



**Our social responsibility report for 2017
prepared in compliance with GRI G4**



The statement of ZPUE S.A. on non-financial information for 2017

The present report has been prepared in compliance with the international GRI04 reporting standard.

It includes non-financial information on ZPUE S.A. for the period from the 1st of January 2017 to the 31st of December 2017 and constitutes the integral part of the company's business report.

The present report constitutes the first report on non-financial information published by ZPUE S.A.

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Chapter 1

ABOUT US

- 1.1 Business profile
- 1.2 ZPUE in Poland and in the world
- 1.3 Our impact on the economy
- 1.4 Corporate governance and management structure
- 1.5 Risk management
- 1.6 Prizes and awards



Sustainable, responsible development is a standard for us. We convey our CSR philosophy to our stakeholders in order to meet new challenges together.

Welcome!

- We are proud to present you our first in the 30-year history of the company, report on corporate social responsibility and sustainable development. We present in it that CSR is not an empty word for us, but it is a philosophy through which we pursue our goal - building a better future.

WHAT IS OUR DEFINITION OF A RESPONSIBLE BUSINESS?

- It is simple. We operate effectively and ethically with regard to our stakeholders. We operate in accordance with the law and international standards, we implement the correct business strategy that allows to achieve profit. We based our business on six solid values that we follow in our daily work. Thanks to

this, our reputation grows, thanks to this which we are constantly developing - we save energy, optimize the supply and production processes chain, as well as introduce innovations. Being responsible and aware simply pays off!

WHAT IMPORTANT HAPPENED IN THIS AREA IN 2017?

- We implemented the Code of Ethics and the Supplier Code - two fundamental documents regulating the issues of responsibility, respect, integrity and transparency. We are openly discussing the prevention of corruption, fair competition, possible conflicts of interest. Our suppliers have reduced the likelihood of risk in the areas of ethics, social and environmental impact associated with their activities. We communicate clearly and openly, how important it is for us to respect the rights of every human being. This is us who shape the highest standards in our environment.

DOES IT ALSO APPLY TO THE ENVIRONMENT AND COMMUNITY?

- Of course! Whether we like it or not, we are a social integrator. We realize our values through action, not by talking about actions, through the attitude and commitment of our employees. We have a fantastically operating Foundation "We Are Close", which connects the local community. We show how to change the environment and how to live environment friendly. Simply - our high standards of ethics are just as visible as the lack of smoking chimneys in Włoszczowa. All our actions are complemented by the apple of our eye - a culture of dialogue. All with everyone: a president with a crew, a manager with an employee, an employee with a neighbor, etc., when talking, it is almost certain that people will get along for the common good.

WHERE ARE OUR EMPLOYEES IN A RESPONSIBLE BUSINESS?

- At the top of the list. Safety and protection of their health are paramount values. We do not hide that we still have a lot to do in this area. Equally important for us is the involvement of employees in the development of responsible business, which - what we happily emphasize - is growing every day.

WHAT ELSE IMPORTANT IS IN THIS RAPORT?

- We based our goals on the implementation of the Sustainable Development Goals-SDG for 2016-2030, which were set by the United Nations. Thus, we give a clear signal that we are actively involved in solving global problems. We confirm our presence in the group of companies aware and committed to the pursuit of positive changes in the world. We will add that the report has been prepared in accordance with the international GRI G4 reporting standard, so that it is readable and acceptable in each of the 34 countries where we are active and of course all around the world.

Bogusław Wypychewicz,
The President of
the Supervisory Board of ZPUE S.A.
Małgorzata Wypychewicz,
The Deputy President
of the Supervisory Board of ZPUE S.A.
together with the Management Board
of ZPUE S.A.

TOMORROW AS IMPORTANT AS TODAY

We want to continue to develop - create lasting values and change the stability and efficiency of our business for better. We use sustainable economic practices to care for natural resources, safety and protection of the interests of our clients, suppliers, employees and their successors - future generations.

Our installations supply power to thousands of objects.
In the photo: Malta Office Park Poznań (photo: Echo Investment S.A.)

WE ARE ONE OF THE LEADING MANUFACTURERS OF ELECTRO-ENERGY DEVICES FOR DISTRIBUTION OF ELECTRICITY IN POLAND

We manufacture and supply modern solutions and systems for supplying cable and overhead lines, adapted to work in intelligent Smart Grid networks, the clients from the municipal, industrial, infrastructure and transport sectors:

- container transformer stations
- medium voltage switchgears
- low voltage switchgears
- pole transformer stations
- equipment for overhead lines.

We deliver power installations in new and modernized power facilities, and also offer general contracting in the energy field for public utilities. We provide optimal and professional service of power systems.

HEADQUARTERS:
ZPUE S.A.
29-100 Włoszczowa
ul. Jędrzejowska 79c



FOR 30 YEARS WE HAVE BEEN PROVIDING MODERN SOLUTIONS FOR POWER SECTOR AND INDUSTRY

ZPUE / CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT REPORT

- 1988** year of creation
- 1992** first international contracts
- 1997** ZPUE becomes a joint-stock company
- 1999** entry to the WSE floor
- 2000** ISO 9001
- 2005** ISO 14001
- 2016** New Development Strategy for 2016-2020





START-UP, WHICH LASTS 30 YEARS



I am lucky enough that I constantly meet wise and open people on my way. Together with them I realize my ideas and with real satisfaction I share the world around us with them.

Bogusław Wypychewicz, the founder of ZPUE, was born with the need to create. He has always been curious about the world, rebellious and creative. From an early age he created - first his own little world full of technology and pioneering ideas, then...

Being only 24 years old, he gave up an empty of prospects state job, full of limitations and absurdities of the People's Republic of Poland. He opened his own business to be able to pursue his original ideas. New absorbed him completely. A small electric installation plant brought money, but that was not the most important thing - the passion for creation was more important than anything else. Consistently, he built his energy empire with undying optimism and courage.

Bogusław Wypychewicz has been improving and changing for thirty years. He is constantly looking for unusual solutions, just like when, as a twenty-year-old boy, he first strayed from the beaten track and replaced the insulating material that was difficult to obtain with something completely new, which the market did not know yet, which had not been discovered by anyone.

He based his success on solid pillars. It's diligence, respect for people, transparency and passion of creation. As he emphasizes, he did not achieve it himself:

"I am lucky enough that I constantly meet wise and open people on my way. Together with them I realize my ideas and with real satisfaction I share the world around us with them".

*Bogusław Wypychewicz
The President of the Supervisory Board
of ZPUE S.A.*

ZPUE IN POLAND AND IN THE WORLD

We care about the development of the sales network - we have 14 Technical and Trade Offices in Poland and 10 Regional Offices abroad:

Gdańsk, Włocławek, Kielce, Łódź, Poznań, Szczecin, Zielona Góra, Gliwice, Kraków, Wrocław, Warsaw, Lublin, Rzeszów, Białystok

Czech Republic, Belarus, Latvia, Belgium, Germany, Slovakia, Sweden, Ukraine, Hungary, Slovenia

400 000

Sold devices

We sell our products in Poland and abroad in three main sectors:



architecture



power engineering



industry

7 plants

We have 6 production plants in Poland and a factory in Russia that form the ZPUE Capital Group

34 countries

We export to 34 countries around the world

In the field of foreign sales the following markets dominate: German, Hungarian, Czech, Slovakian, Romanian, Belarusian, Russian, Latvian, Dutch, Swedish, French, Serbian, Finnish, Bulgarian, Lithuanian, Moldovan, Slovenian, Swiss, Ukrainian.



Our production plants:

Production plant in Włoszczowa
ul. Jędrzejowska 79 C, 29-100 Włoszczowa

Production plant in Katowice
ul. Słoneczna 50, 40-135 Katowice

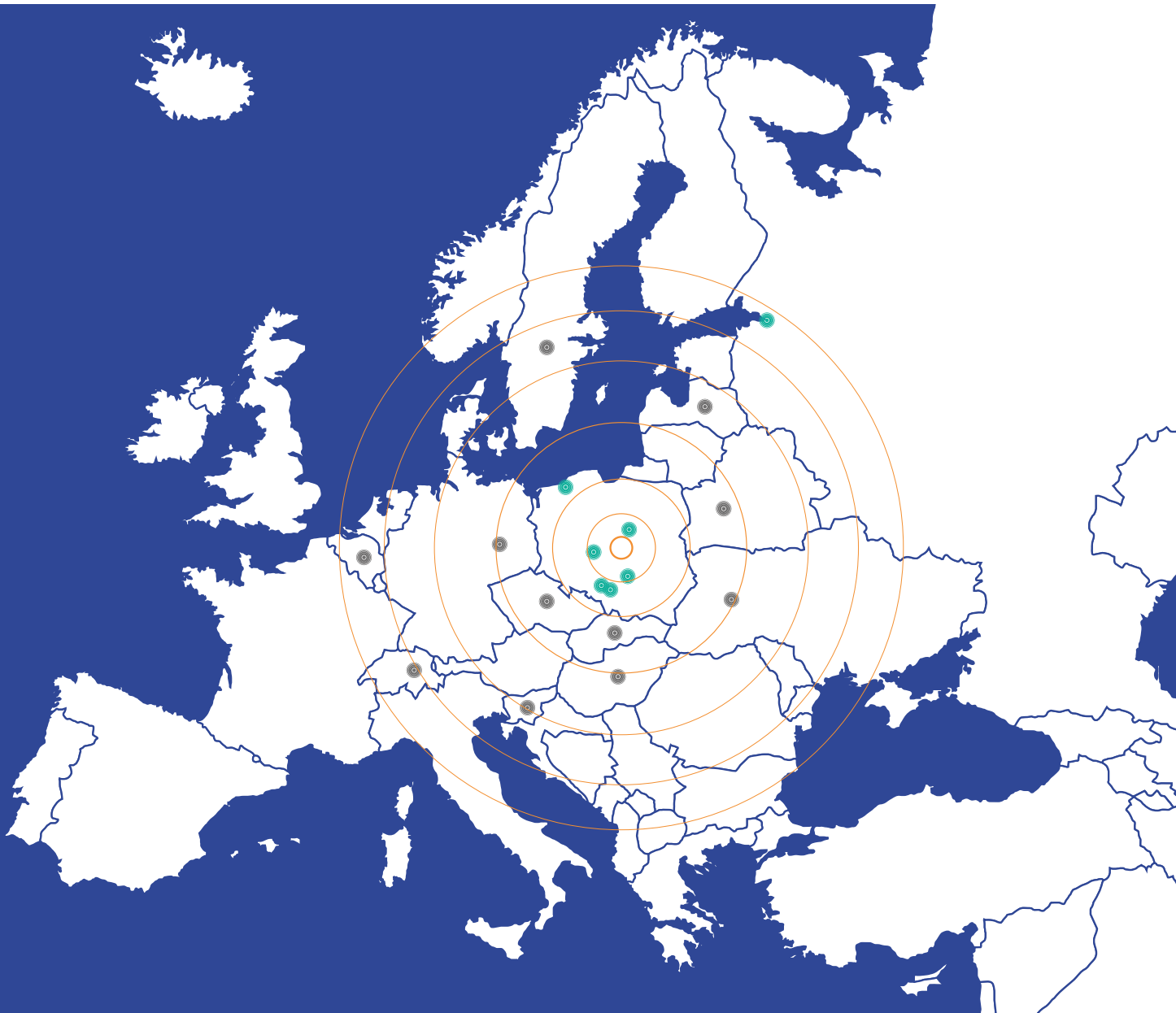
Production plant in Gliwice
ul. Portowa 14, 44-100 Gliwice

Production plant in Kalisz
ul. Torowa 115, 62-800 Kalisz

Production plant in Koszalin
ul. Wenedów 1, 75-847 Koszalin

Production plant in Raciąż
ul. Rzeźniana 3, 09-140 Raciąż

Production plant of block complete unit transformer stations (ZAVOD BKTP)
ul. Prokhorova 45, 188255 Tołaczko, Leningrad region, Russian Federation



**200
technical
and commercial
advisers**



**We advise
and help**

almost 200 people work in the sales department
(193 people as at 31.12.2017)



**180
engineers**



**We are proud of the potential of
our engineers**

nearly 180 people are constantly working on new
solutions



**In 2017, we opened our own
Research and Development
Center**

30-persons of Export Department is available to customers not only from Europe, but also from the world



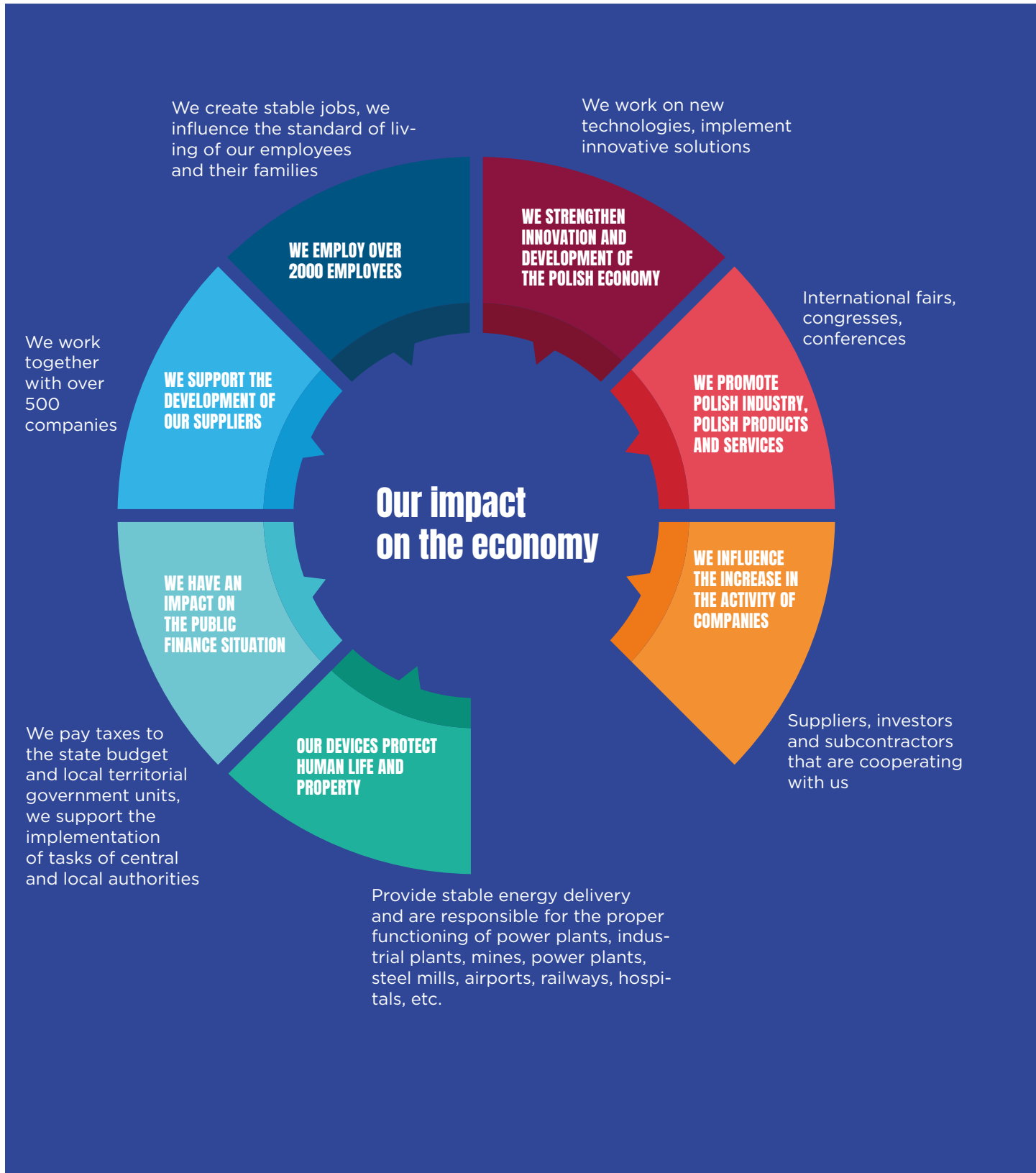
Oil refinery



The Maritime Commercial Port (Rotterdam)

OUR SOLUTIONS AND SYSTEMS SUPPLY HUNDREDS OF THOUSANDS OF FACILITIES THROUGHOUT POLAND - YOU ALSO USE THEM EVERY DAY

ZPUE / CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT REPORT





40 million PLN

Capital expenditures in the ZPUE Capital Group in 2017

29 million PLN

The value of taxes which we paid in 2017



MANAGEMENT STRUCTURE (December 2017)



**Janusz Petrykowski,
The President of the Management
Board, CEO**

(until March 2018)

"We shape the highest standards in our surroundings. We care about quality of business relations, promotion good and fair market practices"



**Tomasz Gajos,
The Vice President of
the Management Board, CFO**

"We create an efficient business organization offering a wide spectrum of modern solutions for many areas of economy and industry"



**Wojciech Kosiński,
Member of the Management
Board, Commercial Director
(The President of the
Management Board, since
March 2018)**

"We make every effort to make sure that run an effective economic business with respect for interests and the goods of all stakeholders"

**Michał Stępień,
Member of the Management
Board, production director**

“The process of change in every company must be continuous. Only then we produce effectively, we are flexible and open to the needs of customers”



**Iwona Dobosz,
Member of the Management
Board, HR Director**

“People are the strength of ZPUE. They create a company and they are the authors of its successes. Their enthusiasm and commitment is our greatest capital”



**Andrzej Grzybek,
Member of the Management
Board, Director of Design
and Implementation**

“Development Strategy for 2016-2020 based on innovative, advanced technologies is a promise of further growth of the company and development of its employees”

The Management Board operates based on the provisions of the Code of Commercial Companies, the Company’s Articles of Association, the Regulations of the Management Board, and also on the basis of the adopted corporate governance principles.

THE SUPERVISORY BOARD:

- Bogusław Wypychewicz - The President of the Supervisory Board
- Małgorzata Wypychewicz - The Deputy President of the Supervisory Board
- Michał Wypychewicz - The Member of the Supervisory Board
- Katarzyna Wypychewicz - The Member of the Supervisory Board
- Jarosław Myjak - The Independent Member of the Supervisory Board
- Piotr Kukurba - The Independent Member of the Supervisory Board

Members of the management board as part of their functions are obliged to inform the Supervisory Board of any conflict of interest in connection with the performed function or about the possibility of its occurrence.

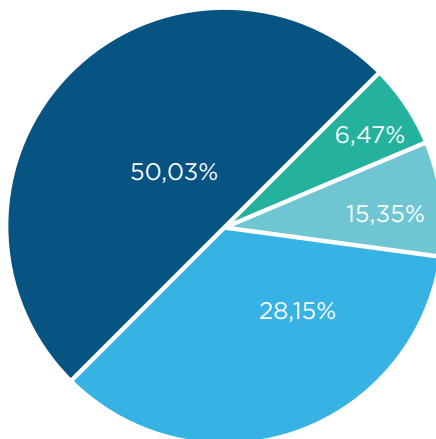
The main shareholder ZPUE S.A. is Koronea Investment S.a.r.l, company of the Wypychewicz family

CHART OF THE ZPUE S.A. CAPITAL GROUP
(as at December 31, 2017)

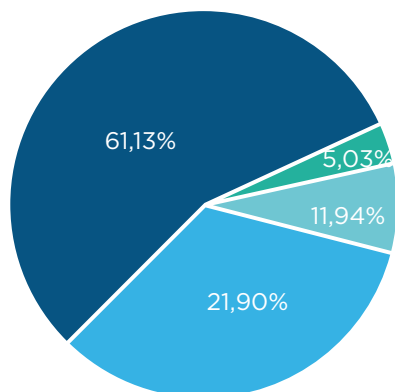
Shareholder	Shareholders by number of votes	% of votes at the WZA	Shareholders by number of shares	% of shares in the share capital
KORONEA INVESTMENT S.à r.l.	1 100 352	61,13%	700 352	50,03%
Aviva Investors Poland Investment Fund S.A.	90 515	5,03%	90 515	6,47%
MetLife PTE S.A.	214 970	11,94%	214 970	15,35%
Other shareholders	394 164	21,90%	394 164	28,15%
Summary	1 800 001	100%	1 400 001	100%

ZPUE / CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT REPORT

Shareholders by % share in share capital



Shareholder structure per % of votes at the General Meeting of Shareholders



“Risk, understood as an opportunity or a threat, is an important element of business operations, because it may have a major impact on the achieved results. Analytics, both in the quantitative (statistical or econometric) or qualitative (fundamental and strategic analysis) - is a key element that allows identification and management of risks. Through systematic analysis of phenomena occurring inside the company and in its environment - and also thanks to synthetic requesting and providing managers with condensed and current knowledge - it is possible not only to learn about the risks and their nature, but also to develop solutions aimed at minimizing risks or taking advantage of opportunities. In the current era of so-called data driven organizations, as well as in the business reality described by the acronym VUCA, skillful analytics for risk management purposes takes on a particular dimension and is a source of exciting challenges. At the same time, it can be stated that modern business cannot afford not to have analytics of business.”

Krystian Krupa
market analyst / Marketing Department

We care about effective risk management - ranging from health and safety at work, through the social and environmental effects of our business operations

We implement risk management in our company by monitoring 100% of our areas of operation. Detailed market analyzes allow us to limit the risk resulting from the development of our business. We analyze on a regular basis changing business environment, both on a global and national scale. We attach particular importance to production, market, environmental, financial and political aspects, taking into account the international scale of business.

External audit of PN-EN ISO 9001 and PN-EN standards ISO 14001 of 16/05/2017 has revealed that we use and we effectively develop a management system in the areas of:

- Policy of goals and their implementation in the organization
- Processes existing in the management system and their interaction
- Documentation management system
- Records system
- Resource management
- Measurements and analyzes
- The process of continuous improvement

Defined risks:

- The risk of low business profitability (loss of margins)
- The risk of unfair competition
- Increase in prices of materials and production costs

Our priorities:

- We look at the risk from the perspective of the entire organization
- After defining the problems we look for solutions
- We are committed to operating in emergency situations

Management by Quality

We meet international quality management standards ISO 9001 and environmental management system ISO 14001. By meeting the requirements of these standards, we constantly improve the management process and strengthen the stability of our processes in all areas of the company. At the same time, we care for the environment - we better manage risk factors in its protection, optimize the selection of raw materials, materials and products and want to improve the efficiency of their consumption and reduce the amount of waste.



In 2017, we were among 18 Polish companies nominated for the Award Economic President of the Republic of Poland in the category of RESPONSIBLE BUSINESS

The Award of the President of the Republic of Poland is honorably given to the best economic entities in the country that contribute to the development of our economy, promote Poland on the international arena and provide a model for other companies.

The awards we have won include, among others:

Świętokrzyska Viktoria in the category “Entrepreneurship” 2017



Patron of Culture in the 2017 region



Distinguished for Włoszczowa Commune



The Cup of the Minister of Economy



Honorary medal of the SEP Association of Polish Electrical Engineers in recognition of merits in the development of Polish electricity sector



Pillars of the Polish Economy



The Cup of the Minister of Energy



Pearl of the Polish Economy



Super Business Gazelle



Leader of Social Economy



1 place in the Świętokrzyskie Province in the competition "Employer - Safe Work Organizer" 2016



Nomination for the Economic Award of the President of the Republic of Poland in the category RESPONSIBLE BUSINESS







Chapter 2

OUR BUSINESS

- 2.1 Our strategy
- 2.2 Sustainable Development Strategy
- 2.3 Ethics
- 2.4 Dialogue and communication
- 2.5 Value chain
 - 2.5.1 Purchase policy
 - 2.5.2 Responsible production
 - 2.5.3 Efficient management
- 2.6 Research and development

TOGETHER WE STIMULATE PROGRESS

In the adopted by us Development Strategy for 2016-2020 beside ambitious financial and geographical objectives we also organised our internal structure in order to increase efficiency and effectiveness of the organisation. A human – our client, supplier, employee – is in the centre of changes which we have implemented and which we still implement.



Mission

We support development of our clients through providing modern and complex energy solutions



Vision

To be a domestic leader and an important participant on selected foreign markets in the energy branch in 2020



Values

- Engagement
- Creativity
- Client approach
- Professionalism
- Cooperation
- Identification with the company

WE SET SIX AMBITIOUS SUSTAINABLE DEVELOPMENT OBJECTIVES

We believe that global pursuing the objectives will improve life and work conditions worldwide. We want to constitute part of these changes. In this case for the first time in our history we want to go with the flow!

We are on the world's development map accepted by all UN Countries till 2030. From among seventeen Sustainable Development Objectives we have selected six. They determine main directions of our sustainable development.



7. TO PROVIDE ACCESS TO SOURCES OF STABLE, SUSTAINABLE AND MODERN ENERGY FOR AFFORDABLE PRICE TO EVERYBODY

8. TO PROMOTE STABLE, SUSTAINABLE AND INCLUSIVE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AS WELL AS DECENT WORK

9. TO CREATE STABLE INFRASTRUCTURE, TO PROMOTE SUSTAINABLE INDUSTRIALISATION AND TO SUPPORT INNOVATIONS

11. TO MAKE CITIES AND HOUSING ESTATES SAFE, STABLE, SUSTAINABLE AND SOCIALLY INCLUSIVE

12. TO PROVIDE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

17. TO IMPROVE IMPLEMENTING MEASURES AND TO REVITALISE GLOBAL PARTNERSHIP



We set high standards - our business is ethical and transparent.

Paweł Mijas, CSR manager,
compliance officer,
communication director,
press officer

We implemented the Code of Conduct for Suppliers and the Ethics Code for employees.

These both documents present functioning rules at the company and in contacts with external environment and oblige to their observance.

THE ETHICS CODE

- indicates minimal standards of behaviour binding for all employees. On the basis of this document all business decisions are taken with fairness and reliability on the basis of objective factors such as costs, quality, value, service and possibility of obligations performance. Moreover according to the Ethics Code all employees are obliged to avoid any activities or relations, which could be in compliance or seem to be in compliance with interests of the Group.

THE SUPPLIERS CODE

– it is a set of our minimal requirements towards our suppliers of goods, services or benefits within the supplies chain related to activity compliant with law regulations, values and social responsibility rules. Within the suppliers code we included the principle, that a supplier shall conduct its activity in the fair and ethical manner. It does not practice any form of corruption or bribery, both in contacts with government and public officials, clients and business partners.

Compliance Officer

Compliance Supervision Officer, who supervises compliance with law and the Company's internal regulations as well as conduct standards related to business ethics adopted by the Company.

Integrity Line – etyka@zpue.pl

Everybody may contact him directly in cases, which refer to incompliance with ethics rules or raise any doubts. Any noticed incorrectness, ensuring confidentiality, may be reported through the form placed on the website or to the e-mail address: etyka@zpue.pl

Compliance Procedure

It aims at providing fairness in activity and maintenance of good Company's reputation, loyalty towards clients, suppliers as well as elimination of confidence loss to the Company. Within it we strongly oppose any form of bribery and corruption in all aspects of performed activity, including business contacts and relations.

The Compliance Procedure is addressed to all employees, including the Company's authorities, independently on the employment or cooperation form.

AIM:

Elimination of improper practices and behaviour inside our company and in its business surrounding

OBLIGATION:

In 2018 we will carry out at least three online training sessions related to ethics and compliance for our employees



During last years we put considerable efforts into better perception and understanding of internal and external stakeholders expectations towards us as well as items for focusing.

Artur Dąbrowa,
the Management Office and
Investor Relations Director

Dialogue and communication with stakeholders

We constantly work on improvement of dialogue between us and groups of our stakeholders. Every day we learn something new. Yes, communication has to be learnt! It is the long-term process, in which engagement of both parties is the most important thing.



We focus on a simple message and thinking about customers' needs.

Agata Kobyłeczka,
PR specialist



Stock exchange communication transferred in the form of current and periodical reports, the company's internet website: Investor Relations tab, presentations for investors, tele-conferences, regular meetings with investors, e-mail contact box for investors

Internal meetings of communication groups, meetings of the president with employees at all sites, Newsletter for employees in paper and electronic versions, internal portal for employees, network of information boards with announcements, integration meetings, boxes for questions from employees, rationalisation programmes, internal training, Picnic for Employees

Stakeholders and investors










Employees and their families



OUR OBLIGATION:

To replace present internal portal for employees with a modern communication platform

<p>Direct meetings or tele-conferences, branch fairs and conferences, Horyzonty Magazine, Social Media, internet website, branch press, catalogues, customer satisfaction surveys, Christmas Party</p>	<p>Ongoing contact, meetings, audits, offers, Horizons Magazine</p>	<p>Activity of the “We are close” Foundation, sponsoring of local initiatives as well as sports and cultural events, meetings with self-governments’ representatives, Social Media</p>	<p>Press articles and comments, interviews (television/ internet/ press), business portals, Social Media</p>
<p>Clients</p>	<p>Suppliers, cooperating companies</p>	<p>Local society</p>	<p>Media, public opinion</p>
			
<p>OUR OBLIGATIONS:</p> <p>To develop Horizons Magazine, to launch an internet platform</p>	<p>OUR OBLIGATIONS:</p> <p>To prepare a meeting with suppliers</p>	<p>Branch conferences and fairs, Social Media, internet website, branch catalogues</p>	<p>Mass media, conferences, congresses, forums</p>
<p>We are members of societies</p> <p>Polsko-Szwajcarskiej Izby Gospodarczej Staropolskiej Izby Przemysłowo-Handlowej Stowarzyszenia Elektryków Polskich</p>		<p>Competitiveness</p>	<p>Government authorities</p>
			

VALUE CHAIN



From left: Dariusz Śmiech, Purchases Director, Wojciech Milewski, SCM Department Director, Wojciech Marcinkowski, Logistics Director



Responsible supplies chain is much more that managing supplies discontinuity risk, this is long-lasting creation of relations with suppliers and constant quality improvement of services provided to our internal clients.

Wojciech Milewski,
SCM Department Director

We learn to manage our supplies chain responsibly. We are doing our utmost to connect our economic objectives with profits for society and environment.

EFFECTIVE PURCHASE POLICY

In our purchase policy we have defined detailed rules related to purchases and supplies. Effective and planned purchase procedure provides supplies safety and comfort for us and our cooperators.

Our General Purchase Conditions are integrated with the Ethics Code.

500

Number of suppliers
(with significant turnover)

Main specializations of our suppliers:

Modular apparatus
Signalling units
Measuring bars
Fuse links
Connecting accessories
Transformers
Insulators
Non-ferrous metals
Switchgear
Drivers
Chemistry

350 mln

Expenditures for purchases

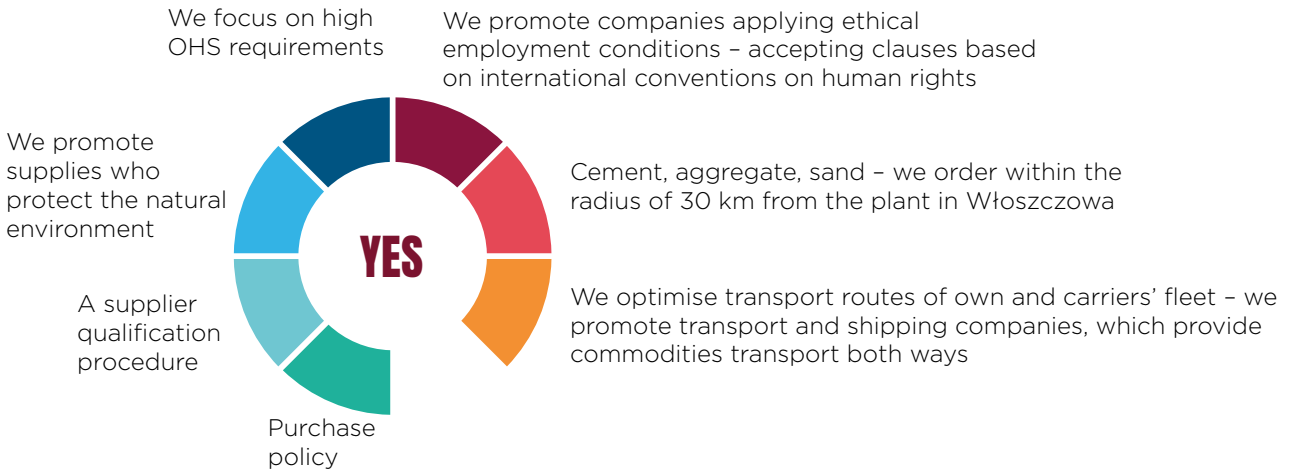
400

Suppliers from Poland

104

The code of conduct for suppliers has been signed by 104 suppliers so far

The "Alternative suppliers" project was created in 2016. Its aim is constant supplies optimisation taking the supplies chain safety and stability into consideration.

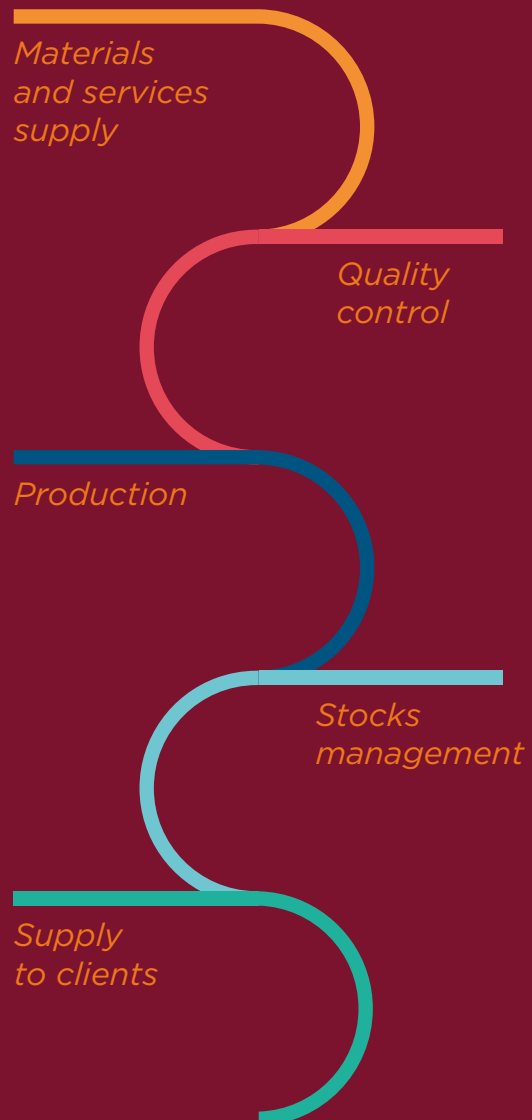


We constantly modify the supplies chain and implement the purchasing strategy related to materials assigned as potentially problematic:

- we look for an alternative supplies source
- we exchange a problematic material with a standard one with high availability
- we created the supplier's deposit storage
- we deliver purchase plans to suppliers

Our Purchase Platform provides full transparency of purchase procedures. In the nearest future acceptance of the general purchase conditions together with the Ethics Code will constitute the condition for participation in purchase procedures and auctions announced on the Purchase Platform.

VALUE CHAIN



Our steps towards a responsible supplies chain



Obligation 1

To increase stability of the supplies chain - purchases based on a purchase strategy for particular groups of materials

Obligation 2

To verify the supplies chain systematically, to control changes

Obligation 3

To require information on percentage of recycled materials and conflict minerals (gold, tin, tantalum, tungsten) from all suppliers

We defined a list of 100 potentially hazardous materials (critical) and we implement individual backup strategies as an element of the alternative suppliers project

Obligation 4

Gradually develop a list of potentially hazardous materials, to identify potential risks and to react





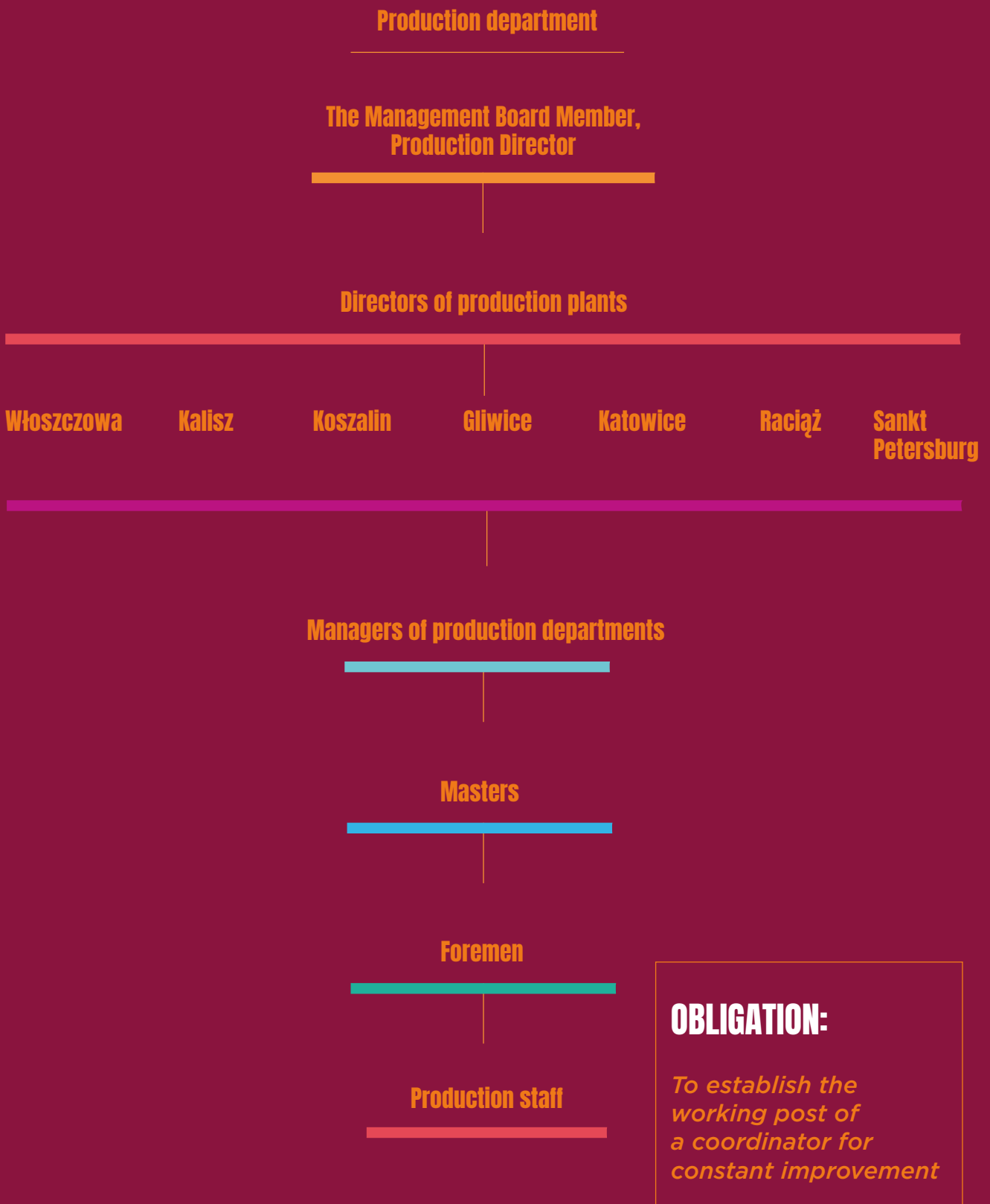
Production is a machine created from people. It is a team. Independently on progress and automation of our processes a human is on the beginning and on the end of this chain. I am focused on people.

Michał Stępień,
The Management Board Member,
Production Director

RESPONSIBLE PRODUCTION



Creation of the employees engagement and responsibility culture is our priority. We believe, that only completely engaged team is the key to success



Our production processes are based on the lean manufacturing philosophy, which has been implemented since 2016. Our employees work in the constant improvement culture: Gemba, 5S, Kaizen, standardisation, KanBan. These programmes are implemented through training and meetings.

1400

employees participated in lean manufacturing training at our plants

5S

better organisation of a working place

SMED

single minute exchange of die

TPM

total productive maintenance

JiT

just in time

Our tools Lean Manufacturing

VSM

value stream mapping

POKA YOKE

mistakes prevention

KAIZEN

constant improvement

Terminology related to LM

promoted among the Staff - each employee obtained the copy during the New Year's meeting on the 20th of December.



Change leaders



TPM coordinators



Lean coordinators

Each department has own Lean and TPM coordinators selected among the staff. We do not close ourselves to others, we want that number of constant change and development leaders will grow. Everybody may join this group, if he wants to develop himself, his working post and our company.

The “We change for better” rationalisation programme

OUR OBLIGATION:

Implementation of a new rationalisation programme in 2018

OUR AIM:

Implementation of 100% of accepted solutions



484

ideas lodged by our employees in the “We change for better” rationalisation programme

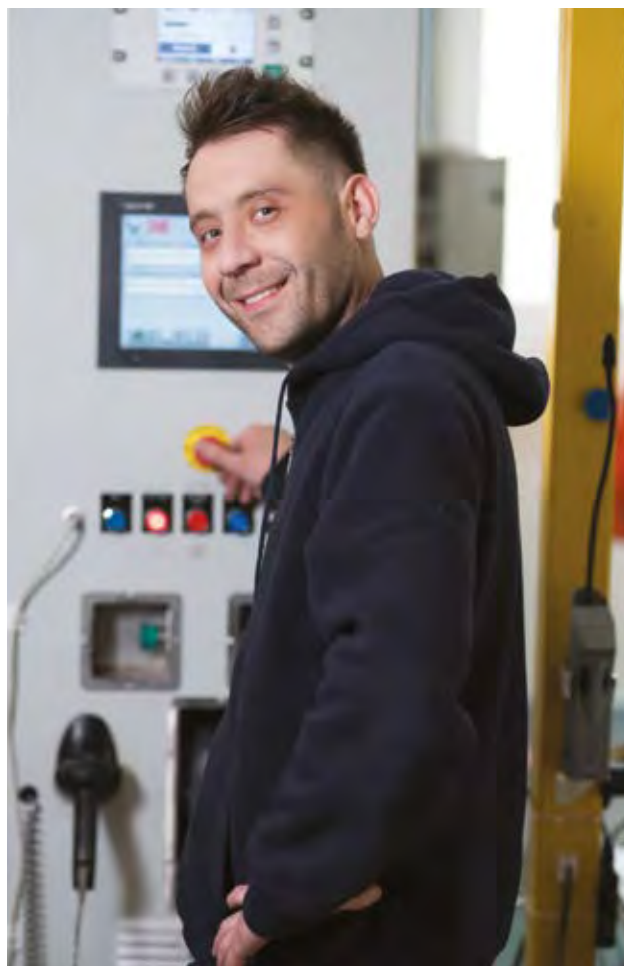
50%

ideas have been already implemented



Every month we award rationalisation ideas of our employees

Friendly technologies



Optimisation of technological processes *- The Arc Welding Robot System*

- integrated intelligent welding system supported the switchgears production department



- *costs reduction*
- *production time reduction*
- *products quality increase*

Running automated line of cutting machines with the sheets storage system

This system integrated six individual suppliers from different parts of the world

- *productivity increase*
- *work safety improvement*
- *quality increase*
- *place saving*
- *higher control over the production process*



EFFICIENT MANAGEMENT



In 2017 we made milestone towards development. One of our strategic projects became implementation of the modern information system - SAP.

Błażej Skrzyniarz
IT Department Director



Implementation works refers to all plants belonging to the ZPUE Capital Group, including: production, trade, accountancy, supplies, salaries, HR, logistics, marketing, administration, technology and others.

AIM:

To improve standards of client servicing, to optimise work in each company's scope

OBLIGATION:

To implement the system before 2019



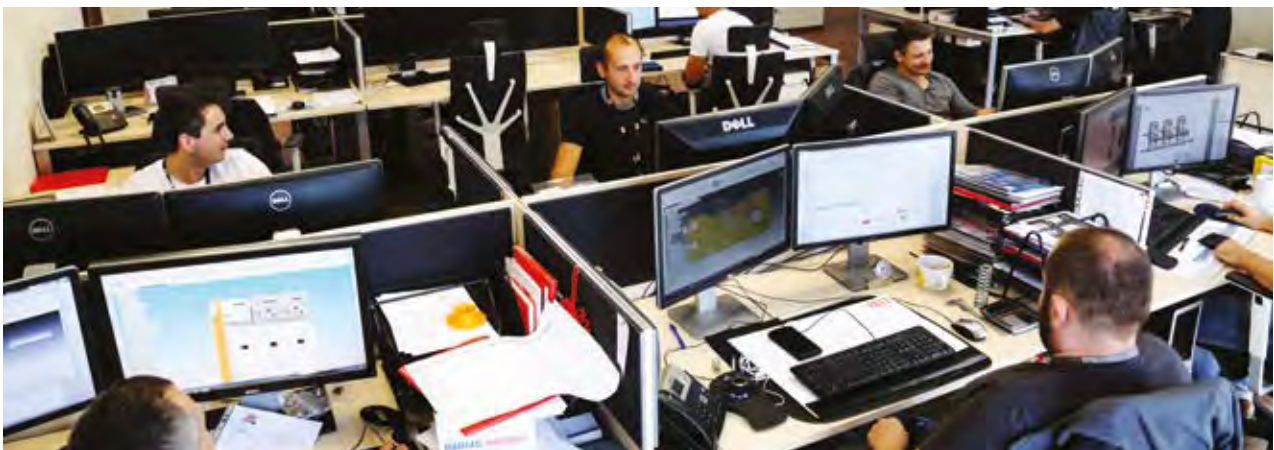
From left: Tomasz Stępień, Research, Development and Innovation Department Director, Robert Wojciechowski, manager in the Research - Development Department

Innovation is one of the pillars of our development strategy

Surveys deciding on development of our company and products. At the end of 2017 we opened the first own Research and Development Centre, in which presently works over 60 engineers.

The advanced research-development unit was established as a consequence of decisive development of the R&D section functioning in the structures of ZPUE. Due to automated posts and specialised software we plan to improve and develop the existing offer, to create new products and to improve technologies applied in their production process.

The investment is supported by capital of the European Regional Development Fund (within the Activity 2.1 - Support of investments in the company's R&D infrastructure of the Intelligent Development Operational Programme 2014-2020).



The experimental welding station using the laser method due to the advanced technology operates more precisely with lower energy consumption comparing to traditional methods.

Our potential of technological development

61 persons

B&R

82 persons

Technology

20 persons

Designers

10 persons

Standardisation

6 persons

Process Engineering

AIM:

To create innovative projects, to reduce of time needed for projects performance, to decrease unitary costs of carried out research works

OBLIGATION:

To prepare at least three new projects in 2018







Chapter 3

OUR CLIENTS

- 3.1 Who are our clients?
- 3.2 Dialogue and education
- 3.3 Responsibility for the product
- 3.4 Focus on clients
- 3.5 Innovations and the offer development
- 3.6 Service
- 3.7 Claims management



Our trading activity is based on two sale departments - domestic and export. The team of professionals operating in strictly defined geographical and product scopes are at full clients disposal in the country and worldwide.

Wojciech Kosiński
The Management Board Member, Commercial
Director (since March 2018 the Management
Board President of ZPUE S.A.)

CLIENT - OUR ACTIVITY CENTRE

We want to provide values and profits for our clients. Their satisfaction and loyalty are very important for us

OUR CLIENTS



Operators of Distribution Systems
ENEA, ENERGA, PGE DYSTRYBUCJA,
TAURON, INNOGY STOEN,
PKP Energetyka SA



Large industrial plants
Medium production plants
Small private companies
Transport
Rail and traction

Occupational safety
Reliability
Energy saving
Comfort of work
Network remote steering
Long-term operation
Environmental protection

FACILITIES, TO WHICH WE PROVIDE POWER SUPPLY



Office buildings
Public utility buildings
Housing estates
Warehouses
Roads and infrastructure construction
Hotels and entertainment centres



Clients are not only partners in business, they are our most important ambassadors. We do our best to satisfy them on each stage of our cooperation, to feel confident and safe during cooperation with us.

Agnieszka Całko
Marketing Department Director



*We like our clients
- we listen to them.
We are not afraid difficult questions
- we answer all of them.
We meet and talk.*

Conferences:

March 2017 - Conference “Business and innovations. Good examples, chances and risks”



October 2017 - 2nd ZPUE Conference in a series “Modern energy”



BRANCH FAIRS POLAND:

March 2017 - ENEX, Kielce
 April 2017 - EXPOPOWER, Poznań
 September 2017 - ENERGETAB,
 Bielsko-Biała
 November 2017 - ENERGETIX, Lublin

BRANCH FAIRS WORLD:

March 2017 - MOLDENERGY, Moldova
 March 2017 - AMPER, Czech Republic
 April 2017 - Hannover Messe, Germany
 April 2017 - Energy and Electro-energy,
 St. Petersburg, Russia
 April 2017 - ELCOM, Ukraine
 May 2017 - Elfack, Sweden



FORUMS, CONGRESSES AND MEETINGS:

XVII Forum We change Polish Industry
CIGRE Slovenia
XXI Conference of Automation Service Engineers Ryto



REGIONAL MEETINGS:

1. PGE Skarżysko-Kamienna Department, presentation of products and systems for the energy branch - April
2. Technical Conference for Clients of the Mazowieckie Office - May
3. Science - Training Symposium for Clients of the Podkarpackie Office - June
4. Gdańsk Electricity Days, Gdańsk - October
5. PKP Energetyka SA, training in grids automation, presentation of THO and REKLOZER - October
6. CIRED Conference, Czech Republic - November
7. Innovative Europe Conference "Fly me to Mars" - November
8. Energiek Open Days 2017 - September, Holland
9. Elstila Open Days - June, Lithuania

SELECTED MEETINGS WITH REPRESENTATIVES OF DEPARTMENTS OF THE ASSOCIATION OF POLISH ELECTRICAL ENGINEERS:

1. Tomaszów Mazowiecki department - discussion on our solutions - January
2. Kalisz department - Borowianka Symposium - dialogue concerning modern solutions in network construction - January
3. Nowa Huta department - presentation of our solutions taking safety development into account in low and medium voltage switchgears - February
4. Sieradz department - presentation of new offers - March
5. Tarnów department - seminar on innovative Smart Grid solutions of our low voltage switchgears and medium voltage couplings - March
6. Kozienice, Radom, Kielce departments - presentation of ZPUE SA products - April
7. Circle of Busko - Zdrój District - Seminar on intelligent power grids - May
8. Kielce department - XXIII Science - Technical - Training Conference concerning subjects related to energy accumulation and reactive power compensation in distribution networks and low voltage grids - October



RESPONSIBILITY FOR THE PRODUCT

Acting in the energy branch we take responsibility for human health and life as well as high value property.
We improve quality of life through guarantying:

- *Durability*
- *Safety*
- *Reliability*

- Our products have high quality, they are not harmful for users
- We minimise negative impact of our devices to the environment
- We do not age our products. Their lifetime we may prolong through their modernisation, what constitutes our standard service
- We constantly prepare new solutions, which after implementation on the market generate savings for energy and the environment
- We are responsible on all stages of the production process: from materials and raw materials obtaining, through the production process till distribution

We provide supplies to health care centres



FAT tests before a switchgear delivery to a final customer

We provide supplies to industrial plants



Surface mining



Hospice for children named after the Little Prince in Lublin / photo Lublin Hospice, www.hospicjum.lublin.pl

FOCUS ON CLIENTS

Our world changes very fast, new things become possible in every second. In this race against time somebody who has knowledge wins

Independent customer satisfaction survey, in which we asked about satisfaction on cooperation beginning from the first talks, negotiations, up to production and service support during devices operation period, indicated that 95% respondents declare general satisfaction on cooperation with us on the very satisfied and satisfied level.

We ask our clients: where we are, how they perceive us and what we should change?

Customer satisfaction survey 2017

95% very satisfied
and satisfied

352 clients

Employees of energy distribution companies, electrical warehouses, contractors, investors and new clients from the industry branch

GfK Polonia Institute Sp. z o.o./CE Business & Social Research

Group

Fields

The survey prepared by

High image notes

Comparing to the analysed competitive companies we obtained the best results of image evaluations in the following fields:

- *the company with long-term experience in the electrical branch*
- *the Polish company*
- *the reliable company taking responsibility for its products*

Areas for improvement

Areas for improvement indicated by clients mainly refer to post-sale aspects and responsiveness of service teams.

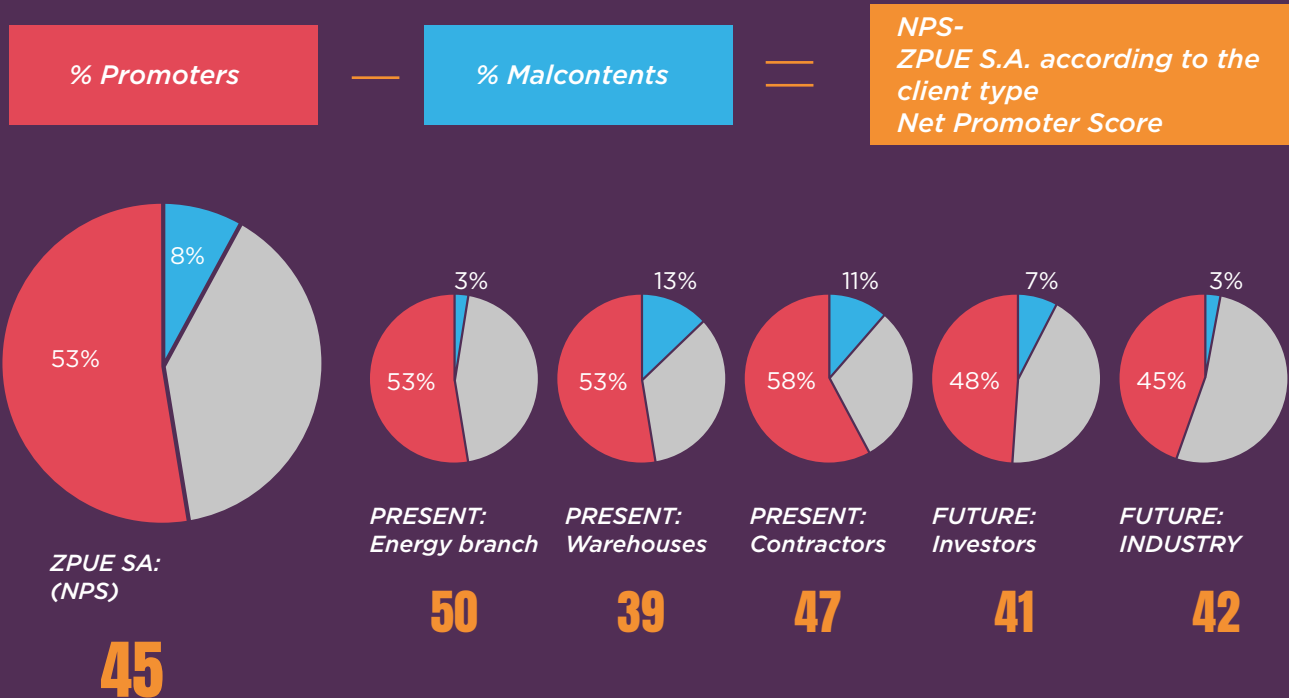
Obligation 1

To repeat the survey once in two years

Obligation 2

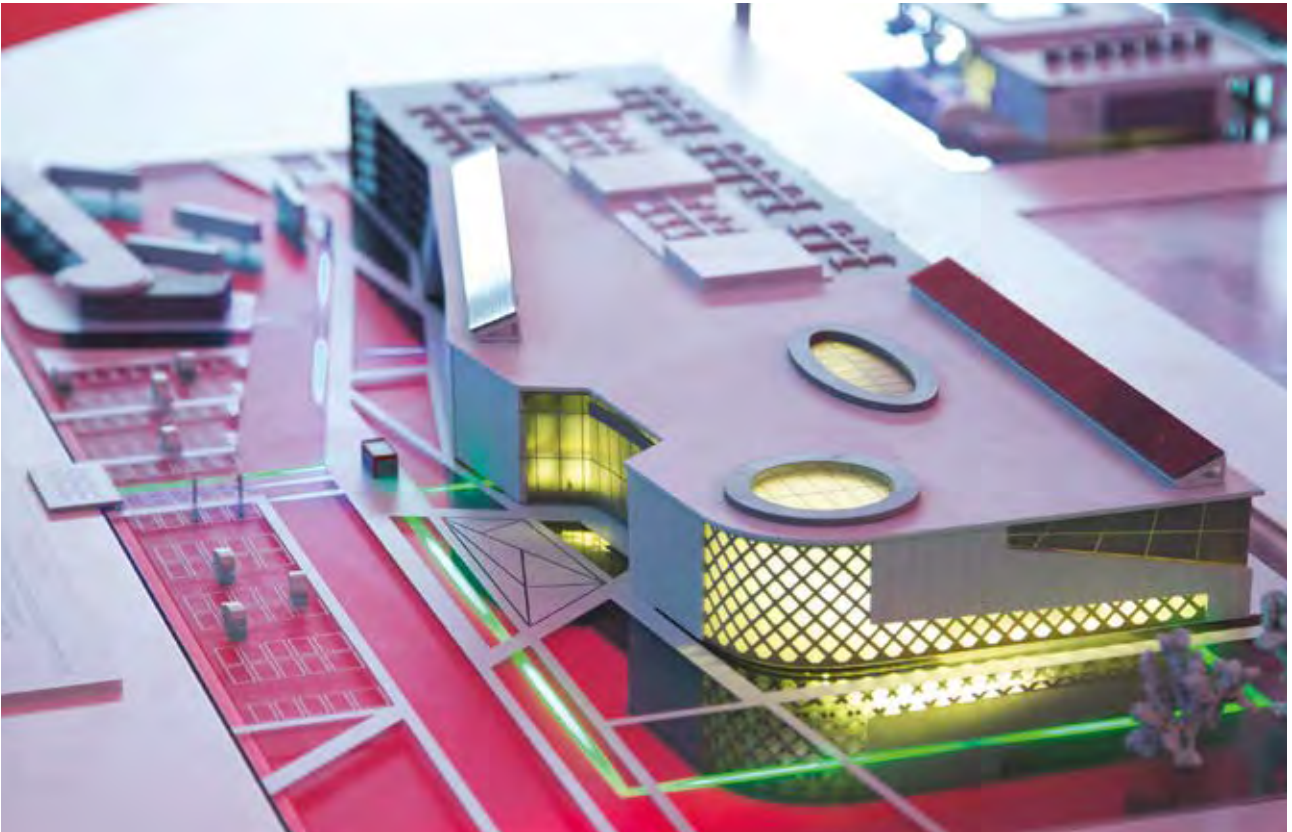
To improve the post-sales activities and services fields

CLIENTS SATISFACTION AND LOYALTY INDEX



General satisfaction from cooperation with us is confirmed by the NPS (Net Promoter Score) recommendation ratio, where we are significantly better than our competitors. The best NPS recommendation ratios occurs in the distribution companies segment and the new industrial clients segment.

INNOVATIONS AND THE OFFER DEVELOPMENT



We are in the e-mobility stream

We participate in projects related to the charging infrastructure implementation for electric buses and passenger cars.



FOR PUBLIC TRANSPORT

The modern system of electric buses fast charging at the Municipal Transport Enterprise in Jaworzno. The project enabled liquidation of 17 traditional buses with diesel engines.



FOR TAXIS IN HOLLAND

On the site of Schiphol - the international airport in Amsterdam the fast charging station for electric taxis servicing passengers of the biggest airport in Holland. Our stations operates there.



FOR TESLA IN POLAND

Tesla Motors and Orlen constructed in Poland four stations together with ports for electric cars charging in Kostomłoty near Wrocław, near Katowice, in Poznań and Ciechocinek. All four objects are equipped with multi-position Tesla superchargers and they are supplied by ZPUE's devices. Similar ones will be constructed in surroundings of Toruń, Rzeszów and Białystok.



We want to accumulate energy

We carry out research - development activities in the field of energy accumulation.



Smart Power Station

The key direction of the current research - development activity of ZPUE is energy accumulation and Smart Power Station solution implementation on the market, which will change the present conventional approach to energy transformation and distribution.

the hybrid energy storage will protect against sudden voltage drops or power supply interruptions

the solution for grids overproduction

energy quality improvement

elimination of power supply disruptions

the emergency supply system

the chain of the electric cars charging infrastructure

SPS will be equipped with electric cars charging function



Who will use the SPS?

- entities from the e-mobility field
- energy distributing companies
- industrial plants
- RES users
- environment
- society

Thinking about the environment

We are working on possibility of use of accumulators' batteries from electric buses withdrawn from operation. Presently their lifetime is estimated for ca. 5-7 years.



As the biggest in Poland producer of transformer stations we have complex knowledge on medium-voltage devices. It enables us to act efficiently and effectively towards satisfying technological needs of our clients.

Tomasz Walkiewicz,
EPC and Service Department Director



In 2017 together with the EPC and Service Department establishing we have changed the image of our service – we enriched it with advanced post-guarantee services.

WE PROVIDE SERVICE AND POST-GUARANTEED ACTIVITIES



We prolong the product life - Retrofit

- if the product after decades of use becomes aged or does not comply with current technical requirements, we have practical and tested solutions of particular switchgears' modules replacement enabling their parameters improvement and operation reliability



We provide recycling

- we provide services related to devices switching off and immobilisation - in case of devices operation discontinuation we provide recycling services for transformers as well as medium and low voltage switchgears



We change configuration of MV switchgears

- faced by continuous changes and new requirements for distribution companies we are able to adapt devices to new client's requirements



We modernise and replace

- we are able to replace or modernise each type of switchgears from different market segments - from professional energy branch up to heavy industry



We train

- educate in the field of all our devices operation and service



We carry out inspections of our transformer stations

- in convenient time at a client's site



Station inspections

- we offer thermal imaging inspections of devices installed at a plant

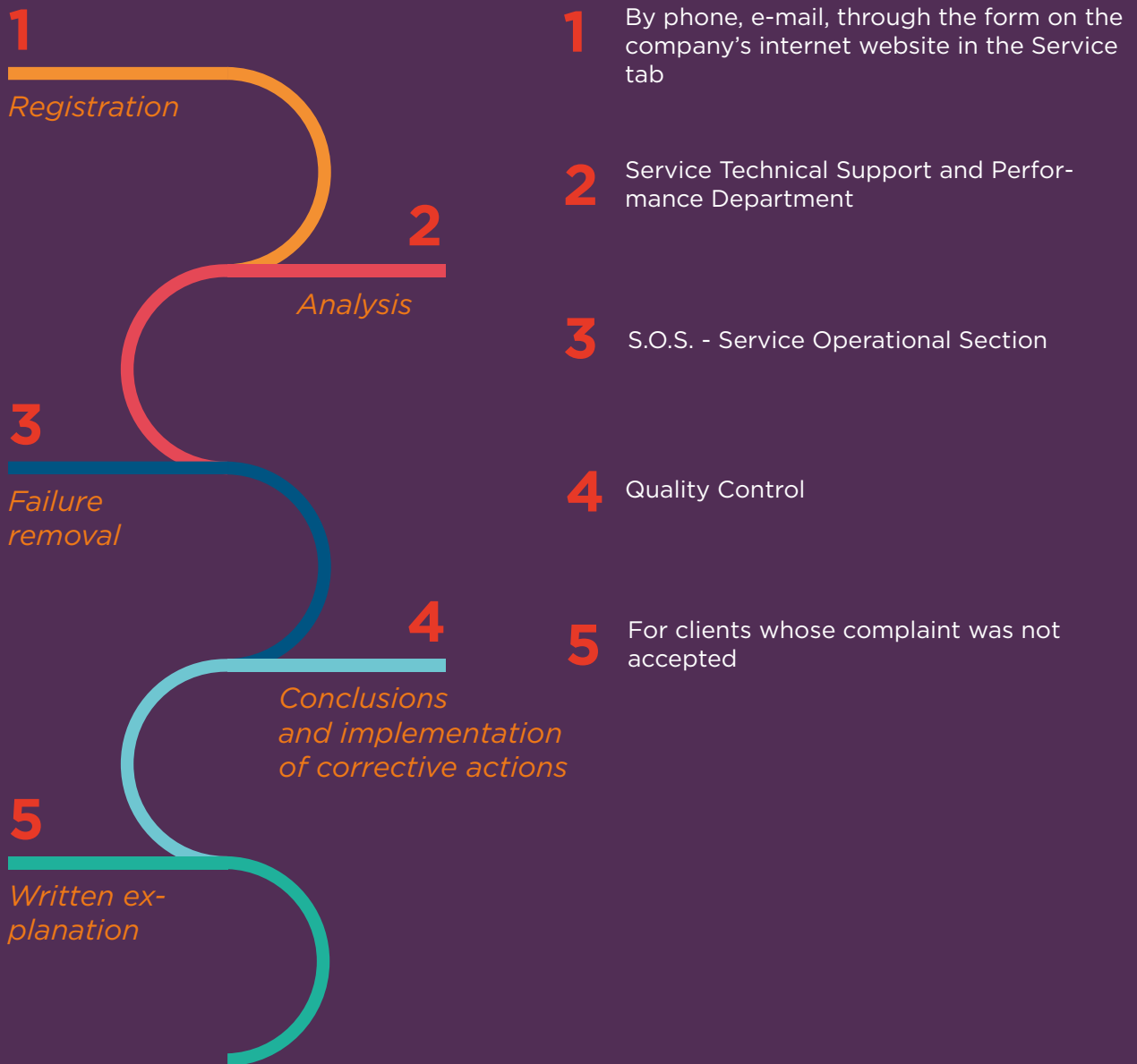


The monitoring system

- we offer the monitoring and steering system within the Industry 4.0



COMPLAINT PROCESS



Our obligation:

Contact with the client during 24 hours, visit of the serviceman during 72 hours (in case of service agreements)





Chapter 4

OUR EMPLOYEES

- 4.1 Employment structure
- 4.2 For the employee
- 4.3 Dialogue culture
- 4.4 HR Business Partner
- 4.5 Career
- 4.6 OHS



We are focused on the friendly personal and pro-family policy. The policy which creates possibilities for personal development, integrates, gives satisfaction from performed work, safety and stabilisation.

Iwona Dobosz
the Management Board Member,
HR Management Director

EMPLOYMENT STRUCTURE

Number of employees: **2278**

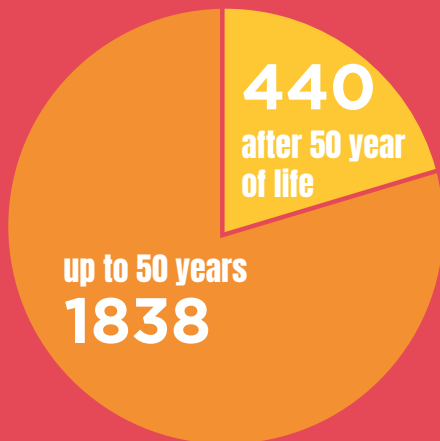
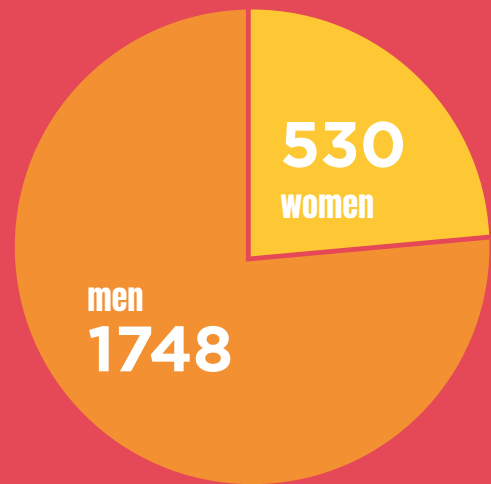
(31.12.2017)

Our rules of the responsible employer

1. Safety and health of our employees is the most important for us.
2. Our Human Resources Policy is based on five values: mutual respect, tolerance, development, engagement, team work.
3. Equality and diversity for all employees.

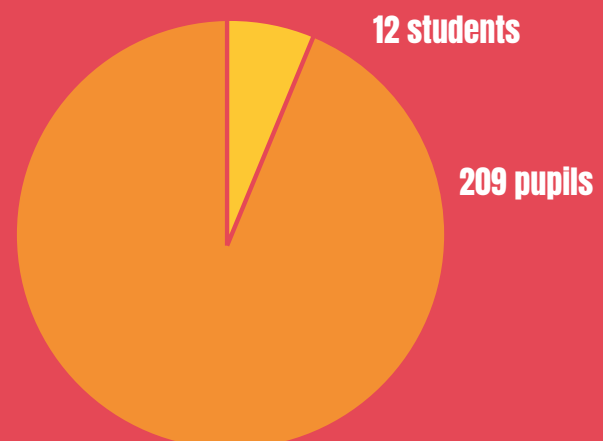
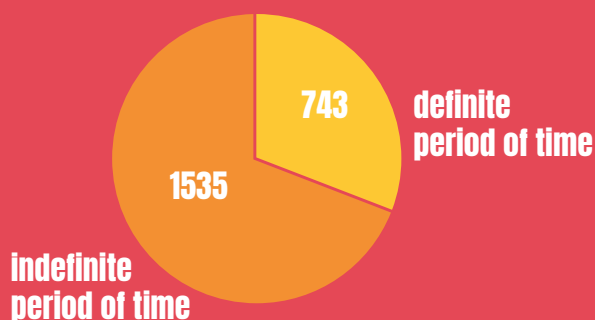
Our employees have the right to association within trade unions. Trade unions functioning in the Group: the Company's Trade Union NSZZ Solidarność and the Budowlani Trade Union.

We employ ca. 150 employees from Ukraine, we treat them as other employees.



In 2017 ZPUE S.A. hosted the following interns:

Employment form





Training

The Strategy Management Academy for Leaders, professional training, English language courses

153

training sessions including 43 carried out by external experts

1869

participants of training sessions





English language courses 1st half of the year

with the lector - 63 persons
(41 in groups + 21 individually)
e-learning - 0

English language courses 2nd half of the year

with the lector - 73 persons
(29 in groups + 44 individually)
e-learning - 29 persons





Recruitment process

Transparent recruitment process
- both external and internal recruitment process

The internal recruitment process is motivation for employees to change a working post, enables promotion and development

In 2017

**70 internal recruitment process
18 completed positively**



Onboarding

- we prepared the implementation schedule for new employees



The developed social package:

Low-percentage loans, reliefs, co-financing of integration meetings, Christmas gifts for children and annual Christmas party, benefits for employees: packages of additional medical care for key employees and the additional insurance policy programme as well as support during relocation of candidates to work



Transport for production employees



Training and courses

Our obligation:

In 2018 we will finish establishment of the benefits programme for the whole staff, which includes such fields as medical care, additional life insurances, the multisport card, the studies co-financing programme

WE ARE FOCUSED ON THE DIALOGUE CULTURE

Meetings of the Management Board President with employees

- on the beginning of the year the president met employees of the plants in all locations (Kalisz, Koszalin, Raciąż, Katowice, Gliwice, Włoszczowa) and visited most Technical - Commercial Offices

Christmas Party for all employees

- for the first time employees of all sites and scopes met during common company's Christmas Eve

Intranet

- current information related to the company, information on events, important communicates, announcements etc. are published on the internal Sharepoint portal

Meetings of communication groups i.e. both-ways communication

- we selected good communication ambassadors among employees, we organised communication meetings in all locations

Newsletter

- the bulletin for employees in all locations in the printed and electronic versions



Obligation 1

To reactivate meetings of communication groups

Obligation 2

To establish, on the beginning of the year, computer stations for production employees



Competitions for employees

- we organise competitions for employees announced in the Newsletter

Picnic for employees

- we invite for the annual all-day meeting for employees and their families from all locations. Over 4 000 persons participates in the Picnic every year

The employees recommendation programme

- each employee may recommend work in the production department to his acquaintance. If a candidate passes positively the recruitment process and works for at least three months, the recommending person will obtain gross 400 PLN as thank for recommendation

The HR Portal

- the additional tool for users of business computers enabling individual use of HR services

Support of the company's psychologist

- free-of-charge consulting with the psychologist is available at the company





HR BUSINESS PARTNER

ZPUE / CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT REPORT



HRBP Maciej Mikołajek, HRBP Joanna Michalska, HRBP Justyna Frączek, Iwona Dobosz, the Management Board Member, HR Management Director, HRBP Marlena Iwańczyk, HRBP Żaneta Rajca - Hajligtag



HRBP Joanna Skiba supports all ZPUE structures at the Production Plant in Katowice and the Production Plant in Gliwice

In May 2017 we established new working posts within our structure - HR Business Partners. This is the next step in our company development. HRBPs cooperate with managers and their chiefs, participate in management meetings and regular direct meetings with sections' chiefs. They support and report on effects of implemented solutions.

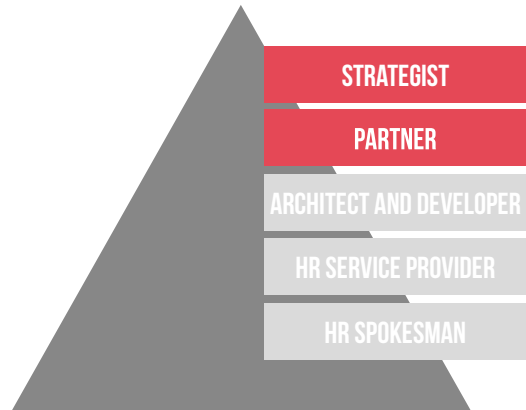
Main tasks of HRBP

- complex support and consulting in employees competence development field
- aid in difficult situations related to employees management
- conflicts solving
- implementation of employees evaluation systems, motivation systems, development programmes
- "matching" HR solutions for business
- support during changes communication
- indication of possible risks and their preventing
- training delivery



HRBR Joanna Michalska supports departments dependant on the commercial director, fields in the Production Plant of ZPUE EOP Koszalin and the Production Plant Zavod BKTP in Russia

HR Business Partner acts fast and ethically. This is the partner and strategist. He cumulates in his activities five basic HR roles.



Support fields:

All departments and sections in all production plants of ZPUE



Due to the fact that we are deeply oriented in the business of our company we may constitute huge support and real partner for our internal clients. We are always at disposal. We solve matters apparently impossible to be solved, we know what to do in order to solve all items related to an employee fast, ethically and in compliance with the law regulations.

WE NOTICE POTENTIAL, WE APPRECIATE ENGAGEMENT



Ania and Justyna readily learn new things. They are self-reliant, well-organised, they have responsible tasks.

Ania Staszczyk has started work in the age of 20. First steps she has taken as an iron-worker's assistant in one of the production departments. She quickly has been transferred to the office and for many years has been specialist for production settlement, and now she is the planner in the Production Planning Department.

In 2007 Justyna Sobańska has started work at ZPUE. She is 20-year old. She has started work as an operator of the CNC machine. In 2015 she has started to perform a specialist duties in the Switchgears Manufacturing Department in the SF6 Insulation. Presently she is responsible for manufacturing orders collecting, orders settlement and work time settlement in the Department.



Małgosia Pakosz - I like to know

In the company for 14 years. She has started the work for ZPUE as an intern in the secretary office. For years she has developed herself in the Orders Performance Department. In 2016 she has been promoted to the post of a manager of the Orders Performance Section. Shortly after she has started work in the SAP implementation team. She has become the key user in the Manufacturing Planning module. Presently she is engaged in establishment of the new Manufacturing Planning Department. She thinks that everything she achieved se owes to consequence, engagement, courage and persons with whom she cooperates.

Paweł Lichosik - I like people

First contact with the company during professional internship in 1999. He has started work just before he was eighteen as a young employee, an electrical fitter's assistant in one of production departments. Today after 16 years of work he works as the product market manager for over ground grids. He implements innovative projects to the market, advices, plans, creates.



Justyna Sobańska - I like what I do

22-year old Justyna has started work at ZPUE as an electrical fitter in the Medium and Low Voltage Switchgears Manufacturing Department. After few months she has become a referee for manufacturing. Then the time has come for further challenges in the Client Servicing Technical Department, on the beginning as a specialist for analyses, after that as a specialist for contracts and procurement procedures, and now as a manager of the Administration - Procurement Section in the Sales Support Department.

Mariusz Nowak - I like my work

It is 1994. ZPUE has functioned for almost five years. He is 21 and even does not suppose, that his professional life will be connected with the company for the next quarter of a century.

He has started as a iron-worker in one of the production departments. After six months he become an electric fitter, after that he has started to handle automation and service. After six years he has become a foreman. After that he has been one of persons, who create history of the Orders Performance Department - has coordinated its work, has have direct contact with clients. After next few years he has become the manager of the Orders Performance Section, and therefore the manager of the Planning and Performance Department. Presently he is the manager of the Logistics and Storage Department. He manages over one-hundred team of employees. Every day he is guided by the maxim:

"We should work for people in the way we want to they work for us".



OHS aspects in our company comply with requirements of the standard based on the best practices. We are ready for the ISO 45001 certificate.

Kinga Wypychewicz,
the specialist in the OHS and Fire
protection Department

Since the audit after ISO 45001

At the end of 2017 our company undergone the complex OHS audit procedure, what prepared us for the new task in this scope: in 2018 we decided to obtain the compliance certificate with the ISO 45001 norm.

ISO 45001 puts organisation of occupational health and safety management as well as constant improvement in the centre of activities. This new norm constitutes a chance for the organisation for the strategic direction unification with the Occupational Health and Safety Management System as well as related results improvement. It originates from OHSAS 18001 – worldwide standard related to the Occupational Health and Safety Management System

ISO 45001 will allow us to:

- *make sure that occupational health and safety management is adjusted to the strategic direction of the organisation*
- *improve integration with other norms related to the management system*
- *increase engagement level of the management team*
- *improve results related to occupational health and safety*

AIM:

It is better to recognise and identify the risk

OBLIGATION:

In 2018 to obtain the Certificate of compliance with ISO 45001 norm



2017:

10

accidents at work at our plants

581

number of absence days due to accidents

56

car accidents

0

fatal, serious and collective accidents

0

identified professional diseases



In 2017 special attention we put to high number of car accidents, in which our employees participated using fleet cars. We have started training and preventive activities in order to reduce number of such accidents.



Training

594

initially trained persons

766

periodically trained persons







Chapter 5

SOCIETY

- 5.1 “We are close” Foundation
- 5.2 Corporate volunteering
- 5.3 Sponsoring of sport
- 5.4 Cooperation with universities



In 2010 we established “We are close” Foundation - from the heart and according to the needs of the moment. The impulse to action was will to help employees and their families in need. Today such aid is much more developed.

Małgorzata Wypychewicz
the “We are close” Foundation Board Chairman, its
founder

WE WANT TO BE CLOSER TO DO MORE



Economic success goes hand in hand with our social engagement, what is proved by numerous undertakings, actions and activities for benefit of the local society, which we join. We invest in children and youth education, we fight against poverty and social exclusion. Our social relations we build among others due to our Foundation.

"We are close" Foundation actively acts for benefit of employees and their families in all locations of ZPUE and helps citizens of Warsaw and świętokrzyskie district.



Mission

aid to persons in difficult situation.
Local society support



Vision

to create space where persons in need will find proper support



In 2017 expenditures for aid

656 568,98 zł

including medical treatment and rehabilitation of wards

540 386,17 zł

What important happened in 2017?



WE TOOK CARE ABOUT HEALTH

I love, so I check-up

492 made USG of children

What's about your liver?

963 checked-up persons in Włoszczowa, Katowice and Gliwice

BadaMY się (WE check-up)

Over 150 persons - Raciąż, Kalisz, Koszalin

Skin examination in dermatology bus

66 persons

Cytological expertises and mammographic screening

72 women

In the rhythm of the heart

1400 carried out examinations among patients between 20 and 90 year of life

Conference "Borreliosis is a silent epidemic - don't get bitten by a tick"

June 2017

Healthy woman

- meeting with the doctor (breast cancer prevention, special brochures, demonstration of self-examination etc.), bra fitter and make-up artists



We obtained the ambassador title of the “I live consciously” national action

The “I live consciously” campaign popularises physical activity, healthy nutrition and health prophylaxis.

We organised the safety day

Meeting with youth named “Live and drive safely” – free-of-charge film show of “Behind blue doors” about brain coma problem. Meeting with Ewa Błaszczyk, the artist and founder of the Akogo? Foundation.

We took care about the youngest

- “Preschoolers” action – visit at all nurseries in Włoszczowa, packages giving with stationery and teaching resources indicated by nurseries
- We continued the project of school children and youth supplementary feed started in 2013 – over 30 pupils from Włoszczowa, Katowice, Koszalin benefited from free-of-charge dinners during the whole school year
- We founded school materials for pupils in need

We supported young talents

- We supported financially the album recording of Paweł Rydz, talented singer from Włoszczowa
- We granted awards – to scouts and schools

We took care about the environment

We disposed 1000 seedlings of trees within the “Plant the tree – give breath to the Earth” action.



We supported local and national initiatives

- *Bicycle helps*
- *Włoszczowa days*
- *Moto-heart*
- *Undergrowth Fairs*
- *Family Picnic in Czarncza*
- *VI District Independence Run (1000 PLN for awards)*
- *Reading at the library in Krasocin (national action: the Whole Poland reads to children)*
- *Supporting action of the Culture Explorer Club*
- *Participation in Christmas action "We fulfil dreams"*



We have been integrated with our wards

We organised common Christmas Eve



We sent children for holidays

- 10 children benefited from free-of-charge camps at Poland's sea coast
- We financially supported camps organised by the District Voluntary Fire Brigades in Kielce

We acted together for a good cause

- Together with seven photographers - volunteers we created unusual calendar with our wards
- We co-organised the charity dinner for the disable ward

All this we made together with our volunteers

146 volunteers were engaged in our actions!



COMPETITION FOR GRANTS

TAKE MONEY AND DO IT

9

projects

112

volunteers

hundreds

of beneficial

Implemented selected projects:

“Hospice still means life”

- material aid for patients of Saint Albert Hospice in Jaworzno

“Paint the world”

- comprehensive redecoration of a teenager room

“Colourful class”

- renovation of the classroom at the Primary School in Łachów (świętokrzyskie district)

“Our court above everything”

- Co-financing of the court construction for children and youth in Nieznanowice (świętokrzyskie district)

“You will spend time better in the organised surrounding”

- modernisation of surrounding of the Rural Home-makers Club in Czarnca (świętokrzyskie district)

“Picnic corner”

- construction of the resting and relax place for inhabitants of Przygradów (świętokrzyskie district)

“Ecological picnic for children from Podlesko”

- action of roadside ditches cleaning (świętokrzyskie district)

“Playground”

- modernisation of the playground at the Primary School in Czarnca (świętokrzyskie district)

Let's grill

- construction of grills for the School Complex in Stare Gralewo and organisation of the picnic for children, youth and their families for the first time in the school history together with the school's direction (mazowieckie district)



Our volunteers

SPONSORING OF SPORT

We support sport activity in the region. We follow the principle of long-term objectives also those, which influence the young generation development.

How we implement our objectives?

- *For over 20 years we have been the strategic sponsor of Kielecki Karate Club Kyokushin Koronea. The club educated, inspired and developed passion of thousands of young persons.*
- *For over 10 years we have actively supported HETMAN Włoszczowa Sport Club. KS HETMAN Włoszczowa is a symbol local football. It has been operating for 70 year.*

Our objectives:

- *To inculcate passion to sport*
- *To popularise the healthy lifestyle*
- *To learn cooperation and sport rivalry*



Sensei Bogusław Wypychewicz,
the Supervisory Board Chairman of ZPUE S.A.



Due to karate I found my physical and mental strength. It is important to me to share my experience and propagate values of this martial art, especially among young persons.





Support of sponsors is to be or not to be for our Club, as in case of many other clubs in the country. Money, which we obtain that way are incredibly important supplement of funds from public donations. Due to constant incomes we provide funds for our donations - without them the club could not apply for projects co-financing including training and competitions during the whole football year. This security motivates us to acting and bold application for funds from other sources.

*Ireneusz Stawowczyk
president of KS Hetman Włoszczowa*



COOPERATION WITH UNIVERSITIES

On the 15th of November 2017 we opened the first ZPUE Laboratory on the Electric Faculty of the Silesian Technical University

Together with the team of engineers from the Silesian Technical University for almost a year we have adjusted devices to didactical needs. We wish to provide the highest possible number of surveys and simulations to students.





The laboratory is:

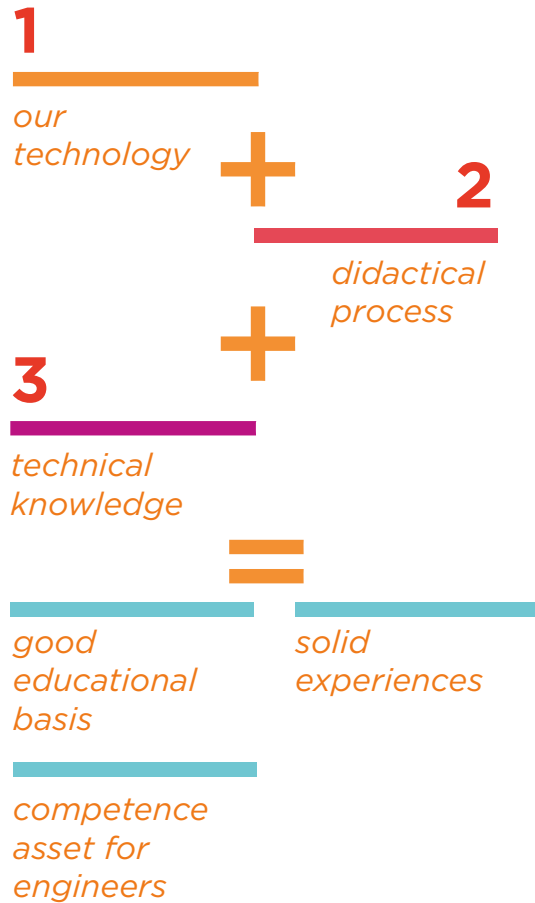
- the most modern on the Electric Faculty
- one of the most modern on the University

We equipped it with:

- modern switchgears used in medium voltage over ground grids
- low voltage switchgear
- medium voltage switchgear

Purpose:

- laboratory classes within compulsory courses on electro-technical and energy faculties
- research – development works performance
- activity of the Students Club – Innovative Technologies of Power Systems (itSEE) on the electrical faculty



Obligation 1

Further development of the facility at the Silesian Technical University

Obligation 2

To open similar laboratories at other technical universities in Poland

COOPERATION WITH UNIVERSITIES

The ZPUE Ambassador Programme

We invite to the programme students of the 2nd - 4th year of faculties related with power engineering, actively acting in science clubs or university organisations. Such cooperation gives possibility to learn specificity of work in the energy branch for students as well as it constitutes a passport to start work at ZPUE in the future.



ZPUE on the Job Fairs



Students visiting ZPUE

STUDENT WITH ENERGY ENGINEER WITH FUTURE

600

students explored our knowledge basis
– they participated in trips, meetings, apprenticeships,
wrote dissertations



Kamil Prokop ZPUE Ambassador on AGH (University of Science and Technology)

The student of the fourth year of electro-technical faculty on AGH and law faculty on the Economy University in Kraków. He writes engineering dissertation at ZPUE and simultaneously prepares the project of network monitoring for industrial customers.





Chapter 6

ENVIRONMENT

- 6.1 Our environmental policy
- 6.2 Environmental responsibility for products, recycling
- 6.3 Consumption control and emissions
- 6.4 The Integrated Quality and Environmental Management System



**Clean soil, water and air
- we want to live in such world.**

Paulina Cierlikowska,
specialist for environmental protection

We know how important, especially today, is environment, therefore we control and successively reduce our impact on it. Investments decreasing negative impact related to - for example - emissions are always priority for us. Our activity is strictly connected to compliance with legal regulations related to environmental protection.



Our environmental policy

All employees related to ZPUE S.A. always and in all circumstances behave in the manner responsible for quality and environment in order to increase the customer satisfaction and to provide improvement of the environmental activity as well as in order to avoid the environment pollution and to reduce negative impact to the environment constantly.

The environmental objectives we perform on the basis of sustainable development rules through:

- System approach to quality and environment including constant improvement of the Integrated Management System as well as proceeding methods within processes necessary for our Clients orders performance. This activity is strictly related to compliance with legal regulations concerning environmental protection.
- Constant elimination of threats for the natural environment.
- Systematic training for all employees and persons acting on behalf and for benefit of ZPUE S.A. concerning basics and methods of quality and environment management as well as employees motivating to reach quality and environmental objectives.
- Periodical evaluation of efficiency and effectiveness of the adopted quality and environmental management policy as well as assumed objectives, and also the whole quality and environmental management system based on requirements of PN-EN ISO 9001:2009 and PN-EN ISO 14001:2005.

The environmental policy, norms and certificates, which we have and apply: ISO 14001, ISO 9001, TUV audits, control of WIOŚ authorities (2015-2017)
– no incorrectness were indicated.

ENVIRONMENTAL RESPONSIBILITY FOR PRODUCTS, OUR PRODUCTS COMPARING RECYCLING



ZPUE / CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT REPORT

Good practice:

At the end of the lifetime the TPM switchgear may be transformed, recycled in order to re-use according to European requirements related to the lifetime termination of electric and electronic devices. Used insulation and conductive materials are identified and easy-to-separate.

We try to obtain raw materials from companies, which uses recycled materials. In the production process, dependently on a product type, mainly such materials as concrete, metals, plastics are used. After a product use termination it enables recycling of most part of particular elements.

10-20%

- this is the level of raw materials re-used by us (dependently on a given product features)



Our suppliers of metal components and raw materials for concrete production declares use of recycled materials

ENERGY, WATER, EMISSIONS TO THE AIR. CONSUMPTION MONITORING, DEFINING ENERGY-INTENSIVE DEVICES AND PROCESSES

The basis of any changes is detailed examination of electricity, natural gas, district heating and heavy oil consumption processes and their monitoring. We do that and we look for consumption reduction manners.

We defined the most energy-intensive processes and devices:

- *Laser cutters*
- *Elements power coating*
- *Rotated poles manufacturing*
- *Laser cutting*
- *Concrete enclosures manufacturing*
- *Plastics welding*

Modern machines saves energy:

All new devices which we bought in 2017 in order to improve the company effectiveness are energy saving ones by definition.



IT WAS:

The laser cutter of the CO2 type **60 kW/h**



IT IS:

The laser cutter of the Fiber type **18 kW/h**

Energy consumption:



7171042 kWh

2017

7180019 kWh

2016

Water consumption at our plants:



31,9 thousand m³

2017

29 thousand m³

2016

SELECTED ENVIRONMENTAL ACTIVITIES 2017

We buy

materials (chemical substances, cable reels) from suppliers collecting empty containers – we reduce amount of generated wastes

We use

office products having the FSC certificate – we promote responsible woods management

We replaced

the Alficlean 137 with Alifinal 275 – more friendly for the soil-water environment, we reduced tonnage of disposed pollutions, we are reducing chemical substances use

How we reduce water consumption?

Example:

Rotameters used for water flow measurement assembled on the sheets preparation line for power coating enabled strict controls and resulted in its consumption reduction.



Batteries with aerators are used in offices as well as systems with double water flush in toilets are assembled.

Emissions to air in 2017

Technological processes:



Dust - 480,49 kg
NOx - 434,279 kg
CO - 48,99 kg

Energy processes:

SOx - 566,75 kg
NOx - 1374,52 kg
CO - 4021,17 kg
CO2 - 1884,98 Mg
Dusts - 295,94 kg
Benzo(a)pyrene
- 0,0861 kg
Refrigerant
R407C - 25 kg

All generated wastes we transfer to companies having adequate permissions concerning wastes management. Wastes collection by such company is documented on the wastes transfer card. The wastes management instruction has been prepared for all departments.





Integrated Quality and Environmental Management System

In our system we have implemented among others:

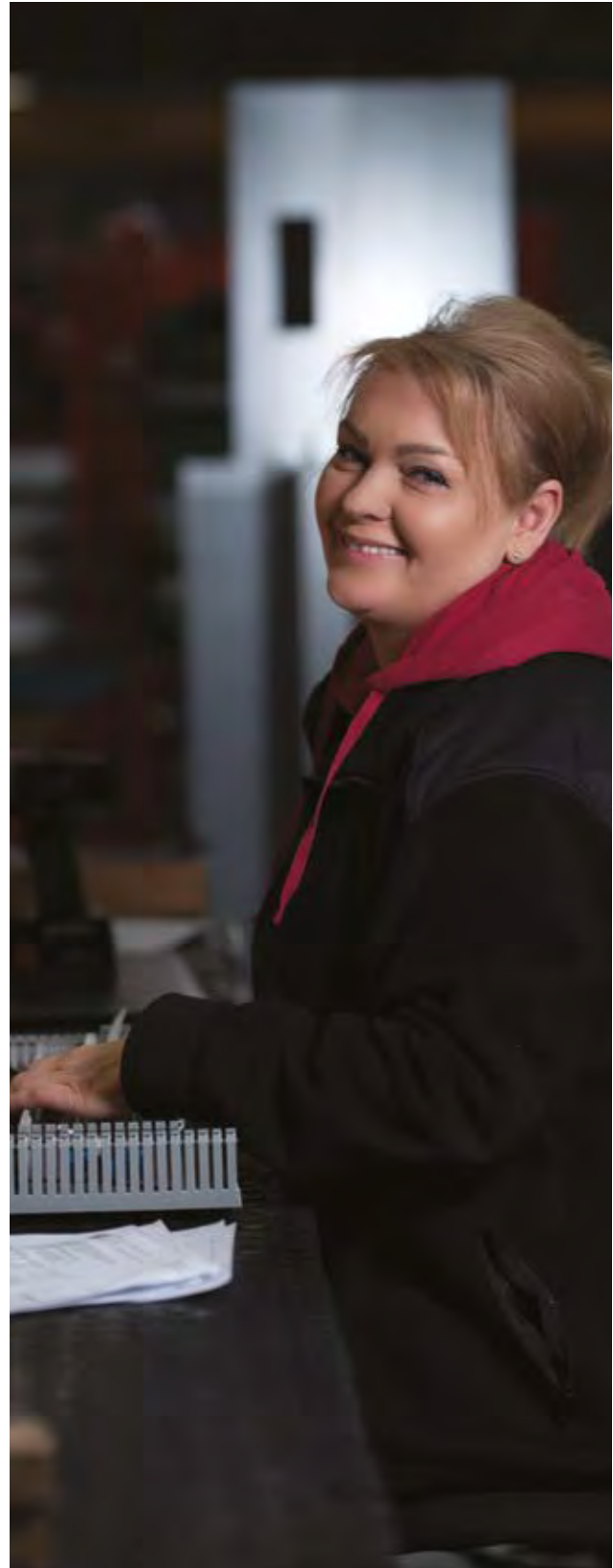
- the emergency preparedness procedure in case of environmental failures providing adequate reacting and reduction of environmental impact related to them
- the SF6 gas recovery procedure from switchgears
- the environmental monitoring and measurements instruction implementing regular monitoring
- measurements and evaluation of environmental activity effects

We also have the management instruction for wastes generated in production plants

Environmental damages - imposed penalties, costs of corrective actions, image costs:

0 PLN

“On the end of the pipe”
Our functioning costs of so-called “end-of-pipe” activities - refers to neutralisation and reduction of already produced wastes. “End-of-pipe” devices reduce or eliminate pollution after their generation (ex. sewage water treatment station): 552 thousand of zlotys.







Chapter 7

ABOUT THE REPORT

- 7.1 How our report was prepared
- 7.2 GRI table

STAGES OF THE REPORT PREPARATION

1. Identification

- selection of the most important aspects of sustainable business from the company's point of view

2. Prioritisation

- dialogue with stakeholders in order to select important CSR items

3. Validation

- defining items included in the report (with top managers)

Who have we asked about fields, to which this report should refer?

1

*Clients
(present and potential)*

2

Our employees

3

Social surrounding

KEY REPORTING ASPECTS OF ZPUE S.A.



Our impact on the economy



Ethics in business, corruption preventing



Our employees / diversity and equal chances



Raw materials and materials obtaining / suppliers evaluation



Local society



Impact on the environment

In the report we present our company in 2017. This is the first corporate social responsibility report of ZPUE S.A. The next reports will be prepared annually.

HOW HAS OUR REPORT BEEN PREPARED?

We have prepared our report in compliance with guidelines of the international reporting standard of the Global Reporting Initiative G4 (GRI G4), in order to make it clear and to meet its objectives in Poland and worldwide. It refers to 2016-2017 concerning the most important items.

Content of the report results from expectations of our stakeholders and refers to important aspects of social and environmental impact of our company. It results from intensive communication works inside the company, many discussions and analyses. In this report we show, how we analysed, understood and implemented the CSR aspects into our business. The next report will show changes in ZPUE in the responsible and sustainable development scope.

THE REPORT IS NOT EXTERNALLY VERIFIED.

Questions and suggestions related to this report would be very valuable for us, therefore please send them to its creators:

Paweł Mijas
Communication and PR Director, qualified CSR manager
pawel.mijas@zpue.pl
phone: 506 005 467

Agata Kobyłecka
PR specialist
agata.kobylecka@zpue.pl
phone: 506 005 324

INDEX GRI G4

PROFILE RATIOS:

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We would like to thank everybody who have contributed to the Report preparation:
photographers: Marcin Piasecki and Arkadiusz Sosnowski for photos;
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our colleagues for submitted texts and their verification;
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The photo presented on the cover illustrates the ZPUE Family Picnic
for employees and their families.

Print: April 2018

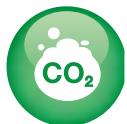
We care about the planet...

The present report was printed on the „Cyclus Print” paper produced in 100% from recycled paper in the environmentally friendly technology. Due to the above-mentioned the negative impact on the natural environment:



438

kg less
of wastes



88

less of
exhausted gases



879

km shorter travel
by an average
European class car



13 762

litres less
of consumed water



1 264

kWh less of
consumed electricity



1 264

less of
used wood

Carbon footprint estimated by Labelia Conseil according to Bilan Carbone® method. Calculations based on comparison of the recycled paper with the paper produced from mechanical pulp included in the most recent European BREF data for the paper produced from mechanical pulp. Results obtained according to technical information - may be later changed.

