reflects the price levels prevailing in Poland, and its trend are above the European ARA index, recently by approximately 20%.

The financial results of Polish coal companies were positive in 2019, albeit lower year on year. In 2019, the aggregate net profit of the JSW, PGG and Bogdanka groups totalled approximately PLN 0.5bn, compared with PLN 2.3bn in 2018 (based on available market data and stock exchange reports). According to experts, in order to successfully overcome the adverse trends in the hard coal industry, coal producers need to thoroughly modernise their infrastructure, plant and equipment – an effort which will guarantee cost optimisation.

Consistent implementation of cost-cutting measures is the key to improving profitability of coal production in Poland. Roll-out of innovative technologies and regular upgrading of equipment operated at coal mines is the right path to follow. The lower the production costs at Polish coal mines, the more attractive the price of Polish hard coal for both domestic and foreign customers. Therefore, it is of vital importance to strive for the highest possible efficiency and profitability of coal production, as well as the high quality of maintenance services to ensure high availability of the working time of mining equipment for uninterrupted production. In 2019, Poland’s largest coal producers continued to increase their capital outlays, which – based on available market data and research reports – rose by a total of ca. 20%, compared with +45% in 2018.



|  |  |
|--|--|
| Produkcja i sprzedaż węgla kamiennego netto ogółem (mln ton) | Total net coal production and sales (million tonnes) |
| Produkcja  | Production   |
| Sprzedaż   | Sales  |
| Indeks PSCMI1 (PLN/T)  | PSCMI1 index (PLN/T)                                 |
| Źródło:  | Source:  |

## 1.1.6. Development drivers of the industry

### Global markets

Long-term forecasting of global coal market trends is related to developments in the energy market, which relies on the assumption that within the next several decades the populations and incomes will grow, stimulating higher consumption of energy globally. Independent studies carried out by BP predict a stabilisation of demand for thermal coal at the current level until 2040 (according to ‘BP Energy Outlook 2019’), despite the transition to renewable energy sources and construction of gas-fired power plants. Coal remains one of the main elements of growing energy demand. Given the important role of the Chinese and Indian economies, consumption of all energy carriers (including coal) is expected to grow globally within at least the next ten to twenty years.

Although demand for coal is expected to remain stable in the long term, capital investments in the mining industry are of a cyclical nature. Following completion of a large number of capital projects initiated in 2018 and at the beginning of 2019, 2020 is expected to usher in a slowdown and lower number of new projects. It can be seen that the continuing global downtrend in coal prices, persistently falling gas prices and pressures on achieving climate neutrality have reduced the number of RFPs abroad.

## Poland

Also in Poland, there will be a gradual change in the energy mix in the long term, due to a tighter environmental regulatory regime, issues related to efficiency of mining operations, and competition from other energy sources.

### *Outlook for thermal coal in Poland*

According to the National Energy and Climate Plan 2021–2030, the share of coal in the energy mix will be consistently reduced from approximately 77% today (total energy output from lignite and coal) to 56%–60% in 2030, with the downward trend expected to continue until 2040. The share of coal-fired generation will decrease steadily as worn out legacy conventional units that do not meet the environmental requirements for pollutant emissions (BAT conclusions) are gradually decommissioned, and as high-efficiency conventional technologies are deployed. However, in view of the need to ensure stable and reliable energy supplies contributing to energy security, as well as the legitimate objective of maintaining a high level of the country's energy independence, coal is expected to remain the main fuel in the power sector until 2030.

According to a scenario envisaged in the Energy and Climate Policy,<sup>12</sup> thermal coal production in 2015–2030 will decrease from 32.1 Mtoe in 2015 to 22.6 Mtoe in 2030 and 16.2 Mtoe in 2040 (equivalent to 59.2m tonnes, ca. 36m tonnes and ca. 30m tonnes in natural units, respectively). The production decline will be driven by lower demand across all sectors of the Polish economy: in the industrial sector – as a result of production process upgrades and a shift towards more efficient and greener energy sources (including photovoltaics) used by industrial producers to satisfy as much as possible of their own energy demand, and in the household and service sector – as part of the fight against smog – as a result of the gradual replacement of inefficient solid fuel boilers with boilers conforming to the strictest environmental standards (with a high energy conversion efficiency) and replacement of coal-based technologies with cleaner solutions (RES, gas, and district heating).

After 2030, the phase-out of legacy generation units is expected to accelerate. They will be replaced by new generation capacities, mostly new gas-fired units, nuclear power plants as well as offshore and onshore wind farms. The absence of plans to build new coal-fired units (except where investment decisions have already been made) is due to the rising prices of CO<sub>2</sub> emission allowances, ever-tightening environmental requirements and the EU energy and climate policy focus, which makes the construction of coal-fired units, even the most advanced ones, economically unviable.

### *Outlook for coking coal in Poland*

Polish and foreign demand for coking coal is driven by steel production which, in turn, depends on the global rate of economic growth, global industrial output and general trade relations throughout the global economy. It is therefore subject to strong fluctuations, which are unpredictable.

In line with its strategy announced on February 12th 2020 by Jastrzębska Spółka Węglowa (the largest producer of high-quality hard coking coal in the European Union and one of the leading producers of coke used in steelmaking), the company intends to gradually increase its coal production in 2020–2030 from ca. 14.8m tonnes in 2019 to ca. 18m tonnes in 2030, investing in the expansion of new mining floors and launch of production from the Bzie Dębina area. The structure of the intended production level means an increase in the coking coal yield from 71% in 2019 to more than 85% from 2021 onwards.

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<sup>12</sup>ENERGY AND CLIMATE POLICY SCENARIO, Impact assessment of planned policies and measures, Annex 2 to the National Energy and Climate Plan 2021–2030, p. 62

## Competitive environment of the FAMUR Group

Following the many years' process of competence consolidation and building the position of a supplier of end-to-end solutions for soft rock mining, the FAMUR Group is able to successfully compete on selected markets with such corporations as the American Caterpillar and the Japanese Komatsu Mining Corp (formerly: Joy Global) in the global market of machinery and equipment for soft rock underground longwall mining. To some extent, the FAMUR Group may also face competitive pressures due to reduced orders for certain equipment from some of its domestic customers which in 2019 announced plans to expand their own manufacturing and maintenance capacities for some types of mining machinery. Among those who have are Jastrzębska Spółka Węglowa and Polska Grupa Górnicza (especially with respect to scraper conveyors and roof supports), which in the future is likely to limit their external sourcing.

### 1.2. About this Report

**GRI 102-45, GRI 102-49, GRI 102-50, GRI 102-52, GRI 102-54, GRI 102-56, GRI 103-1**

Since 2018, the FAMUR Group has been subject to the extended non-financial reporting requirements under the amended Accounting Act<sup>13</sup>, 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<sup>14</sup>. 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 2019, the Company held consultations with its stakeholders to identify their expectations with respect to disclosure of non-financial information on the Company's activities.

The starting point for the consultations was the *Non-financial statement of the FAMUR Group and FAMUR S.A. for 2018: FAMUR Group's 2018 Corporate Social Responsibility Report – Focus on People*, released in 2019 based on the Global Reporting Initiative (GRI) Standards.

Based on the analytical material obtained, the Company's Management Board decided to retain the scope of non-financial reporting adopted in 2019, while updating the management risks related to climate change, the Company's and its 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 face of the global COVID-19 pandemic.

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<sup>13</sup>Act of December 15th 2016 amending the Accounting Act of September 29th 1994 (Dz.U. of 1994, No. 121, item 591).

<sup>14</sup>Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial information and diversity information by certain large undertakings and groups.

The Company 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.

The Company has chosen to base the methodology of CSR reporting on the Global Reporting Initiative's international non-financial reporting standards of 2016, in the core option.

**The FAMUR Group's 2019 CSR Report satisfies the requirements applicable to a non-financial statement, which forms a separate part of the full-year Directors' Report on the operations of the parent, FAMUR S.A., and the consolidated report of the FAMUR Group, approved by the Company's Management Board.**

**The FAMUR Group has chosen to prepare its CSR reports as full-year reports. This Report covers the results achieved in the financial year 2019, unless indicated otherwise.**

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 has been prepared in accordance with the GRI Standards, while the financial information is consistent with the data disclosed in the financial statements for 2019 prepared in accordance with the International Accounting Standards and International Financial Reporting Standards, applied by the Company since January 1st 2005. Both financial and non-financial data should satisfy the requirements of the Accounting Act. 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.

The Report presents the results of the FAMUR Group, including the parent company, FAMUR S.A. and its branches (being separate employers within the meaning of Art. 3<sup>1</sup> of the Labour Code) and - where the current stage of implementation of the extended reporting requirements and the materiality so permits - also of the following consolidated subsidiaries (to a limited degree): FAMUR FAMAK S.A., PEMUG Sp. z o.o., FUGO S.A., FUGO Sp. z o.o., Ex Coal Sp. z o.o., ELGÓR+HANSEN S.A., RELT Sp. z o.o. and ŚTW DALBIS Sp. z o.o.

In this Report, in addition to the general disclosures, we have included 22 topic-specific standard indicators, corresponding to the material aspects confirmed through the consultations with the stakeholders.

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.



## 1.3. Stakeholders

**GRI 102-40, GRI 102-42, GRI 102-43**

The FAMUR Group’s CSR policy identifies key stakeholder groups, acknowledging that the interrelations between an organisation and its stakeholders are reflected in the organisation’s value and in the quality of life in the area affected by its operations. Each of the key stakeholder groups is taken into account in the decision making processes as a result of which the FAMUR Group exerts or may exert impact on representatives of those groups. Every effort is made to build positive relations with all the stakeholders, even though the scale and nature of that impact and the expectations towards the organisation vary. Every CSR project undergoes a periodic evaluation, e.g. through feedback surveys conducted among its beneficiaries.

In March 2020, the FAMUR Group stakeholder groups were reviewed again to ensure that each key group was correctly identified, and that the mutual impacts and expectations were properly recognised, in the context of the newly adopted FAMUR Group’s Growth Strategy for 2019–2023.

As a result, the following key stakeholder groups were confirmed:

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

Each of the identified key stakeholder groups was assessed in terms of the scale of the impact of or on the FAMUR Group and of their interest/risk in relations with Group companies.

This assessment is reflected in the matrix below, which takes into account the stakeholder groups that affect or are affected by the organisation the most, and which are thus exposed to significant risks in their relations with the organisation, so their expectations concerning non-financial disclosures should be taken into account to the greatest extent. Those stakeholders and persons are shown in the upper right-hand corner of the matrix, which illustrates the materiality of key stakeholders and their interests in the FAMUR Group’s activities. The matrix defines direction and nature of the methods of stakeholder relations management with respect to the Group's key stakeholders.



# FAMUR

The FAMUR Group uses a range of diverse communication tools and methods to ensure that relations with each stakeholder group are built in a responsible manner and address their expectations. The possibility of contacting stakeholders to learn about their needs and expectations is a valuable opportunity for the Company to improve its performance.

## KLUCZOWE GRUPY INTERESARIUSZY GRUPY FAMUR



| Kluczowe Grupy Interesariuszy Grupy Famur  | Famur Group Key Stakeholder Groups   |
|--|--|
| Wysoki<br>niski  | High<br>Low  |
| Poziom wpływ<br>Poziom zainteresowania   | Level of impact<br>Level of interest   |
| Instytucje międzynarodowe<br>Organizacje branżowe<br>Organizacje pracodawców   | International institutions<br>Industry organisations<br>Employer organisations   |
| Środowisko naturalne   | Natural environment  |
| Akcjonariusze i inwestorzy<br>Zarządy, Rady Nadzorcze spółek Grupy<br>Spółki Grupy<br>Pracownicy i ich rodziny, Współpracownicy,<br>Podwykonawcy<br>Związki zawodowe<br>Banki i inne instytucje finansowe<br>Klienci obecni i potencjalni – polscy i zagraniczni<br>Dostawcy usług i produktów<br>Media<br>Regulatorzy<br>Ośrodki akademickie, szkoły średnie/zawodowe | Shareholders and investors<br>Management and Supervisory Boards of the Group companies<br>Group companies<br>Employees and their families, associates,<br>subcontractors<br>Trade unions<br>Banks and other financial institutions<br>Existing and potential customers in Poland and abroad<br>Suppliers of goods and services<br>Media<br>Regulators<br>Academic institutions, secondary/vocational schools |
| NGO's kompetencje  | Sector-specific NGOs   |

|   |   |
|---|---|
| Kandydaci do pracy, stypendiści<br>Agencje pośrednictwa pracy<br>Instytucje nadzorujące, certyfikujące, Audytorzy<br>Administracja publiczna<br>Samorząd terytorialny (JST)<br>Konkurencja<br>NGO's charytatywnie<br>Społeczności lokalne | Job candidates, grant holders<br>Employment agencies<br>Supervisory authorities, certification institutions, auditors<br>Public administration<br>Local government units<br>Competitors<br>Charitable NGOs<br>Local communities |
|---|---|

## Selected tools and methods used in stakeholder relations management in 2019

| 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  | Meetings, social media, information website, CSR programmes and campaigns, public consultations   |
| Media  | Meetings, satisfaction surveys, social media, conferences and industry events, information website, telephone contact, site visits at our plants  |

### 1.3.1. Stakeholder engagement

#### GRI 102-44, GRI 102-46, GRI 102-47

For the purpose of preparing this Report, a series of consultations was conducted in the form of social dialogue with key external and internal stakeholders to understand the individual stakeholder groups' needs with regard to the disclosure of non-financial aspects of the FAMUR Group's activities.

In late February and early March 2020, an anonymous electronically distributed survey was conducted among internal and external stakeholders,

covering a broad range of FAMUR’s specialists in the areas of human resources management, work safety, organisation development, procurement and supply chain, environmental protection, domestic and export sales, and marketing.

The surveyed external stakeholders included capital and financial market participants, as well as representatives of the media.

Below is presented a list of topics for inclusion in the FAMUR Group first corporate social responsibility report for 2019 and – as the Group develops and improves its CSR activities – in reports on its non-financial performance in subsequent years. The topics have been divided into groups, reflecting results of the analyses of their materiality to the FAMUR Group and its key stakeholders.

The list of topics set out below has been reviewed in the course of consultations with internal and external stakeholders (57 persons and 5 institutions, respectively) via a synthetic survey carried out among capital market participants and the media (1 institution).

The first group includes topics which are of highest materiality to the FAMUR Group’s activities, and which in the following years will need to be presented both in terms of the management approach and in terms of performance. This group of topics have been assessed as highly material. The second group includes topics having a high impact on stakeholders and high significance to the success of the organisation’s strategy. This group of topics have been assessed as material.

| 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 of Poland   | Highly material (E)  |
| ASPECTS THAT ARE MOST MATERIAL TO INTERNAL STAKEHOLDERS   |  |

|  |                              |
|--|------------------------------|
| Responsible marketing communication  | Highly material (I)          |
| Protection of privacy  | Highly material (I)          |
| Quality of service   | Highly material (I)          |
| OTHER ASPECTS  |                              |
| Responsibility in the supply chain   | Material (E) / (I)           |
| Environmental education  | Material (E)                 |
| Employee engagement, managing expertise and talent                         | 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) |

### 1.3.2. Membership of organisations

GRI 102-12, GRI 102-13

The companies of the FAMUR Group are members of industry organisations. Through this involvement, they can benefit from cooperation with other companies, participate in legislation processes, and work to promote best CSR practices.

#### FAMUR

**górnictwo  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. Over a year later, letters of intent were signed at the AGH University of Science and Technology and, subsequently, at the International Mining Forum, reaffirming the signatories' will to form the Group that would be joined by Poland's largest mining producers, research institutions and entities representing related industries, and to give a formal framework to the Group's work.

## **AGH Prof. Paweł Bogacz, DSc. Eng.:**

*The 'GÓRNICTWO OK' Group of Joint Social Initiatives is a think tank whose work I have the great pleasure and honour to coordinate. The idea emerged in early 2016 among employees and stakeholders of mining companies, whose fields of expertise covered corporate social responsibility, sustainable development and communication.*

*Its key objective is to develop and pursue a common effective policy of social support for the mining industry, perceived as a responsible and modern sector of strategic importance to the local communities, the respective regions, the country, and the whole of Europe. Within its framework, we want to initiate, promote, and implement CSR policies, methods and tools, to share good practices in the area, and to develop joint social responsibility initiatives and projects, both in and for the mining industry. This is achieved mainly through joint meetings focused on various CSR areas, such as ethics, employees, the natural environment, local communities, occupational safety and innovation, and also through initiating and running joint projects within these areas and participating in thematic conferences.*

*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. Today, the Company plays an important role in GÓRNICTWO OK, representing manufacturers of mining machinery, essential for the operation of economically effective, technically advanced and safe mining companies. Therefore, it holds the main responsibility for the innovation module and is one of the key entities responsible for staff safety and training.*

*Apart from FAMUR, members of GÓRNICTWO OK include LW Bogdanka S.A., Jastrzębska Spółka Węglowa S.A., KGHM Polska Miedź S.A., Polska Grupa Górnicza S.A., PG Silesia Sp. z o.o., Tauron Wydobycie S.A., Węglokoks S.A. as well as the AGH University of Science and Technology, the Silesian University of Technology, the Wrocław University of Science and Technology, the Central Mining Institute, the Industrial Development Agency, the 'For AGH' Foundation, and the Chamber of Commerce of Polish Coal Sellers.*

*I believe the biggest success of GÓRNICTWO OK so far has been the co-organisation of the Pre\_COP24 project, which was a series of conferences held in 2018 and 2019 as a prologue and epilogue to the COP24 World Climate Summit in Katowice. This was our way of supporting the Summit's solutions set out in the Katowice Rulebook and the Just Transition programme. In the second half of 2019, GÓRNICTWO OK was actively involved in developing the Sectoral Qualifications Framework for Mining, aimed at aligning qualifications in the mining industry with the challenges faced by modern industry and at ensuring their uniformity throughout the European Union.*

*In the future, we would primarily like to continue with projects focused on developing and implementing a common effective policy of social support for mining, particularly in the context of the wide-spread false perception of its role in the economy and of how it affects the natural environment and climate. We want to show the true and real impact of the industry on the economy as its significant component, also in terms of increasing innovation levels, meaningful improvements in staff safety and fair approach to the environment and climate. This is the key objective of the projects we launched in 2019 and of the new ones we are currently actively working on.*





## National Organisation of Industry Innovators 'Innovo'

FAMUR is a founding member of the organisation, while the Company's President of the Management Board and Chairman of the Supervisory Board are involved in its activities. The Company also has its representative on the Management Board of Innovo. The organisation is a union of employers bringing together Polish-owned companies, which act for the benefit of the broad mining industry. It supports its members in their expansion abroad and in increasing their competitiveness through innovation. In particular, it provides legal advisory services and helps in acquisition of funding for innovation and intensification of export activity, engages in trade show events, and organises meetings with representatives of the state administration. The members share a common goal, which is to build a positive image of Poland's mining industry.



## Mining Machinery Cluster

One of the founding members of the cluster in 2011 was KOPEX Machinery (FAMUR S.A. Longwall Systems Mining Machinery Diagnostics and Maintenance Centre Branch in Zabrze, a FAMUR Group company). The organisation was established on the initiative of the Komag Institute of Mining Technology, with the main objective of



expanding the potential for manufacturing new quality, competitive, innovative and safe mining machinery. The cluster brings together manufacturers of mining machinery and equipment, scientists supporting the industry and business institutions. Their efforts are aimed at developing technological solutions that

will help maintain and strengthen the competitive edge of Poland's mining support industry on global markets. During meetings, the cluster members work to identify joint projects to make use of the existing potential.



## 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.

## FAMUR FAMAŁ



Opole Chamber of Commerce (OIG)

The Chamber is a self-government organisation representing the economic interests of its members. It is currently one of the most dynamic business support institutions in the Opole Province, associating more than 400 companies from the region as well as other parts of Poland. For 25 years, it has been a platform for dialogue and cooperation between companies from the Opole region and the central and local government authorities. It conducts promotional activities for its members and helps them liaise with partners at home and abroad. The quality of OIG's activities has been confirmed with the PN-EN ISO 9001-2009 certificate covering operations of a self-government organisation.

### 1.4. Awards and distinctions

In 2019 and until the issue date of this Report, FAMUR received a number of awards and honourable mentions for its professional corporate management, product and service quality, social responsibility performance, compliance with labour laws and occupational health and safety regulations, and for being a company offering stable employment and allowing employees to exercise their right of association in trade unions.

Distinction for FAMUR in:  
**Rzeczpospolita daily's TOP 500 LIST**



FAMUR is listed in key rankings of Poland's largest companies. In 2019, it was ranked 144th in the 21st edition of the *Rzeczpospolita* daily's Top 500 list (having moved up from the 222nd position a year earlier).

FAMUR is listed in key rankings of Poland's largest companies.

Distinction for FAMUR in:  
**Rzeczpospolita daily's TOP 2000 LIST**



In the Top 2000 list of Poland's largest companies, also prepared by the *Rzeczpospolita* daily, FAMUR was ranked 164th in 2018, based on its results released in 2019 (a year earlier it was ranked 255th, based on the results published in 2018).

FAMUR ranked 69th in the ranking of **Poland's 200 Largest Companies**



In the 2019 edition of the ranking of Poland's 200 Largest Companies prepared by the *Wprost* weekly, FAMUR was ranked 69th. The ranking is based on data concerning revenue, profits, assets and equity of several hundred Polish companies with a Polish parent (in the previous year, FAMUR was ranked 91st).



# FAMUR

POLISH CHEETAHS ranking



Sixth place in the *Wprost* weekly's ranking of Polish electromechanical companies entitled 'The Polish Cheetahs' (*Polskie Gepardy*).

The ranking was prepared by editors of the *Wprost* weekly. FAMUR S.A. is listed among the 50 fastest-growing companies.

Polish Cheetahs are companies which demonstrated the strongest growth in the preceding year. The aggregate last year's net profit of all the 50 companies included in the 5th edition of the ranking of the fastest-growing companies was PLN 16bn, PLN 3bn more than a year earlier.

FAMUR S.A. was also listed in the ranking of **Poland's Ambassadors according to the *Wprost* weekly**

The *Wprost* weekly's ranking of '**Poland's Ambassadors**' (*Polscy Ambasadorzy*) is a list of top 100 Polish exporters. The ranking also included many representatives of the food, metal and construction industries.

Katowice 2019 Innovative Product & Technology



During the official closing ceremony of the Katowice Fairs, prizes in the 'Katowice 2019 Innovative Product & Technology' competition were awarded in four categories:

Innovative Technologies, Innovative Machinery and Equipment, Propulsion and Control Innovation, Safety Improvement. The competition was organised by: Polska Technika Górnicza S.A.(PTG) and the editorial board of the *Napędy i Sterowanie* monthly. Its honorary patrons were: the KOMAG Institute of Mining Technology, the Emag Institute of Innovative Technologies, the Silesian University of Technology and the AGH University of Science and Technology of Kraków. The prizes were presented by the Mayor of Katowice Marcin Krupa and the President of PTG Iwona Gramatyka. FAMUR S.A.'s subsidiary, ELGÓR HANSEN S.A., won the first place in the Innovative Technologies category for EH-SmartMine.

FAMUR ranked 69th in the ranking of **2019 Gems of Polish Economy**



The Gems of Polish Economy ranking (*Perły Polskiej Gospodarki*) is one of the oldest and most reliable surveys of Polish enterprises. The title of a 'Gem of Polish Economy' is awarded to the most successful businesses, based on specific criteria and methodologies. The ranking survey covers over 2,000 enterprises with overall revenue in the reference period totalling not less than PLN 100m (classified as Big Gems) and more than PLN 1bn (classified as Grand Gems).

**Most Effective CEO on the WSE 2018** ranking (based on results published in 2019)

The third place awarded to Mirosław Bendzera, President of FAMUR S.A., in the ranking of the most effective CEOs of mWIG40 companies listed on the Warsaw Stock Exchange.

The ranking was prepared by editors of *Harvard Business Review Polska* together with the Association of Individual Investors. The candidates were



evaluated against four criteria: the total rate of return, change in the nominal capitalisation, financial indicators/ratios, and non-financial aspects.

| 1   | 2  | 3  | 4  | 5  |
|---|--|--|--|--|
|    |   |                                        |                                       |                                     |
| <b>Krzysztof Kostowski</b>  | <b>Szymon Piduch</b>   | <b>Mirosław Bendzera</b>   | <b>Jacek Świdorski</b>   | <b>Grzegorz Miechowski</b>   |
| FIRMA<br><b>PLAYWAY</b><br>BRANŻA<br><b>gry komputerowe</b>   | FIRMA<br><b>DINO POLSKA</b><br>BRANŻA<br><b>handel</b>   | FIRMA<br><b>FAMUR</b><br>BRANŻA<br><b>maszynowa</b>  | FIRMA<br><b>WIRTUALNA POLSKA</b><br>BRANŻA<br><b>media</b>   | FIRMA<br><b>11 BIT STUDIOS</b><br>BRANŻA<br><b>gry komputerowe</b>   |
| STOPA ZWROTU <b>10</b><br>KAPITALIZACJA <b>10</b><br>WSKAŹNIKI <b>10</b><br>KOMUNIKACJA <b>4</b><br>OCENA OGÓLNA <b>8,4</b> | STOPA ZWROTU <b>9</b><br>KAPITALIZACJA <b>6</b><br>WSKAŹNIKI <b>8</b><br>KOMUNIKACJA <b>7,2</b><br>OCENA OGÓLNA <b>7,2</b> | STOPA ZWROTU <b>6</b><br>KAPITALIZACJA <b>7</b><br>WSKAŹNIKI <b>7</b><br>KOMUNIKACJA <b>7</b><br>OCENA OGÓLNA <b>6,7</b> | STOPA ZWROTU <b>8</b><br>KAPITALIZACJA <b>6</b><br>WSKAŹNIKI <b>5</b><br>KOMUNIKACJA <b>7</b><br>OCENA OGÓLNA <b>6,6</b> | STOPA ZWROTU <b>9</b><br>KAPITALIZACJA <b>7</b><br>WSKAŹNIKI <b>4</b><br>KOMUNIKACJA <b>5</b><br>OCENA OGÓLNA <b>6</b> |

|  |  |
|--|--|
| Krzysztof Kostowski<br>Firma – Playway<br>Branża – gry komputerowe<br>Stopa zwrotu – 10<br>Kapitalizacja – 10<br>Wskaźniki – 10<br>Komunikacja – 4<br>Ogólna ocena – 8,4 | Krzysztof Kostowski<br>Company – Playway<br>Sector – computer games<br>Rate of return – 10<br>Capitalisation – 10<br>Indicators – 10<br>Communication – 4<br>Total score – 8.4 |
| Szymon Piduch<br>Firma – Dino Polska<br>Branża – handel  | Szymon Piduch<br>Company – Dino Poland<br>Sector – retail  |
| Mirosław bendzera<br>Firma – Famur<br>Branża – maszynowa   | Mirosław Bendzera<br>Company – Famur<br>Sector – machinery   |
| Jacek Świdorski<br>Firma – Wirtualna Polska<br>Branża – media  | Jacek Świdorski<br>Company – Wirtualna Polska<br>Sector – media  |
| Grzegorz Miechowski<br>Firma 11 bit studios<br>Branża – gry komputerowe  | Grzegorz Miechowski<br>Company – 11 bit studios<br>Sector – computer games   |

Distinction for FAMUR in the contest: **Employee-Friendly Employer** for: *compliance with labour laws and with occupational health and safety regulations, and for being a company offering stable employment and allowing employees to exercise their right of association in trade unions.*

For the 12th time, the **NSZZ Solidarność** trade union awarded companies meeting the highest standards as employers in its contest held under the auspices of Andrzej Duda, President of the Republic of Poland.

Winners of this prestigious award included FAMUR S.A. GLINIK Longwall Systems Branch in Gorlice. Andrzej Ziara, head of the Glinik Branch, received the Award Certificate from the President. The ceremony was also attended by Mirosław Bendzera, President of the Management Board of FAMUR S.A., and Marek Bugno, Chairman of the inter-enterprise Committee of NSZZ Solidarność at the Glinik Branch in Gorlice.



FAMUR was one of the 17 companies to receive the certificate of 'Employee-Friendly Employer' in the 12th edition of the contest. When selecting winners, the certification board evaluated whether the candidates complied with the labour laws, executed collective agreements, offered open-ended employment contracts, facilitated the organisation and participation in trade unions and works councils.



## 2. Governance

Governance is important to the credibility of FAMUR as an entity listed on the WSE's regulated market, and thus the competitiveness of the FAMUR Group as a whole. The Company makes every effort to ensure that its disclosure policy is consistent with best practices, supports the transparency of the organisation's operations, fosters trust in relations with key stakeholders, and helps build shareholder value. The Company provides detailed information on its compliance with the principles and recommendations set forth in the Best Practice for GPW Listed Companies 2016.<sup>15</sup>

### 2.1. Governance structure

GRI 102-18, GRI 102-22, GRI 102-23

The governance structure of FAMUR S.A. includes the Supervisory Board, appointed by the General Meeting and including the Supervisory Board Committees established to oversee particular areas in the Company's operations, and the Management Board appointed by the Supervisory Board.

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<sup>15</sup>Information on the scope of application of the Best Practice for GPW Listed Companies 2016 is available at <https://famur.com/relacje-inwestorskie/lad-korporacyjny/>.

## Corporate governance structure of FAMUR S.A.



### 2.1.1. Supervisory Board

#### 2.1.1.1. Powers and responsibilities

The Supervisory Board <sup>16</sup>exercises ongoing supervision over the Company's activities. It performs its responsibilities collectively; however, it may appoint standing or ad hoc committees to supervise particular areas of the Company's operations.

In performing their duties, a member of the Supervisory Board should exercise due professional care. The provisions of the Act on Statutory Auditors<sup>17</sup>, the Accounting Act<sup>18</sup> and the principles laid down in the Best Practice for WSE-Listed Companies require that a member of the Supervisory Board should also have appropriate expertise and experience in the industry in which the Company operates, while members of the Audit Committee should additionally meet the independence criteria defined in the above-mentioned regulations.

#### 2.1.1.2. Composition of the Management Board

The Supervisory Board consists of five or more members, appointed for a joint two-year term of office. Presented below is the composition of the Supervisory Board as at December 31st 2018; January 1st 2019 and December 31st 2019, and as at the issue date of this Report.

#### Composition of the Supervisory Board as at December 31st 2018 and January 1st 2019

|                                 |  |
|---------------------------------|--|
| Tomasz Domogała                 | Chairman of the Supervisory Board  |
| Czesław Kisiel                  | Deputy Chairman of the Supervisory Board                                       |
| Jacek Leonkiewicz               | Member of the Supervisory Board  |
| Magdalena Zajączkowska-Ejsymont | Member of the Supervisory Board  |
| Dorota Wyjadłowska              | Supervisory Board member meeting statutory independence criteria <sup>19</sup> |
| Tomasz Kruk                     | Supervisory Board member meeting statutory independence criteria               |
| Michał Nowak                    | Member of the Supervisory Board  |

<sup>16</sup>The principles of operation of the Supervisory Board are specified in the Articles of Association and the Rules of Procedure for the Supervisory Board available at <https://famur.com/relacje-inwestorskie/lad-korporacyjny/>. Information on the professional qualifications of the Supervisory Board members is available at <https://famur.com/relacje-inwestorskie/zarzadzanie-nadzorcza/>.

<sup>17</sup>Act on Statutory Auditors, Audit Firms and Public Supervision of May 11th 2017 (Dz. U., item 1089).

<sup>18</sup>Accounting Act of September 29th 1994 (Dz. U. of 2016, item 1047, as amended).

<sup>19</sup> Same as above.

On June 17th 2019, the persons named below were re-appointed under resolutions of the Company's Annual General Meeting to continue as members of the Company's Supervisory Board for another term of office, and are holding these positions to date. Information on the educational backgrounds, qualifications, previously held positions, and employment records of all Members of the Supervisory Board was published by the Company in Current Report No. 40/2019 of June 17th 2019.

[https://famur.com/upload/2019/06/RB\\_2019\\_40-Powo%C5%82anie-RN-na-now%C4%85-kadencji%C4%99.pdf](https://famur.com/upload/2019/06/RB_2019_40-Powo%C5%82anie-RN-na-now%C4%85-kadencji%C4%99.pdf)

On November 29th 2019, the Company announced that Mr Michał Nowak resigned from his position on the Company's Supervisory Board with effect from November 30th 2019.

## **Composition of the Supervisory Board as at December 31st 2019 and as at the issue date of this Report**

|                                 |  |
|---------------------------------|--|
| Tomasz Domogała                 | Chairman of the Supervisory Board  |
| Czesław Kisiel                  | Deputy Chairman of the Supervisory Board                                       |
| Jacek Leonkiewicz               | Member of the Supervisory Board  |
| Magdalena Zajączkowska-Ejsymont | Member of the Supervisory Board  |
| Dorota Wyjadłowska              | Supervisory Board member meeting statutory independence criteria <sup>20</sup> |
| Tomasz Kruk                     | Supervisory Board member meeting statutory independence criteria               |

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<sup>20</sup> Same as above.

## Gender diversity on the Supervisory Board

| Period      | Share of women [%] | Share of men [%] |
|-------------|--------------------|------------------|
| Dec 31 2019 | 33.33              | 66.67            |
| Dec 31 2018 | 28.6               | 71.4             |

### 2.1.1.3. Standing committees of the Supervisory Board

In 2017, the Supervisory Board of FAMUR resolved on the appointment of the Audit Committee, the Strategy and Investment Committee, and the Nomination and Remuneration Committee.

#### Responsibilities of the Audit Committee

The Committee is a consultative, advisory and supportive body of the Supervisory Board; in particular, it presents recommendations, proposals, opinions and reports to the Supervisory Board. 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.

#### Composition of the Audit Committee as at December 31st 2019

Tomasz Kruk\*

Dorota Wyjadłowska\*

Jacek Leonkiewicz

\* *Audit Committee members meeting the statutory independence criteria.*

#### Responsibilities of the Strategy and Investment Committee

The Committee is a consultative, advisory and supportive body of the Supervisory Board; in particular, it presents recommendations, proposals, opinions and reports to the Supervisory Board. The Committee's responsibilities include supporting the Supervisory Board, particularly in the following areas:

- Issuing opinions on the strategy for the Company and the Group recommended by the Management Board;
- Issuing opinions on strategic projects recommended by the Management Board, related to the development of the Company and the Group;
- Issuing opinions on investments and divestments recommended by the Management Board, which would have a significant impact on the Company's and the Group's assets or operations;
- Monitoring the progress and effects of the strategy implemented by the Company and the Group, strategic projects, as well as investments and divestments having a significant impact on assets or operations.

#### Strategy and Investment Committee composition as at December 31st 2019

Czesław Kisiel

Magdalena Zajączkowska-Ejsymont

Jacek Leonkiewicz

#### Responsibilities of the Nomination and Remuneration Committee

The Committee is a consultative, advisory and supportive body of the Supervisory Board; in particular, it presents recommendations, proposals, opinions and reports to the Supervisory Board. The Committee's responsibilities include supporting the Supervisory Board, particularly in the following areas:

- Control and supervision of the remuneration system, including monitoring of the remuneration and bonus policies for key management personnel;
- Supervision of the variable remuneration components policy for key management personnel;
- Appointing members of the Management Board.

## **Nomination and Remuneration Committee composition as at December 31st 2019**

Czesław Kisiel

Magdalena Zajączkowska-Ejsymont

Jacek Leonkiewicz

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). In addition, 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.

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 the Company's website at <https://famur.com/relacje-inwestorskie/lad-korporacyjny/> and are required to comply with the corporate governance principles stipulated in the Code of Best Practice for WSE Listed Companies, except where the Company has submitted a statement of non-compliance (in accordance with the statement of compliance with corporate governance standards at FAMUR S.A.)

Information on the educational backgrounds, qualifications, previously held positions, and employment records of **all Members of the Supervisory Board** was published by the Company in Current Report No. **40/2019 of June 17th 2019**.

### **Independent Supervisory Board Members:**

- Tomasz Kruk

- Dorota Wyjadłowska

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. Dorota Wyjadłowska and Tomasz Kruk meet the statutory independence criteria for a member of the Company's Supervisory Board. The Supervisory Board members' educational backgrounds and professional experience are provided below.

## 2.1.2. Management Board

### 2.1.2.1. Powers and responsibilities

The Management Board<sup>21</sup> is a body authorised to manage the Company's affairs and represent the Company before third parties. It ensures the transparency and effectiveness of the Company's management system and the conduct of its affairs in compliance with the applicable laws and best practices. The scope of its activity covers matters which do not fall within the exclusive scope of competence of the Company's other governing bodies under applicable laws or the Articles of Association. The scopes of powers and responsibilities and the responsibility areas of individual members of the Management Board are defined in the Company's Organisational Rules.

### 2.1.2.2. Composition of the Management Board

The Company's Management Board consists of five or more members appointed for a joint three-year term of office. Appointment of members of the Management Board is based on the criteria of professionalism, expertise and professional skills, which ensure appointment of candidates with the highest possible qualifications. In accordance with its Diversity Policy, the Company strives to ensure diversity, particularly with respect to gender, fields of education, age and professional experience.

The President of the Management Board is not simultaneously the managing director of the Company.

#### Composition of the Management Board as at January 1st 2019

|                   |  |
|-------------------|--|
| Mirosław Bendzera | President of the Management Board  |
| Beata Zawiszowska | Vice President of the Management Board, Chief Financial Officer                      |
| Adam Toborek      | Vice President of the Management Board, Underground Segment Export Sales             |
| Dawid Gruszczyk   | Vice President of the Management Board, Underground Segment Domestic Sales           |
| Bartosz Bielak    | Vice President of the Management Board, Chief Strategy and Development Officer       |
| Tomasz Jakubowski | Vice President of the Management Board, Chief Operating Officer, Underground Segment |
| Waldemar Łaski    | Vice President of the Management Board, Surface Segment                              |

On February 26th 2019, Mr Bartosz Bielak resigned from his position as Vice President of the Management Board, Chief Strategy and Development Officer, with effect from February 28th 2019, citing personal reasons. From September 2017, Bartosz Bielak was responsible for drafting the Company's development strategy for 2019–2023, announced in September 2018, and for divestment processes (*Current Report No. 12/2019 of February 26th 2019*).

On November 12th 2019, Mr Waldemar Łaski tendered his resignation as Vice President of the Management Board, Surface. The resignation took effect upon its submission to the Company.

The Company's Supervisory Board resolved, at its meeting held on November 12th 2019, to appoint Ireneusz Kazimierski to the Management Board as Vice President of the Management Board, Surface, for a joint three-year term of office, with effect from the resolution date (*Current Report No. 57/2019 of November 12th 2019*).

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<sup>21</sup>The principles of operation of the Management Board are specified in the Articles of Association and the Rules of Procedure for the Management Board available at <https://famur.com/relacje-inwestorskie/lad-korporacyjny/>. Information on the professional qualifications of the Management Board members is available at <https://famur.com/relacje-inwestorskie/zarząd-rada-nadzorcza/>.

## Composition of the Management Board as at December 31st 2019 and the issue date of this Report

|                      |  |
|----------------------|--|
| Mirosław Bendzera    | President of the Management Board  |
| Beata Zawiszowska    | Vice President, Chief Financial Officer  |
| Adam Toborek         | Vice President of the Management Board, Underground Segment Export Sales             |
| Dawid Gruszczyk      | Vice President of the Management Board, Underground Segment Domestic Sales           |
| Tomasz Jakubowski    | Vice President of the Management Board, Chief Operating Officer, Underground Segment |
| Ireneusz Kazimierski | Vice President of the Management Board, Surface                                      |

## GRI 405-1

### Composition of the Management Board by diversity criteria as at December 31st 2019

| Diversity criteria   | Persons meeting the criteria [%] | Number of persons |
|----------------------|----------------------------------|-------------------|
| Women                | 17%                              | 1                 |
| Men                  | 83%                              | 5                 |
| Aged 30-50 years     | 67%                              | 4                 |
| Over 50 years of age | 33%                              | 2                 |

## 2.2. Management systems

### GRI 102-16

To ensure the required quality of their products and services, individual companies of the FAMUR Group have implemented Integrated Management Systems (IMS), whose scope is consistent with their 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, PN-N-18001:2004, OHSAS 18001:2007 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 audits and re-certification audits, carried out every three years by accredited certification bodies.

Due to the number of companies in the FAMUR Group, the different times of their incorporation into the Group structure, and the different degrees of advancement of their management solutions, the individual management system standards are being implemented gradually and their implementation status varies. The Group wants to present more information on the implementation status of the management system standards by the companies in subsequent reporting periods.

In order to further improve the organisation's management model, the lean management programme has been implemented at the FAMUR Group since mid-2018. It is a management system facilitating continuous enhancement of results by improvement initiatives aimed at optimisation of all key processes in the organisation, including management and production processes, with due regard to the needs of customers. The programme



# FAMUR

allows us to focus on creating maximum value for the customer with minimal resources, which is made possible by perfectly organised management processes resulting from the use of talent at every level of the organisation.

When the lean management programme was initiated, strategic directions for the transformation of the FAMUR Group were presented:

- **AWARENESS REVOLUTION** – knowledge dedicated to all employees, promoting appropriate attitudes and awareness building through numerous lean workshops and training;
- **PROCESS OPTIMISATION** – implementation of tools and methods to improve the efficiency of all processes;
- **EFFICIENCY BOOST** – activities which give an insight into the current situation of a process/area and help control its effectiveness visually.
- 

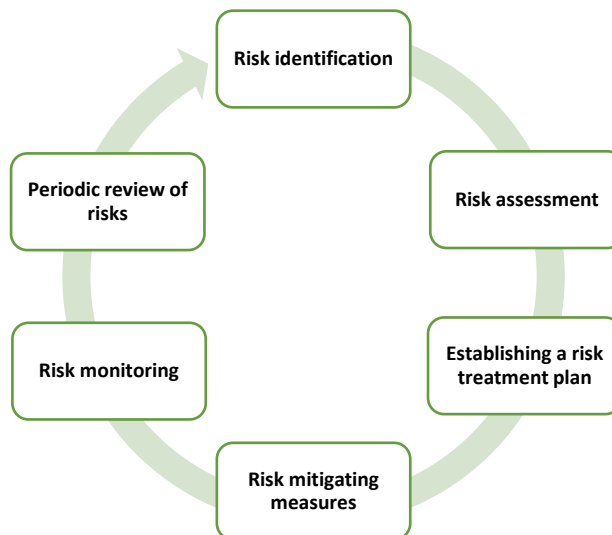
## 3. Risk management

### 3.1. Management approach

#### GRI 103-2, GRI 103-3

In the FAMUR Group, risks are identified in all areas of activity and are of a diverse nature. Many risks are interlinked; therefore, their interaction is examined while seeking ways to mitigate them.

#### 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 on the organisation, 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 treatment procedures and precautionary 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 all key non-financial areas, i.e. relating to environmental, social, and labour matters, diversity, human rights, and anti-corruption and anti-bribery, FAMUR has implemented policies that are also applicable to the Group's subsidiaries.

The FAMUR Group subsidiaries are obliged to comply with each of those policies in their operations and to communicate the policies to their employees.

As part of due diligence procedures, FAMUR, as the parent, also monitors compliance with a given policy and ensures that all necessary remedial measures are worked out and implemented immediately.

Any discrepancies between a given policy and applicable national regulations or other standards are subject to assessment by the Company in collaboration with the Group companies. The FAMUR Group periodically reviews its policies for relevance to the identified risks and usefulness in view of the Group's strategic objectives.

In Q1 2019, risks in the non-financial areas were additionally analysed by the Group's specialists taking part in the workshop held to determine materiality of particular non-financial aspects with regard to the information needs of key stakeholder groups.

In connection with the COVID-19 pandemic announced by the World Health Organization, in the first quarter of 2020 and until the issue date of this Report, the Company took measures with a view to mitigating the risk of disruption of its business operations following the spread of the SARS-CoV-2 virus and attempted to assess the severity of the pandemic's impact on the Company's non-financial activities. More information on the Company's handling of risks related to the impact of the COVID-19 pandemic on its and its Group's non-financial activities is provided in Section 3.2 of this Report ('Employment matters').

Major risks and threats affecting the Company's and the Group's operations are also described in **Section 7 of the Directors' Report on the Company's and the Group's operations**.

### 3.2. Key risks affecting non-financial aspects

#### GRI 102-15,

The FAMUR Group has identified risks related to the non-financial aspects of its operations. The risk factors discussed below apply both to the FAMUR Group and to FAMUR S.A.

#### ENVIRONMENTAL MATTERS

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 Aspects<sup>22</sup>):

- 1. Risk associated with generation of office waste:** hazardous (waste toners, light sources, and electrical and electronic equipment) and non-hazardous office waste (municipal waste, paper, plastics, and glass).  
**RISK MITIGATION MEASURES:** 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.
- 2. Risk associated with generation of production waste:** hazardous (used water and oil emulsion, wiping cloths, sorbent, sludge from treatment of metal, grinding materials, paint, varnish, solvent and spray

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<sup>22</sup>FAMUR S.A.'s Register of Environmental Aspects as well as the Environmental Monitoring Plan and Environmental Aspects Assessment were updated in April 2018.

# FAMUR

containers, used polymer emulsion, used quench oil, paint and solvent leftovers, cleaning the tanks of wash booths) and other (metal shavings, pure metal, scrap, mill scale, paper, plastic film, wood).

**RISK MITIGATION MEASURES:** The FAMUR Group has developed instructions for waste management and obtained a permit for waste generation.

- 3. Risk associated with air emissions** of dust from production processes, nitrogen dioxide, carbon dioxide, sulfur dioxide, carbon monoxide, acroleins, aliphatic hydrocarbons, xylene, butyl acetate, butanol, and ethylbenzene.

**RISK MITIGATION MEASURES:** The FAMUR Group has obtained a permit to release gases and dusts into the air.

- 4. Risk associated with generation of hazardous waste during continuous plant operation processes,** including used oils, emulsions, lubricants, wiping cloths.

**RISK MITIGATION MEASURES:** The FAMUR Group has developed instructions for waste management and obtained a permit for waste generation.

- 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.

**RISK MITIGATION MEASURES:** The FAMUR Group keeps track of any changes in the EU climate policy and the related legal requirements.

In order to mitigate environmental risks, the Company actively engages in **promoting environmental awareness and fostering eco-friendly attitudes among its employees.**

## Minimising the impact on the environment

We monitor our major environmental impacts by:

- 1. 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 institutions of education.

We are determined to reduce paper consumption through electronic workflow.

- 2. Minimising waste**

Focus on proper waste management, waste reduction measures and recycling

- 3. Enhancing rational use of raw materials in the supply chain**

We implement procurement plans through efficient and well thought-out resource management.

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 and which is expected to enter the planning phase in subsequent reporting years so that the Company can present progress in their implementation 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).

6. **Risks related to the impact of the COVID-19 pandemic on the Company's and the Group's non-financial activities:** The dynamics and spread of the SARS-CoV-2 virus in Poland and globally, as well as the related preventive measures introduced by individual countries, have upset the balance of global trade and of the Polish and global economy. As at the date of this Report, the Company's Group was operating without any major disruptions, but given the nature of the Company's operating model as well as the epidemic-related upheaval across the business environment, it is expected to have a material impact on the Company's operations. The magnitude of unfolding impacts of the pandemic on Poland's and global economic growth cannot be accurately estimated today, and it remains beyond the actual influence or control of the Company and its Group.

The Company predicts that its implications will be felt across various business areas as well as by society.

**RISK MITIGATION MEASURES:**

The Company's Management Board has taken a number of steps to mitigate the impact of the COVID-19 epidemic on the Group's business, in particular to ensure staff safety and to safeguard the operational continuity of the FAMUR Group. In order to restrict human contact and thus minimise the risk that key functions would be incapacitated, production facilities have been divided into zones, and office employees of each organisational unit have, as far as possible, been allocated into fully substitutable teams operating at two different locations, including through remote work. The Company has ensured the continued provision of aftermarket maintenance services, where three separate locations have been set up for three maintenance teams (their interaction having been limited to remote communication). Additional teams have been put on home standby duty, their physical contact with the head office limited, special procedures have been put in place for warehouse retrievals and an alternative location for the dispatch centre has been set up. The Company is also striving to ensure that the unit responsible for day-to-day interaction with customers and other support functions can carry on their work in order to ensure continuity of the business processes.

The Management Board keeps monitoring the development of risks associated with the COVID-19 pandemic, their potential impact on the markets where the Famur Group operates and, consequently, on its operating position.

**A full description of business risks associated with the impact of the COVID-19 pandemic on the FAMUR Group's operations and of measures taken to mitigate those risks is provided in Section 7 of the Directors' Report on the Company's and the Group's operations.**

**GRI 307-1**

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 2019 no sanctions for non-compliance with environmental laws and regulations were imposed on the FAMUR Group companies covered by non-financial reporting on environmental protection (FAMUR, FAMUR FAMAK, FUGO, FUGO, ELGÓR+HANSEN).

**SOCIAL MATTERS**

With regard to its community engagement, the FAMUR Group has identified the following risks:

1. **Risk of a potential increase in social expectations regarding the scale of the Group's involvement along with the expansion of its social initiatives**

**RISK MITIGATION MEASURES:** When selecting community engagement projects, the Group considers their consistency with its overall sponsorship policy and business areas in order to ensure the highest possible correspondence between its activities and the challenges identified within its area of influence.

In addition, members of the public and employees of the FAMUR Group companies with their families may volunteer to participate in social programmes and campaigns organised by TDJ Foundation.

**2. Risk of employees being reluctant to commit to new social projects or social projects implemented in new locations**

**RISK MITIGATION MEASURES:** Early probing to determine the extent to which new initiatives will appeal to the employees and meet their needs. Exhaustive information on a given initiative.

To mitigate the risk associated with campaigns and programmes targeted at local communities, the FAMUR Group companies are required to follow a comprehensive, periodically reviewed Community Engagement Policy.

In 2019, no events were reported at the FAMUR Group which would confirm that any of the social risks had materialised. Beneficiaries and social partners of the Group's CSR programmes and initiatives are regularly asked for feedback, which shows that they are very satisfied with cooperation with the Group.

The extent of support for the community engagement initiatives is evident in the fact that 300 employees have been involved in the five CSR projects implemented to date by the FAMUR Group.

## EMPLOYMENT MATTERS

With regard to HR management, the FAMUR Group has identified the following risks:

**1. Risk of occupational accidents**

**RISK MITIGATION MEASURES:** Due diligence procedures have been put in place across the FAMUR Group to support the 'zero accident' policy.

**2. Risk of non-compliance with local or international labour laws or regulations**

**RISK MITIGATION MEASURES:** The FAMUR Group's HR department monitors changes in employment-related legislation through its HR management services, and the Group's foreign subsidiaries are required to do the same in the countries where they hire staff.

**3. Risk of recruiting inadequately qualified staff, resulting in improper performance of tasks and responsibilities and occurrence of related errors at work**

**RISK MITIGATION MEASURES:** The recruitment processes at the FAMUR Group take account of the specific requirements for a given job. Candidates take additional tests verifying their skills and level of expertise.

**4. Risk of staff shortages, which may result in failure to meet project deadlines set by customers and in excessive workload for existing employees**

**RISK MITIGATION MEASURES:** The FAMUR Group organises wide-ranging and effective recruitment processes and communicates its job offers to a large group of potential candidates with competencies and skills meeting its current needs. The Group uses various channels to communicate with candidates, including organisation of meetings at universities and opening classes under its patronage at occupational schools whose profile corresponds with that of its companies.

**5. Risk of production staff turnover**

**RISK MITIGATION MEASURES:** If the FAMUR Group hires employees with qualifications below the required level of expertise, it places them in positions appropriate for their capabilities while taking steps to ensure that they learn the necessary skills. The Group cares for the needs of new employees and offers them opportunities to grow professionally and gain experience.

**6. Risk of incurring costs of staff training which will not translate into employees fully or effectively applying their newly gained skills or know-how**

**RISK MITIGATION MEASURES:** The FAMUR Group tailors its training programmes to the actual needs of its plants at a given time and carefully selects employees to be trained. Where external training is

offered, participants are given post-training questionnaires which they complete to evaluate the material presented during the training and the manner in which the training was conducted, as well as the training's usefulness at work.

- 7. Risk related to the generation gap in the labour market.** The FAMUR Group's contract execution capabilities depend to a large extent on the ability to efficiently and independently prepare complete technical documentation for the manufactured machinery and equipment. The process of preparing for the manufacture of each machinery item involves the performance of a number of engineering and technical design tasks. The ability to manufacture a product that meets specific technical requirements depends on highly qualified engineering staff. Technical and engineering staff are the Group's and FAMUR's key employees. The Group's business also entails the need to employ highly qualified manual workers with extensive experience and skills required in the manufacture of technologically advanced machinery. Also the implementation of new designs requires specialists with relevant engineering experience. There is a risk of future shortage of personnel with appropriate experience, educational background and professional skills, which may limit the Group's ability to increase production and introduce new machinery, designs, and technological solutions. This shortage is caused by the very limited number of vocational schools offering desired career training profiles. The problem is further aggravated by:

- Changes in the educational system at the level of vocational and secondary schools (insufficient number of educational institutions offering desired vocational training profiles);
- Generation gap, primarily among production staff;
- Shortages in some of the geographical markets where the Group's subsidiaries operate, due to local conditions.

**RISK MITIGATION MEASURES:** The FAMUR Group:

- Identifies employees whose employment may terminate in the next three years;
- Identifies potential replacements among staff; if there are none, the Group starts an external recruitment process;
- Identifies mentors/internal coaches,
- Identifies a competency gap among replacement staff in order to provide them with adequate training to fill vacancies resulting from the generation gap, based on development programmes;
- Ensures employee development through dedicated programmes, which include assessment of the participants' learning progress;
- Develop solutions for people whose employment with the Company may terminate to enable them to stay professionally active following termination of employment, including offering flexible forms of employment;
- Recruit foreign employees, including providing team induction and integration programmes;
- Carries out recruitment activities, including placing job adverts in local papers and posting them on online job portals and in social media;
- Stays in regular contact with local job centres and participates in meetings organised by them to present recruitment opportunities;
- Partners with secondary schools in organising vocational classes under the Group's patronage (which allows it to tailor the curriculum to the actual needs of the company and train future staff), organising study visits to the company, and offering apprenticeship programmes to students (where students' qualifications are verified for the first time);
- Runs apprenticeship and job placement programmes, whereby younger employees are able to learn valuable practical know-how from older, more experienced personnel, who will be gradually retiring;
- Begins to recruit non-EU nationals, keeping in mind that this may pose translation/interpreting-related challenges (fewer translators/interpreters available);

- Acquires new plants; by acquiring companies and their workforce, the Group reduces the risk of staff shortages.

**8. Risk of shortage of foreign workforce who could work in Poland** This risk is related to the language barrier, the fact that foreign workers lack the required skills and competencies and plan to soon move and work in other Western European countries, as well as to the long and complex process of foreign workforce placement in Poland.

**RISK MITIGATION MEASURES:** The FAMUR Group monitors opportunities for recruiting foreign workforce and takes measures to retain valuable employees.

To mitigate the risk associated with the acquisition and retention of employees meeting the criteria relevant to the FAMUR Group's operations, the individual companies are obliged to follow the adopted comprehensive HR Policy, which is subject to periodic reviews.

**9. Risk of uneven integration of employees from different FAMUR Group companies, branches, or plants.**

**RISK MITIGATION MEASURES:** When carrying out projects to develop employee skills (such as the Social and Civic Competence Building Studio and New Hire Assistant), the Group faces a challenge to integrate employees from across the Group companies, which affects the implementation of such projects. To mitigate this risk, the FAMUR Group consistently carries out activities to develop the skills of employees from across the Group companies and branches, keeping in mind that integrating employees from different companies is a process which requires a long-term approach.

**10. Risk of employee solicitation by competitors, i.e. companies established in certain markets by former employees of the Group, which recruit staff with the same skills as those sought by the Group.**

**RISK MITIGATION MEASURES:** The FAMUR Group enhances employee loyalty and attractiveness of the Group as an employer by offering training and introducing various types of programmes for employees (e.g. employee referrals within the Group, etc.).

**11. Risk related to competition from other FAMUR Group companies as employers located in the same area and seeking job candidates with similar qualifications.**

**RISK MITIGATION MEASURES:** The FAMUR Group is planning to put in place a single Group-wide recruitment process with a clear set of guidelines applicable to employees who migrate from one member of the Group to another.

**12. Risk of deterioration of the FAMUR Group's image due to negative portrayal of the traditional mining industry in the media, in particular in the European Union.**

**RISK MITIGATION MEASURES:** The FAMUR Group undertakes efforts to create the media image of the company itself as well as the industry at large by stressing its long-term stability and a modern approach to business in a volatile environment. The Group supports the development of technologies which offer improved control over and efficiency of production, mining, and product supply processes and thus help reduce the risk of mismanagement and losses.

**13. Risk related to limited staff availability and significant absenteeism due to unforeseeable force majeure events, including epidemics and pandemics**

The risk arises chiefly from factors beyond the Company's/Group's actual influence or control; the Company expects its impacts to affect new business volumes (a reduction or significant reduction in the order book), capacity utilisation and production efficiency, smooth flow of information within the Company's and the Group's organisation, and external circulation of information and correspondence between the Company, the Company's Group and their trading partners. After the WHO announced the COVID-19 pandemic, the Company has taken steps to mitigate the risk of the virus spread within the Company and the Group, and to assess the severity of the impact of the pandemic on the Company's and the Group's operations.



## RISK MITIGATION MEASURES:

- implementing a substitution procedure within each business unit of the Company's and the Group's organisation to ensure smooth and uninterrupted flow of information;
- dividing the Company's and Group's employees into task teams and deploying them in different locations, providing them with an option to work remotely (home office) to minimise the risk of contracting the disease in the workplace, and dividing manufacturing plants into zones;
- temperature screening of employees entering administrative buildings and manufacturing areas;
- furnishing all employees with electronic thermometers for temperature monitoring;
- limiting physical access of third parties and trading partners to the Company's buildings and facilities.

A series of steps have been taken at the FAMUR Group to contain the impact and spread of the SARS-CoV-2 virus, including **initiatives to ensure the safety of all staff.**

**An employee education campaign** is being run within the Company, comprising:

- posters with advice on the recommended precautions and practices placed in all passageways;
- communications and announcements distributed via email;
- ongoing communication of any new guidelines issued by the Chief Sanitary Inspectorate (GIS);
- temperature screening of all employees entering the Company's buildings and facilities;
- furnishing all employees with electronic thermometers for temperature monitoring;
- ongoing supply of disinfectants, cleaning agents and regular disinfection of office rooms and passageways in the Company's and the Group's buildings and manufacturing plants;
- limiting or restricting access to the Company's buildings and facilities, including restricting physical access of third-party firms.



Bądź odpowiedzialny

Be responsible



|  |   |
|--|---|
| Mycie rąk jest jednym z najlepszych sposobów na zapobieganie rozprzestrzeniania się wirusów, w tym koronawirusa COVID-19   | Washing your hands is one of the best ways to prevent the spread of viruses, including the COVID-19 coronavirus.  |
| Jak skutecznie myć ręce?   | How to wash your hands effectively?   |
| <ol style="list-style-type: none"> <li>1. Zwilż ręce ciepłą wodą. Nałóż mydło w płynie w zagłębieniach dłoni</li> <li>2. Namydl wewnętrzną część dłoni</li> <li>3. Spleć palce i namydl je</li> <li>4. Namydl kciuk jednej dłoni drugą ręką i na odwrót</li> <li>5. Namydl wierzch dłoni wewnętrznym drugiej i Na odwrót</li> <li>6. Namydl obydwa nadgarstki</li> <li>7. Splucz starannie dłonie, żeby usunąć mydło. Wysusz je dokładnie</li> </ol> | <ol style="list-style-type: none"> <li>1. Wet your hands with warm water. Squirt some liquid soap into the palms of your hands.</li> <li>2. Soap the insides of your hands.</li> <li>3. Interlock your fingers and soap them.</li> <li>4. Soap the thumb of one hand with the other hand, and then swap.</li> <li>5. Soap the back of one hand with the palm of the other hand, and then swap.</li> <li>6. Soap both wrists.</li> <li>7. Rinse your hands carefully to remove the soap. Dry them thoroughly.</li> </ol> |
| Całkowity czas 30 sekund   | Total time – 30 seconds.  |
| Nie zapomnij umyć tych obszarów  | Don't forget to wash these areas.   |

## Zachowaj ostrożność

**Minimalizuj kontakty i zachowaj dystans**  
Ogranicz rozmowę twarzą w twarz i zachowaj dystans co najmniej 1 metr.

**Często myj ręce**  
Myj dokładnie ręce, nawet co 15 minut przez co najmniej 30 sekund.

**Wietrz pomieszczenia**  
Co 30 minut staraj się przewietrzyć pomieszczenie, w którym pracujesz.

**Dezynfekuj powierzchnie**  
Wchodząc do pomieszczenia, dezynfekuj dłonie z zewnątrz. Płynem do dezynfekcji myj ręce przez 30 sekund. Dopiero potem zamknij drzwi. Jeżeli nie maamy płyn do dezynfekcji rąk to należy je umyć mydłem, ale trzeba to robić przez 60 sekund.

**Noś maskę tylko jak jesteś chory**  
Jedynie maski, które chronią przed wirusami, to maski HEPA 3. Oweczki, powinny je nosić osoby, które są chore.

**Nie przemieszczaj się**  
Ogranicz przemieszczanie się po biurze. Ogranicz korzystanie z części wspólnych.

**W razie wątpliwości pytaj**  
Możesz skorzystać z infolinii NFZ.  
W razie nagłych przypadków dzwoń na 112.

|  |  |
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| Zachowaj ostrożność  | Take precautions   |
| Minimalizuj kontakty i zachowaj dystans<br>Ogranicz rozmowę twarzą w twarz i zachowaj dystans co najmniej 1 metr | Minimise contact and maintain social distance.<br>Restrict face-to-face interaction and keep a distance of at least 1 metre. |
| Wietrz pomieszczenia<br>Co 30 minut staraj się przewietrzyć pomieszczenie, w którym pracujesz                    | Air rooms.<br>Every 30 minutes, try to ventilate the room you are working in.  |
| Noś maskę jak tylko jesteś chory   | Wear a mask whenever you're sick.  |

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| Jedynymi maseczkami, które chronią przed wirusem to maseczki MEPA 3. Owszem powinny je nosić osoby, które są chore  | The only masks that can protect you against the virus are MEPA 3 masks. Yes, they should be worn by people who are sick.   |
| Często myj ręce<br>Myj dokładnie ręce nawet co 15 min przez co najmniej 30 sekund   | Wash your hands frequently.<br>Wash your hands thoroughly even every 15 minutes, for at least 30 seconds.  |
| Dezynfekuj powierzchnie<br>Wchodząc do pomieszczenia zdezynfekuj klamkę z zewnątrz. Płynem do dezynfekcji myjemy ręce przez 30 sekund. Dopiero potem zamykamy drzwi. Jeśli nie mamy płynu do dezynfekcji rąk to należy je umyć mydłem, ale trzeba to robić przez 60 sekund. | Sanitise surfaces.<br>When entering a room, disinfect the door handle from outside. Clean your hands with sanitiser for 30 seconds. Only then close the door. If you don't have hand sanitiser, you need to wash your hands with soap, but you have to do it for 60 seconds. |
| Nie przemieszczaj się<br>Ogranicz przemieszczanie się po biurze. Ogranicz korzystanie z części wspólnych  | Don't move around.<br>Minimise your movement around the office. Limit your use of common areas.  |
| W razie wątpliwości pytaj<br>Możesz skorzystać z infolinii NFZ<br>W razie nagłych przypadków dzwoń na 112   | If in doubt, ask for directions.<br>You can use the National Health Fund hotline.<br>In case of emergency, call 112.   |



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| Bądź odpowiedzialny                                      | Be responsible   |
| Jak zmniejszyć ryzyko zachorowania?                      | How to reduce the risk of getting infected?                      |
| Jak uchronić się przed chorobami?                        | How to protect yourself against illness?                         |
| Często myj ręce  | Wash your hands frequently.                                      |
| Unikaj bliskiego kontaktu z ludźmi i miejsc zatłoczonych | Avoid close contact with people and crowded places.              |
| Nie dotykaj rękami oczu, nosa, ust                       | Don't touch your eyes, nose or mouth with your hands.            |
| Jeśli jesteś chory – zostań w domu                       | If you're sick, stay home.                                       |
| Kichając bądź kaszłując zasłaniaj usta chusteczką        | When sneezing or coughing, cover your mouth with a tissue.       |
| Jeśli nie masz chusteczki kichaj w zgięcie łokcia        | If you don't have a tissue, sneeze into the crook of your elbow. |

## MATTERS RELATED TO RESPECTING DIVERSITY

The main risk associated with diversity involves potential violations of human rights, both in the FAMUR Group's operations and in its supply chain. Any violations in this area may entail significant reputational and business risks to the Group. To counteract negative practices in this area, the Group has adopted a comprehensive Diversity Policy, supported by the Policy for Counteracting Discrimination and Workplace Bullying, which require the employees to treat other employees equally and to prevent any form of discrimination.

Furthermore, in line with the *Best Practice for GPW Listed Companies*: "A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation: information about the company's diversity policy applicable to the company's governing bodies and key managers"; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and how it is to be implemented in the reporting period. The Company has published relevant statements, as required by the above regulation<sup>23</sup>. Information on the proportion of women and men on the Management Board and Supervisory Board of FAMUR in 2012–2019 is also available on the Company's website<sup>24</sup>.

## MATTERS RELATED TO RESPECTING HUMAN RIGHTS

### GRI 408-1, GRI 409-1

The main risk associated with human rights involves their potential violations, both in the FAMUR Group's operations and in its supply chain. Any violations in this area may entail significant reputational and business risks to the Group. To counteract this, the Group companies are obliged to observe the comprehensive Human Rights Policy in their operations. Compliance with the Policy is monitored, and the Policy itself undergoes periodic reviews.

However, no steps are being taken at present to obtain confirmation that human rights are also respected in the business partners' supply chains abroad. The risk of violation of these rights exists particularly with respect to suppliers from outside the European Union. The Group companies that identify such risk in their operations will consider including questions related to respect for human rights, such as prohibition of child labour or forced labour, in questionnaires for its suppliers.

### FAMUR's commitment to human rights

As part of its efforts to put its human rights policy into action, FAMUR regularly educates its employees, raising their human rights awareness. In line with the principles of sustainable development upheld by the Company, a short series of training sessions and workshops on protecting human rights, counteracting workplace bullying and corruption and on environmental issues was launched in 2019.

Over the several months of the programme, 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.

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<sup>23</sup>Statements of compliance with Best Practice for GPW Listed Companies are part of the Directors' Reports on the Company's and the Group's operations, which are available on the website containing financial reports of FAMUR S.A. at <https://famur.com/relacje-inwestorskie/raporty/>.

<sup>24</sup> <https://famur.com/relacje-inwestorskie/lad-korporacyjny/>.

**FAMUR focuses on building the awareness among its employees that they can contribute to strengthening the fundamental human rights both within and outside of the organisation.**

## GRI 406-1

In 2019, there were no confirmed incidents of discrimination at FAMUR Group companies covered by non-financial reporting.

## 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.

## GRI 205-3

In 2019, there were no confirmed incidents of corruption at FAMUR Group companies covered by non-financial reporting.

## MATTERS RELATED TO THE BUSINESS MODEL

The FAMUR Group's key customers operate in the mining sector, which is cyclical. Therefore, the current economic cycle and the situation of the mining sector impact the FAMUR Group's operations and financial performance.

Key material risk factors and threats with bearing on the Company's business also include:

- risk of the COVID-19 epidemic affecting the FAMUR Group's business (as described elsewhere in this CSR Report);
- risk of reduced revenue diversification, including a reduction in orders from customers in Poland;
- risk of deterioration of mining companies' financial condition;
- risk of an unstable macroeconomic environment, including financial risks (interest rate, price and currency risks) and risks related to the life cycle of long-term contracts;
- risk of changes in the global energy market;
- social risks, including shifts in the labour market;
- risk related to changes in the legal environment and interpretation of tax laws.

**RISK MITIGATION MEASURES:** Considering the condition of Poland's mining industry, the FAMUR Group decided to expand its footprint on foreign markets. This decision led to the implementation of the GO GLOBAL international expansion programme, which provides for gradual expansion on foreign markets, especially in countries with expected high economic growth rates and high energy demand, as set out in detail in the FAMUR Group Growth Strategy until 2023, adopted in 2018. In addition to the above objectives, the strategy envisages further diversification of the Group's operations through entering the hard rock mining sector, as well as enhancing the operational efficiency. The FAMUR Group also wants to actively improve the efficiency and

advancement of the mining sectors in those countries where the Group offers its solutions, including in Poland, by pursuing the 'Industry 4.0' project.

According to the report of the World Economic Forum<sup>25</sup>, technology is one of the key drivers which can ensure evolution and continued existence of the mining industry. The Polish government also sees the need to restructure and modernise coal mines. The principal causes of the present situation in the mining industry are high costs of hard coal production, due to difficult mining conditions and persistently low efficiency, especially when compared with leading global producers.

The government's Sustainable Development Strategy assumes development of products which would enable Polish industry to gain a significant position in the global market of mining and construction machinery under the 'Smart Mine' programme.<sup>26</sup> With energy security in mind, the Polish government's plans provide for focusing on enhancing the efficiency of the Polish mining sector.

Long-term forecasting of coal market trends is related to developments in the energy market, which relies on the assumption that within the next several decades the populations and incomes will grow, stimulating higher consumption of energy globally; (see BP Energy Outlook 2019).

According to the National Energy and Climate Plan 2021–2030, the share of **coal in the energy mix** will be consistently reduced from approximately 77% today (energy output from lignite and coal) to 56%–60% in 2030. Demand for **metallurgical (coking) coal** in Poland and globally will depend on steel production, which in turn is correlated with the pace of global economic growth and industrial output and, therefore, subject to sharp fluctuations that are hard to accurately predict. In line with its strategy announced in 2020 by Jastrzębska Spółka Węglowa (the largest producer of hard coking coal in the European Union and one of the leading producers of coke used in steelmaking), the company intends to gradually increase its coal production in 2019–2030 by ca. 22%, investing in the expansion of new mining floors.

For a full description of these risks, their potential impact on FAMUR's financial performance and their mitigation, see the **2019 Directors' Report** on FAMUR's operations.

## 4. Our values

### 4.1. Mission, vision, values

#### GRI 102-16

##### OUR MISSION

We are a team of people who share a passion for supporting customers in achieving their goals by providing effective solutions meeting the highest environmental standards

##### OUR VISION

Preferred global supplier of innovative end-to-end solutions for the mining and material handling industries

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<sup>25</sup> Mining & Metals in a Sustainable World 2050, World Economic Forum 2015.

<sup>26</sup> Sustainable Development Strategy until 2020 (with an Outlook until 2030) [Strategia na rzecz Odpowiedzialnego Rozwoju do roku 2020 (z perspektywą do 2030 r.)], the Ministry of Development, 2017.

# FAMUR

Being responsible for ourselves, our co-workers, the natural environment and local communities in the area where we conduct business is part of the FAMUR Group's core values.

## OUR VALUES



**Wiara**

- 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



**Odpowiedzialność**

- 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



**Współpraca**

organisation

- 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



**Otwartość**

- 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



## Wiarygodność

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

|                  |                |
|------------------|----------------|
| Wiara            | Faith          |
| Odpowiedzialność | Responsibility |
| Współpraca       | Cooperation    |
| Otwartość        | Openness       |
| Wiarygodność     | Reliability    |

## 4.2. Ethics

In recent years, the FAMUR Group has undergone a true make-over related to the acquisition, restructuring and transformation of a number of plants. The successful execution of 16 acquisitions provided the Group with knowledge, experience and know-how which allow it to offer end-to-end solutions to its customers. In addition, an optimised production network was created comprising 11 key plants. The Group employs more than 4 thousand staff.

Back in 2018, the FAMUR Group and TDJ jointly developed a new system of values that the companies want to follow in their daily work in order to consistently achieve our goals. 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 2019, the FAMUR Group will undergo internal changes and the entire organisation will be streamlined and transformed. In addition to the adopted new system of values, the organisation is planning to define, by the end of 2020, a Code of Ethics to be followed by all employees and to implement an ethical education system which will facilitate promoting the accepted standards of conduct.

In 2018 and 2019, four meetings of Group managers were held, during which the participants jointly confirmed the need to focus on the organisation's key capital, that is people – its employees, customers, and job candidates. With them in mind, the Group defined measures to be taken to support the value-based corporate culture and employer branding of the Group.

## 4.3. Counteracting corruption and misconduct

FAMUR



FAMUR wspiera  
Cele Zrównoważonego Rozwoju

|   |   |
|---|---|
| Famur wspiera Cele Zrównoważonego Rozwoju | Famur supports the UN Sustainable Development Goals |
|---|---|

### GRI 102-17, GRI 103-2, GRI 103-3, GRI 205-2

To counteract unacceptable practices, including corruption, conflicts of interest and other similar types of misconduct, in early 2018 FAMUR Group companies implemented an Anti-Corruption Policy. It defines uniform procedures to be followed to deal with any identified instances of misconduct as well as to prevent and counteract misconduct resulting in damage to the FAMUR Group and any activities that are inconsistent with the principles applicable at the Group. The Group also ensures transparency of its activities vis-a-vis trading partners.

In accordance with the Anti-Corruption Policy, the FAMUR Group follows the principle of not making any business decisions potentially involving corrupt activities.

The Anti-Corruption Policy of the FAMUR Group is implemented by:

1. Training employees and informing other persons and business entities cooperating with the Group companies about matters related to the Group's Anti-Corruption Policy;
2. Encouraging employees and co-workers to report any violations of the organisation's policies and unethical behaviour;
3. Reporting any violations of the law to law enforcement agencies.

The Policy also defines the rules for preventing conflicts of interest, their disclosure and resolution, especially in such cases as personal relationships in the workplace, engagements outside of the organisation, relations with trading partners and competitors, accepting gifts, financing meals, travel or entertainment, as well as charging fees or commissions, and provision or use of services.

In 2018, employees and representatives of FAMUR Group companies' management bodies were informed about the Policy. Administration staff were obliged to read the document themselves. The responsibility for ensuring that production employees who have no access to email know the content of the Policy was given to heads of organisational units. Additionally, in accordance with the applicable regulations, the Anti-Corruption Policy has been communicated to supervisory authorities, namely the Polish Financial Supervision Authority and the Warsaw Stock Exchange.

The FAMUR Group employees have a choice of various channels for communicating information on suspected incidents of corruption or any other instance of misconduct or breach of ethical conduct. They can also be used to receive advice when there is reasonable doubt as to the interpretation of ethically challenging or ambiguous behaviour. Such cases may be escalated first through a given employee's direct supervisor or their superiors.



Anonymity is guaranteed for each reporting employee, and no such employee will suffer any negative consequences at the Group.

Starting from 2019, in addition to adopting the Code of Ethics, Group companies plan to gradually build a system of training and communication on preventing corruption, which will also cover external partners.

## 5. Sustainable development

### GRI 102-12, GRI 103-2

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 Group feels responsible for the impact of its decisions and activities on the public and the environment. The FAMUR Group attaches great importance to the creation of safe jobs, transparent rules of operation, as well as dialogue with the local community and engaging in social outreach initiatives, in particular for the communities in which the Group operates and where its employees and their families come from.

Given the Group's direct involvement with the mining sector, which has significant impact on natural resources both in Poland and in a number 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 capabilities 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, in connection with the adoption of the FAMUR Group Growth Strategy for 2019–2023, 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<sup>27</sup>, and the UN Guiding Principles on Business and Human Rights, which define companies' responsibility for respecting human rights in their business.

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<sup>27</sup>The Sustainable Development Goals were agreed at the United Nations General Assembly in September 2015. The *UN 2030 Agenda* includes a framework plan for development, indicating 17 Sustainable Development Goals (SDGs) and 169 associated targets to stimulate development in the most important areas for people and the planet. The fundamental message is to strive for development that guarantees a decent life for all.

## 5.1. Strategic goals

The FAMUR Group's CSR policy defines objectives for activities in the 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 one hand and their company's business standing 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.

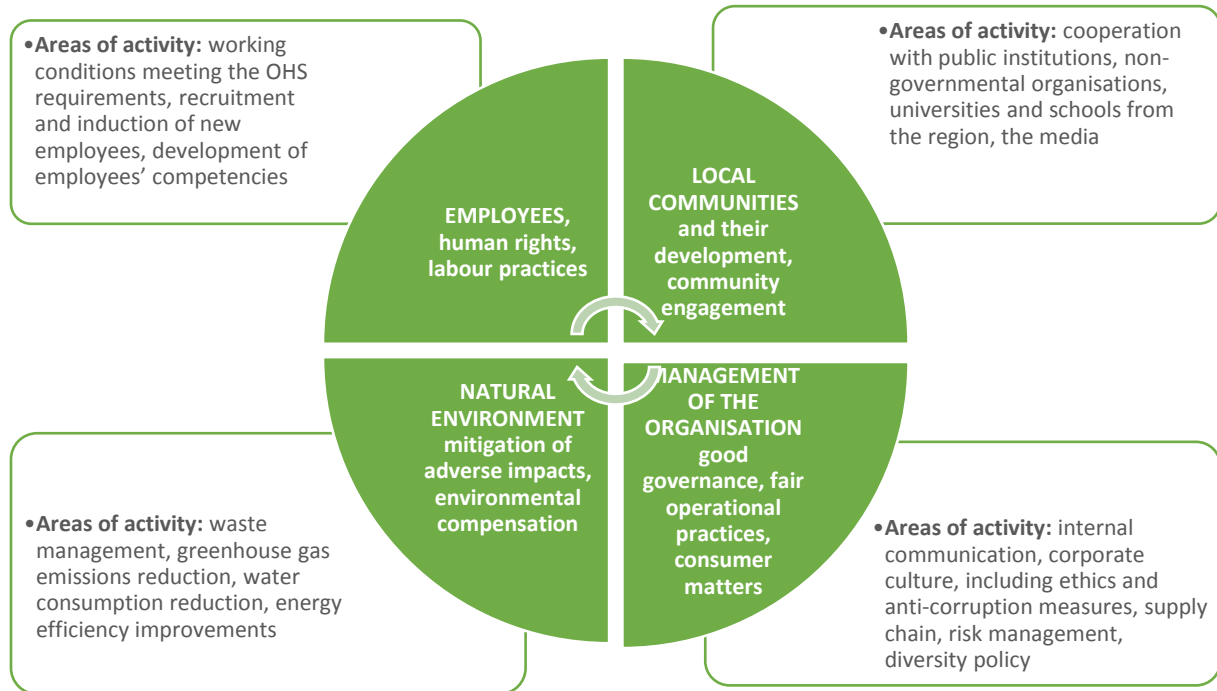
### NATURAL ENVIRONMENT

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

## 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 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:

- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work.
- Ensure inclusive and quality education, and promote lifelong learning.
- Achieve gender equality and empower all women and girls.
- Ensure healthy lives and promote well-being for all at all ages.
- Ensure access to affordable, reliable, sustainable and modern energy.
- Ensure availability and sustainable management of water and sanitation.
- Build resilient infrastructure, promote sustainable industrialisation.
- Ensure sustainable consumption and production patterns.
- Promote peaceful and inclusive societies, provide access to justice and build effective, accountable and inclusive institutions.

## GRI 102-12

In 2019, the Group companies participated in a number of events such as the 3rd Employers' Fair organised by the Silesian Technical School SLTZN of Katowice, and the 12th Edition of the Autumn Job and Entrepreneurship Fair in Gliwice accompanied by the Employer's Day, organised by the Faculty of Materials Engineering and Metallurgy of the Silesian University of Technology. For students interested in the programme of apprenticeships and work placements offered by the FAMUR Group, a VR-goggles application was prepared so that they could virtually move deep into the mine to see how the machines produced at the Group's plants work.

### BEST PRACTICE

The FAMUR Group's practices contribute to the achievement of the Sustainable Development Goals through activities aimed at ensuring high quality education and promotion of lifelong learning, including increasing the numbers of young people and adults having the appropriate technical and professional skills necessary to find employment and develop entrepreneurship.

The Group collaborates with universities and secondary schools to improve the quality of technical education and acquire new qualified employees. As part of our school patronage programme we support vocational classes in secondary schools, whose students, apart from the possibility of broadening their knowledge and gaining their first professional experience through apprenticeship at our plants, may receive monthly scholarships. The scholarships are awarded to all first-grade students and, in subsequent years, to the best-performing ones. In addition, patronage class arrangements envisage financial prizes to be granted for outstanding school achievements to students and school leavers. The best graduates, especially those leaving patronage classes, are offered employment. Students of patronage classes can do their apprenticeship at the Group's production plants and participate in educational trips with access to machines and equipment, which supplements the knowledge passed to them at school by teachers of vocational subjects. The schools can count on support in the financial form or in the form of equipment for their vocational training laboratories.

Currently, the schools with patronage class arrangements supported by the FAMUR Group include the Complex of Secondary Schools No. 2 in Piotrków Trybunalski (FAMUR), Complex of Technical Schools in Mikołów (FAMUR), Complex of Technical Schools in Rybnik (FAMUR), Complex of Technical and General Education Schools No. 3 in Chorzów (ELGÓR+HANSEN), Complex of Secondary Schools No. 2 at the Lifelong Education Centre in Kluczbork (FAMUR FAMAK), Complex of Energy and Mining Schools in Konin (FUGO) and Wincenty Pol Technical School Complex in Gorlice (FAMUR).

#### **Renata Stępień, Headmistress of the Wincenty Pol Technical School Complex in Gorlice**

Cooperation between our school and FAMUR began when our students first visited FAMUR's manufacturing premises as part of their vocational subjects. In May 2019, we jointly decided to open a patronage class for future cutting machine operators. The class welcomed its first students in September, in the 2019/2020 school year. At present, the class has 28 students, who receive a monthly scholarship from FAMUR and who take part in hands-on training held on the Company's premises. The youths also received 'welcome' schoolbags with basic teaching aids and tailor-made work clothing.

Our joint initiatives with FAMUR have vastly improved the quality of vocational education, tailoring our educational offering to the needs of the local labour



market. The greatest beneficiaries are undoubtedly students themselves, who gain practical skills in the real working environment, opportunities to get to know novel solutions and technologies applied with the industry and get an attractive job after they leave school. I have noticed that our project motivates students to work harder, learn and gains new skills, while boosting their self-esteem. The young people get more involved in the educational process, as reflected in the turnout in the patronage class, which is higher compared with other classes. When we asked our students for their opinions, they were extremely positive. The most typical ones were: "I am happy, the employees get on really well with the students, the company provides good working conditions.", "I'm satisfied with the company as it provides me with vocational training opportunities, the chance to get hands-on experience with the machinery, I can watch staff perform their work and ask them questions."

The cooperation with FAMUR meets our expectations and we definitely want to continue it as it greatly benefits our students, the school and, hopefully, FAMUR itself, connecting it with future human resources. We also hope that our cooperation will flourish in the coming years. At present, steps are being taken to open in the new 2020/2021 school year a patronage class for future cutting machine operators and for machinery and equipment mechanics/installers.

Furthermore, FAMUR works on joint research initiatives, as well as work placement programmes and internships for students, with the E. Abramowski Technical School and General School Complex No. 3 in Katowice, the Faculty of Mining and Geoengineering of the AGH University of Science and Technology in Kraków, the National Higher Vocational School in Racibórz, the Department of International Economic Relations of the University of Economics in Katowice and the Silesian University of Technology.

**Nicole Rybakiewicz, a 4th year student of Mechanics and Mechanical Engineering at the Silesian University of Technology**

Since 2019, as a student of the Faculty of Mechanical Engineering of the Silesian University of Technology, I have been a FAMUR ambassador. On the Company's behalf, I liaise with the Student Career Office, research clubs and student organisations, and I also promote FAMUR in social media. I also answer my fellow students' questions about FAMUR.

FAMUR is a company approachable to students, striving to show that it is the right place to start a professional career with. It also offers internship and traineeship opportunities. Moreover, this year FAMUR will take part in the CaseWeek IAESTE project, meaning it will conduct free case study workshops for students of the Silesian University of Technology. It also plans to present itself during trips and workshops organised in partnership with research clubs or the Student Career Office.



As a member of the volleyball team of the Silesian University of Technology, I uphold the principles and values of sportsmanship: consistency, tenacity in pursuing goals and teamwork. I feel that here FAMUR and I are on the same wavelength: my ideas are taken into consideration and put into practice. What I like about FAMUR is its openness to young people and a steady commitment to development.

## **Łukasz Bugaj, Business Client Service Coordinator, WSB University**

Cooperation between the WSB University and FAMUR has continued since the second half of 2018, but most of the initiatives were taken in 2019 and are still ongoing. We are jointly implementing 'Program *Firma*', consisting of a number of elements, one of them being the '**Lean Leader Academy – effective enterprise management**', a post-graduate programme for FAMUR employees. Its educational content has been tailored to the Company's expectations, following from deployment of FAMUR's Lean Management strategy. The attendees have appreciated its focus on practical aspects, especially during study visits held as part of the programme, which gave them the opportunity to see how the Lean Management strategy is applied in practice and to discuss what improvements could be made.



Additionally, in line with the executed agreement, all FAMUR employees, regardless of what source of financing they have chosen for their studies, can apply for special discounts. In March, 40 employees will take part in the 'Competence enhancement – a lifelong process' project, under which WSB will provide free 'soft skills' training in: **Mental resilience** and **Manager's work organisation**.

The partnership with FAMUR has also benefited WSB's Logistics students, who have been given opportunities to complete their compulsory work experience programme at FAMUR and begin their professional career with that company thanks to job openings advertised by the Career and Internship Office.

'Program *Firma*' is also mutually beneficial to FAMUR and WSB, with the project continuing and evolving. We do not so much hope as we are absolutely confident that this is just the beginning of a long-term collaboration between our organisations.

### **FAMUR's cooperation with educational institutions in 2019 included participation in the following events and projects:**

- 4th edition of the Mechanical Engineering Competition at Secondary School Complex No. 2 in Piotrków Trybunalski – FAMUR sponsored the competition, which is intended to encourage young people to improve their technical knowledge, pursue their mechanical engineering interests, and seek further training in this area.
- The Engineering Career and Entrepreneurship Fair in Gliwice – event dedicated to students and graduates of the Silesian University of Technology
- The 4th edition of the Educational Career Fair at the Secondary Engineering School Complex in Rybnik
- The 'Explorer' Science and Technology Outdoor Festival at Secondary School Complex No. 2 in Piotrków Trybunalski
- The Employers and Entrepreneurship Fair at the Silesian University of Technology in Gliwice
- The 4th edition of the Employers Fair at the Silesian Secondary Engineering School in Katowice
- The Łaziska Górne County's Education and Career Fair

## 5.2. Employees and human rights

GRI 103-2, GRI 103-3

### 5.2.1. HR policy



FAMUR wspiera  
Cele Zrównoważonego Rozwoju

In 2019, the FAMUR Group implemented a HR Policy whose main strategic objectives include:

1. **Ensuring safe working conditions;**
2. **Developing employee skills;**
3. **Maintaining a stable team of qualified staff;**
4. **Ensuring 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.

GRI 102-41, GRI 401-2

At FAMUR Group companies, part-time employees are entitled to the same benefits as full-time staff. Employees are eligible for benefits provided for in the labour law, as well as additional benefits, e.g. granted from 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 is a multi-branch organisation, in which each of the branches is a separate employer. Each employer applies its own collective bargaining agreement or remuneration rules. In accordance with Art. 23<sup>1</sup> of the Labour Code, in the event of a business



combination the new employer takes over employees together with their collective bargaining agreement.

The percentage of employees covered by collective bargaining agreements at FAMUR, FAMUR FAMAK and FUGO is 99.7%, 100%<sup>28</sup> and 94.7% respectively.

The FAMUR Group cares for all staff, and requires its service providers to ensure appropriate working conditions for their employees. 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 governing training and facilitating effective management of human resources. These documents also define training requirements and set growth priorities.

## GRI 407-1,

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 2019.

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.

## GRI 102-7

### Total number of FAMUR Group employees<sup>29</sup>

| Company                  | Dec 31 2019 | Dec 31 2018     |
|--------------------------|-------------|-----------------|
| FAMUR S.A. <sup>40</sup> | 2,662       | 2,564           |
| FAMUR FAMAK S.A.         | 419         | 483             |
| ELGÓR+HANSEN S.A.        | 261         | 231             |
| FUGO Sp. z o.o.          | 456         | 482             |
| FUGO S.A.                | 0           | 0 <sup>30</sup> |
| PEMUG Sp. z o.o.         | 75          | 82              |
| Ex Coal Sp. z o.o.       | 0           | 4               |

<sup>28</sup>An employee covered by a collective bargaining agreement at any of these companies is an employee who is bound by and benefits from the terms of the agreement.

<sup>29</sup>The table contains data on FAMUR Group entities consolidated for non-financial reporting purposes, i.e. those that maintain non-financial records.

<sup>30</sup>On November 7th 2018, 138 employees of FUGO S.A. were transferred to FUGO Sp. z o.o. pursuant to Art. 23<sup>1</sup> of the Labour Code (acquisition of an organised part of business).

|                           |              |              |
|---------------------------|--------------|--------------|
| K-Construction Sp. z o.o. | 42           | 998          |
| RELT Sp. z o.o.           | 6            | 12           |
| ŚTW DALBIS Sp. z o.o.     | 80           | 85           |
| <b>TOTAL</b>              | <b>4,001</b> | <b>4,941</b> |

## GRI 401-1

### New hires and employee turnover at the FAMUR Group in 2019

| Company                       | Diversity criteria      | Number of new employee hires |
|-------------------------------|-------------------------|------------------------------|
| FAMUR S.A. <sup>31</sup>      | Aged less than 30 years | 146                          |
|                               | Aged 30-50 years        | 202                          |
|                               | Aged more than 50 years | 55                           |
|                               | Women                   | 70                           |
|                               | Men                     | 333                          |
|                               | Silesia Region          | 305                          |
|                               | Łódź Region             | 38                           |
|                               | Lesser Poland Region    | 60                           |
|                               | Employee turnover       | 13.1%                        |
| FAMUR FAMA S.A.               | Aged less than 30 years | 17                           |
|                               | Aged 30-50 years        | 15                           |
|                               | Aged more than 50 years | 5                            |
|                               | Women                   | 5                            |
|                               | Men                     | 32                           |
|                               | Konin                   | 0                            |
|                               | Zabrze                  | 0                            |
|                               | Zgorzelec               | 0                            |
|                               | Kluczbork               | 37                           |
| Employee turnover             | 21.96%                  |                              |
| ELGÓR+HANSEN S.A.             | Aged less than 30 years | 16                           |
|                               | Aged 30-50 years        | 22                           |
|                               | Aged more than 50 years | 10                           |
|                               | Women                   | 8                            |
|                               | Men                     | 40                           |
| Employee turnover             | 7%                      |                              |
| FUGO Sp. z o.o. <sup>32</sup> | Aged less than 30 years | 15                           |
|                               | Aged 30-50 years        | 18                           |
|                               | Aged more than 50 years | 16                           |
|                               | Women                   | 0                            |
|                               | Men                     | 49                           |
|                               | Kluczbork               | 0                            |
|                               | Konin                   | 41                           |
|                               | Zabrze                  | 0                            |
| Zgorzelec                     | 8                       |                              |

<sup>31</sup> Data for FAMUR S.A. and its branches having the status of separate employers, i.e. PIOMA Transport/Handling Systems Branch in Piotrków Trybunalski, GLINIK Longwall Systems Branch in Gorlice, REMAG Gallery Systems Branch in Katowice, Longwall Systems Branch in Katowice, NOWOMAG Longwall Systems Branch in Nowy Sącz, RYFAMA Longwall Systems Branch in Rybnik, and Longwall Hydraulic Systems Branch in Zabrze. The data does not include persons who were transferred to individual employers/branches pursuant to Art. 23<sup>1</sup> of the Labour Code.

<sup>32</sup> On November 7th 2018, 138 employees of FUGO S.A. were transferred to FUGO Sp. z o.o. pursuant to Art. 23<sup>1</sup> of the Labour Code. The employee turnover was calculated assuming that employees taken over from FUGO S.A. are new hires.

|                       |                         |        |
|-----------------------|-------------------------|--------|
|                       | Employee turnover       | 17.11% |
| PEMUG Sp. z o.o.      | Aged less than 30 years | 5      |
|                       | Aged 30-50 years        | 4      |
|                       | Aged more than 50 years | 1      |
|                       | Women                   | 0      |
|                       | Men                     | 10     |
|                       | Employee turnover       | 24.26% |
| ŚTW DALBIS Sp. z o.o. | Aged less than 30 years | 4      |
|                       | Aged 30-50 years        | 4      |
|                       | Aged more than 50 years | 2      |
|                       | Women                   | 0      |
|                       | Men                     | 10     |
|                       | Employee turnover       | 18%    |

## GRI 102-8

### Information about FAMUR Group employees (persons)

| Company                   | Basis of employment                       | Dec 31 2019 |       | Dec 31 2018 |       |
|---------------------------|---|-------------|-------|-------------|-------|
|                           |   | Women       | Men   | Women       | Men   |
| FAMUR S.A. <sup>33</sup>  | Employment contracts                      | 316         | 2,346 | 277         | 2,287 |
|                           | of which: open-ended employment contracts | 273         | 1,973 | 245         | 1,951 |
| FAMUR FAMAK S.A.          | Employment contracts                      | 32          | 387   | 54          | 429   |
|                           | of which: open-ended employment contracts | 27          | 357   | 42          | 391   |
| FUGO S.A.                 | Employment contracts                      | 0           | 0     | 0           | 0     |
|                           | of which: open-ended employment contracts | 0           | 0     | 0           | 0     |
| FUGO Sp. z o.o.           | Employment contracts                      | 24          | 316   | 36          | 446   |
|                           | of which: open-ended employment contracts | 24          | 292   | 33          | 409   |
| PEMUG Sp. z o.o.          | Employment contracts                      | 5           | 70    | 6           | 76    |
|                           | of which: open-ended employment contracts | 5           | 55    | 5           | 57    |
| K-CONSTRUCTION Sp. z o.o. | Employment contracts                      | 2           | 40    | 3           | 41    |
|                           | of which: open-ended employment contracts | 2           | 23    | 3           | 27    |
| Ex-Coal Sp. z o.o.        | Employment contracts                      | 0           | 0     | 1           | 3     |
|                           | of which: open-ended employment contracts | 0           | 0     | 1           | 3     |
| RELT Sp. z o.o.           | Employment contracts                      | 2           | 4     | 2           | 4     |
|                           | of which: open-ended employment contracts | 2           | 4     | 2           | 4     |
| ELGÓR + HANSEN S.A.       | Employment contracts                      | 47          | 214   | 42          | 189   |
|                           | of which: open-ended employment contracts | 32          | 139   | 32          | 140   |
| ŚTW DALBIS Sp. z o.o.     | Employment contracts                      | 4           | 76    | 4           | 81    |

<sup>33</sup> Data for FAMUR S.A. and its branches having the status of separate employers, i.e. PIOMA Transport/Handling Systems Branch in Piotrków Trybunalski, GLINIK Longwall Systems Branch in Gorlice, REMAG Gallery Systems Branch in Katowice, Longwall Systems Branch in Katowice, NOWOMAG Longwall Systems Branch in Nowy Sącz, RYFAMA Longwall Systems Branch in Rybnik, and Longwall Hydraulic Systems Branch in Zabrze. The data does not include persons who were transferred to individual employers/branches pursuant to Art. 23<sup>1</sup> of the Labour Code.

|  |   |   |    |   |    |
|--|---|---|----|---|----|
|  | of which: open-ended employment contracts | 4 | 66 | 4 | 81 |
|--|---|---|----|---|----|

## 5.2.2. 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.

### Matters covered by the FAMUR Group's Human Rights Policy include:

1. Occupational health and safety,
2. Ensuring freedom of expression,
3. Prevention of child labour,
4. Elimination of exploitation,
5. Observance of terms and conditions of employment,
6. Prevention of discrimination, and
7. Protection of personal data.

With regard to the last matter, i.e. personal data protection, in 2018, in accordance with new legislation that came into effect, the Group companies were required to take measures to ensure that provisions of the General Data Protection Regulation (GDPR<sup>34</sup>) 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 by the Group not only as a legal requirement, but as part of a broader commitment to respecting privacy, which is a human right.

In 2019, the FAMUR Group implemented its Personal Data Protection Policy, along with the necessary physical and ICT security procedures and instructions as well as relevant compliance and organisational solutions, all of which are updated on an ongoing basis. The method of securing personal data and the tools used for this purpose have been chosen following a relevant risk analysis. Moreover, in order to raise the employees' awareness of personal data issues, regular training on personal data protection is provided and supported by interestingly presented information disseminated via internal communication channels.

A Personal Data Protection Officer (PDPO) has been appointed at FAMUR and notified to the President of the Office for Personal Data Protection. The PDPO is responsible for monitoring the Company's compliance with the GDPR and the due diligence procedures adopted by the Company in this respect.

The PDPO's unit is composed of the following officers: the Personal Data Protection Officer and the Personal Data Protection Coordinator. The person serving as PDPO at FAMUR S.A. also serves in the same capacity at

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<sup>34</sup> 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.

Famur Institute Sp. z o.o., DALBIS Sp. z o.o., Elgór+Hansen S.A. and PRIMETECH S.A., which have appointed their Personal Data Protection Coordinators to cooperate directly with the PDPO. One of the main responsibilities of the Personal Data Protection Officer is to collaborate with the Data Controller and act on its behalf.

The PDPO's activities included another review of risks involved in the protection of personal data processed by FAMUR S.A., carried out from October to November 2019 as part of the personal data protection risk management process. As part of the review, the risk analysis tool applied by the Company was verified, and an expert risk analysis method and risk assessment approach were developed. The risk review report and the risk management plan were submitted and approved on January 2nd 2020.

In 2019, the Company organised more than ten training sessions in personal data protection across its units, including:

- May 8th 2019 – *Entrusting or making available of personal data* – a workshop dedicated to management personnel (directors, officers, etc.) responsible for conclusion of personal data processing agreements.
- July 12th 2019 – *Personal data security* – a workshop dedicated to HR BPs.
- July 31st–September 30th 2019 – *Manager's role in granting, amending and revoking authorisation to process personal data* – a workshop held for management personnel responsible for the proper scope of authorisations to process personal data at FAMUR S.A. in compliance with the *Instructions for the authorisation of personal data processing*.
- July 12th 2019 – *Personal data protection* – online training for employees with access to a computer, with the participation rate at ca. 50% of FAMUR S.A.'s administrative staff.
- October 9th 2019 – *Personal data processing* – a workshop dedicated to employees of the Finance and Trade Finance Department.
- November 15th 2019 – *Personal data security* – online training for employees with access to a computer, with the participation rate at 50% of FAMUR S.A.'s administrative staff.
- December 5th 2019 – *Personal data protection at business organisations* – training dedicated to employees of the Procurement and Logistics Department.

In addition, dedicated personal data protection training is provided to all new hires as part of their induction process, each of them receiving a 'Personal Data Protection in a Nutshell' brochure and the compilation 'Surfing the applicable data protection regulations – policies, procedures and instructions' with excerpts from the personal data protection regulations in place at FAMUR S.A.

## **GRI 408-1, GRI 409-1**

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 2019, 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.

## 5.2.3. Diversity policy

**FAMUR**

FAMUR wspiera  
Cele Zrównoważonego Rozwoju



The purpose of the FAMUR Group Diversity Policy is to fully leverage the potential of employees, their skills, experience and talents, in an atmosphere of respect and support.

The Diversity Policy requires the Group companies to:

- 1. 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);**
- 2. 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.**

The measures taken in this area are aimed at building a corporate culture which, by ensuring respect for diversity, makes all employees feel respected, valued, and confident that they can develop to their full professional potential. The Group fosters a culture of dialogue, openness, tolerance and teamwork, and takes an approach that minimises the risks of loss of valuable employees.

## GRI 405-1

Percentage of FAMUR Group employees by employee category and diversity criteria (gender and age) as at December 31st 2019

| Company                        | Persons meeting diversity criteria [%] |                     |
|--------------------------------|--|---------------------|
|                                | White-collar workers                   | Blue-collar workers |
| <b>FAMUR S.A.<sup>35</sup></b> |  |                     |
| Women                          | 24%                                    | 4%                  |
| Men                            | 76%                                    | 96%                 |
| <b>FAMUR FAMA S.A.</b>         |  |                     |
| Women                          | 19%                                    | 0%                  |
| Men                            | 81%                                    | 100%                |
| <b>FUGO Sp. z o.o.</b>         |  |                     |
| Women                          | 16%                                    | 4%                  |
| Men                            | 84%                                    | 96%                 |
| <b>PEMUG Sp. z o.o.</b>        |  |                     |
| Women                          | 17%                                    | 0%                  |
| Men                            | 83%                                    | 100%                |
| <b>ELGÓR+HANSEN S.A.</b>       |  |                     |
| Women                          | 23%                                    | 13%                 |
| Men                            | 77%                                    | 87%                 |

| Company                        | Persons meeting diversity criteria [%] |                     |
|--------------------------------|--|---------------------|
|                                | White-collar workers                   | Blue-collar workers |
| <b>FAMUR S.A.<sup>36</sup></b> |  |                     |
| Aged less than 30 years        | 12%                                    | 10%                 |
| Aged 30-50 years               | 55%                                    | 37%                 |
| Aged more than 50 years        | 33%                                    | 53%                 |
| <b>FAMUR FAMA S.A.</b>         |  |                     |
| Aged less than 30 years        | 18%                                    | 16%                 |
| Aged 30-50 years               | 60%                                    | 40%                 |
| Aged more than 50 years        | 22%                                    | 44%                 |
| <b>FUGO Sp. z o.o.</b>         |  |                     |
| Aged less than 30 years        | 7%                                     | 7%                  |
| Aged 30-50 years               | 54%                                    | 35%                 |
| Aged more than 50 years        | 38%                                    | 58%                 |
| <b>PEMUG Sp. z o.o.</b>        |  |                     |
| Aged less than 30 years        | 10%                                    | 4%                  |
| Aged 30-50 years               | 43%                                    | 38%                 |

<sup>35</sup> Data for FAMUR S.A. and its branches having the status of separate employers, i.e. PIOMA Transport/Handling Systems Branch in Piotrków Trybunalski, GLINIK Longwall Systems Branch in Gorlice, REMAG Gallery Systems Branch in Katowice, Longwall Systems Branch in Katowice, NOWOMAG Longwall Systems Branch in Nowy Sącz, RYFAMA Longwall Systems Branch in Rybnik, and Longwall Hydraulic Systems Branch in Zabrze.

<sup>36</sup> Data for FAMUR S.A. and its branches having the status of separate employers, i.e. PIOMA Transport/Handling Systems Branch in Piotrków Trybunalski, GLINIK Longwall Systems Branch in Gorlice, REMAG Gallery Systems Branch in Katowice, Longwall Systems Branch in Katowice, NOWOMAG Longwall Systems Branch in Nowy Sącz, RYFAMA Longwall Systems Branch in Rybnik, and Longwall Hydraulic Systems Branch in Zabrze.

| Company                  | Persons meeting diversity criteria [%] |                     |
|--------------------------|--|---------------------|
|                          | White-collar workers                   | Blue-collar workers |
| Aged more than 50 years  | 47%                                    | 58%                 |
| <b>ELGÓR+HANSEN S.A.</b> |  |                     |
| Aged less than 30 years  | 9%                                     | 23%                 |
| Aged 30-50 years         | 73%                                    | 51%                 |
| Aged more than 50 years  | 18%                                    | 26%                 |

## 5.2.4. Employee relationship practices

### 5.2.4.1. Training and education

**FAMUR**



FAMUR wspiera  
Cele Zrównoważonego Rozwoju

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, the dedicated Social and Civic Competence Building Studio was established. May be joined by those employees who wish to share their knowledge both inside and outside of the organisation. One of the goals provided for in the CSR strategy is to gradually increase the number of internal coaches in subsequent years.



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

| Diversity category             | 2019  | 2018  |
|--------------------------------|-------|-------|
| <b>FAMUR S.A.<sup>37</sup></b> |       |       |
| Women                          | 9.4   | 8.51  |
| Men                            | 10.6  | 11.66 |
| Blue-collar workers            | 7.3   | 8.41  |
| Specialists                    | 28.88 | 18.67 |
| Managers                       | 9.4   | 8.59  |
| <b>FAMUR FAMAK S.A.</b>        |       |       |
| Women                          | 5.66  | 6.58  |
| Men                            | 12.09 | 10.08 |
| White-collar workers           | 7.59  | 6.52  |
| Blue-collar workers            | 14.12 | 12.07 |
| <b>ELGÓR+HANSEN S.A.</b>       |       |       |
| Women                          | 2.81  | 2.18  |
| Men                            | 5.42  | 3.9   |
| White-collar workers           | 7.61  | 4.1   |
| Blue-collar workers            | 2.55  | 3.31  |
| <b>PEMUG Sp. z o.o.</b>        |       |       |
| Women                          | 3.20  | 4.00  |
| Men                            | 9.00  | 7.22  |
| White-collar workers           | 4.00  | 2.90  |
| Blue-collar workers            | 11.91 | 9.47  |
| <b>FUGO Sp. z o.o. Konin</b>   |       |       |
| Women                          | 4.53  | 3.14  |
| Men                            | 8.63  | 2.29  |
| White-collar workers           | 11.63 | 3.65  |
| Blue-collar workers            | 7.10  | 1.94  |

### BEST PRACTICE

In 2017, the FAMUR Group launched the Social and Civic Competence Building Studio project, co-financed by the Ministry of Labour and Social Policy under the Civic Initiatives Fund Operational Programme. As part of this initiative, employees of the Group's production plants from the provinces of Katowice, Kraków and Łódź were involved in skills-based employee volunteering activities. A series of workshops designed to develop caching skills (e.g. coaching, mentoring, training, self-presentation, storytelling) prepared them to act as civic educators. This model, combining social responsibility and industrial operations, was put forward by the TDJ Association.

From 2018 to the date of this Report, the project was fully financed with the Company's funds. The civic educators take part in workshops for primary and secondary school students, where they teach soft skills necessary for young people entering the labour market and present safe ways of using modern technologies.

<sup>37</sup> Data for FAMUR S.A. and its branches having the status of separate employers, i.e. PIOMA Transport/Handling Systems Branch in Piotrków Trybunalski, GLINIK Longwall Systems Branch in Gorlice, REMAG Gallery Systems Branch in Katowice, Longwall Systems Branch in Katowice, NOWOMAG Longwall Systems Branch in Nowy Sącz, RYFAMA Longwall Systems Branch in Rybnik, and Longwall Hydraulic Systems Branch in Zabrze.

## 5.2.4.2. Occupational safety

FAMUR



FAMUR wspiera  
Cele Zrównoważonego Rozwoju

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.

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 subjected 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.

| 10 zasad BHP   | 10 health and safety rules  |
|--|---|
| 1. Dbam o bezpieczeństwo – nie ryzykuję zdrowia i życia swojego i innych | 1. I do my best to ensure safety – I never take risks with my own health and life and with those of other people. |

|  |  |
|--|--|
| 2. Zanim coś zrobię upewnię się, że jest bezpieczne dla mnie i dla innych  | 2. Before I do anything, I make sure it's safe for me and for others.                                  |
| 3. Widzę zagrożenie – informuję o nim przełożonego i współpracowników  | 3. When I see a hazard, I alert my line manager and fellow workers.                                    |
| 4. Nie tolerujemy niebezpiecznych zachowań w swoim otoczeniu   | 4. I don't tolerate unsafe behaviours around me.   |
| 5. Nie wykonuję prac, na które nie posiadam wymaganych uprawnień   | 5. I refrain from work I'm not licensed to do.   |
| 6. Pracuję zgodnie z technologią i instrukcją stanowiskową BHP   | 6. I work in accordance with appropriate technologies and job-specific health and safety requirements. |
| 7. Stosuję środki ochrony indywidualnej  | 7. I use personal protective equipment.  |
| 8. W przypadku pożaru lub innego miejscowego zagrożenia stosujemy się do poleceń osób prowadzących ewakuację                 | 8. In the case of a fire or other local emergency, I follow the instructions of evacuation personnel.  |
| 9. Przestrzegam reguł dotyczących załadunku i transportu materiałów oraz zasad prawidłowego dźwigania i przenoszenia ładunku | 9. I observe the rules for loading and transport, as well as the load lifting and handling procedures. |
| 10. Dbam o porządek i czystość w miejscu pracy – porządek i czystość Moją wizytówką  | 10. I keep my workplace tidy and clean – tidiness and cleanliness are my my signature.                 |

## GRI 403-2

Severity and frequency rates of accidents<sup>38</sup>, injuries, occupational diseases, days lost, and total number of work-related fatalities at the FAMUR Group

| COMPANY                  | INDICATOR   | 2019 | 2018  |
|--------------------------|---|------|-------|
| FAMUR S.A. <sup>39</sup> | Number of occupational diseases in former employees | 2    | 3     |
|                          | Number of work-related fatalities                   | 0    | 0     |
|                          | Number of accidents at work                         | 60   | 44    |
|                          | Number of days lost due to accidents                | 2254 | 2,360 |
|                          | Frequency rate                                      | 23   | 17    |
|                          | Severity rate                                       | 38   | 54    |
| FAMUR FAMAK S.A.         | Number of occupational diseases                     | 0    | 0     |
|                          | Number of work-related fatalities                   | 0    | 0     |
|                          | Number of accidents at work                         | 5    | 6     |
|                          | Number of days lost due to accidents                | 303  | 440   |
|                          | Frequency rate                                      | 11   | 12    |
|                          | Severity rate                                       | 61   | 73    |
| PEMUG Sp. z o.o.         | Number of occupational diseases                     | 0    | 1     |
|                          | Number of work-related fatalities                   | 0    | 0     |
|                          | Number of accidents at work                         | 2    | 1     |
|                          | Number of days lost due to accidents                | 37   | 182   |

<sup>38</sup>Accident frequency rate: number of accidents/number of employees x 1,000. Accident severity rate: number of days lost/number of affected employees.

<sup>39</sup> Data for FAMUR S.A. and its branches having the status of separate employers, i.e. PIOMA Transport/Handling Systems Branch in Piotrków Trybunalski, GLINIK Longwall Systems Branch in Gorlice, REMAG Gallery Systems Branch in Katowice, Longwall Systems Branch in Katowice, NOWOMAG Longwall Systems Branch in Nowy Sącz, RYFAMA Longwall Systems Branch in Rybnik, and Longwall Hydraulic Systems Branch in Zabrze.

| COMPANY               | INDICATOR   | 2019 | 2018 |
|-----------------------|---|------|------|
|                       | Frequency rate                                      | 26   | 12   |
|                       | Severity rate                                       | 18   | 182  |
| FUGO Sp. z o.o.*      | Number of occupational diseases in former employees | 2    | -    |
|                       | Number of work-related fatalities                   | 0    | -    |
|                       | Number of accidents at work                         | 13   | -    |
|                       | Number of days lost due to accidents <sup>40</sup>  | 759  | -    |
|                       | Frequency rate                                      | 38   | -    |
|                       | Severity rate                                       | 58   | -    |
| ELGÓR + HANSEN S.A.   | Number of occupational diseases                     | 0    | 0    |
|                       | Number of work-related fatalities                   | 0    | 0    |
|                       | Number of accidents at work                         | 6    | 1    |
|                       | Number of days lost due to accidents                | 216  | 29   |
|                       | Frequency rate                                      | 23   | 4.39 |
|                       | Severity rate                                       | 36   | 29   |
| ŚTW DALBIS Sp. z o.o. | Number of occupational diseases                     | 0    | 0    |
|                       | Number of work-related fatalities                   | 0    | 0    |
|                       | Number of accidents at work                         | 1    | 2    |
|                       | Number of days lost due to accidents                | 74   | 148  |
|                       | Frequency rate                                      | 12   | 24   |
|                       | Severity rate                                       | 74   | 74   |

| COMPANY                    | INDICATOR   | 2019 | 2018  |
|----------------------------|---|------|-------|
| FUGO* Sp. z o.o. Konin     | Number of occupational diseases in former employees | -    | 1     |
|                            | Number of work-related fatalities                   | -    | 0     |
|                            | Number of accidents at work                         | -    | 6     |
|                            | Number of days lost due to accidents <sup>41</sup>  | -    | 282   |
|                            | Frequency rate                                      | -    | 17.99 |
|                            | Severity rate                                       | -    | 47    |
| FUGO* Sp. z o.o. Zgorzelec | Number of occupational diseases                     | -    | 0     |
|                            | Number of work-related fatalities                   | -    | 0     |
|                            | Number of accidents at work                         | -    | 8     |
|                            | Number of days lost due to accidents                | -    | 245   |
|                            | Frequency rate                                      | -    | 58    |
|                            | Severity rate                                       | -    | 30    |

\* Data on FUGO sp. z o.o. for the comparative period is presented by branches as in the prior reporting year a corresponding method was applied to keep the subsidiary's non-financial records, which has changed in the current year.

Accidents at work at the Group companies in 2019 were minor accidents. 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.

#### GRI 403-1, GRI 403-4

<sup>40</sup>Days lost days are counted as of (and including) the day of the accident.

<sup>41</sup>Days lost days are counted as of (and including) the day of the accident.

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. Committee members' responsibilities include evaluation and submission of proposals to periodic OHS standard improvement plans adopted by Group companies, as well as analysis 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.

### 5.3. Society

#### GRI 103-2, GRI 103-3

The FAMUR Group companies are obliged to observe a comprehensive Community Engagement Policy, embodying their commitment to building relations with their local communities and to support them in a way that would maximise benefits to all parties.

The Group's community engagement objectives:

- **To build cross-sectoral partnerships based on respect and mutual benefits;**
- **To remain open to important needs voiced by local communities, especially when the needs are related to the company's close environment.**

Those objectives are to be achieved through:

- Cross-sectoral partnership for local communities – activities undertaken (mainly in the vicinity of the Group's facilities) with the volunteer support of employees to address identified community needs;
- Assisting in the activities conducted by the TDJ Foundation, which provides wide-ranging support to children of the FAMUR Group employees and local communities to help them take advantage of development and education opportunities (including by funding scholarships and organising holiday camps for children and youth);
- Strengthening stakeholder relationships in areas related to the Group companies' operations, including through the 'Górnictwo OK' initiative and cooperation with universities and technical schools.

#### 5.3.1. Development of the Polish mining sector

## GRI 102-12

Given the close cooperation of the FAMUR Group with mining companies, all initiatives supporting the Sustainable Development Goals and oriented towards building stable infrastructure, promoting sustainable industrialisation and fostering innovation, are particularly important in the Group's activities. According to the United Nations *2030 Agenda*, the business community is obliged to promote global partnership for sustainable development. This goal requires a partnership between governments, the private sector and civil society that is built upon principles and values, a shared vision and goals which place people and the future of our planet at the centre.

For the FAMUR Group, this goal means cooperation with other entities on the market to provide high quality products and services that are safe for people (employees, local communities, other stakeholders) and the environment. Its implementation is furthered by the Group's involvement with 'Górnictwo OK' and putting into effect the Industry 4.0 concept, focused on system upgrades and consolidation as well as integrated cooperation between people and digitally controlled machines relying on wireless networks and ICT technologies.<sup>42</sup>

**Strategic project included in the national Sustainable Development Strategy and supporting the UN Sustainable Development Goal: 'Ensure access to affordable, reliable, sustainable and modern energy for all'**

Restructuring of the hard coal mining sector – creating conditions supporting development of a profitable, efficient and modern hard coal mining sector.

### BEST PRACTICE

FAMUR is a signatory of 'Górnictwo OK' initiative undertaken in 2017 together with Jastrzębska Spółka Węglowa, Polska Grupa Górnicza, Tauron Wydobycie, Przedsiębiorstwo Wydobycze Silesia, the AGH University of Science and Technology in Kraków and the Silesian University of Technology. 'Górnictwo OK' is the name given to the Joint Social Initiatives Group established to work towards the following goals:

- To implement corporate social responsibility principles in the mining industry in Poland and share CSR knowledge with the Joint Social Initiatives Group members;
- To optimise social initiatives, as well as develop and implement common CSR best practices in the industry;
- To work out and implement a CSR support policy for the mining industry as an important, necessary and responsible branch of Polish and European industry.

**For more information on the 'Górnictwo OK' initiative, see Section 1.3.2 of this Report ('Membership of Organisations').**

The new FAMUR Group Growth Strategy places great emphasis on the implementation of product innovations, as well as the use of IT systems that increase safety and efficiency and optimise the costs of mineral extraction. The Group works with state institutions and academic centres on raising the standards of Polish and world mining techniques, having joined in the development and implementation of the national Sustainable Development

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<sup>42</sup>A family of technologies that process, collect and transmit information in electronic form.

Strategy for the Polish mining sector. Those partnerships broaden the Group's capabilities and build synergies in the area of technology, product portfolio development and know-how.

- On September 12th 2019, FAMUR signed a letter of intent with the **Coal Mining Museum in Zabrze** to carry out a joint project to identify activities that could promote public knowledge of coal mining as an element of Upper Silesia's economic and cultural heritage. The Company will donate to the Museum decommissioned mining machinery manufactured under the Group's brands and ensure its proper maintenance.
- In November 2017, the FAMUR Group started cooperation with the **Polish Development Fund** through a joint investment in Mining Equipment Finance Sp. z o.o. (a company of the FAMUR Group), whose business is focused on financing Polish mining companies' projects that are of strategic importance to modernising the mining and power sectors in Poland. This joint initiative involved providing funds for the purchase of modern mining machinery and equipment manufactured by FAMUR. It indirectly stimulates a gradual increase in the efficiency and safety of mineral extraction in Poland.
- Since June 2018, the Company has been cooperating with **ABB** to leverage the potential of combined capabilities, know-how and experience by sharing knowledge, analysing particular technological solutions, and providing mutual support in the implementation of the latest IT solutions for the mining industry. The cooperation allows both partners to expand their comprehensive offering and the added value it generates, as well as share their extensive experience in business activities conducted abroad.
- In November 2018, the FAMUR Group and the **Central Mining Institute** (Główny Instytut Górnictwa) signed a strategic cooperation agreement concerning implementation of research projects in the following areas: mining, geoengineering, coal processing, energy and environmental engineering, as well as development of innovative technologies and solutions for the mining sector. The aim of the ongoing cooperation has been to acquire and promote hands-on experience required to develop innovative solutions increasing the efficiency of mineral production and work safety, especially in hazardous areas. The alliance also covers educational and promotional initiatives, including organisation of industry conferences promoting research, development and innovation, as well as posting publications in Polish and foreign academic periodicals.
- In the first half of 2018, together with the **Polish Development Fund (PDF)**, FAMUR joined the initiative of **JSW, PeBeKa** and the **Indo Polish Chamber of Commerce and Industry**, creating an industry cooperation platform for the purpose of bidding for contracts in India's mining and power sectors. Using the full leverage of the partners' capabilities and potentials, the agreement makes it possible to develop a comprehensive offering tailored to the specific nature, needs and expectations of the Indian market. Such form of cooperation facilitates professional management of large projects and improves effective raising of funds for their implementation. In early 2019, FAMUR along with the other members of the cooperation platform and representatives of the Ministry of Energy went to India to take part in the **Bengal Global Business Summit (BGBS)** held in Kolkata. During the summit, meetings were held with various officials and other decision-makers, including Mr Sobhandeb Chattopadhyay, the Minister of Power and Non-Conventional Energy Sources of West Bengal, to present the idea behind the initiative and its potential, in particular to customers such as Coal India, Monnet Group and West Bengal Power Development Corporation Limited (WBPDC). The initiative is part of a larger, more complex project carried out under the auspices of the PDF to promote the joint offering of Polish mining machinery manufacturers.

### BEST PRACTICE

One of the Group's priority projects is the 'Smart Mine', i.e., a set of machinery, facilities, processes, as well as technical and organisational solutions, which are key to improving safety and work efficiency at mines. The project comprises a fully automated manufacturing plant based on the Industry 4.0 concept, where management of the mining process is transferred to control stations on the surface. The concept paves the way for creating an innovative mining company of the future. Four basic systems are planned to be built as part of the 'Smart Mine':

- Smart Wall System – a high-performance, automated mining system;
- Smart Haulage System – a smart automated belt conveyor system;
- Smart Roadheader System – an automated roadway drilling system;
- Diagnostics and Prediction System – a system for the supervision of mechanical treatment processes, material engineering technologies, as well as control systems and software.

The solutions are intended to ensure full control of the production process, increase efficiency of production and improve work safety, which is expected to translate into higher operating profitability of mines over a longer time horizon. This approach leads to:

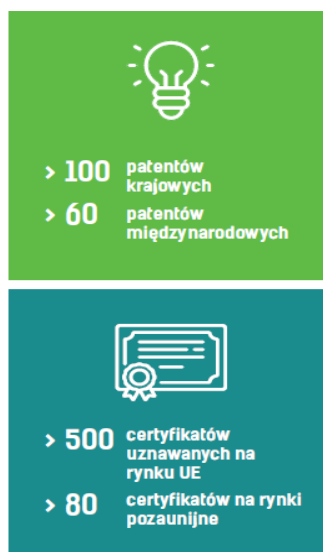
- Use of fully automated mining machinery and less energy-intensive transport systems;
- Reduction of the number of workers required at the production site to the minimum, and thus improvement of work safety;
- Connection of the production facility to an ITC network for real-time control and management of the entire mining process.

Automated production processes and wireless connectivity, e.g., with underground transport units, facilitate rapid detection and location of faults. This seems only natural in the era of computerisation of production processes.

The FAMUR Group is working to develop new state-of-the-art solutions that can help extend the effective lifespan of mining machinery. To this end, it intends to develop smart technologies, in particular through:

- **Big data** – optimisation and remote control of production processes in mines through an operating centre collecting data provided by sensors, as well as through horizontal and vertical integration of data from multiple sources;
- **Simulations** – simulations of extraction processes to optimise production lines and increase efficiency of production and processes taking place along the value chain with a view to eliminating inefficiencies and bottlenecks;
- **Robotics** – using autonomous mining machines, handling systems and robots to create 3D images of shafts, roadways and workings;
- **3D printing** – using 3D printing for prototyping and in the production of spare parts (initial phase);
- **Virtual reality** – using virtual models of mining machines to forecast the degree of spare parts wear and tear, and conducting training with the use of virtual reality technologies.





The FAMUR Group invests in intellectual capital by expanding its R&D activities. With the commitment of the Group's engineers, product innovations are created which improve the safety and efficiency of mineral extraction and reduce its costs. This makes the Group a strong leader in implementing the Industry 4.0 concept, not only in Poland but also internationally.

|   |  |
|---|--|
| 100 patentów krajowych                  | 100 national patents                         |
| 60 patentów międzynarodowych            | 60 international patents                     |
| 500 certyfikatów uznawanych na rynku UE | 500 certificates recognised in the EU        |
| 80 certyfikatów na rynki poza unijne    | 80 certificates recognised outside of the EU |

### 5.3.2. Community engagement programmes



FAMUR wspiera  
Cele Zrównoważonego Rozwoju

The FAMUR Group's community engagement programmes are pursued consistently and are joined by employees on a voluntary basis. In its efforts to counteract the social exclusion, the Group focuses on supporting the youngest members of the community in need, i.e. children and teenagers living in the areas where its plants are located. The Company helps them by investing in their education and development, starting with providing them with decent and healthy living conditions. What sets FAMUR's social engagement projects apart is the very large number of employee volunteers they attract.



|                                |                               |
|--------------------------------|-------------------------------|
| 300 zaangażowanych pracowników | 300 employees involved        |
| 5 akcji społecznych            | 5 community outreach projects |
| 550 beneficjentów              | 550 beneficiaries             |

In pursuit of the objective of supporting local communities through cross-sectoral partnerships, which is part of the FAMUR Group's CSR efforts, the following initiatives were undertaken in 2019:

- As part of the 'Parkrun', 'League of Patrons' and 'Christmas Youth Empowering Aid 2019' projects, charitable collections and other initiatives were held among Group employees to support the '**Guardian Angels House**' Youth Assistance Association of Katowice.
  - 'Parkrun' – a charity run organised to help young people from the Guardian Angels House pay for their holiday plans
  - 'League of Patrons' – an advanced proprietary project of the Guardian Angels House to build a long-lasting partnership with business to assist the Association in implementing best CSR practices
  - 'Christmas Youth Empowering Aid 2019' – a fundraising initiative for the benefit of children and teenagers supported by the Guardian Angels House
- Participants of the **Family Charity Run in Jankowice** helped organise aid for the blind and partially sighted children from the 'Zameczek' Education, Healthcare and Rehabilitation Centre in Rudolftowice.
- **Cooking and IT workshops** were held for children from Regional Childcare and Therapeutic Centre No. 1 and 2 in Gliwice.
- FAMUR S.A. donated a volleyball signed by the Poland National Men's Volleyball Team, the reigning World Champions, for a fundraising auction held by the **Great Orchestra of Christmas Charity**.
- FAMUR employees participated in the **Katowice Business Run**, a local event organised as part of the **Poland Business Run**, the biggest charitable business relay race in the country, dedicated to raising funds for the purchase of prostheses and financing of rehabilitation camps for motorically-impaired people.
- As part of the **Social and Civic Competence Building Studio**, an education-oriented project, a team of volunteer coaches was formed from among our employees, who delivered a series of dedicated workshops for young people, sharing their knowledge of various social issues. One such workshop, held at the OMEGA Non-Public School Complex in Katowice, was focused on the risks of using the Internet. During a multimedia presentation and a follow-up discussion with the attendees, our employees covered issues related to online identity theft, malware, and the consequences of cyberbullying.
- On the initiative of an employee of FAMUR S.A., in November 2019 a charitable collection was held to support the **Fundacja Zwierzęca Arkadia** animal welfare charity under the slogan 'Weather can

# FAMUR

be bitter, but pets never are. Help them survive winter'. FAMUR employees donated pet food, blankets, beds, toys, cleaning supplies and other products which pets need to survive, in particular during harsh winter conditions.

- To celebrate the Children's Day, FAMUR S.A. organised the '**Fairy-tale FAMUR**' event, i.e. a movie screening at the MDK Południe youth cultural centre in Katowice Kostuchna for the children of employees of the Company's branches and headquarters in the Province of Katowice.
- As part of the '**SANTA GLINIK**' initiative, Glinik helped Santa deliver gifts to the employees' children and organised a theatrical play for them, while FAMUR held another event at the MDK Południe youth cultural centre in Katowice Kostuchna for the children of employees of the Company's branches and headquarters in the Province of Katowice– '**Ginger bread decorating with Famur**' combined with a Christmas movie screening.
- FAMUR employees participated in the **9th Miner's Run**. To mark the successive anniversaries of the pacification of striking miners at the Wujek Coal Mine in Katowice following the introduction of martial law in Poland and to commemorate the massacred miners, for six years the Silesian Freedom and Solidarity Centre in Katowice organised, among other observances, a special run for school children. On December 14th 2019, 12 FAMUR employees ran a symbolic distance of 9 kilometres from the Killed Wujek Miners' Monument to the Kościuszko Park. The run was a combined road and off-road event, with the time limit of two hours for completing it.

## Monika Bajka, President of the Board of the 'Guardian Angels House' Youth Assistance Association

For 25 years now, the Guardian Angels House has been supporting underprivileged children, teenagers and families from poor ex-mining and ex-smelter communities in Silesia and the Upper Silesian Coal Basin. We run eight free-of-charge therapeutic day-care centres, pre-school playgroups, developmental workshops for children and teenagers, street work projects, and a family counselling centre. We provide daily care to approximately 130 children aged 2.5 to 18, while our street working efforts, including free-of-charge activities and care, reach approximately 600 children ever year. Our family counselling centre supports approximately 80 families.



To make a difference for the better and carry out our mission, we partner with public institutions, the media and business community. Since 2017, our partners have included FAMUR, which in 2019 joined the League of Patrons, an elite corporate community working together to help deliver the mission of our Association. The project brings together business organisations which share a common philosophy of corporate social responsibility and wise, long-term aid based on investment in children and teenagers as well as organisational development. As one of our Patrons, FAMUR has become actively involved in solving local community problems, and its employees have gained an opportunity to volunteer their time and skills for social projects run by the Association.

FAMUR employees showed particular personal commitment during our 'Christmas Youth Empowering Aid' initiative, which included working together to bake ginger bread for sale, hold a charitable street collection for money, and organise a fair to sell beautiful festive decorations made by children and teenagers from the Guardian Angels House. In 2019, we also met at joint events held for our children and the children of FAMUR employees, and during the first edition of Parkrun, a charity run organised by the Guardian Angels in Katowice, participated in by FAMUR volunteers. We are currently planning a skills sharing project in the form of workshops to be held by FAMUR employee volunteers for teenagers supported by our Association to provide them with career development advice and help them improve their interpersonal communication and work optimisation skills.

Building a relationship-based partnership offers us a whole range of benefits, both tangible ones and those that are harder to see at first glance but can nevertheless cause a profound shift in one's heart and approach to life. Together with FAMUR, we make further efforts to make the world around us a better place. I believe that we are changing the future and giving children and teenagers from the Guardian Angels House a chance for a meaningful transformation of their lives, and our work bears testimony that, while not an easy task, this is indeed possible.

## 5.4. Natural environment

**FAMUR**



FAMUR wspiera  
Cele Zrównoważonego Rozwoju

### GRI 103-2, GRI 103-3

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 Integrated Management System Policies (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, taking into account the social and economic needs of the local community.

### 5.4.1. Mitigation of environmental impacts

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

1. Rational waste management, including waste reclamation and recycling;
2. Introducing changes to the applied environmentally friendly technologies;
3. Rational management of energy and water;
4. Efficient management of hazardous substances and reduction of emissions of substances harmful to the environment.

In order to achieve its objectives, the FAMUR Group carries out the following activities:

- Rational use of utilities,

# FAMUR

- 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.

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.

## GRI 102-11

An important aspect of the organisation's approach to ensuring appropriate environmental standards in the Group's 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.

## 5.4.2. Key results

**FAMUR**



FAMUR wspiera  
Cele Zrównoważonego Rozwoju

GRI 302-1, GRI 303-1, GRI 305-1, GRI 306-2

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

| COMPANY                    | INDICATOR                               | 2019*        |
|----------------------------|---|--------------|
| FAMUR S.A. <sup>43</sup>   | Electricity [MWh]                       | 2,665,212.09 |
|                            | Water abstraction [m <sup>3</sup> ]     | 58,893.00    |
|                            | Carbon dioxide [kg]                     | 489,271.43   |
|                            | Carbon monoxide [kg]                    | -            |
|                            | Industrial F-gases [kg]                 | -            |
|                            | Nitrogen oxides [kg]                    | 840.58       |
|                            | Industrial post-installation waste [Mg] | 18,020.47    |
|                            | Municipal waste [Mg]                    | 667.07       |
|                            | Reclaimed waste [Mg]                    | 90.69        |
| FAMUR GROUP <sup>44*</sup> | Electricity [MWh]                       | 12,535.24    |
|                            | Water abstraction [m <sup>3</sup> ]     | 43,855.19    |
|                            | Carbon dioxide [Mg]                     | 5,408,806.56 |
|                            | Industrial F-gases [kg]                 | -            |
|                            | Nitrogen oxides [Mg]                    | 11,379.75    |
|                            | Industrial waste [Mg]                   | 3,367.56     |
|                            | Municipal waste [m <sup>3</sup> ]       | 213.69       |
|                            | Reclaimed waste [Mg]                    | 23.29        |

\* The Company does not present comparative data for 2018 given the different data recording methods applied by individual Group companies.

### GRI 301-1

A significant share of the raw materials and other materials used at the FAMUR Group companies is represented by packaging, chemical materials (oils, paints, solvents), metallurgical materials (e.g. crude steel) and industrial gases. In subsequent reporting periods, the Group plans to expand the scope of reported data on the consumption of raw materials and other materials. This will be possible after carrying out the necessary analyses

<sup>43</sup> Data for FAMUR S.A. and its branches having the status of separate employers, i.e. PIOMA Transport/Handling Systems Branch in Piotrków Trybunalski, GLINIK Longwall Systems Branch in Gorlice, REMAG Gallery Systems Branch in Katowice, Longwall Systems Branch in Katowice, NOWOMAG Longwall Systems Branch in Nowy Sącz, RYFAMA Longwall Systems Branch in Zabrze, and Longwall Hydraulic Systems Branch in Zabrze.

<sup>44</sup> Data for the FAMUR Group aggregated from individual records of the following Group companies: FAMUR FAMA S.A., PEMUG Sp. z o.o., FUGO Sp z o. o. Zakład Konin, FUGO Sp z o. o. Zakład Zgorzelec, ELGÓR + HANSEN S.A., and ŚTW DALBIS Sp. z o.o.

which will take into account diversified business profiles of individual entities. The table below presents data concerning primarily packaging placed on the market in 2019.

## Raw materials and other materials used by the FAMUR Group

| Company                    | Material/raw material                 | 2019*      |
|----------------------------|---------------------------------------|------------|
| FAMUR S.A.                 | <b>PACKAGING PLACED ON THE MARKET</b> |            |
|                            | Paper and cardboard packaging [kg]    | 2,482.00   |
|                            | Plastic packaging [kg]                | 9,969.86   |
|                            | Steel packaging [kg]                  | 39,876.75  |
|                            | Wood packaging [kg]                   | 164,719.38 |
| FAMUR GROUP <sup>45*</sup> | Paper and cardboard packaging [kg]    | 184.00     |
|                            | Plastic packaging [kg]                | 2,547.00   |
|                            | Steel packaging [kg]                  | 1,011.00   |
|                            | Wood packaging [kg]                   | 133,514.96 |

The FAMUR Group companies have concluded appropriate agreements with recycling organisations, and the packaging waste recovery and recycling rates specified in applicable laws are observed.

\* The Company does not present comparative data for 2018 given the different data recording methods applied by individual Group companies.

## 6. Useful information

### 6.1. Key events in 2019

#### CALENDAR OF THE EVENTS DISCUSSED IN THIS REPORT

##### January

FAMUR participated in the 'Christmas Youth Empowering Aid 2019' initiative.

FAMUR donated a volleyball signed by the Poland National Men's Volleyball Team, the reigning World Champions, to the Great Orchestra of Christmas Charity.

##### March

Mirosław Bendzera, President of the Management Board of FAMUR S.A., was ranked third among the most effective CEOs of companies listed in the WSE's mWIG40 index.

##### April

FAMUR joined the League of Patrons, a proprietary CSR programme of the 'Guardian Angels House' Youth Assistance Association.

##### May

The *Wprost* weekly ranked FAMUR 69th in its list of the 200 largest companies in Poland, 6th in 'The Polish Cheetahs' list of the fastest growing companies in Poland, and 50th in its 'Poland's Ambassadors' ranking of exporters.

<sup>45</sup> Data for the FAMUR Group aggregated from individual records of the following Group companies: FAMUR FAMA S.A., ELGÓR + HANSEN S.A., FUGO sp. z o.o. Zakład Konin, and FUGO sp. z o.o. Zakład Zgorzelec.

# FAMUR

FAMUR signed an agreement to open a patronage class at the Wincenty Pol Complex of Technical Schools in Gorlice.

Famur was ranked 144th in the 21st edition of the *Rzeczpospolita* daily's Top 500 list (having moved up from the 222nd position a year earlier).

## June

FAMUR supported the Family Charity Run in Jankowice.

FAMUR S.A. representatives took part in Parkrun, a charity run in Katowice, to help raise funds for children and teenagers from the 'Guardian Angels House' Youth Assistance Association of Katowice.

## September

Elgór+Hansen was awarded the 1st place in the 'Innovative Technology' category of the 'Katowice 2019 Innovative Product & Technology' competition held at the International Trade Fair for Mining, Energy and Metallurgy.

FAMUR signed a letter of intent with the Coal Mining Museum in Zabrze.

FAMUR S.A. representatives participated in the Katowice Business Run 2019.

## October

Representatives of FAMUR S.A. and Elgór+Hansen S.A. held cooking and IT workshops for children from Regional Childcare and Therapeutic Centre No. 1 and 2 in Gliwice.

## November

A charitable collection of pet products was held at FAMUR S.A., with the collected items donated to the Fundacja Zwierzęca Arkadia animal welfare charity.

## December

FAMUR was ranked 34th in the 'Grand Gems' category of the 'Gems of Polish Economy' list.

FAMUR was ranked 164th in the *Rzeczpospolita* daily's Top 2000 list (having moved up from the 255th position a year earlier).

FAMUR SA GLINIK Longwall Systems Branch in Gorlice was awarded the prestigious 'Employee-Friendly Employer' title.



## 6.2. GRI Content Index

### GRI 102-55

| INDICATOR                     | DESCRIPTION   | UN GOAL | COMMENT / DESCRIPTION   | PAGES          |
|-------------------------------|---|---------|---|----------------|
| <b>STRATEGY AND ANALYSIS</b>  |   |         |   |                |
| GRI 102-14                    | 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]   | 7              |
| GRI 102-15                    | Description of key impacts, risks, and opportunities  |         | [Key risks affecting non-financial aspects]   | 49             |
| <b>ORGANISATIONAL PROFILE</b> |   |         |   |                |
| GRI 102-1                     | Name of the organisation  |         | [The organisation and its report]   | 9              |
| GRI 102-2                     | Primary brands, products, and/or services   |         | [Organisation];<br>[Business model];<br>[Products and business segments]                                  | 9, 14, 22      |
| GRI 102-3                     | Location of headquarters  |         | [Organisation]  | 9              |
| GRI 102-4                     | Number of countries where the organisation operates, and the names of those countries   |         | [Organisation]  | 12             |
| GRI 102-5                     | Ownership and legal form  |         | [Organisation];<br>[Organisational structure]   | 10, 17         |
| GRI 102-6                     | Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)   |         | [Organisation];<br>[Markets served]   | 12, 25         |
| GRI 102-7                     | Scale of the organisation   |         | [2018 overview];<br>[Organisation];<br>[Shareholding structure];<br>[HR policy]                           | 5, 9, 15, 72   |
| GRI 102-8                     | Total number of employees by region of activity, age, gender and type of contract   | 8       | [2018 overview];<br>[HR policy]   | 5, 74          |
| GRI 102-9                     | Supply chain  |         | [Business model]  | 14             |
| GRI 102-10                    | Significant changes to the organisation and its supply chain during the reporting period  |         | [Shareholding structure]  | 15             |
| GRI 102-11                    | Precautionary principle or approach   |         | [Reduction of environmental impacts]  | 92             |
| GRI 102-12                    | External initiatives to which the organisation subscribes   | 9, 12   | [Membership of organisations];<br>[Sustainable development];<br>[Development of the Polish mining sector] | 36, 64, 67, 84 |
| GRI 102-13                    | Membership of associations  |         | [Membership of organisations]   | 36             |
| <b>ETHICS</b>                 |   |         |   |                |
| GRI 102-16                    | Values, principles, standards, and norms of behaviour   | 16      | [Management systems];<br>[Mission, vision, values]  | 47, 60         |
| GRI 102-17                    | Mechanisms for advice and concerns about ethics   | 16      | [Counteracting corruption and misconduct]   | 63             |
| <b>GOVERNANCE</b>             |   |         |   |                |
| GRI 102-18                    | Governance structure  | 16      | [Governance structure]  | 42             |
| GRI 102-22                    | Composition of the highest governance body and its committees   | 16      | [Governance structure]  | 42             |
| GRI 102-23                    | Chair of the highest governance body  |         | [Governance structure]  | 42             |
| <b>STAKEHOLDER ENGAGEMENT</b> |   |         |   |                |
| GRI 102-40                    | List of stakeholder groups  |         | [Stakeholders]  | 32             |
| GRI 102-41                    | Collective bargaining agreements  | 8       | [HR policy]   | 71             |
| GRI 102-42                    | Identifying and selecting stakeholders  |         | [Stakeholders]  | 32             |

| INDICATOR                                     | DESCRIPTION  | UN GOAL | COMMENT / DESCRIPTION  | PAGES                    |
|---|--|---------|--|--------------------------|
| GRI 102-43                                    | Approach to stakeholder engagement   |         | [Stakeholders]   | 32                       |
| GRI 102-44                                    | Key topics and concerns raised   |         | [Stakeholder engagement]   | 34                       |
| <b>REPORTING PRACTICE</b>                     |  |         |  |                          |
| GRI 102-45                                    | Entities included in the consolidated financial statements                       |         | Consolidated financial statements; [About this report]   | 30                       |
| GRI 102-46                                    | Defining report content and topic Boundaries                                     |         | [Stakeholder engagement]   | 34                       |
| GRI 102-47                                    | List of material topics  |         | [Stakeholder engagement]   | 34                       |
| GRI 102-48                                    | Restatements of information  |         | No restatements were made.   | 97                       |
| GRI 102-49                                    | Changes in reporting   |         | [About this report]  | 30                       |
| <b>REPORT PROFILE</b>                         |  |         |  |                          |
| GRI 102-50                                    | Reporting period   |         | [About this report]  | 30                       |
| GRI 102-51                                    | Date of most recent report   |         | This Report is the second corporate social responsibility report of the FAMUR Group.<br>The first one was released on April 17th 2019. | 97                       |
| GRI 102-52                                    | Reporting cycle  |         | [About this report]  | 30                       |
| GRI 102-53                                    | Contact point for questions regarding the report                                 |         | [Contact person for questions regarding this report]   | 103                      |
| GRI 102-54                                    | Claims of reporting in accordance with the GRI Standards                         |         | [About this report]  | 30                       |
| GRI 102-55                                    | GRI Content Index  |         | [GRI Content Index]  | 96                       |
| GRI 102-56                                    | External assurance   |         | [About this report]  | 30                       |
| <b>MANAGEMENT APPROACH TO MATERIAL TOPICS</b> |  |         |  |                          |
| GRI 103-1                                     | Explanation of the material topic and its Boundary                               |         | [About this report]  | 30                       |
| GRI 103-2                                     | The management approach and its components                                       |         | [Management approach]  | 48, 63, 64<br>71, 88, 91 |
| GRI 103-3                                     | Evaluation of the management approach  |         | [Management approach]  | 48, 63,<br>71, 84, 91    |
| <b>TOPIC-SPECIFIC DISCLOSURES</b>             |  |         |  |                          |
| <b>ECONOMIC PERFORMANCE</b>                   |  |         |  |                          |
| GRI 201-1                                     | Direct economic value generated and distributed                                  |         | [Organisation]   | 10                       |
| <b>ANTI-CORRUPTION</b>                        |  |         |  |                          |
| GRI 205-2                                     | Communication and training about anti-corruption policies and procedures         | 16      | [Counteracting corruption and misconduct]  | 63                       |
| GRI 205-3                                     | Confirmed incidents of corruption and actions taken                              |         | [Key risks affecting non-financial aspects]  | 59                       |
| <b>ANTI-COMPETITIVE BEHAVIOUR</b>             |  |         |  |                          |
| GRI 206-1                                     | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices |         | <b>None.</b>   | 97                       |
| <b>ENVIRONMENTAL PERFORMANCE</b>              |  |         |  |                          |
| <b>MATERIALS</b>                              |  |         |  |                          |
| GRI 301-1                                     | Materials used by weight or volume   | 8, 12   | [Key results in 2018]  | 93                       |
| <b>ENERGY</b>                                 |  |         |  |                          |
| GRI 302-1                                     | Energy consumption within the organisation                                       | 7, 12   | [Key results in 2018]  | 93                       |
| <b>WATER</b>                                  |  |         |  |                          |

| INDICATOR   | DESCRIPTION   | UN GOAL | COMMENT / DESCRIPTION   | PAGES  |
|---|---|---------|---|--------|
| GRI 303-1   | Total water withdrawal by source  | 6       | [Key results in 2018]   | 93     |
| <b>EMISSIONS</b>  |   |         |   |        |
| GRI 305-1   | Direct (Scope 1) GHG emissions  |         | [Key results in 2018]   | 93     |
| <b>EFFLUENTS AND WASTE</b>                              |   |         |   |        |
| GRI 306-2   | Waste by type and disposal method   | 12      | [Key results in 2018]   | 93     |
| <b>ENVIRONMENTAL COMPLIANCE</b>                         |   |         |   |        |
| GRI 307-1   | Non-compliance with environmental laws and regulations  | 16      | [Key risks affecting non-financial aspects]   | 51     |
| <b>SOCIAL PERFORMANCE</b>                               |   |         |   |        |
| <b>EMPLOYMENT</b>                                       |   |         |   |        |
| GRI 401-1   | New employee hires and employee turnover  | 5, 8    | [HR policy]   | 73     |
| GRI 401-2   | Benefits provided to full-time employees  | 5, 8    | [HR policy]   | 71     |
| <b>OCCUPATIONAL HEALTH AND SAFETY</b>                   |   |         |   |        |
| GRI 403-1   | Workers representation in formal joint management–worker health and safety committees   | 8       | [Occupational safety]   | 83     |
| GRI 403-2   | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities  |         | [Occupational safety]   | 82     |
| GRI 403-4   | Health and safety matters covered in formal agreements with trade unions  |         | [Occupational safety]   | 83     |
| <b>TRAINING AND EDUCATION</b>                           |   |         |   |        |
| GRI 404-1   | Average hours of training per employee  | 4, 5, 8 | [Training and education]  | 80     |
| <b>DIVERSITY AND EQUAL OPPORTUNITY</b>                  |   |         |   |        |
| GRI 405-1   | Diversity of governance bodies and employees  | 5, 8    | [Composition of the Management Board];<br>[Diversity policy]  | 47, 78 |
| <b>NON-DISCRIMINATION</b>                               |   |         |   |        |
| GRI 406-1   | Incidents of discrimination and corrective actions taken  |         | [Key risks affecting non-financial aspects]   | 59     |
| <b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b> |   |         |   |        |
| 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 |         | [HR policy];<br><br>The FAMUR Group does not identify any risk of violation of freedom of association and collective bargaining at its suppliers. | 72     |
| <b>CHILD LABOUR</b>                                     |   |         |   |        |
| 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                                     |         | [Key risks affecting non-financial aspects];<br>[Human rights policy]   | 58, 76 |
| <b>FORCED OR COMPULSORY LABOUR</b>                      |   |         |   |        |
| 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             |         | [Key risks affecting non-financial aspects];<br>[Human rights policy]   | 58, 76 |
| <b>ENVIRONMENTAL COMPLIANCE</b>                         |   |         |   |        |

| INDICATOR | DESCRIPTION  | UN GOAL | COMMENT / DESCRIPTION | PAGES |
|-----------|--|---------|-----------------------|-------|
| 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.                 | 100   |

### 6.3. Glossary of social terms<sup>46</sup>

#### C

|   |  |
|---|--|
| <b>UN Sustainable Development Goals</b> | 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. |
|---|--|

#### D

|                        |   |
|------------------------|---|
| <b>Donation</b>        | 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.  |
| <b>Social dialogue</b> | 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.  |
| <b>Discrimination</b>  | 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

|                        |  |
|------------------------|--|
| <b>Business ethics</b> | 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. |
|------------------------|--|

#### G

|            |  |
|------------|--|
| <b>GRI</b> | 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), Management Approach (GRI 103), |
|------------|--|

<sup>46</sup> Source: Global Reporting Initiative.

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.

|   |  |
|---|--|
| <b>I</b>                                |  |
| <b>Stakeholder</b>                      | 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.   |
| <b>K</b>                                |  |
| <b>Code of ethics / code of conduct</b> | 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.  |
| <b>Conflicts of interest</b>            | 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.  |
| <b>Corruption</b>                       | Corruption is 'the abuse of entrusted power for private gain' (according to <i>Business Principles for Countering Bribery</i> , 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. |
| <b>Corporate culture</b>                | 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.   |
| <b>M</b>                                |  |
| <b>Mission (corporate mission)</b>      | 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.   |
| <b>Workplace bullying (mobbing)</b>     | 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 underestimation 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.   |
| <b>N</b>                                |  |
| <b>Misconduct</b>                       | 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.

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| <b>O</b>   |   |
| <b>Non-governmental organisation (NGO)</b>                 | 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.   |
| <b>P</b>   |   |
| <b>Forced or compulsory labour</b>                         | 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. |
| <b>Anti-trust and monopoly practices</b>                   | 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.   |
| <b>Community engagement programme</b>                      | 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.  |
| <b>R</b>   |   |
| <b>Corporate social responsibility report (CSR report)</b> | 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.   |
| <b>S</b>   |   |
| <b>SDGs</b>  | The Sustainable Development Goals – see the UN Sustainable Development Goals above.   |
| <b>Corporate social responsibility</b>                     | 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.   |
| <b>Local community</b>                                     | 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.   |
| <b>Z</b>   |   |
| <b>Anti-competitive behaviour</b>                          | 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.  |
| <b>Sustainable development</b>                             | 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.   |

## 6.4. Contact person in matters relating to this report

### GRI 102-53

For more information on the business as well as social and environmental aspects of the FAMUR Group operations, see <https://famur.com>.

Questions concerning this CSR Report should be submitted to [csr@famur.com.pl](mailto:csr@famur.com.pl) or directly to the following persons:

|   |   |
|---|---|
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