Connecting globally.
Connecting responsibly.

TELE-FONIKA Kable S.A.

Corporate Social Responsibility Report for 2018

Structure of the report

Letter to Stakeholders

Building value through responsibility

GRI 102-4

TELE-FONIKA Kable S.A. is a global leader in the cable and wire industry having grown stably over the past 25 years. So what is the secret of our success? We hold the belief that our achievements would not have been possible without our core value – responsibility for all our operations. It ensures not only stable growth on international markets, but also competitive advantage over our cable industry.

We take responsibility for our products, offering high quality and reliable solutions. We take responsibility for all the relationships with our stakeholders. From our employees, who contribute so much to the TFK.Group's success and business partners, who value transparency and stability, to local communities, for whom we strive to be a good neighbour. We also take responsibility for our impact on the environment, being cognisant of all related challenges, such as climate change or biodiversity loss, that can impact not just our wellbeing, but the future of our business as well.

Responsibility being at the core of all our actions is a very practical business driver. It allows us to foresee trends and emerging opportunities, and also potential future risks, enabling us to successfully mitigate them. In short, it gives us an awareness of our operating environment, and allows us to see how important our organisational culture and values. Without them our team would be less engaged, and therefore less stable. Responsibility leads to trust, trust leads to stability, and stability leads to development and success. If we did not consider our impact on the environment, we would be 'cutting the branch we are sitting on' – influencing both our health and our economic prosperity.

Additionally, as leaders within our industry, we are prepared for the future by increasingly serving the renewable energy sector. This constitutes our contribution towards a sustainable world and for continual development. Since JDR Cable Systems joined TELE-FONIKA Kable S.A., we have created TFK.Group, to deliver comprehensive solutions to our clients and at the same time contribute to fulfilment of global Sustainable Development Goals.

Therefore we can see how responsibility is in fact the foundation and synonym for sustainability and thriving in the future. As achieving sustainability is our long-term goal, we also want to monitor, improve and disclose our efforts towards creating optimal conditions for us to thrive and improve the world in which we operate. This is why we are presenting our report, hoping to increase the trust that our stakeholders have towards us. Please engage with us on this extremely important journey.

Monika Cupiał-Zgryzek,
Chief Executive Officer, TELE-FONIKA Kable S.A.

TFK.Group

TFK.Group – key numbers

GRI 102-2
GRI 102-7

25,000+
types of wires and cables

100%
Polish capital

Over
500
production lines

9
trading companies

9
manufacturing plants

Almost
1 bn EUR
annual sales

40%*
market share in Poland

4th*
place on the European market among technologically advanced cables and wires manufacturers

5th*
place among rubber manufacturers in the world

Over
380
international certificates

Present in more than
80
countries

One of the top
25*
Polish exporters

* Management estimations

2.1. General overview

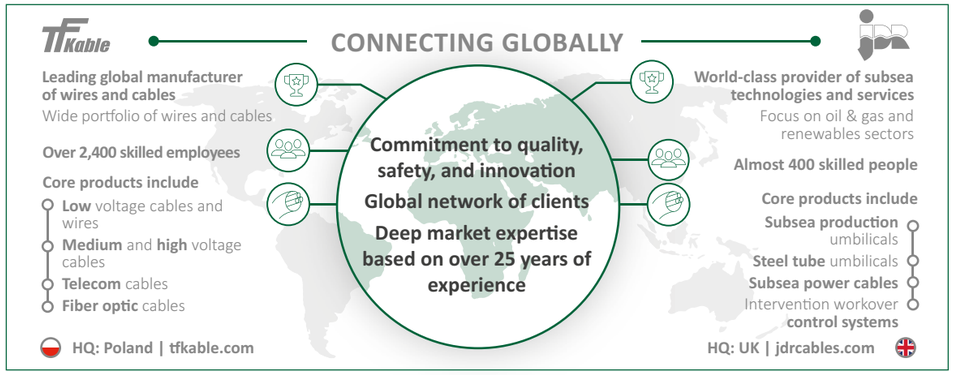
TELE-FONIKA Kable S.A., further referred to as "TFKable", is in the world's list of top European manufacturers of cables and wires with 100% Polish capital and a significant development potential. The products manufactured in our plants are recognised by customers in more than 80 countries. Our range of products includes over 25,000 types of cables and wires.

JDR Cable Systems (Holdings) Ltd., further referred to as "JDR", is a leader in subsea production umbilicals, subsea power cables and Intervention Workover Control Systems for the offshore oil and gas industry. We are also a global pioneer in the development of inter-array power cables for offshore wind, wave and tidal energy projects. JDR provides market leading services to support customers from project concept design and selection, installation, commissioning and fully field lifecycle services. The company has a network of experienced and certified project managers, engineers, technicians and service support facilities, available 24/7. Its flexible and innovative technologies enable vital control and power delivery for both the oil and gas and renewable energy sectors.

On August 29th 2017 JDR was acquired by TFKable's owner and together, TFKable and JDR now form the TFK. Group. The companies manufacture complementary products and expand their markets in close cooperation. We began our collaboration with JDR in 2008, with the supply of medium voltage cores for the then largest offshore wind farm, Greater Gabbard, located on the Suffolk coast in the UK. During our 10-year trading relationship, we have completed more than 60 investment projects in various regions of the world. TFKable is now an important business partner and key supplier of low and medium sealed insulated power cores for the final assembled cable products manufactured by JDR, with the total amount of insulated power cores delivered being 7,000 km. This has enabled JDR to emerge as the market leader in the UK as the largest supplier of inter-array cabling deployed on the seabed in offshore wind applications over the past 8 years.

TFK.Group is one of the leaders in the global market for cables and cable systems with production plants across Europe, and distribution networks in many countries. The.Group consists of several trading companies, manufacturing plants located across Europe and the cable waste recycling plant in Poland. Services and products supplied have numerous applications in the most important industry sectors – they include more than 25,000 proven standard constructions, and provide specialist equipment tailored to individual needs of business partners. Furthermore, TFK.Group is a proven supplier to the renewable energy sector. Our product range includes cables and wires of low (EPR), medium and high voltages (XLPE), as well as control/optical cables for telecommunications, data transmission and provision of security, which are applied in the construction and operation of onshore and offshore wind farms.

Image 1. Key facts about TFK.Group



Organisational structure

GRI 102-1
GRI 102-3
GRI 102-4
GRI 102-5
GRI 102-7
GRI 102-45

TFKable is a joint-stock company, with the headquarters in Myślenice, Poland. The main operations are based in Poland, with manufacturing facilities in Myślenice, Kraków, Bydgoszcz and Bukowno. TFKable also operates distribution centers in UK, USA, Germany, Lithuania, production plants in Ukraine and Serbia as well as a branch office in Dubai.

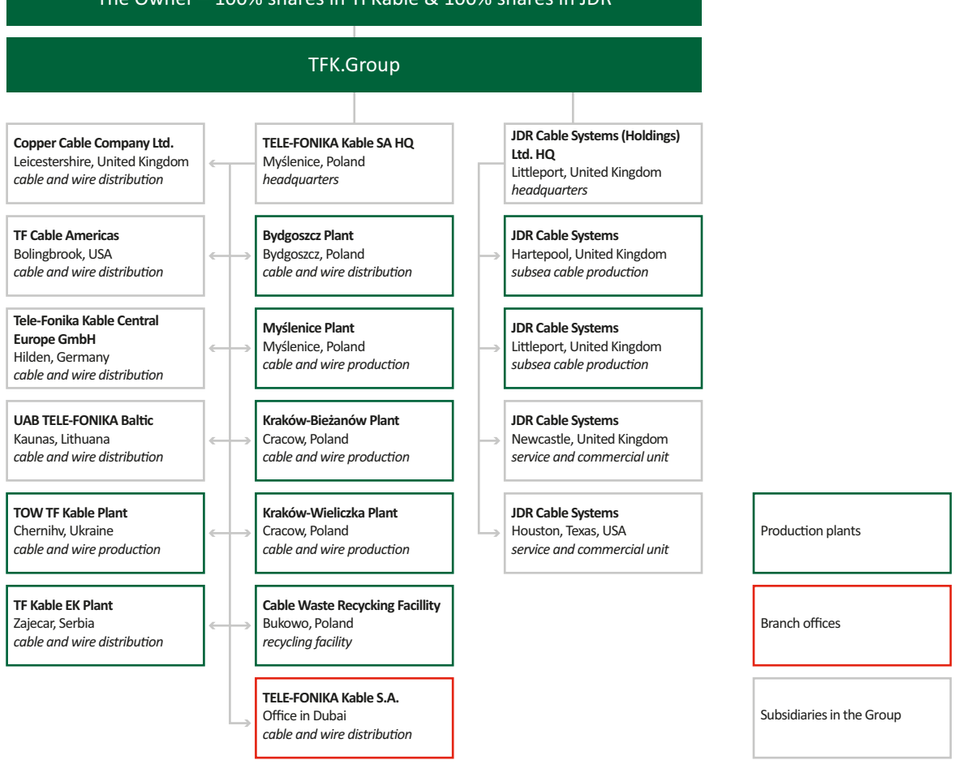
JDR is a private limited company, with the headquarters in Littleport, UK. The main operations are based in the United Kingdom, with manufacturing facilities in Hartlepool, County Durham and Littleport, Cambridgeshire. JDR also operates a Service Facility in Newcastle, UK and Houston, Texas, USA.

The sole shareholder and owner of TFKable and JDR is Bogusław Cupiał.

TFKable and JDR, together with their production plants and branch offices, create TFK.Group. Therefore, this report contains data for both TFKable and JDR. When cited information is relevant to both companies they are referred to as TFK.Group, despite it not being a separate legal entity. As the Board of TFKable also serves as the Board of TFK.Group, TFKable is understood as the 'dominant' company in the TFK.Group for not only formal structure, but also management model.

TFKable and JDR publish consolidated financial statements that include all their production plants and facilities.

Table 1. Organisational structure of TFK.Group



GRI 102-7

Scale of the organization

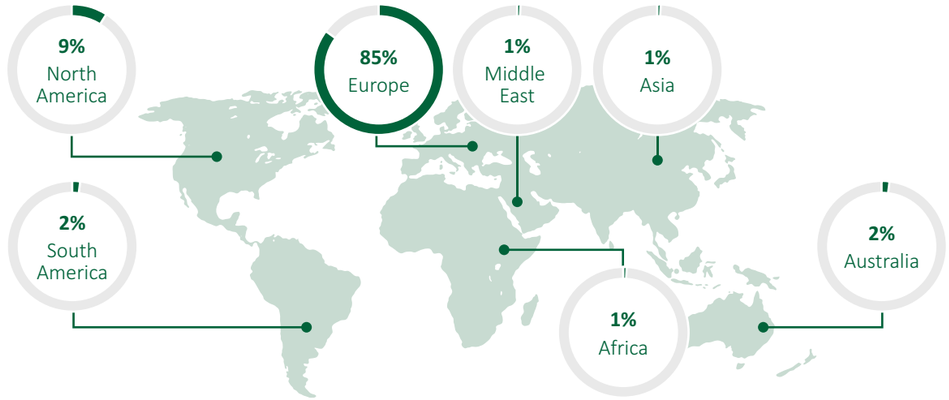
TFKable is a global company, operating in 13 countries (see TFKable structure in Table 1.) across the world, with more than 2,400 employees and 25,000 types of wires and cables delivered to clients. TFKable products reach over 20,000 customers from 80 countries in 5 regions of the world. Key sales markets include: Poland, Germany, United Kingdom, countries of North and South America, as well as the Baltic and Nordic states. TFKable has a positive impact on the Polish economy with 50% of raw materials used for manufacturing our cables coming from proven domestic suppliers.

This way, we contribute to creating added value for the Polish economy – new jobs and higher income for households.

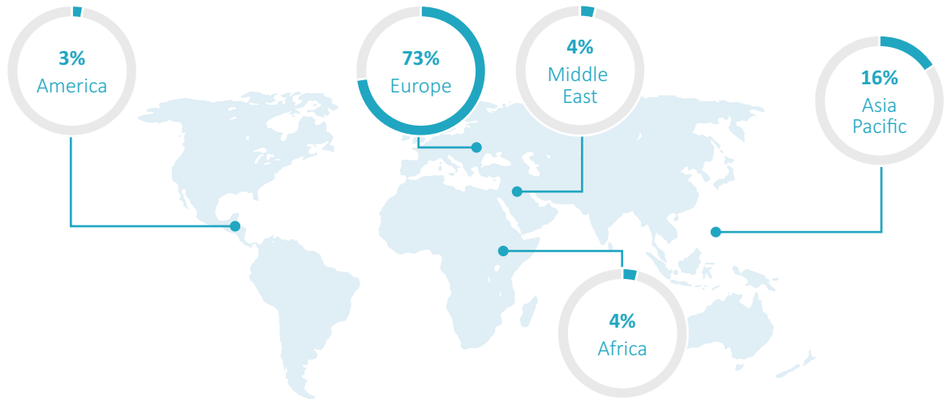
JDR is an international company with operations located in the UK and USA (see JDR structure in Table 1 and JDR products reach clients in 5 regions of the world.

Image 2. Sales by region in 2018

TFKable



JDR



Economic value

GRI 102-7
GRI 201-1

The Consolidated Financial Statement of the companies within the Group is reported quarterly as required by the information obligation of the Loan Agreement dated 15th July 2017, concluded with the European Bank of Reconstruction and Development. The annual and semi-annual Financial Statements are audited or reviewed (respectively), by a financial auditor.

Table 2. Selected TFK.Group's financial data for 2018

Title	Value [1,000 EUR]
Total Assets	805,489
Equity	186,886
Total turnover	973,201
EBITDA	66,332
Current income tax	6,390
Net profit	3,557
CAPEX	14,545

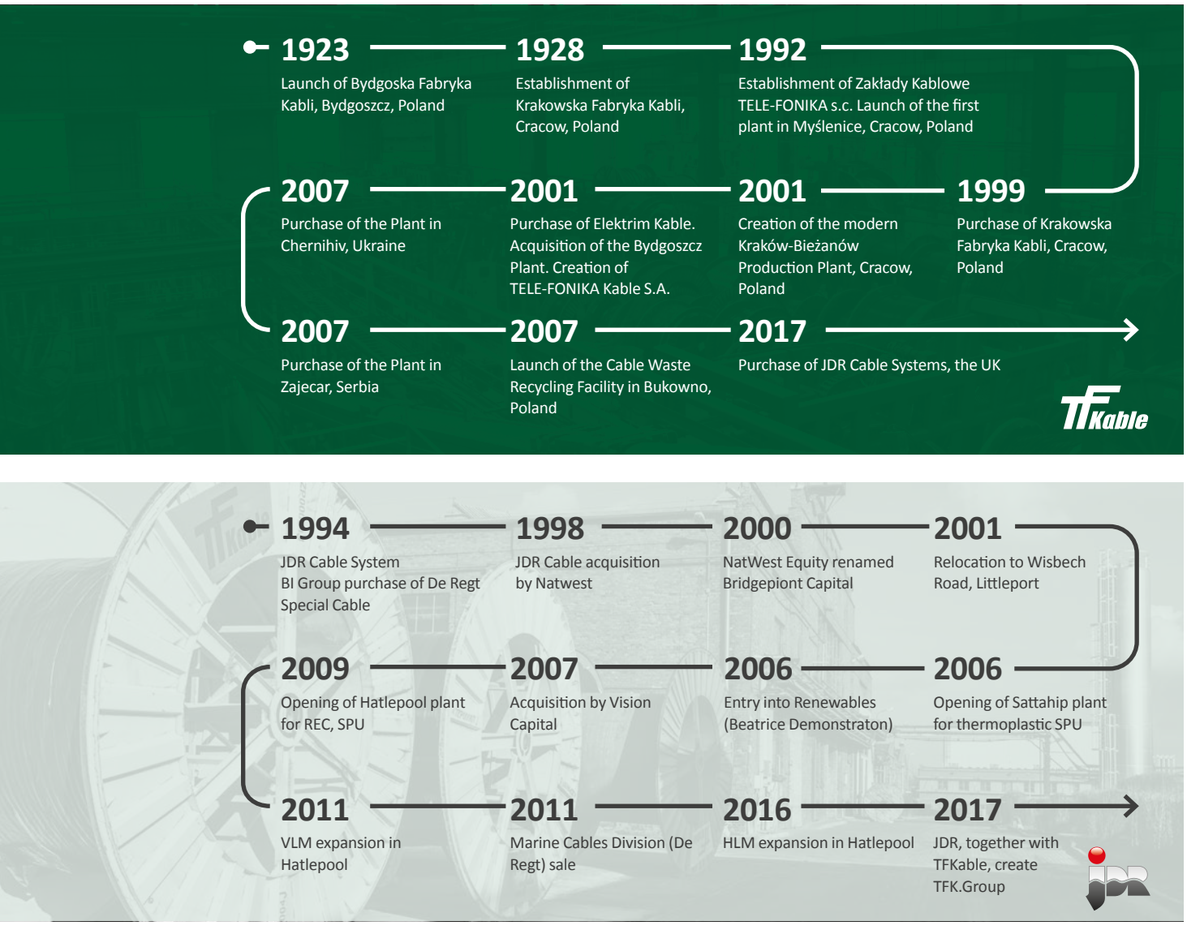
The scope of financial data presented in this report is different than in the report for 2017 due to the acquisition of JDR and resulting internal decision to standardize presentation of financial data across different means of communication.

The EUR exchange rate used in the table above is adopted in accordance with the provisions of the Accounting Act (Journal of Laws of 1994 No. 121, item 591). JDR data was not reported in Corporate Social Responsibility Report for 2017.

2.2. History and strategy

Our experience dates back to the early 20th century. TFKable started as a family business with one plant that distributed cables domestically. Our Kraków-Wielicka Plant, acquired in 1999 as Krakowska Fabryka Kabli in Poland was established in 1928, and for 60 years it served as the biggest power cable and wire manufacturing facility in Poland. Meanwhile, Bydgoska Fabryka Kabli in Poland (Bydgoszcz Cable Plant), which was purchased in 2001 thanks to the acquisition of Elektrim Kable SA, has been in operation from as early as 1923. Zakłady Kablowe TELE-FONIKA s.c. was established in 1992 in Myślenice in Poland. Driven by its strategic growth, on August 29th, 2017 TFKable acquired British company JDR – a global leader in manufacturing cables and umbilical solutions for the offshore wind energy industry as well as the oil and gas industry. The increase in assets went hand in hand with valuing the experience and skills of workers from the acquired plants. Today, TFK.Group builds on the 25 years legacy of TFKable and JDR's position on the market. It has transformed into a global leader in the cable and wire industry, contributing to the development of economies across continents.

Image 3. History of TFKable and JDR



Our strategy

Our business model creates value for customers based on further development and the use of four key company resources referred to as the **strategic development pillars.**

Table 3. Strategic development pillars of TFKable

Pillar 1 – Commodity	Development in this area involves managing business relations with numerous suppliers of TFKable to guarantee optimal raw material prices. At the same time, this should limit the risk of disruption to the supply and manufacturing process. This strategy allows for expanding the sales volume of products. Its purpose is to reinforce the position of TFKable as a leader in key markets, to increase the process efficiency and reduce cost and to maintain competitive advantage.
Pillar 2 – Special-purpose cables	Our goals in this area are focused around selective production development and sales of cables and wires to customers operating in market segments aligned with TFKable.
Pillar 3 – Comprehensive solutions	Growth in this area means continuing to manufacture and sell high and extra-high voltage cables together with accessories, as well as further cooperation with customers to whom we deliver undersea cables.
Pillar 4 – Acquisitions	Development in this area entails acquiring entities in attractive market segments, while considering geographic diversification.

2.3. Corporate governance

Corporate governance is the very foundation of the entire TFK.Group, based on our values, that include responsibility, transparency and highest ethical standards. We know, from many market examples, how easy it is to undermine even global businesses if the trust of stakeholders is broken by any shortcomings in this area. This is why we put so much focus on building stable foundations of TFK.Group and we aim to constantly improve it. More than 25 years of our global expansion is based on these principles.

Bartłomiej Zgryzek,
Treasury, M&A, Investor Relations,
Vice President, Board Member,
TELE-FONIKA Kable S.A.

We understand corporate governance as the daily operation, management and supervision of an organisation which is based on the highest corporate standards and applicable law.

The key result of our corporate governance involves sustainable, transparent and trusted relationships with employees, suppliers, partners and investors and therefore a stable environment for successful thriving on global markets.

Our mission

Our mission is to deliver high quality solutions which transmit current safely and are applied in industries that specialise in complex, challenging projects in water, underground, under the seabed or at very high temperatures. We want to contribute to the success of the most demanding projects in terms of infrastructure and technology. Our mission is best expressed by its four elements:

- **Innovative solutions designed in the cable industry.**
  We design, manufacture and supply solutions based on modern technologies. This means our products are adapted to complete cable constructions ensuring undisturbed energy supply necessary for building transmission grids.

- **Competences and experience of employees.**
  We continually invest in our employees and have done so for many years. This means that we systematically improve our qualifications and transform our knowledge into actionable expertise. Thus, we constantly improve and streamline internal processes by implementing new rules of conduct. Thanks to this emphasis on employee development, we have a strong team of competent specialists with required certificates.

- **Sustainable development.**
  The lives and health of our employees is our highest priority. Therefore, measures and procedures increasing safety are implemented and enforced at every stage of the production process. We also take care of the work-life balance of employees. We care about the environment in which we operate. We have implemented environmentally friendly technology – our cable waste recycling facility in Bukowno, Poland has the capacity to process up to 10,000 tonnes of cable waste per year, which means we recover fractions with a purity of over 99.5 %.

- **Investments raising production capacity.**
  We carry out investment and capital projects whose primary objective is to continuously improve our production potential, including the implementation of modern technologies, as well as to increase our market share through the effective use of market opportunities. Our goal is sustainable growth. It enables us to deliver a wide range of products on time, in a convenient place and at competitive prices.

Governance structure

GRI 102-18
GRI 102-19
GRI 102-22

TFKable

TFKable is a joint-stock company. According to the Code of Commercial Companies (Journal of Laws 2000 Nr 94 item 1037) this means decisions regarding company matters are made by the General Meeting of Shareholders and the Management Board. The responsibilities of these bodies are compliant with the aforementioned Code and Statute of TFKable.

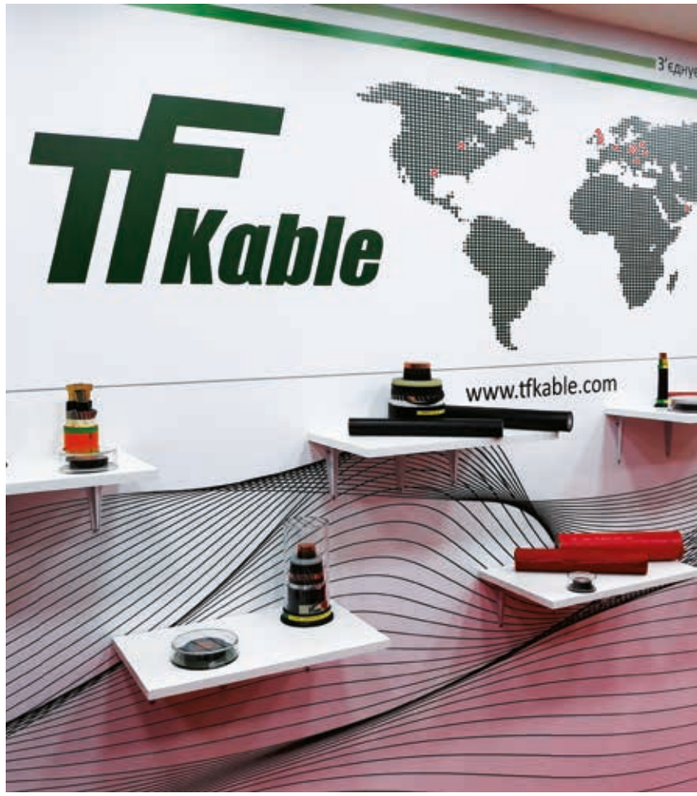
The sole shareholder and owner of TFKable (as well as JDR) is Bogusław Cupiał.

The General Meeting of Shareholders is Bogusław Cupiał as the sole shareholder and owner of the company. Its responsibilities include:
- appointing all members of the Supervisory Board, Management Board or key employees in subsidiaries,
- approving the annual budget of TFKable,
- agreeing to issue bonds and donations,
- granting consents for providing collaterals,
- accepting purchase or sale of real estate.

The Supervisory Board has permanent supervision over the activity of TFKable in all areas of its operation. Its main competences include issuing statements regarding financial statements, reports on the Management Board's activities and its decisions in the area of profit distribution. The Audit Commission is a permanent commission appointed at the Supervisory Board. Issues pertaining to the functioning of the Supervisory Board, not regulated in the Code of Commercial Companies, are specified by the Supervisory Board Code adopted at TFKable. The Supervisory Board currently consists of six men.

The Management Board of TFKable, the dominant company of TFK.Group, serves also as the Management Board of the TFK.Group. The Management Board represents the company and deals with all corporate issues. Board members are responsible for specific operational areas of TFK. Group. The Board of TFKable comprises of five people – one woman and four men.

These are:
- Chief Executive Officer,
- Board Member, Vice President, Chief Operating Officer
- Board Member, Vice President, Chief Financial Officer



- Board Member, Vice President, Treasury, M&A, Investor Relations
- Board Member, Vice President, Chief Sales Officer

Their competences, as board members, focus on:
- representation of the company in all legal matters,
- responsibility for relevant operational areas, including social and environmental issues, managed operationally in relevant departments of the company.

Issues related to the Board's operations, not regulated by the Code of Commercial Companies, including the manner of organisation and certain procedures, are specified by the internal Management Board Code.

JDR

JDR Cable Systems (Holdings) Limited and its subsidiary JDR Cable Systems Limited are governed by a **Board of Directors.** The Board of Directors is comprised of a number of the Executive Management teams of TFKable and includes the JDR **Chief Executive Officer (CEO) and JDR Chief Technology Officer (CTO).**

Reporting to the **CEO** of JDR is the JDR's **Executive Management Team,** which is assigned the relevant roles and responsibilities to operate the business.

For some elements of internal and external social responsibility, JDR Hartlepool and Littleport facilities operate **an Employee Forum.** This body has the purpose of discussing wider matters for the business and its staff.

JDR also operates **a Charity Committee** which is tasked with selecting the nominated charities for the organisation on an annual basis, and organising charity events and fund raising.

The **CEO** of JDR provides the leadership commitment to the policies of the organisation, ncluding Health & Safety, Environment, Quality, Ethics, Anti-Bribery and Corruption, as well as Privacy Policy.

The **CTO** acts as the **Compliance Officer,** and leads the organisation in the review of Anti-Bribery and Corruption Procedures, Modern Slavery Compliance, Gifts and Hospitality Register Review, and confidential whistle-blowing hotline review.

The **Data Protection Officer (DPO)** is responsible for ensuring JDR's Data Protection policies are compliant with the regulations. The DPO reports to the TFKable and JDR Boards.

Table 4. Corporate Governance Structure

The Owner of TFK.Group

TELE-FONIKA Kable S.A.	**JDR Cable Systems Ltd.**
The General Meeting of Shareholders	Board of Directors, including Chief Executive Officer (CEO) and Chief Technology Officer (CTO)
The Supervisory Board	Executive Management Team – reports to CEO
Chief Executive Officer	• Departments, including HR and environment • Employee Forum • Charity Forum
Board Member, Vice President, Chief Financial Officer Board Member, Vice President, Chief Operating Officer Board Member, Vice President, Treasury, M&A, Investor Relations	
Departments, including HR and environment	

How do we manage risk?

GRI 102-11
GRI 102-15

As a company operating on a global scale, we are influenced by on the uncertain macroeconomic situation, including increasing competition, price pressure and demand dynamics, to which we have a very limited control over. Our situation is also conditioned by other risk factors, such as: customer insolvency, changes in prices of copper and other raw materials, currency risk, legal risk, liquidity risk, changes in managerial staff or loss of assets.

Therefore, in order to ensure our primary goal – manufacturing and efficient delivery of high quality products on location and on time – we examine and diagnose risks and opportunities in key areas of our operations, especially in the distribution and energy segments.

At the foundation of our risk management process lies the precautionary principle – meaning that we do not undertake any decisions or operations without risk assessment. By risk we understand not only the risk to the company or the TFK.Group itself, but also to communities we operate in or the environment. Therefore, we make sure that precaution is the overarching goal for each decision-making process.

This approach allows us to make good business decisions i. e. ones which will enable us to continue to deliver safe, technologically advanced cables and wires, while minimising the environmental impact of our manufacturing activities, developing innovations and maintaining our position as one of the leading cable manufacturers in the European and global market.

Risk management process is the basic tool we use to continuously examine risks and opportunities and to take appropriate action. This approach consists of several stages during which we identify and assess risk, monitor it, report it and check the effectiveness of our risk reduction measures.

Image 4. Risk management process at TFK.Group

- Regarding environmental risk and labour law, we observe rules stemming from ISO 14001.
- When introducting new products, we follow industry management policies and standards which are regulated through suitable certificates and permits.

Internal management policies. We have implemented corporate governance principles based on the best market practices. Part of this process is to create and implement internal policies which regulate conduct in key areas of the company's operations, both on an ongoing basis and in operational planning. They support the risk management process.

These include: Trade Policy, Investment Policy, Procurement Policy, Dividend Policy, Credit Risk Management Policy, Liquidity and Financing Management Policy, Currency Risk Management Policy, Interest Rate Risk Management Policy or Commodity Risk Management Policy.

GRI 102-16

2.4. Ethics and values

It is not an exaggeration to say that our values and ethics are the absolute foundation for our work. When we align company rules with our personal, internal attitudes, we are motivated, committed and also minimize the risks that could come up with unethical behaviour. And we all know, that any number of internal rules and guidelines will be ineffective without a strong company culture based on values, that enables people to make the right decisions naturally.

Piotr Mirek,
Chief Operating Officer, I Vice President,
Board Member,
TELE-FONIKA Kable S.A.

Values, principles and norms of behaviour

After acquiring JDR, one of the biggest challenges we face is the coherent merging of both companies' internal cultures in a way that is enriching for both and serves TFK.Group as a whole. Despite differently formulated values in the, so far, independent entities, we share the common ground of aiming to conduct business with the highest standard of ethical behaviour.

Table 5. Values of TFK.GROUP

TFK.Group	TFKable	Reliability	This is our most important commitment. Our mission is to exceed customer expectations. We achieve this by offering reliable and efficient products, professional services and expert knowledge.
		Integrity	We always strive to act properly and in accordance with the spirit and the letter of the law. Our activity is based on long-lasting relations built on trust and mutual respect.
		Responsibility	Our activities are guided by the principles of respect for human dignity, rights and freedom, including labour rights, environmental protection, countering corruption and responsible supply chain management. We take full responsibility for our actions.
		Passion	We are passionate about doing our work. We constantly expand our knowledge and competences, we look for inspiration and creative solutions.
		Governance	We manufacture products that we are all proud of, by developing and working in world class facilities where we innovate, adapt and embrace change.
		Innovation	We work together within a safe, communicative and transparent organisation.
		Teamwork	We invest in our team to encourage personal responsibility, development, leadership and equality.
	JDR	Customer focus	We work in partnership with our customers to achieve world class results.
		Leadership	We lead by example, at all levels.
		Agility	We are responsive to the needs of our customers and their global markets.
		Ethics and integrity	Ethics is of the highest standard. Honesty, fair play and respect are at the core of our business.
		Health, safety and environment	The health and safety of our people and our partners are our priority, always.
		People	We care about our people and the communities in which we operate.
		Quality & innovation	We target reliability in everything we do. We apply our expertise to find better ways of doing things, every day.

GRI 205-2

Documents on ethics

At TFKable, the Code of Professional and Ethical Conduct serves as the main document framing our values, principles and behaviour norms for employees at all levels of the company's day-to-day operations. We strive to familiarise all employees with the Code. Those with access to a corporate e-mail account receive communications about the current version. Others can learn about it via internal message boards.

Moreover, on their first day at work, employees undergo a mandatory induction training, during which they are introduced to the Code of Professional and Ethical Conduct. The Code also ensures **a no tolerance policy on corruption and unethical behaviour** of any sort and compliance with the rules of **non-discriminatory selection and treatment of contractors.**

The Code of Professional and Ethical Conduct adopted at TFKable forbids any forms of retaliation against employees who reported suspected or actual infringement/abuse.

JDR's Code of Ethics and its supporting policies applies to everyone working for and with JDR including full time and part time employees, temporary staff and those who conduct business on our behalf. We are also committed to working only with third parties whose standards are consistent with our own. This includes customers, contractors, suppliers, partners and agents.

JDR's Code of Ethics regulates working relationships, health and safety and human rights rules on respecting the environment and communities, engaging in and supporting political activities as well as management of information and company's property.

Standards for work relations

Both TFKable and JDR work relations are subject to strict ethical standards. Our employment policy is driven by respect for every employee, protection of human rights and creation of a work environment in which everyone feels valued with equal opportunities for all. We behave towards each other with integrity, honesty, courtesy, consideration, respect and dignity. We are committed to helping our employees achieve their best.

Our fundamental rules on work relations include:

- **equal opportunity and diversity** of employees regardless of skin colour, race, nationality, origin, disability, sexual orientation, religious beliefs, gender, age, and membership in any unions; this principle applies in recruitment, employment, training, promotion, and other employment procedures that are in place. The opportunity for advancement is based only on objective considerations such as performance, ability and aptitude. Every superior employee is obliged to ensure that any and all acts of discrimination are avoided;
- **personal dignity and the right to privacy;**
- **no tolerance for forbidden behaviours** towards employees, e.g. harassment, bullying, abuse, discrimination, coercion, threat, insult, exploitation. Harassment and bullying refer to any action or behaviour that any individual or group finds unwelcome, humiliating, threatening, violent, hostile or discriminatory. Employees should be particularly sensitive to actions that may be acceptable in one culture but not in another. Discrimination means treating a certain person or group based on factors such as age, race, religion, national or ethnic origin, sexual orientation, marital status, disability unrelated to the task in hand, union membership or political affiliation;
- **statutory minimum wage;**
- conformance with the general regulations on the **work time,** in line with the laws;
- **ban on child labour,** in line with the laws;
- **appropriate working conditions** according to fire safety and occupational health and safety regulations.

GRI 102-17
GRI 205-3

Reporting misconducts

TFKable has internal mechanisms for reporting both misconducts as well as concerns. By "misconduct" we understand unethical and/or illegal activities. Mechanisms which TFKable employees can use, include, but are not limited to:

- leaving messages in a contact box available at each plant; they are administered by the Human Resources and Administration Department;
- sending messages to kadry@tfkable.pl;
- reporting misconducts/concerns to trade unions;
- referring to regulations included in the Internal Anti-harassment Policy, whose purpose is to counter violence and discrimination in the Group's daily conduct. An employee who considers themselves the subject of harassment, may report this fact orally, in writing or by e-mail as a complaint to the Director of Human Resources or directly to the Management Board. Complaints may be filed by every employee who believes that somebody has been harassed;
- possibility of filing formal complaints and requests. The procedure pertaining to submitting and examining complaints is possible thanks to tools for internal communication. Reported doubts are treated as confidential matters. Only those involved in a given case have access to information about the process of verifying reports of unethical or unlawful conduct. The Head of Human Resources and Administration is responsible for the proper functioning of the reporting mechanisms.

No cases of corruption were registered in 2018.

At JDR, if a person has a serious concern that something may not be consistent with our Code or any of our policies then it is important that they speak up. All issues raised will be treated seriously and with confidence. We will follow them up and, wherever possible, report back to the person who voiced them. To report a concern non-JDR employees should contact our Littleport HQ and ask to speak to the personal assistant to the Chief Financial & Compliance Officer. JDR staff has access to a confidential reporting service – by telephone and online.

Advice on ethical matters

GRI 102-17

TFKable has internal mechanisms in place that enable employees to obtain information on ethical and legal behaviour and corporate integrity issues. In case of doubt, employees and other personnel may submit remarks and requests for information and interventions to independent trade unions operating within the company.

The manner in which a company employee can obtain assistance from trade unions is determined in the Complaints Procedure. All requests for information are treated with confidentiality.

Regulating various ethical issues in the company's day-to-day operations is the responsibility of employees from the Human Resources and Administration Department, and the Quality Department.

Anti-bribery and anti-corruption policies

Both TFKable and JDR operate under strict "no tolerance for bribery and corruption in all its forms" policy, according to internal norms and standards, as well as common laws in both Poland and UK. However, TFKable is in the process of preparing to implement a formal, systematic anticorruption policy, based on the best corporate practices as well as inspiration and example coming from JDR, that has an anti-corruption policy written and published on its website.

The JDR Anti-bribery and Corruption Policy sets out our anti-bribery and corruption rules and what is expected of employees and third parties representing or dealing with JDR and also:

- explains how to understand and recognize bribery and corruption,
- presents company's commitment towards preventing bribery,
- explains specific areas of risk,
- points out at trainings on preventing bribery and corruption, provided in JDR,
- explains rules for avoiding risks when using entertainment and hospitality,
- warns against possible disciplinary action,
- sets rules for raising a concern.

GRI 412-3
GRI 414-1

Social and human rights screening of suppliers

Both TFKable and JDR operate under the rule that wherever we work in the world, we will ensure that we do not exploit anyone. We uphold the rights of all those who work for or with us, and of the communities in which we operate. This means refusing to do business with any individual, company or organisation that fails to uphold the standards and principles of basic human rights.
We are committed to:

- supporting the principles set out in the United Nations Declaration of Human Rights,
- supporting the International Labour Organisation's standards regarding child labour and minimum wage,
- complying with national legal requirements regarding minimum wages and working hours.

Modern Slavery Statement

Both TFKable and JDR are committed to ensuring that the human rights of people that work with us and those working within our supply chains are protected. We do not tolerate any forms of slavery or human trafficking in our business and supply chain. We are committed to playing our part in eradicating all forms of modern slavery and human trafficking. We are currently in the process of implementing a Modern Slavery plan. The plan includes adopting a Modern Slavery Policy, updating our terms and conditions of purchase, providing training to key suppliers and relevant JDR departments, and carrying out a due diligence process on all of our suppliers, no matter status or size.

Significant investment agreements and contracts regarding human rights

GRI 412-3
GRI 414-1

At TFKable, one of the suppliers' evaluation criteria is the supplier's self-assessment survey that includes an "Ethics" part, which we send once a year to all our suppliers from the List of Accepted Suppliers. In addition, the topic of ethics is discussed during internal audits at suppliers. This questionnaire is also filled out by the potential supplier and sent back to TFKable. We have implemented the General Data Protection Regulation.

Relationship with customers, suppliers and ther stakeholders

We treat our customers, suppliers and other third parties with integrity and professionalism at all times. We are committed to working only with third parties whose own standards are consistent with our own. Third parties are entitled to expect of us the same standards of conduct that we expect of our colleagues and others.

We will select people and organisations based only on a fair and objective process. We will work with them to resolve disputes at an early stage and take on work from customers based on a clear understanding of what is required, where we are demonstrably competent and can add value.

Sustainability

Key data & facts

Our cables are recognised by customers in more than 80 countries on six continents, making TFK.Group a part of the global energy ecosystem. We are aware that as a globally conscious company we should be a partner to the natural environment of the planet. This is especially true for local ecosystems, located at the core of our operations. We aim at growing at a stable pace, achieving a lasting competitive market advantage based on sustainable growth and maintaining a high level of solutions and products delivered to our clients. With all this in mind, we want to impact the future of the industry and support the idea of sustainable development in the cable manufacturing industry.

In our view, quality is not limited to the products we manufacture. Quality is determined by safety, the best raw materials and minimizing negative impacts on the environment. For this reason, a crucial piece of strategy for TFK.Group is accounting for the influence our activities have on the natural environment. When implementing new manufacturing and business solutions, we always select the ones that are beneficial to us and at the same time exert the least pressure on the environment.

Piotr Mirek
Vice President,
Director of Bydgoszcz Plant,
TELE-FONIKA Kable S.A.

We have a
Conflict Mineral Policy
in place

Since 2012 JDR raised almost
115,950 EUR *
for local charities

Kabel Team Runner's Club
participated in over
30
running events

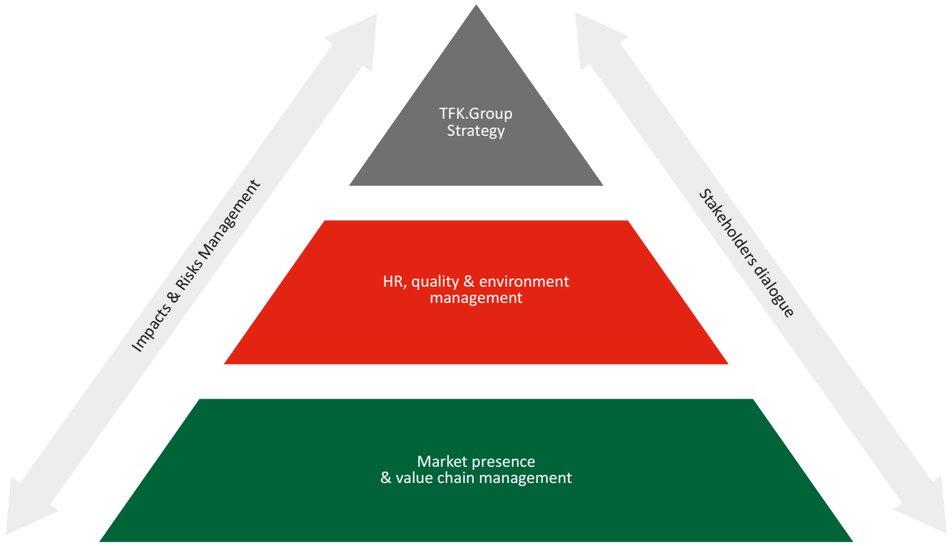
*The EUR exchange rate used is as of December 31st of the reporting year as provided by Bank of England.

GRI 103-1
GRI 103-3

3.1. Sustainability management

We are aware of the great responsibility towards our employees, customers and suppliers that comes with business success. Our operations are performed with respect for the environment and communities in which we operate. We know that all our activities need to be taken into account when talking about sustainability and having friendly relations with our stakeholders. We regularly meet with our partners in order to identify both their needs and those of the local communities. We ensure that values of all stakeholders are respected and their needs are considered. We monitor our impacts in key areas and react accordingly to mitigate risks, create improvements and seize opportunities to improve. Grounding our focus on micro actions we take each day as well as large sustainability initiatives allows us to consistently strive toward a better future.

Image 5. Sustainability management in TFK.Group



Growing together

Our goal is to deliver sustainable growth and use sustainable development to achieve a permanent market advantage. Therefore, an integral part of our strategy is developing TFK.Group and ensuring that we supply our customers with high quality products. This entails acknowledging the social and environmental impact of our activities. When introducing new solutions in the production and business aspects, we always choose solutions that combine utmost benefits with the least possible environmental pressure.

Employees are our greatest asset. Our concern for long-term relationships with our employees is reflected in the implementation and execution of standards and procedures that guarantee their safety and respect for workers' rights.

In the following chapters, we describe our sustainability management approach in our value chain. This means management of factors such as risk, environment, quality and human resources as well as a dialogue with our stakeholders, our presence on the market and our supply chain.

3.2. Impacts and risks

GRI 102-15

We operate in a complex environment, with our company's results impacted by macroeconomic events, as well as changing legal regulations, labour market changes, customer behaviour and our competition. Key factors, that influence our operations, are:

Megatrends

1. **Macroeconomic factors** – changes in GDP and interest rates, access to loans, cost of raw materials and the general level of power consumption that determine levels of investment.
2. **Geopolitical factors** – the economic and political situation in some regions of the world can cause instability disrupting smooth business operations (e.g. Brexit).
3. **Urbanisation & Smart cities** – an increasing demand for SMART urban infrastructure and aging energy infrastructure and at the same time demands for flexibility and new solutions.
4. **Energy revolution** – a need for diversification of energy sources, smart grids, and decrease in energy production costs followed by increased regulation requires a new approach towards product innovation.

Financial risks

1. **Climate change and low-carbon strategy** – financial risks due to increased regulations and pressure on product and process improvements.
2. **Cost and availability of raw materials** – depletion of non-renewable raw material sources and increasing purchase costs.
3. **Transparency and investor expectations** – demand for reporting and open communication.
4. **Environmental regulations** – legal and compliance risks resulting from fines and fees.

Operational risks

1. **Technology obsolescence** – increased need for cutting-edge technologies and solutions.
2. **Quality** – product defects risk.
3. **Suppliers** – risk related to labour rights violations and/or environmental and quality standards compliance which requires additional actions e.g. supplier and projects audits.
4. **External and internal fraud** – human factor risk managed by Code of Conduct procedures.
5. **Health and safety** – standards and procedures put in place to monitor and secure safety.

GRI 102-9
GRI 102-10

3.3. Supply chain

TFK.Group implements a strategic approach to supply chain management based on key objectives that secure safety, quality and timely delivery. The strategic management of the supply chain is based on the following principles:

- safety and quality,
- supplier risk assessment,
- identification of critical suppliers, commodities and materials,
- supplier management and performance evaluation,
- maintaining security and longevity of supply.

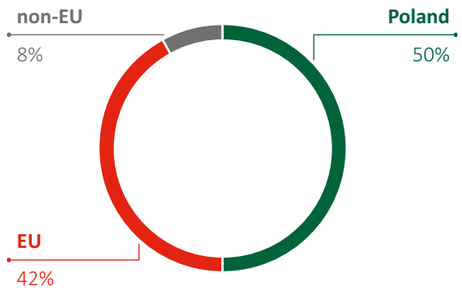
Our suppliers

TFKable uses segmentation of our suppliers and divides them into material groups. Our main goal in the purchasing process is to obtain the best possible raw materials that are copper, aluminium rods, and rubber. Their unique properties often determine the safety and reliability of cables and wires. The most important material groups include metals, which constitute more than 70% of the value of all raw material purchases.

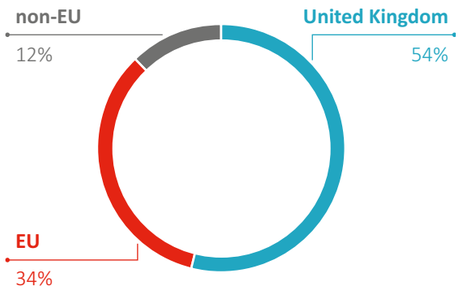
JDR relies on key commodities and materials to support manufacture and delivery across a diverse and complex range of deliverables. These include completed power cores, sheathed fibre optics, electrical cables and a large range of Power Cable and Umbilical bespoke terminations, fittings, connectors and accessories. JDR also manages supply of raw materials including aramid, galvanised steel wire, thermoplastic based materials, copper materials for cable production and various rope and roving materials.

Image 6. Geographical breakdown of raw material purchases

TFKable



JDR



Control measures

As a large-scale manufacturer TFK.Group sources materials from various locations and multiple suppliers. In order to reduce production downtime risk and ensure the desired quality of purchased raw materials, we aim at diversifying our supplier base and continuously expand it. At the same time, we focus on regular cooperation with proven suppliers.

At TFKable we created an internal list of qualified suppliers which is constantly revised. As in previous years, the number of accepted suppliers in the official register varies between 140 and 160. An important objective of our Procurement Department's purchasing policy is to limit purchasing risk, therefore we collaborate directly with raw material manufacturers.

Image 7. Supplier selection, evaluation and audit process

The key elements of secure and effective cooperation with suppliers at TFKable from a risk perspective are three steps in the process – supplier selection, quality evaluation and audit.

Selection

We have established precise criteria for suppliers divided into 5 categories, each having to comply with strictly determined requirements: suppliers of direct manufacturing materials, indirect manufacturing materials, automotive production materials, auxiliary materials and general purpose materials.

Quality evaluation

The Procurement Department creates and analyses a rating list of suppliers twice a year and once a year for non-primary components. Parameters such as timeliness of delivery, selected ISO certification, self-assessment survey, REACH compliance declarations, supply quality and general evaluation of cooperation are taken into account.

Audit

Suppliers of primary production components who fulfill all requirements are audited every five years and those who received complaints within last 2 years are audited every 2 years. In 2018 we have audited 10 suppliers.

As we strive to provide quality in all areas, at JDR we have implemented the following specific control measures:

- we only use qualified suppliers,
- supplier Health and Safety is reviewed and monitored to secure a safe supply chain,
- suppliers are validated for financial health and risk,
- supplier ongoing assessment is graded in terms of material value and risk,
- we only use materials that have been technically qualified and approved for supply,
- we develop strategies for key suppliers or commodities that guarantee secure supply and availability through forecast demand,
- management of on-time delivery, measured against business set metrics,
- we audit suppliers to make sure that they comply with all requirements.

Human rights

TFK.Group is committed to ensuring that the human rights of those people that work with us and those working within our supply chains are protected. We do not tolerate any forms of slavery or human trafficking in our business and in our supply chain. We've implemented a Modern Slavery plan – both TFKable and JDR have adopted an Anti-Modern Slavery and Human Trafficking Policy, updating our terms and conditions of purchase and annually carrying out a due diligence process on our suppliers. The Policy is coherent with our Integrated Management System based on ISO standards.

The Conflict Minerals policy is among the most important ones for TFKable due to use of tin in some products. Its' main assumption is that we do not buy tin from regions where are armed conflicts. Some of the raw materials used by the industry have their global production concentrated in such areas e.g. in the Democratic Republic of Congo and neighbouring countries, where extraction is linked to illegal activities and human rights violations. For this reason, we require all our tin suppliers to declare their sources up to refinery level. Based on this principle we only work with companies that can confirm legality of their sources. This way we are able to strive towards more transparent business ethics and social responsibility throughout the entire supply chain.

3.4. Our stakeholders

Relations with stakeholders are a key matter for the TFK.Group. Good relations secure our current position and ensure future growth. We understand that involving them in our processes, having an open dialogue and building on their experience will help us all grow as partners and help expand the value of TFK.Group. For this reason identifying and listening to needs and opinions of our stakeholders is crucial for effective management. It is also a key factor in our relations and creating a source of knowledge to further create value for our customers.

Stakeholder dialogue

GRI 102-42
GRI 102-43
GRI 102-47

At TFK.Group we value responsible communication with all of our stakeholders and although we do not have separate policies in this area, employees are required to follow good practices.

We make every effort to ensure that our communication is:

- reliable – provides compreh ensive information embedded in context,
- honest – does not mislead the recipient,
- adequate – is tailored to the recipients,
- ethical – conforms with standards of business communication (eg. does not disclose the trade secrets of our partners and suppliers),
- non-discriminatory – respects human dignity and does not incite or condone any form of discrimination, including that based upon race, national origin, religion, gender, age, disability or sexual orientation,
- legal – does not violate the law (e.g. in the field of personal data management).

We actively initiate and maintain dialogue with our social and market environment. The form and frequency of this dialogue depends on the needs and priorities of a given group of stakeholders. We regularly meet partners in order to identify their needs and those of the local communities and develop a programme which is suitable and satisfying for the partners and TFK.Group. With effective and satisfactory communication in mind, we build durable, trust-based stakeholder relations. For example:

- we regularly check the satisfaction level of customers,
- we regularly exchange information with market players through our webpages in line with the adopted Information Policy,
- we meet with regulators, inspection and monitoring organisations and the European Bank for Reconstruction and Development,
- we hold dialogue meetings with employees directly and through trade union.

At the end of 2017 we met with our stakeholders to talk about their needs and expectations. We identified issues crucial to the TFK.Group through a dialogue with internal and external groups of interest. We surveyed our employees and customers. All issues suggested in the survey were considered important by 316 respondents, including 282 employees of TFKable and scored above 3.5 on a five-degree scale. We held a validation workshop with representatives of TFKable management. Then we confirmed the final list of priority issues which was included in the previous sustainability report. In order to maintain reporting continuity in the current year, we verified whether any are still valid for 2018 and therefore we refer to them yet again in the current report.

GRI 102-40

Stakeholder groups

Identifying and prioritising our stakeholders is crucial for good relation management. This approach allows us to develop relationship building strategies for further sustainable growth of the TFK.Group in line with its principles. These exchanges enable us to better focus on our most important business goals with positive outcomes for all our stakeholders.

Below is a map of stakeholder groups with the biggest impact on TFK.Group.

Image 8. Map of stakeholders

GRI 102-44

Key topics and concerns raised by groups of stakeholders

Competition

- Benchmarking
- Price competition
- "Monitoring" solutions, technology, etc.
- Competition for skilled workers, customers, materials, investment

Carriers

- Long-term cooperation
- Timely payments
- Regular shipments
- Good communication
- Fixed contracts with quality guarantees

Research institutions higher education facilities, schools

- Reliable data and information
- Partnership in projects and initiatives
- Sponsorship and funding

Opinion centres and industry

- Industry development
- Reliable data and information
- Partnership in projects and initiatives
- Open communication

Public administration/EU

- Reporting
- Legislative compliance
- Supporting renewables and energy decarbonisation

Certification units

- Complying with ISO and OHSAS system requirements
- Complying with requirements for certified products

Financing institutions

- Complying to requirements
- Reporting
- Strategic investment – opportunity/risk
- EBRD – environmental clauses

Local communities

- Legislative compliance
- Nuisance free
- Aesthetic plant surroundings

Local authorities

- Complying to requirements
- Influx of local investment and jobs
- Represent local community

Unions

- Holding consultations, arrangement
- Providing information

Suppliers

- Long-term cooperation
- Defined rules of cooperation
- Planning deliveries
- Competitive price and quick payments possible payment deadlines
- Longest possible delivery deadlines
- Flexible delivery deadlines
- Timely due payments

Clients

- Quality of products and packaging
- Pricing
- Availability
- On-time delivery
- Shorter delivery times
- Meeting requirements
- Full product information
- Service quality and speed
- Sales representative visits with clients
- Product training
- Smaller minimum production

Shareholders

- Stable profit, growth
- Stable operations
- Market prosperity
- Advancing into new markets
- ROI / investment raising

Employees

- Good work environment
- Attractive salary
- Motivation, recognition
- Increasing qualifications
- Stable employment
- Clearly defined tasks and duties

GRI 102-12
GRI 102-13

TFK.Group in the industry

We are a member of 30 associations and industry organisations. In many of them we participate in the meetings and events, we carry out presentations during conferences or we are a member of working committees or strategic streams. Some of these are listed below:

EUROPACABLE
The largest industry association that gathers the largest cable manufacturer. The CEO of TELE-FONIKA Kable S.A. Monika Cupiał-Zgryzek is the Vice President of Europacable. We are engaged in works of the following commissions of the association: Europacable General, Digital (telecom & data), Energy, Industry, HSE (Health, Safety & Environment) and Communication.

International Cablemakers Federation
Represents most of the global manufacturing capacity of the Wire & Cable Industry.

WindEurope
WindEurope is the voice of the wind industry, actively promoting wind power in Europe and worldwide.

American Wind Energy Association
The national trade association for the U.S. wind industry. With thousands of wind industry members and wind policy advocates, AWEA promotes wind energy as a clean source of electricity for American consumers.

PIGE, i.e. Polish Economic Chamber of Electrotechnics.
We are an active member of the quality and e-mobility teams. A representative of TELE-FONIKA Kable S.A. serves as member of the Board.

British Cable Makers Association
The UK trade association for manufacturers of insulated metallic and fibre optic cables, wires and their accessories.

EEEGR (the East of England Energy Group)
EEEGR's mission is to be the source of new opportunities and knowledge to enable member companies to strategically grow their businesses.

NOF Energy
A not for profit organisation helping to make valuable connections between businesses in the global energy sector.

The Polish Wind Energy Association
An organisation supporting and promoting the development of wind energy, whose aim is to create favourable conditions for investing in wind energy in Poland and to systematically increase the use of wind energy as a clean source of electricity generation.

British Polish Chamber of Commerce
BPCC provides business information, trade and investment support of the very highest level to its members and clients across Poland and the UK. The BPCC's policy groups work to create a better business environment in Poland by regularly meeting with public sector bodies.

Industry events

Table 6. Selected conferences, workshops, fairs and seminars

GRI 102-12

Europe

- Offshore Wind Energy Market Conference in Serock, Poland
- Association of Polish Electrical Engineers Conference, Poland
- ICHVE 2018 in Athens (2018 IEEE International Conference on High Voltage Engineering and Application), Greece
- BEIF 2018 in Warsaw (Baltic Energy Industry Forum), Poland
- SähköTeleValoAv, Finland
- WindEnergy in Hamburg, Germany
- Substation Safety Conference & Expo 2018 in Dublin, Ireland
- InfraRail in London, the UK
- Energetab, Poland
- ENERGETICS in Lublin, Poland
- PSEW Conference, Poland
- Baltic Energy Forum in Warsaw, Poland
- KABEL Conference, Poland
- Global Offshore Wind Exhibition in London, the UK
- Scottish Renewables Exhibition & Conference in Glasgow, the UK
- Offshore Wind Cabling in Bremen, Germany

North America

- NECA Renewable Energy Conference in Massachusetts, the US
- Advanced Cable North America in Atlanta
- Subsea Tieback in Houston, the US
- Offshore Wind Network at Princeton, New Jersey, the US
- CIM 2018 Convention and EXPO, the US
- Live Design International (LDI), the US
- POWER-GEN International, the US

South America

- EXPOMIN, Peru

Africa & Middle East

- Middle East Electricity, the UAE
- Electra Mining Africa, South Africa
- Offshore Well Intervention Workshop & Conference in East Africa, Ghana

TFK.Group educates the industry with Akademia TFKable - a series of lectures and seminars that help us achieve the following goals:

- expand our employees' knowledge,
- better identify the needs of our clients,
- improve our customer service,
- announce new products and product changes,
- prepare a knowledge base for new employees,
- increase our appeal as an employer,
- create a new model – a learning organization.

Each training is concluded with a test of what the participants have learned and a survey where they can leave an evaluation. Participants receive certificates after completing each series of trainings. We held seven seminars in 2018, and twelve sessions are planned for 2019.

ACADEMY | TFK. Group

3.5. Local communities

GRI 413-1

We are aware that our operations impact the direct vicinity of our production plants. This is why we respect the local communities around us and will listen to any concerns in order to support them. We make appropriate contributions to those communities, extend our efforts to help charities, sponsor events and motivate our employees to engage with them outside the work environment.

Charity

At TFK.Group, along with our employees, we want to support local communities and individuals in less fortunate circumstances. This is why, at TFKable, we raise funds for organisations that have a long-standing experience in providing such support, namely Caritas and Szlachetna Paczka. Since 2012 JDR has also focussed on aiding small and medium sized local charities.

In 2018 we supported the following organisations:

Caritas – an international Catholic organisation serving people across the globe. In Poland its main activities focus on volunteer work and material aid for people in need. It supports local and foreign causes;

Szlachetna Paczka – a Polish charity with the goal of providing material and psychological aid to individuals and families in difficult life situations. This is done through targeted volunteer work and the help of individual and corporate donors;

Daisy Chain – based close to one of JDR's plants, Daisy Chain helps children and adults affected by autism. It provides a haven for individuals and advice and support to their families.

We organise regular charity events to support causes that are close to our hearts, mainly concerning issues in the vicinity our facilities. In 2018 during events initiated by employees of TFKable we collected a total of 1,193.00 EUR* for Caritas and Szlachetna Paczka.

JDR, also organises an annual ball where we raise funds for a different local charity. The event is filled with fun activities for our guests. In previous years it has included "Dream Rides" in luxury cars,an auction, a live band and a firework display. Our aim is to support small to medium sized organisations which can benefit from our support. Selecting an organisation to support involves a number of important factors, including: alignment with our vision and values and mutual benefit of the collaboration. In 2018, we raised 12,263.9 EUR* for Daisy Chain. Since the beginning of our charity support seven years ago, JDR has raised **115,619.7 EUR***

*The EUR exchange rate used is as of December 31st of the reporting year as provided by Narodowy Bank Polski and Bank of England.

Sport

At TFK.Group we want to support our employees in maintaining the best possible work-life balance. We are happy that our employees share a passion for physical activity outside the work environment and that they want to be healthy and fit. We support their engagement in participation in sporting events.

JDR encourages its employees to participate in sports event by linking them with charity. Charity Cycle Challenge – Steve Burn's C2C in 1 day – took place in June 2018. Steve was raising money for charity by doing something that normally takes 3 days. His route from Workington to Roker C2C was about 119miles, with some 6476 feet of hills to climb. The funds collected at this event were contributed to Daisy Chain Project Teesside to support families affected by autism.

Kabel Team Runner's Club

TFKable is proudly represented by Kabel Team Runner's Club - a group of active employees who participate in various sports events across Poland.

Goals of Kabel Team Runner's Club include:

- reputable representation of the brand in sports competitions,
- increasing the level of physical fitness and care for the health of employees,
- promoting running as the most accessible form of sport,
- encouraging running and helping with the right training,
- organising trips to running events.

In 2018, members of Kabel Team Runner's Club ran marathons, triathlons, duathlons and participated in weightlifting events and over 30 running events, such as the CITY TRIAL in 2018. They also attended other sporting events such as European Powerlifting Championship. Another group of our fit employees participated in Runmageddon and another group formed a Fishing Club. We are very happy to support our wonderful team in winning several medals and cups at local and European sports competitions.

Volunteer work

Firefighters

The Voluntary Fire Brigade was created as part of a workers initiative following a plant fire in Bydgoszcz, Poland, in 1927. In September 1939, during the Second World War, firefighters and workers evacuated equipment and machines to the capital. They also defended Warsaw by tackling various fires which occurred.

Currently, the Brigade consists of 18 firefighters, men and women, some with over 30 years of experience. Authorised to participate directly in rescuing and firefighting activities, part of the brigade is especially trained in technical rescue. Our firefighters supervise firefighting equipment and escape routes plus much more. They clean roofs, remove icicles and clean gutters during and after natural disasters, such as storms or snow storms. They are a key element of many activities, including training, hosted both for our employees and the local community. They proudly host delegations of foreign units and they represent the company in sports tournaments (indoor football, firefighter championships in adult and youth categories) in Poland and abroad and have received numerous medals and awards for their achievements.

Our clients

Key data & facts

As a world leader in the cable business, where we are recognised by customers in more than 80 countries, our goal is to go beyond our customers' expectations. We pay close attention to the demands of technology users and we are responsive to the needs of our customers and the global markets. We constantly improve and update our processes, implement new codes of conduct, and ensure our experts are equipped with the appropriate competences, permits and certifications.

We collaborate with our customers to engineer products and provide services for the success of their projects. We partner with them to achieve world class results. We build our business on long lasting relationships founded on trust and conduct business with the highest degree of integrity.

The Queen's Award of Enterprise

The Queen's Awards for Enterprise are awarded to British businesses and organizations for outstanding achievements in the categories of: innovation, international trade, sustainable development, promoting opportunity through social mobility. It is the highest UK awards for British businesses.

JDR was awarded its second Queen's Award for Enterprise in International Trade in 2014. The Award recognises JDR's substantial growth and is valid from 2014 till April 2019. JDR now exports over 80% of its output and delivers this impressive performance by growing business for existing products and services, venturing into new markets and investing in next generation technology development.

381
quality certificates granted by 34 certifying centres

561
Kaizen ideas submitted at TFKable in 2018

186
number of Continuous Improvement Forms at JDR

Introduction of
400 kV
cables onto power sector in 2018

100%
Construction Products Regulation (CPR) requirement are met

The modern
Fire Testing Labortory
in place at TFKable

4.1. Products and services

We owe our position as the cable and wire industry leader to our long history of products and services. This legacy motivates us to grow and develop our market advantage. We achieve this goal by investing in innovation and quality assurance across our operations. We fully comply with all standards relevant to our business activities and aim to exceed expectations to an in-demand business partner.

Jarosław Romanowski
Board Member, Vice President,
Chief Financial Officer,
TELE-FONIKA Kable S.A.

TFK.Group offers circa 25,000 types of cables and wires. Below is a list of our main product types:

- TFKable manufactures:
  - low voltage cables,
  - medium and high voltage cables
  - building and flexible wires
  - mining wires
  - telecomuniction and control cables
  - fibre optic cables
- JDR's cable production covers:
  - subsea power cables used in offshore wind farms,
  - subsea production umbilicals used in the Oil&Gas industry,
  - Intervention Workover Control Systems (IWOCS).

Our capabilities

TFK.Group works closely with clients to create innovative product and service solutions for various industries and individual projects. We maintain a dynamic and flexible approach to develop the most effective solutions in response to market demands.

Working alongside customers to solve complex challenges, TFKable operates at the forefront of various technology fields. Our knowledge and technical infrastructure enable us to engineer products that operate reliably in diverse environments. We are able to develop technological solutions ahead of future requirements of various industries and create products for specialised applications.

Our manufacturing facilities are strategically located to deliver high-quality products to global markets. We ensure that our cables and wires meet and exceed the standards required in all the markets we cover with our services. This way we are certain that we are offering the best value to our clients.

JDR's team of specialist engineers is experienced in all aspects of development for cables and wires. They design custom-configured products to the requirements of individual projects, integrating standard proven and qualified sub-components to reduce the client's overall project risk. This enables us to deliver cost-effective and reliable products that exceed international standards.

We support customers from project installation, to final site commissioning, with full product lifecycle support. JDR's Product and Installation Services division offers offshore installation and maintenance. The division has a network of experienced and certified technicians and service support facilities, available 24/7 to manage customer projects, for JDR and non-JDR products, onshore or offshore.

Markets served

TFKable

TFKable has been designing, manufacturing and delivering cables, wires and cable systems for a wide range of applications in diverse industries for nearly 100 years and our entire product range is characterised by remarkably high durability. Our customers operate within modern and technologically advanced sectors. The products are designed to withstand extremely long operation times and harsh conditions and meet our customers' requirements.

Mining and tunnels

We are Poland's leading manufacturer of mining wires and cables, and one of the largest in the world. Our cables are used in the coal, lignite, copper, and salt industries, as well as other ores. We have several different continuous production lines for mining conduits and cables, including vulcanisation, twisting, braiding and a full range of research and quality assurance equipment.

GRI 102-6
GRI 103-1

Construction

Our construction cables and wires are designed for general purpose applications, such as providing power to residential, industrial and commercial areas, powering machines and heating and more. They are recognised among distributors and installers worldwide.

Our products are designed to meet even the most stringent safety requirements. In addition to the standard electrical tests, cables for the construction industry are verified in terms of resistance to twisting, bending, hitting, working at low temperatures and a variety of other tests depending on the application and customer requirements.

High voltage (HV) & extra high voltage (EHV) systems

Transmission of electricity in high voltage (36-150 kV) and extra high voltage (220-500 kV) networks has always been the biggest challenge, requiring the application of the most advanced technological solutions. Due to their nature and, importance for the economy, particularly restrictive requirements regarding trouble-free and economical operation are imposed on HV and EHV transmission networks. These requirements are the driving force behind the changes in the technology of production of cables, setting new trends and standards on the market. TFKable is among a small group of reputable suppliers of such systems.

Industry

Our products are used in all sectors and industries. Our cables have a wide range of applications from powering machinery and equipment in factories and mines to powering devices requiring high power or designed through working in hostile conditions to households and public building applications. All our products are subjected to continuous quality control and have gained the approval of the largest standardisation authorities in Poland and in the world.

Automotive industry

We offer a wide range of cables and conduits, from power cables and conduits, through conduits for data transmission, to very complex control cables with the highest mechanical resistance for the automotive industry. Our products are resistant to increased temperatures, moisture, fire and various types of chemical agents. We have many years of experience in the production of automotive cables, and our proposed design solutions are adjusted to the requirements of our customers.

Renewable Energy

TFKable has over 20 years' experience in the production of specialist cables for wind energy generation. Our leading position is the result of continuous research, development and modernisation of machines, combined with the use of high-quality materials. We offer high and medium voltage conduits and cables and controlling/optical cables (to transmit data and ensure safety), which are used in the construction and operation of coastal and onshore wind farms. We also offer cables and conduits for solar technology.

Power engineering

We provide cables for the power engineering sector in the following product groups: low voltage power cables of up to 1 kV, medium voltage power cables from 6/10 kV to 18/30 kV, high voltage power cables from 36 to 150 kV, extra high voltage power cables from 220 to 500 kV, power cables for overhead lines and power cables of 450/750 V. Our experience and quality are verified by continuous deliveries for energy corporations.

Telecommunication

Telecommunication is a rapidly growing branch of the economy, which requires our specialists to continually broaden their knowledge and stay up-to-date with current standards. We make every effort to ensure that our products are approved by our customers, and high-quality control standards guarantee that the products meet the requirements of certifying authorities. Our product portfolio includes various designs of telecommunication cables for traditional and modern broadband transmission systems. In addition to copper telecommunication cables, teleinformation cables of 5e and 6 categories, and fibre optic cables of different types (ADSS, reinforced cables, with protection against rodents, microcables) up to 432 fibres and telecommunication cables used in the mining and shipbuilding industries.

Shipbuilding Industry

Vessel cables are one of the key products in our shipbuilding industry portfolio. We have been offering this type of cable since the beginning of the 1990s. Experience gathered from relationships with European and Far-Eastern shipyards has resulted in the development of light and compact cables with high flexibility for easy installation in tight spaces.

Operational safety of the cables in the extreme maritime conditions is another very important aspect. Therefore, all existing cables have halogen-free covers which do not spread flames and do not emit harmful gases during fires. We also offer fire resistant cables, ensuring long-lasting operation of safety circuits under fire conditions.

Welding industry

Welding cables and wires offered by TFKable are produced in compliance with all quality standards granted by reputable certification bodies. Our products are used in all types of welding machines, meeting the highest quality requirements. They retain their high flexibility and strength. They are resistant to gases and liquids, and do not spread flames. As a result, they are used indoors and outdoors, in dry and wet conditions.

Rail

We offer a complete range of products for the railway and infrastructure industry, both underground and overground. Our offer includes special low and medium voltage cables, telecommunication cables, signalling and control cables, as well as a full range of products for overhead traction constructions that provide operational security and allow for higher speed limits.

Automation

Automation is the field of science and technology covering the issues of controlling various processes, mainly technological and industrial. Controlling conduits and cables produced in TFKable's plants are used as connecting cables for control units of machines, production lines and installation lines, conveyors, for permanent placing and as flexible conduits for free movement in dry, moist and wet areas. We deliver products meeting the challenges of modern industry and infrastructure. We offer signalling cables of 0.6/1 kV, signalling and measuring cables of 300/500 V, and control cables meeting all quality standards required by the market.

Oil and gas

Since the late 1990s, TFKable has been engaged in the production and delivery of cables for the oil and gas industry. As the largest manufacturer of this type of cables in Europe, we offer products that meet all requirements of the certification authorities, such as Lloyd Register, DNV and ABS. Designed for operation on ships and drilling platforms, they are characterised by the excellent mechanical and chemical resistance required to work in harsh conditions. All cables are designed for operation in the harshest environmental conditions and are environmentally friendly.

JDR

JDR is a global expert in umbilical and cable connectivity to the offshore energy industry. Our market reach incorporates oil, gas, renewables and service support.

Oil & Gas

We are a leader in subsea production umbilicals, subsea power cables and Intervention Workover Control Systems (IWOCS) for the offshore oil and gas industry. Our products and services are an essential element of the subsea infrastructure that enables energy to reach end-users in a cost-effective, safe and environmentally responsible way.

We have developed technologies that maximise the efficient delivery of power, control and communications through umbilicals and power cables. Using our state-of-the-art engineering and manufacturing capabilities, we develop and deliver custom built systems for subsea installations at ever increasing water depths.

Our custom-engineered IWOCS are manufactured in-house and reinforced to protect the internal components during deployment. Individual element integrity is also assured through separate reinforcement to ensure maximum life of the product. As leaders in the design and manufacture of IWOCS packages, and with the experience of having successfully delivered more than 200 reeler systems to customers worldwide, JDR is now uniquely positioned to offer IWOCS rentals.

Renewables

JDR is a global pioneer in the development of Inter-Array Power Cables for offshore wind, wave and tidal energy projects. We have embraced the growing international market for alternative and sustainable energy delivery. Our renewable products connect power generation devices, such as wind turbines, within an offshore wind farm, and ensure power is transferred to an offshore or onshore substation. TFK.Group's UK East coast locations make it ideally located to provide, engineering, manufacturing and installation support services for the evolving renewable energy sector, which is particularly strong in Europe.

Product and Installation Services

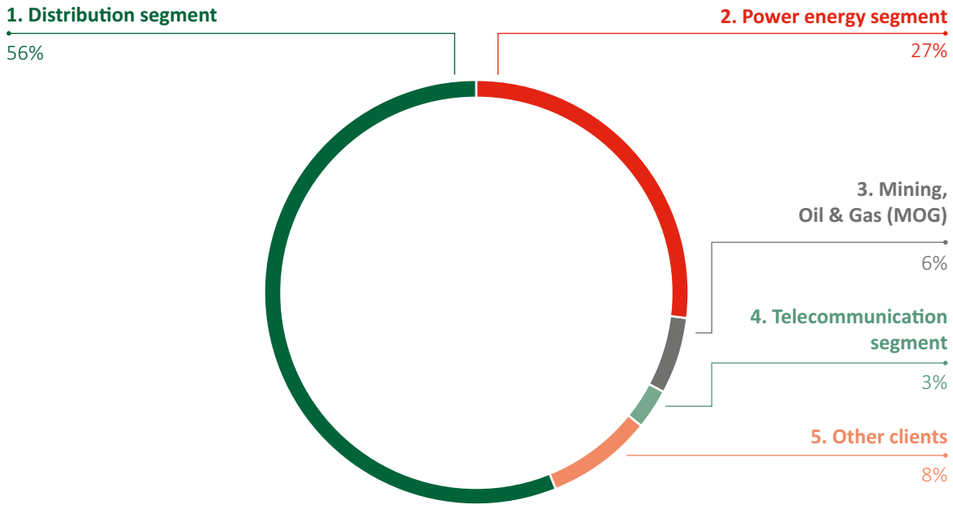
Global offshore services – offshore installation and maintenance – are provided by the JDR's Product and Installation Services division. We have a network of experienced and certified technicians and service support facilities, available 24/7 to manage customer projects, for JDR and non-JDR products, on or offshore. The team has created periodic maintenance and inspection routines that include product lifecycle preventative maintenance and assurance programmes.

We support customers from project installation, to final site commissioning, with full product lifecycle support. Our approach is designed to maximise client investment in a JDR product and lower the total cost of equipment ownership.

4.2. Client segments and projects

We offer a diverse product portfolio divided into segments, according to sectors that our clients operate in. Segment percentage is shown for 2018.

Image 9. Five key segments of TFKable



1. **Distribution segment** – our key clients, include electric wholesalers that sell our products to retail customers from various industry sectors.
   - In Poland, our products are sold via networks of electric and electro-technical wholesalers.
   - International distribution encompasses clients located all over the world. Our products reach them through global distribution networks based on cooperation contracts. For this reason, we have gained a preferred supplier status for companies that are part of these networks.
   - Some of our key clients in Poland are distribution companies of the main power energy groups.
   - Our key foreign clients are power energy system operators from Great Britain, Germany, Austria, Finland and the Baltic countries.

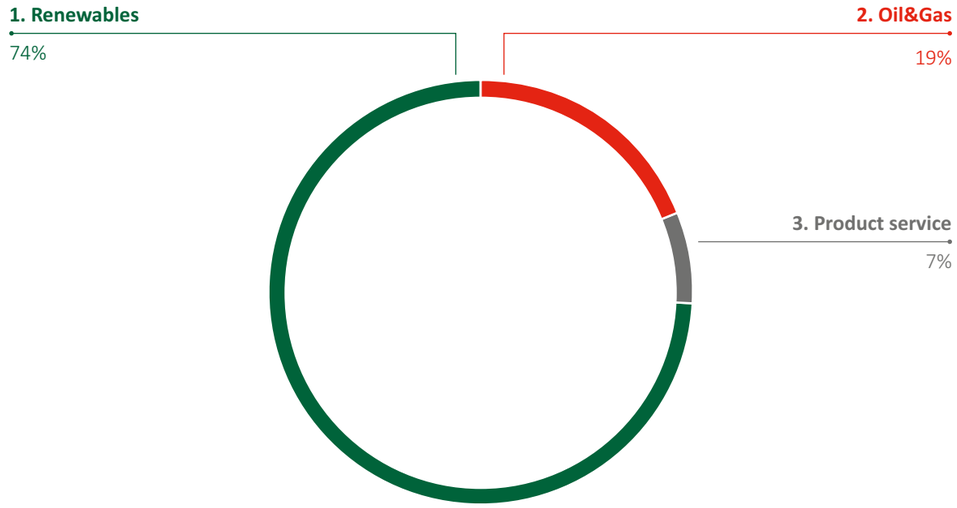
2. **Power energy segment** – power plants or infrastructure modernising projects of companies from the power energy sector, power energy project designers and contractors, e.g. wind farm construction engineers in the power energy sector.
   - Key products sold in this segment are medium and high voltage cables.
   - Some of our key clients in Poland are distribution companies of the main power energy groups.
   - Our key foreign customers are power energy system operators from Great Britain, France and Germany.

3. **Mining, Oil & Gas (MOG)** – mines and other entities operating in this sector.
   - We predominantly supply rubber cables to this sector. We also deliver high quality cables for offshore and onshore industry clients.
   - We are involved in several dozens of diverse projects in the oil & gas and renewable energy (wind and tidal farms) sectors globally.
   - For over 30 years we have been delivering mining cables which are safe, resistant to harsh environment conditions and very high temperatures (up to 90°C) to clients in European and wider global markets. Key countries include Germany USA, Canada, Mexico, Chile and Peru, Southern African countries, Russia, Australia and China.

4. **Telecommunication segment** – telecom operators and their suppliers.
   - The key products sold in this segment are telecommunication cables.
   - Apart from the local Polish market, we have clients across Europe.

5. **Other clients** – mainly from the industrial sector. Clients in this segment are located in Poland, France, the Americas, Germany and other CEFTA (Central European Free Trade Agreement) member countries.

Image 10. JDR operates in three segments



1. **Renewables** – Offshore renewable energy projects.
   - We have developed and manufactured cables for comprehensive product systems for some of the world's largest projects.
   - Our market is span Europe and Asia.

2. **Oil&Gas** – Subsea energy infrastructure.
   - We supply world-class subsea production umbilicals, subsea power cables and Intervention Workover Control Systems (IWOCS).
   - Our products and offshore services are an essential element of the subsea energy infrastructure.

3. **Product service** – Offshore installation and maintenance services.
   - We offer our customers total product life-cycle support, from project planning to spare parts supply and asset management.
   - Our divisions are strategically located in the UK and USA,
   - We offer support for JDR and non-JDR products.

Client relations

Speaking to our clients

We communicate with our clients by applying our integrated marketing strategy, our focus is on keeping them up to date with our product and service offering. The strategy covers areas such as our online presence, trade show attendance, participation in industry events and more. The scope of our marketing activities ensures that TFK.Group is visible on all of its target markets and therefore our clients have an updated knowledge of our operations.

Our key goal in 2018 was aligning marketing and communication activities within TFK.Group, in order to ensure consistency across all brands. We have undertaken activities aiming to increase awareness of particular brands (JDR and TFKable) on dedicated markets and strengthening the positive image of TFK.Group as a reliable manufacturer, supplier and service provider.

We use some of the following tools to execute this and to reach our customers, cultivating maintaining customer relations:

- Integrated communication campaigns, covering a range of ATL, BTL and social media channels.
- Coherent product and service presentation that highlights the potential of our solutions and innovations and presents TFK.Group companies' activity in selected projects, along with the comprehensibility and synergy of our offering.
- Expert and industry communication focused on close relations and direct contact with specialists, clients and partners within the industry. Participation in trade shows and industry events, publishing expert content and media relations are just some activities within this scope.

Listening to our clients

Client relations are the key element that led to our current position on the global market. Over the years, our customers allowed us to gather vast amounts of knowledge which helps us to develop our products and services, build value for our customers and maintain our competitive advantage. The constant evaluation of our clients' satisfaction keeps us informed about their expectations and construction requirements. These projects are often challenging due to the character of the various technological industries our clients operate in and, at the same time, they push us to innovate in the area of design, manufacturing and sales of special-purpose cables.

Measuring client satisfaction

Each year, in line with the established procedure based on ISO requirements we conduct satisfaction surveys with our clients at TFKable. In 2018, a group of selected domestic and foreign clients was chosen by sales and export employees and participated in the review. The completed survey return rate was compliant with the research standards for the online research method for B2B respondents.

The survey covered: product offer evaluation, assessment of order execution, complaints filed, customer satisfaction regarding cooperation and product information communication channels. TFKable customers are generally satisfied with our products and services. The declared customer satisfaction among respondents was very high – 100% of them stated that they are satisfied or very satisfied with their cooperation with TFKable. The detailed results of the survey, suggested some areas for improvements in particular, allowing us to continue working towards enhancing our customer service process and develop our customer relations.

Due to the character of projects and clients, JDR does not perform customer quantity satisfaction surveys. Our projects usually last more than a year and during that time we cooperate closely with our clients who evaluate our services based on daily and periodical contact and well as reviews.

Projects

1,747 km

of subsea cables were delivered by JDR for offshore projects since 2016

Source: 4COffshore Market Overview Report.

TFKable and JDR began to collaborate in 2008 with the supply of medium voltage cores for the then largest offshore wind farm, Greater Gabbard, located on the Suffolk coast of the UK. During our 10-year trading relationship, we have completed more than 60 investment projects in various regions of the world. We have participated in more than 30 percent of the already completed offshore wind farm projects and those currently under construction. We supplied cables for the two of the other largest offshore wind farms in the world – London Array (2011) and Hornsea 1 (2017). We are currently working and will continue to work on projects in this field as the demand for renewable energy grows.

Recent JDR offshore wind projects include:

Beatrice

The largest offshore wind farm in Scotland.

We delivered **180 km** of 33 kV inter-array cables in two distinct sizes and accessories which will serve to transmit power all the way from the wind turbine array up to the local substation. The cables were manufactured within our state-of-the-art facility in Hartlepool, UK and shipped to Scotland. We provided cable installation support, cable accessory fitment and post installation testing with up to 48 offshore technicians on the wind turbine platforms and 6 onshore support staff at location.

180 km

Nordsee One

Part of Germany's largest offshore wind farm cluster.

We provided over **70 kilometres** of aluminium core inter-array cable. The project utilised two JDR designed inter-array cables: a 240mm² and an 800mm² aluminium conductor cable. Additionally JDR supplied a range of accessories including cable pulling grips and hang-offs, cable cleats, power core termination connectors and fibre optic splice boxes. As part of JDR's life-cycle offer, the contract also included JDR's installation and maintenance service teams to install the hang-off and route, terminating and testing each cable.

70 km

Aberdeen Bay (EOWDC)

The first commercial 66 kV offshore wind project in Scotland.

We delivered **21 km** of inter-66 kV array and export cables along with a range of mechanical and electrical accessories. They will serve to transmit power from the wind turbine array up to the local substation onshore. The cables were manufactured within our state-of-the-art facility in Hartlepool, UK and shipped to Scotland.

21 km

Hornsea 1

Located approximately 120 km off the Yorkshire coast.

We will manufacture and supply **245 km** off inter-array cables along with accessories. We will also provide the offshore terminations and testing work through 60 offshore technicians to the project.

245 km

Formosa 1

The first commercial scale offshore wind project in Taiwan.

We will deliver **21 km** of inter-array, 13 km of export and 16 km of land cables. We will also supply mechanical and electrical accessories including cable protection systems, t-connectors and hang-offs. We will also provide cable installations, accessory fitment and post installation support through 26 technicians on the offshore turbine platforms.

21 km

4.3. Product innovations

Research and development

One of our most important goals is to ensure that our products meet the quality and safety requirements outlined in national and international regulations. At the same time, we want to follow the latest technology trends and breakthroughs, which can broaden the performance characteristics of the cables and wires we manufacture. This is where our Research and Development operations play a major role.

- Our cables and wires undergo numerous trials and tests.
- Our production processes are continuously improved thanks to investments into specialised measurement and control instruments, laboratory and research equipment.
- Our tests are conducted in partnership with: national and international academic, certifying institutions and universities.

High and Extra-High Voltage Laboratory in Bydgoszcz, Poland

We are one of the few cable manufacturers in Europe with their own highly specialised equipment for testing cables. At our High and Extra-High Voltage Laboratory in Bydgoszcz, we use Faraday chambers, where we test the electromagnetic resistance of our cables. We use three chambers for conducting routine tests and one for testing cable types and cable systems. We also have a surge generator with its own research field for qualification tests, a 500 kV test system and a system of 5000 A heating generators. Using the surge generator, we locate damage in cables and wires.

Innovative and safety solutions

Over the years, TFK.Group has introduced many innovative solutions aimed at delivering products and services at the highest quality, safety and environmental standards. Our goal is to help our clients execute their projects by employing reliable and modern solutions.

We hold over 381 quality certificates granted by 34 certifying centres worldwide.

For TFK.Group the safety of products for our clients, end users and the environment is of key importance. Therefore, the raw materials we use in cable and wire production come from carefully selected and diversified sources. For us, quality is also synonymous with minimising our negative impact on the environment. We monitor and take action to assure are operation our product quality is closely related to environmental safety at all times. For this reason, we manage our production based on eco-friendly technologies, such as cable waste recycling, which allows us to obtain, among other benefits, 99.5% purity on copper rods which use resources recycled at our own plants.

In the course of the year, our Technology Department:

creates more than **2,000** product codes

performs over **30** development works related to new product groups

runs over **1,000** process trials

Our most recent innovative solutions include:

- **TFPremium YDY product line** – is a multicore cable with circular 99.99% high purity solid copper (class 1) conductors, with PVC insulation and sheathing. Designed for permanent installation in industrial and residential buildings, buried in plaster and clipped direct to a surface, in dry or damp conditions indoors, as well as in conduit, trunking and embedding in concrete.
- **TFEasyline MVC medium voltage mobile line** – is a designation of a medium voltage mobile cable line / medium voltage cable service line, which is a complex technical solution providing

the restoration of a power supply in event of its interruption. The solution minimises the time of power outage during scheduled repairs or during breakdown in the electromagnetic grid.

- **Inverter (halogen-free) cables** – a special elastic XLPE type cross-linked mixture, used as an insulation material provides improved flexibility for connections between engines and frequency converters (inverters).
- **66 kV subsea cables** – specialty cables for the renewable energy industry that supply power between turbines in offshore wind farms.
- **400 kV** – high voltage cables 400 kV cable systems are offered only by a small group of the most specialised and technologically advanced manufacturers in the world., including TFKable.

TFKable met 100% of the **CPR (Construction Products Regulation) requirements**

New regulations for the CE marking of construction products in accordance with Regulation of the European Parliament and of the Council (EU) no. 305/2011 of 9 March 2011, introduced a number of changes both in terms of the rules and procedures of the CE marking of construction products and the obligations of economic operators. CE marking is a conformity mark indicating compliance with health, safety, and environmental protection standards for products sold within the European Economic Area. TFKable, as a manufacturer of cables and conduits used, for example, in the construction industry, focuses its activities in the field of cable and conduit fire safety in accordance with CPR Directive. We do this through:

- implementation of the full range in various cable classes,
- implementation of uniform distribution of TFKable cables and wires in accordance with classes of fire and coexistence factors,
- assurance of control and measurement apparatus in the Fire Test Laboratory,
- over several hundred flammability tests the Fire Test Laboratory,
- positive results of the required audits of the production process,
- implementation of new labels in accordance with the requirements in the CPR Directive,
- implementation of CE and reaction to fire Euroclass marking on products,
- compliance with the regulations of the Declaration of Performance (DoP),
- innovative and environment-friendly technologies, including the Cable Waste Recycling Plant in Bukowno, Poland.

4.4. Quality management

GRI 103-2
GRI 103-3

TFK.Group applies quality management at the core of its operations in order to maintain product quality and customer satisfaction. This area of management is also crucial for legal and standard compliance as it provides guidelines across all of TFK.Group's activities.

Quality management at TFKable

TFKable uses a Quality Management System based on ISO 9001 certified by a third party. As part of a re-certification program, in 2017, we received ISO 9001: 2015 and ISO 14001: 2015 for four cable and wire manufacturing plants: Kraków, Bydgoszcz, Myślenice and Bieżanów in Poland. In the Bydgoszcz Plant, the management and work safety system OHSAS 18001 is also in place.

We execute our Quality Policy via the following principles across our facilities and operations:

- production and distribution of products that fulfil appropriate quality requirements,
- meeting specific client requirements, legal and other requirements and information confidentiality,
- strengthening the company's image as a reliable, timely supplier who maintains client relations,
- searching for and development of modern technologies, materials and solutions,
- cooperation with raw material suppliers that fulfil our requirements and searching for new or alternative sources,
- directing our employees attention to the significance of our clients requirements and satisfaction,
- raising our employees' qualifications and their awareness, so that they understand the value of their work and the influence they have on the quality of our products.

Quality management at JDR

At JDR we believe that successful QHSE (Quality Health Safety Environment) management is central to providing a safe, healthy and environmentally sustainable workplace for our employees, contractors, visitors and clients.

We integrate QHSE into everything we do and strive to set the benchmark for QHSE for others to follow. To meet this vision, JDR actively involves all employees, empowering them with the authority and responsibility to play their part in maintaining our commitment to constant improvement.

JDR has established management systems covering activities that comply with all relevant statutory requirements and the ISO 9001:2015, OHSAS 18001:2007 & ISO 14001:2015 certification standards.

Quality management tools

Quality plays a unique role in earning stakeholder trust and maintaining it. As a business we are continuously working with our key customers to maintain trust and to deliver on their quality requirements. We do this through:

Context

ensuring we understand our customers' needs and expectations.

Operational Governance

we build management systems to help the organisation consistently make the right decisions for customers, stakeholders and the organisation.

Assurance

we understand performance and identify the risks related to trust and reputation.

Business Improvement

investing in the right improvements to improve performance and trust.

Leadership

we align values and culture to account for these expectations.

In November 2018, 'trust' appeared as a motto of the World Quality Day celebrations. It was on that day that JDR initiated the TH!NK QUAL!TY programme based on six key areas. These areas were selected based on our customers' expectations and the most important areas of our operations in relation to delivering high quality products.

Each of the elements corresponds to an area that we want to improve and develop:

Voice of the Customer

how we implement customer requirements into our business and the supply chain.

Project Governance

robust controls across the project life-cycle from enquiry to installation to deliver successful projects.

Business Management Systems

tools that support us in doing our work well.

Risk Management

identifying, tracking and mitigating risk within the business.

Cost Of No Quality (CONQ)

errors that reduce our profitability and impact customer trust.

Continuous Improvement

striving to improve our products and processes to be better tomorrow.

Continuous improvement is not separate from our job, it is a part of our job. At TFKable, based on our experiences, we have developed the implementation of a programme called Quality Connects Us. We started by engaging our employees through a competition for a slogan to describe quality. We received 85 slogans that reflect the positive relationship to work effort, responsibility and awareness of the importance of quality among our employees.

As a part of the Quality Management System across TFKable plants, several methodologies for continuous improvement used:

1. **SMED (Single Minute Exchange of Die)** – a set of techniques and tools that enable shortening the changeover times of machines, equipment and production processes. It provides a rapid and efficient way of converting a manufacturing process from running the current product to running the next product. This rapid changeover is key to reducing production lot sizes and thereby improving flow, reducing production loss and output variability. The main purpose of the method is to carry out each conversion in a unit number of minutes (up to 10 minutes) through such a division and simplification of the whole process, so that changeovers are made using the least amount of tools

2. **5s** – a set of techniques and methods to establish and maintain high-quality workplaces. It is directly related to the proper organisation of the work environment, improvement of the company's organisational culture and it allows to increase the stability of processes. The 5S system consists of 5 consecutive steps: "Sort", "Set In order", "Shine", "Standardise" and "Sustain". The list describes how to organize a work space for efficiency and effectiveness by identifying and storing the items used, maintaining the area and items, and sustaining the new order. At TFKable 5S has become 6S, the sixth element being "Safety".

3. **KAIZEN, KAIZEN, Kaizen H&S** – a business philosophy centred around the processes, which continuously improves operations and involves all employees. Kaizen sees improvement in productivity as a gradual and methodical process based on employee ideas. They must improve the process, reduce losses (e.g. in the form of time, materials), improve the quality of products or improve the health and safety at the workplace.

4. **TPM (Total Productive Maintenance)** – a method used for ensuring maximum machine and equipment effectiveness. Effectiveness is understood as maximum usage of available machine time available for manufacturing good quality products. The main goal, above all, is to ensure availability of critical equipment and reaching the level of: zero accidents at work, zero rejects and zero failure.

Bydgoszcz Plant

- Continuous improvement methodologies: 6S, KAIZEN, TPM, SMED,
- 55 KAIZEN ideas, including 33 LEAN ideas and 22 so-called KAIZEN H&S ideas,
- 47% of KAIZEN largely impact the improvement of quality, Health and Safety conditions or loss reduction (increase since 2017),
- 34 machines are covered by TPM (additional 4 machines compared to 2017),
- 70 planned expanded machine inspections as a part of TPM,
- 17% higher 6S audit results compared to 2017
- 20 LEAN Manufacturing team meetings,
- Employee commitment: 9 LEAN Manufacturing leaders and 37 leaders for 6S areas.

Other plants (Myślenice, Kraków-Wielicka, Kraków - Bieżanów)

- Continuous improvement methodologies: 5S, KAIZEN, TPM, SMED,
- Additional tools: Problem Solving, Action Planning, Brainstorming, Multitasking,
- 506 KAIZEN ideas,
- 10 ideas submitted within the 2017–2018 period,
- 5 departments – 14 strategic machines in SMED,
- 158 persons directly involved in SMED,
- Regular SMED meetings,
- 6 machines coved by TPM.

At JDR as a part of quality management and continuous improvement there is a Change Management procedure in place to control the lifecycle of all changes affecting manufacturing processes, the machinery and equipment used to perform the production processes or the facilities where these processes are carried out. The objective is to ensure that all changes are recorded, evaluated, authorised, prioritised, planned, tested, implemented, documented and reviewed in a controlled and sustainable manner without adversely effecting Health & Safety or the environment.

There are several ways in which changes can be identified. Below is a list of some of those methods:

- new product requirements (design changes, new products require changes to equipment),
- Th!nk cards,
- rapid reward scheme Communities of Practice meetings and actions,
- continuous improvement of processes
- new Health & Safety requirements identified (standards, legislation etc.),
- new Environmental requirement identified (standards, legislation etc.),
- quality issues identified.

Once identified, these changes and improvements can be captured in two ways:

- via the Engineering Process Change Form,
- via a Continuous Improvement Form.

Total Number of Continuous Improvement Forms raised in 2018 was **186**

Our employees

Key data & facts

Our employees are our greatest resource and the foundation for responsibility and sustainability. Their expertise, experience, commitment and innovation in the field of cable and wire industry create our competitive advantage. They are the foundation for TFK.Group's responsibility and sustainability, because in fact, there is no such thing as the responsibility of the company – there are only countless, day-to-day responsibilities and decisions of our people, who, through their attitude and demeanour, bring sustainability to life.

Bartłomiej Zgryzek,
Treasury, M&A, Investor Relations,
Vice President, Board Member,
TELE-FONIKA Kable S.A.

GRI 103-1

More than
99%
of our staff is employed under labour contracts.

We provide stable work conditions:
90% of our employees work on permanent contracts.

98% of them are employed full time.

We value experience:
almost
30%
of our employees are over **50** years old.

GRI 102-8

5.1. General overview

Our management approach

GRI 103-2
GRI 103-3

Human resources (HR) and employee relations within TFK.Group are managed based on labour laws in respective countries of operation, as well as internal policies of both TFKable and JDR. These form a foundation for day-to-day operations within TFK.Group.

Executive bodies of both TFKable and JDR are responsible of proper - respectful, ethical and effective – implementation of human resources policies of each of the companies. In day-to-day operations, this responsibility is carried out by human resources and occupational health and safety departments integrated into the general management schemes. Human Resources management in both TFKable and JDR is subject to periodical performance assessment, in order to ensure utmost quality and continuous improvement.

We regulate employee related issues with a series of internal policy documents.

At TFKable, one of the crucial documents is the Code of Professional and Ethical Conduct. Apart from specific instructions and regulations in HR management, it is the key resource that sets out ethics of the company's day-to-day operations for employees at all levels. It gathers values, principles standard and behaviour norms to be observed by all employees. The Code of Professional and Ethical Conduct is presented to every employee at their hiring, and is published in the intranet and on the notice boards to ensure its dissemination among all employees. Employees with any inquiries to the Code shall address their respective superiors or the Human Resources Department. The company strives to ensure that it is associated with respect for human rights, justice, and a safe work environment. Other regulatory documents include Work Regulations and the Internal Anti-harassment Policy.

At JDR, these fundamental rules are framed into documents such as the Code of Ethics, Anti-bribery and Corruption Policy and Health and Safety Policy. TFKable and JDR work together on the integration of relevant policies within TFK.Group, in order to enhance efficiency and seamlessness in mutual collaboration.

Communication with employees

In order to communicate effectively with employees, we use message boards and boxes which are accessible to production workers. In addition, as part of internal communication, a regular mailing/postmaster is sent containing important employee information regarding organisational changes, company meetings or administrative matters. We also organise meetings for crews and employees from given operational areas.

TFKable organises yearly High Voltage (HV) industry meetings that focus on know-how exchange on current industry undertakings, upcoming projects and further plans according to the sales strategy. These meeting serve also as perfect occasion for the team integration.

JDR has following forms of communication with employees:

- Global Business Update Meeting - yearly review of past performance and initiatives, what is coming up in terms of performance targets, strategy, key events and initiatives, etc;
- Email Updates from CEO, also posted on noticeboards for production staff, who do not have easy access to the intranet while they are at work.;
- Quarterly, in-house, Connect Magazine that highlights teams and individuals in our business. Our aim is to promote teamworking across JDR and a sense of community;
- Sales conference for all product areas – sharing strategy, best practice and to encourage coordination with other parts of the business;
- Employee Forums in Littleport and Hartlepool Factories, focused on consultative reviewing policies, health and safety practices and performance and gaining feedback from representatives on changes or initiatives;
- Ad hoc announcements if needed, hold monthly Team Briefings, covering JDR's performance against our Key Performance indicators (KPIs) and a monthly business update.

Table 7. Employment structure in TFKable and JDR

GRI 102-8

	TFKable		JDR	
	No	%	No	%
Total	**2,466**		**390**	
Women	339	14%	55	14%
Men	2,127	86%	335	86%
Permament contract	**2,179**	**88%**	**382**	**98%**
Women	289	13%	51	13%
Men	1,890	87%	331	87%
Temporary contract	**287**	**12%**	**8**	**2%**
Women	50	17%	4	50%
Men	237	83%	4	50%
Full time	**2,448**	**99%**	**374**	**96%**
Women	331	13%	43	12%
Men	21	87%	331	89%
Part time	**18**	**1%**	**16**	**4%**
Women	8	44%	12	75%
Men	10	56%	4	25%

All data as of December 31st 2018. The figures in all tables have been rounded to the full value and do not have to add up to 100%.

More than 99,5% of employees are employed under labour contracts. The remaining 0.5% (11 persons) of staff is self-employed, these are mainly experts and consultants.

Numerical data in Image X. was compiled based on statistics gathered by HR department at TFKable and JDR respectively using internal HR IT systems and are not subject to any interpretations (absolute numbers provided).

JDR provides employment according to Labour Law in UK. In 2018, there were 63 people altogether working as external temporary agency workers - due to natural fluctuations in the production (51 persons working in operational services, representing 11% of the total workforce) and contractors (12 persons working on different positions related to consulting services and project management, representing 3% of the total workforce). Both groups are not included in the statistics in Table 7.

Employment at TFKable and JDR is not subject to substantial seasonal changes.

GRI 401-1

Table 8. New employee hires and employee turnover in TFKable and JDR

	TFKable				JDR			
	Hires		Leaves		Hires		Leaves	
	No	**%**	**No**	**%**	**No**	**%**	**No**	**%**
Total	291	12%	356	14%	48	12%	90	23%
Age								
under 30	115	40%	104	29%	13	27%	13	14%
30-50	143	49%	161	45%	24	50%	51	57%
over 50	33	11%	91	25%	11	23%	26	29%
Gender								
Women	27	9%	56	16%	6	13%	17	19%
Men	264	91%	300	84%	42	88%	73	81%
Turnover[1]	**14%**				**19%**			

[1] number of leaves as of December 31st 2018/number of total employment as of December 31st 2018 x 100

GRI 405-1

Table 9. Diversity of governance bodies and employees

	TFKable			JDR		
	Supervisory board	Management board	Employees	The Board	The Executive Team	Employees
Women	30%	25%	14%	20%	11%	14%
Men	70%	75%	86%	80%	88%	86%
<30 years old	0%	0%	13%	0%	0%	16%
30-50 years old	0%	100%	58%	100%	88%	57%
50+ years old	100%	0%	30%	0%	11%	27%

Employees with disabilities

In TFK.Group we value diversity and a broad variety of competencies. Therefore we adjust working conditions to the needs of employees with disabilities, who are welcomed to be a part of our team.

Employees with long seniority

Bearing in mind the value and the experience our long-standing employees provide, we guarantee their employment at a time when health issues prevent them from carrying out their duties.

If an employee receives a medical opinion restricting their ability to work due to health reasons, or legal confirmation of a disabled person's status, we provide them with a transfer to another position where such conditions do not prevent them from working. This allows us to continue to benefit from their expertise and potential.

Trade unions and collective bargaining agreements

GRI 102-41

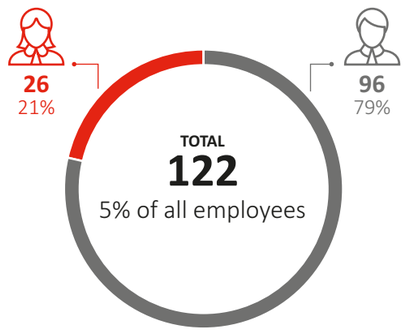
At TFKable, we know that taking care of employee relations in a friendly and safe work atmosphere, positively influences commitment and has a direct impact on creating high quality products. TFKable has four independent trade union organisations, and around 30% of our employees belong to them. JDR does not have any trade unions. Neither TFKable nor JDR have a collective agreement with any trade union. Although TFKable does not have a collective labour agreement, any changes to internal regulations such as the Work Regulations or Remuneration Regulations, are consulted with trade unions representing employees. These consultations are based on the Labour Code and the Trade Union Act.

GRI 401-3

Image 11. Parental leave

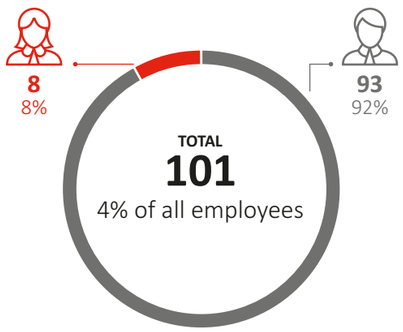
Number of employees, who took parental leave in 2018

TFKable



Number of employees, who returned from parental leave in 2018

TFKable



At JDR in 2018, parental leave was not taken. There were also no returns from parental leave noted.

GRI 401-2

What do we do for our employees? Services and benefits

At TFKable, bearing in mind the work comfort and work-life balance of our employees, we offer them a number of benefits under the Labour Code, as well as voluntary ones. As a result we are considered an attractive employer. These benefits include, among others: shopping vouchers, hardship benefits for employees affected by accidents or illnesses, additional life insurance, medical care, celebrations and awards as well as favourable working conditions for employees with longstanding tenure.

We also run the "Kabel" holiday resort in Zakopane in Poland. Employees and their families, as well as retired employees can use its services as part of the benefit scheme.

A significant portion of our employee benefits are financed by the Corporate Social Benefits Fund. Children and spouses of current, former and deceased workers can benefit from them. The funds are allocated by the Social Committee based on applications submitted by employees.

JDR has a health benefit in the form of Health Shield - a tailored health plan for JDR employees. This plan has 4 levels which include cover for a spouse and children, with the employee paying a set amount and JDR paying into the plan. The plan includes dental, medical and chiropody care, hospital consultations, health and wellbeing screening, fitness and exercise and counselling. Level 1 of the Health Shield plan is paid for by the company and includes voluntary health checks.

GRI 405-2

Gender and remuneration

In TFKable, an equal pay comparison – a direct comparison of two or more people carrying out the same, similar or equivalent jobs is carried out as part of HR statistics.

The ratio of women's pay to that of men employed at different levels and positions in 2018 was as follows:

Table 10. Equal pay comparison in TFKable

Employment structure	Women-to-men pay ratio
Top executives	104%
Management	93%
Administration	94%
Blue collar workers	77%
Equipment operators	100%

The differences stem from the fact, that the company's activity is to a large extent industrial production in difficult conditions, requiring physical resilience. Hence the advantage of men on production.

In JDR, in March 2019 the second Gender Pay Gap Report was published. Under legislation that came into force in April 2017, UK employers with more than 250 employees are required to annually publish their gender pay gap data by 4 April each year.

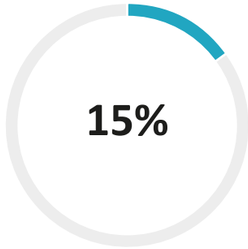
A gender pay gap is a measure of the difference in the average pay of men and women working for an organisation, regardless of the nature of their work, hence it is different from an equal pay comparison.

The information in this section sets out the overall gender pay gap and bonus gap of JDR UK workforce, as of April 5th 2018.

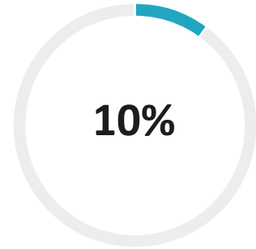
The data that we have used to provide the JDR gender pay gap figures has been obtained from existing HR and payroll records. This does not involve publishing individual colleagues' information or data.

Image 12. Gender Pay Gap in JDR

Mean – the difference in the average hourly rate of pay between men and women.

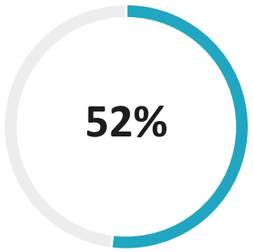


Median – the difference in the middle ranked pay between men and women.



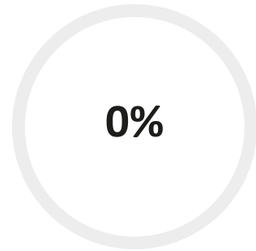
Our bonus statistics

Mean bonus gender gap



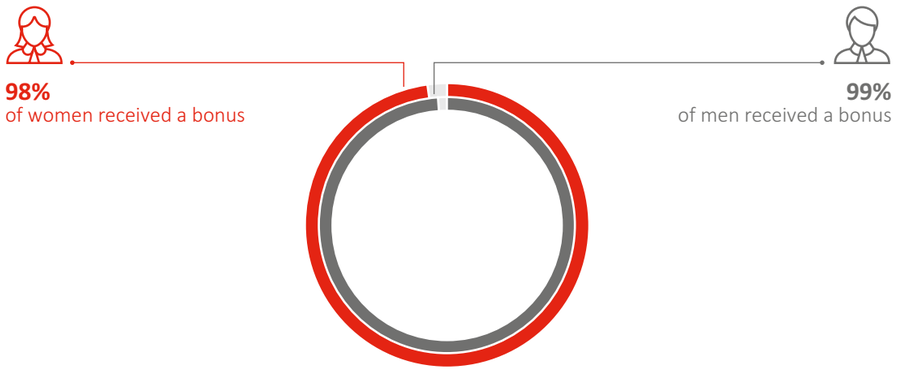
This shows the difference in the average total amount of bonus payments made to men and women in the 12 months to April 5th 2018.

Median bonus gender gap

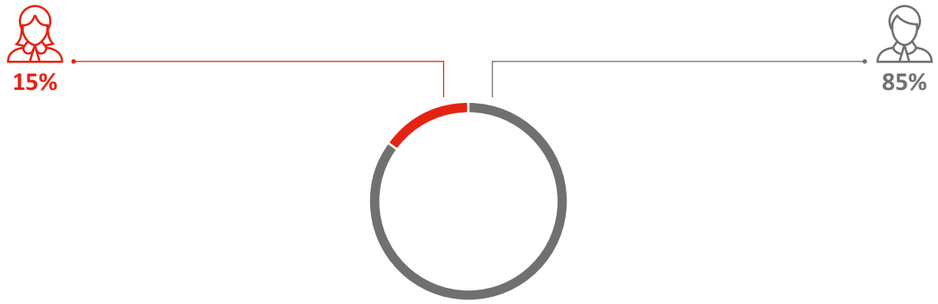


This shows the difference in the middle ranked bonus payments made to men and women in the 12 months to April 5th 2018.

In the 12 months to April 5th 2018



At JDR we employ more men than women. JDR's workforce is 85% men and 15% women.



When we analyse the roles undertaken by men and women in JDR there are fewer women than men in relatively higher paid positions, such as managerial roles, which may attract higher pay, bonuses and allowances. This is the main reason for our gender pay gap.

Furthermore, we operate in an industry that relies heavily on roles requiring STEM skills (science, engineering, technology and maths). STEM careers have historically attracted more men than women.

The complete JDR Gender Pay Gap Report can be found here: http://www.jdrcables.com/wp-content/uploads/2019/03/JDR-Gender-Pay-Gap-report-2019-FINAL.pdf.

There is still more we need to do at JDR to improve our gender pay gap and diversity at senior levels.

Nevertheless, some of the highlights of our 2018 year include:

- More training provided to women at JDR, including MBA sponsorship for one of our female colleagues.
- We were delighted when, early in 2018, our colleague Jingyi was shortlisted for the Young Emerging Talent award by Subsea UK.
- JDR has also supported Jingyi in being an active member of the CIGRE Next Generation Network (NGN) Women's network. CIGRE is the International Council for large electrical systems.
- Over the last 12 months JDR representatives attended eight STEM events up and down the country and we have offered factory tours to local schools as part of our commitment to STEM awareness.

5.2. Health and safety

Due to the nature of our industry, we make life and health of our employees our highest priority. Various measures and procedures increasing safety and wellbeing are implemented and enforced at every stage of the production process in our facilities. We are committed to ensuring all of our employees, visitors and contractors, wherever they may be in our global organisation, return from work unharmed.

Both TFKable and JDR have internal Health & Safety Policies, that are audited and reviewed on a regular basis and contain all the commitments that allow us to always make the wellbeing of our people and our partners our first priority. To help us meet this vision we require everyone linked to our activities to adhere to simple rules, forming the foundation of TH!NK SAFETY and other health & safety programs, such as:

- ensure all are committed to the principle that all accidents and incidents are preventable,
- always take the time necessary to do activities safely,
- never knowingly walk past an unsafe act or condition,
- be responsible, take control of the process and its parameters,
- don't underestimate the warning signs which may have an impact on quality improvement,
- verify your work, measure and check results, report any queries or irregularities,
- follow the procedures and instructions,
- share your experience and knowledge
- influence the improvement of your workplace.

GRI 403-1

Occupational health and safety management system

At TFKable the Occupational health and safety (OHS) management system (OHSAS 18001) has been implemented in our plant in Bydgoszcz. Even though there is no legal requirement of such system stated for our remaining location, we plan to introduce Health and Safety Management based on ISO 45001 in those facilities in the coming years.

There are also special health and safety rules for external employees working within our facilities. They were put in place in order to determine proper steps during offer collection so that any services (deliveries, works, and visits) carried out within our facilities by third party personnel ensure safety to all personnel. These rules comply with a wide range of regulations (Health and Safety, Fire Safety and Environmental Protections) that are in force within our facilities and:

a. third party personnel within facility grounds,
b. representatives of inspection bodies and other external entities,
c. guests and organised groups.

At JDR, Vision and Values include Quality, Health, Safety and Environment (QHSE) not only because they are vital to the success of our business, but because their successful management is central to providing a safe, healthy and environmentally sustainable workplace for our employees, contractors, visitors and clients. Our commitment to Operational Excellence and Right First Time Quality is key to ensure we develop strong relationships with our customers, contractors and community as a trusted partner.

We integrate QHSE into everything we do and strive to set the benchmark for QHSE for others to follow. To meet this vision, JDR actively involves all employees, empowering them with the authority and responsibility to play their part in maintaining our commitment to continual improvement.

The Executive Team at JDR Cable Systems which has ultimate responsibility for QHSE management, and fully endorse this policy and champion its effective implementation, through their active visible leadership in the organisation. QHSE policy is available and maintained as documented, and is communicated to all employees and those working on our behalf, to ensure individuals' QHSE responsibilities are understood. QHSE Policy is also available for all interested parties as appropriate.

GRI 403-2

Hazard identification, risk assessment, and incident investigation

At TFKable, hazard identification at workstations and health risk assessment is developed based on special internal documents. The procedures contained within apply to all workstations. This includes facilities that have OHSAS in place (Bydgoszcz, Poland) and ones that do not. The Hazard identification procedure was created by the OHS services based on Polish law and was verified by the Quality Management Department as it was designed for all facilities within TFKable.

Ongoing inspections of each workstation lie within the responsibilities and are carried out by a direct supervisor of a given employee and an OHS employee, we also conduct internal audits within this scope. Any workstation-related hazardous situations, accident prone situations or employee suggestions that influence work safety are submitted to direct supervisors or OHS services during direct daily interactions in production halls. Each situation reported by and employee is accepted and verified.

Every accident at work is analysed and processed by the Accident Team approved by the Plant Manager. Based on the identified causes of the accident, corrective actions are prepared in order to eliminate any deficiencies found or undertake other organisational and technical activities.

Each accident event is discussed at a meeting with designated persons (Plant management, production department managers and other organisational units).

At JDR, Risk Assessment Procedures provide the basis for assessment. Activity risk assessments are undertaken with those commencing an activity, with support of the HSE team and subject matter experts as required. A continual improvement scheme is in place, where all can submit ideas leading to improvements at the site and possibly across the business. JDR operates a TH!NK Safety Behavioural Safety Observation program which identified 21 key risk conditions and allows all employees, contractors, visitors and clients to report anything they feel is either unsafe or a good practice. This is supported by a recognition and reward scheme, celebrated across all sites on a monthly basis. JDR also has a Whistle blower policy which protects those who raise issues and fully supports a STOP for Safety approach. The Whistle Blower policy is completely anonymous.

Both companies in the TFK.Group have introduced the TH!NK QUAL!TY programme, implementing lean management principles like constant improvement, agile approach and waste prevention.

Occupational health services

GRI 403-3

TFKable have contracts with private health care centres that evaluate employees' fitness levels and ability to work at a specific workstations and issue documents within this scope.

The internal health and safety service ensure that employees who received medical fitness certificate with restrictionsfrom the occupational physician (e.g. related to manual transport work, work at heights, etc.) are directed to appropriate work in accordance with recommendations.

External companies, whose employees work at our plants, present their medical fitness certificate for inspection. The safety of these employees is regularlymonitored by a responsible third party and health and safety services.

At JDR, all employees complete a pre-employment medical questionnaire. For all those working in an offshore environment, having an OGUK (Oil & Gas UK) medical certificate is standard prior to deployment.

Night Shift Medicals, Audiometry and DSE corporate eye care scheme, counselling and helpline are in place via Health Shield. The company also ensures driver medicals for fork lift drivers and crane operators.

GRI 403-4

Employee participation, consultation, and communication on occupational health and safety

At TFKable, consultations with employees are carried out as part of the QUAL!TY CONNECTS US programme, putting lean management principles into practice. These sessions take place during OHS training sessions where work accidents are explained and daily inspections at workstations occur. The conclusions are discussed at faculty briefings and at consultations with the plant management and organisational units. Employees can also submit comments regarding work safety. This feedback is discussed during meetings related to equipment (workstations) modernisation.

At TFKable, we promote safety in the work environment via social campaigns:

- "I work consciously, I work safely" a HSE management program that included training and introducing over 20 employee safety related ideas to improve work safety;

- Mirrors with health and safety slogans at entrance gates to plants – they raise awareness of safety and alertness of work environment dangers among employees;

- "Mom, Dad, work safely" – a competition initiated by one of the workers to engage all employees in raising awareness and promoting safe work in the facility in line with the motto "I work safely, I work consciously";

- Implementation of TH!NK SAFETY and TH!NK QUAL!TY programs in the Bydgoszcz Plant, as a part of implementing good practices from JDR;
- TH!NK SAFETY is the program started in JDR and being implemented across TFK.Group, that ensures highest health, safety and environmental risk management standards are the core of TFK.Group operations.

TH!NK™ SAFETY

TH!NK™ QUAL!TY

At JDR, several different methods of engaging employees into health and safety topic are used, so of which are listed below:

- daily HUB meetings with HSE (health, safety, environment), quality, manufacturing and maintenance covered;
- monthly Employee Forums with HSE first on the agenda;
- preparation of monthly board reports that include recognition and celebration of those who have gone over and above with regards to safety and have been nominated as TH!NKER of the Month;
- Executive Team and Senior Managers conduct Safety Walk and Talks, positively engaging employees during the safety tour.

Employees covered by an occupational health and safety management system

GRI 403-8
GRI 403-10

At the Bydgoszcz Plant of TFKable, all employees are covered by the management and work safety system. Other plants do not have the OHSAS system – supervision over employees in these facilities is based on procedures and instructions that in principle overlap the OHSAS system.

At JDR, all employees (including temporary agency workers, are covered by the management and work safety system which undergoes internal and external audits (external ones followed by relevant certification). No category of employees or workers are excluded from the management and work safety system – auditors can approach employees and contractors as required during audits. Audits are performed under the requirements of OHSAS 18001: 2007 and ISO 14001: 2015. In 2018 no occupational ill-health in TFK.Group.

Indicators of sickness absence in 2018 (counted in calendar days) is as follows: all sickness - 4.40%, sickness related to an accident - 0.50%.

Employees training on occupational health and safety

GRI 403-5

In both TFKable and JDR, worker training is organised in a similar manner, training of individual employee groups is performed on the basis of the common law and the internal procedure called Planning, Carrying Out and Evaluation of Training Effectiveness. Certificates of training completion are stored in employees' personal files.

Third party employees that work on the premises must undergo training before commencing work. Training is conducted by the health and safety service in order to familiarise the workers with on-site regulations and health and safety rules, for example, rules on moving around the plant premises.

Employees health promotion

GRI 403-6

At TFKable, every employee must have valid medical fitness certificate for their position ensuring that their health allows them to perform their assigned duties. We also support our employees in maintaining their health. Our employees can enjoy prepaid sports programmess – FitProfit and FitSport.

At JDR, worker health promotion takes place primarily via Healthshield – a tailored health plan for JDR employees (see detailed description on p. 54).

5.3. Skills building

Our employee training system

We have created and implemented a training system that is regulated by the Planning, Conducting and Assessing the Effectiveness of Training procedure which constitutes part of the integrated management system. The procedure includes careful identification of training needs, especially in the areas of safety, environmental impact and work quality. It takes into consideration different variables, such as requirements stemming from legal obligations, internal policies, identified training needs, etc. Based on identified of these training needs, plans are designed and announced in advance according to internal schedules.

We pay special attention to the proper training of employees and contractors that may affect product quality.

All JDR employees are provided with mandatory training to ensure they adhere to environmental andhealth and safety requirements, as well as technical competency standards. We have a performance development process that ensures each employee regularly meets with their manager to discuss their progress, career aspirations and to agree on their learning and development needs for the year ahead.

Employees are encouraged to adopt a proactive approach to their learning and recognise opportunities both in and outside the classroom. There are many opportunities available to develop new skills through on-the-job training, in-house and bespoke courses, learning networks and peer groups.

Sharing expertise with younger generations

At TFKable, we cater to the educational needs of the youth:

- we organise and provide school trips and tours around our manufacturing plants. This way, school and university students can learn about technological and production processes;
- we organise internships and traineeships for school students, during which they can learn about executive or administrative positions;
- we are happy to take students in for internships and traineeships from labour offices. We actively partner with these offices and we are involved in organising local and municipal career days
- we provide access to materials for secondary school pupils, university and PhD students for the purpose of preparing academic papers;
- in order to acquire qualified and innovative staff, we cooperate in research programs with students of the AGH University of Science and Technology and the Cracow University of Technology, in Poland.
- Internships and traineeships at administrative and executive positions

- In Akademia TFKable (TFKable Academy) we share our know-how in order to develop expertise and strengthen skills of professionals (see more in chapter 3).

ACADEMY | TFK. Group

At JDR, we are a strong supporters of preparing young people to enter the workforce. We provide knowledge of our operations to the community to show that we are part of the economic and social environment. Some examples of our work include:

- STEM Ambassadors – JDR is active locally with Science, Technology, Engineering and Mathematics (STEM) engagement. It enables students from local schools to learn more about the offshore energy sector. JDR runs a STEM event at both Littleport and Hartlepool facilities and participates in local STEM Initiatives and events. Many staff members at JDR have become STEM ambassadors or mentors and attend careers fairs, factory tours, in-house events, school events, regional events, practice interviews and workshops etc. We organise school tours of our manufacturing plants, when students learn about technology and production processes. Throughout the UK facilities ie; Littleport, Newcastle and Hartlepool we currently have 27 STEM ambassadors and 4 STEM mentors.
- Bristol University – As part of our development of offshore wind in the USA we are working with a local Massachusetts community college - Bristol University. They are looking to establish a GWO raining facility and are interested in the technical training of our US workforce.
- Recognition for our educational work – One of the examples of the recognition we have received for our skills building efforts is the Engineering Employer of the Year title that we were honoured with from Cambridge Regional College in 2018.

Environmental protection

Key data & facts

GRI 103-1

The products we manufacture are used across the globe, in areas of high biodiversity and different degrees of environmental impact. With applications in the offshore, mining and wind farm industries, they impact the surrounding ecosystems. Being aware of these embedded interdependencies allows us to adjust our approach to manufacturing and related operations. Moreover, we take steps to promote a broader environmental approach and focus on sustainability in our business relationships. We also take a step further and add the impact we have on our immediate environment and local communities to our list of key factors that drive our growth.

We are engaged in creating strategic solutions that minimise our impact on the environment. We are aware that we should coexist with the natural environment and the local ecosystem. Therefore, we anticipate our impact on the ecosystems in which we operate. This way we take the preventive approach towards the natural environment and put in place initiatives which promote higher environmental responsibility. We support the development and spreading of environmentally-friendly technologies.

OHSAS, ISO 9001 and **ISO 14001**

norms implemented at TFKable and JDR

7,451%

percentage of water reused at TFKable

0.99 MWh/tonne

TFKable energy intensity indicator

7,000+ km

of sealed cables delivered to offshore wind farms

500

white certificates for TFKable thanks to LED installation

218,441 tCO_2e

the volume of GHG emissions decreased due to change of fuel at the Bydgoszcz plant

100%

of new suppliers audited

Almost **50%**

of TFKable suppliers are ISO 14001 certified

100%

of non-hazardous waste apart from general waste at JDR has been recycled

6.1. Environmental management

Supporting the growth of the renewable sector has aligned and heightened our environmental objectives with those in our customer base. Our product lifecycle work reduces the impact of our products from initial design throughout the entire 25-year lifecycle.

Jarosław Romanowski
Vice President,
Chief Financial Officer at TFKable,
TELE-FONIKA Kable S.A.

Environmental policy

GRI 103-2
GRI 103-3

We are committed to minimising our negative impact on the environment through our Environmental Policy. We use an effective environmental management system designed to accomplish strategic business objectives while also acknowledging the impacts of our operations in an active and responsible manner. At the same time, we expect that our employees ensure our operations are managed in a way that guarantees a minimal impact on the environment.

TFK.Group invests in building a competent and capable organisation to consistently deliver high levels of operational and pro-environmental performance, supported by strong visible environmental leadership. We cooperate with our customers, contractors, suppliers, competitors, industry bodies and regulators in compliance with strategic business objectives, relevant legislation, regulatory and other key requirements. We adopt best practices and constantly improve our standards. We carefully monitor processes, analyse and investigate our impact on the environment which guarantees continuous improvement of our performance within this scope. On a day-to-day basis the system ensures that we are dynamically developing our production activities while limiting their impact on the environment.

TFKable implements its policy through:

- application of modern technologies,
- materials and solutions aimed at manufacturing products that are safe for people and the environment,
- rational management of raw materials, especially non-renewable resources,
- efficient and economical use of natural resources and power utilities,
- preventing and reducing pollutant emissions to the environment, including reducing greenhouse gas emissions,
- reducing waste generation and executing responsible waste management based on the principle of “circular economy”,
- conducting our operations in line with sound environmental practice.

JDR’s carries out is policy by:

- implementing successful management strategies to provide an environmentally sustainable workplace,
- identifying, assessing and controlling environmental risks associated with our activities,
- implementing safe systems of work to minimise pollution and environmental impact from our own activities in accordance with our compliance obligations and best HSE practice,
- optimising energy consumption, while consuming material goods in moderation,
- providing adequate information, instruction, supervision and relevant training, to enable our employees to undertake activity without risk to the environment.

The Environmental Policies, as described above, are implemented in TFK and JDR. Both companies employ quality and environmental management systems based on ISO 9001 and ISO 14001 standards and adhere to REACH and RoHS EU regulations while continuously monitoring impact on the environment.

The quality and environmental management systems and policies have been implemented in various areas of our business. As a result, at TFKable, we employ a series of environmental protection tactics:

- avoiding the production use of raw materials which contain substances harmful to humans and the environment,
- minimising the negative impact of our operations on humans and the environment,
- reducing pollutant emissions and waste production,
- rational and environmentally safe waste management,
- applying modern, environment-friendly technologies,
- effective management of natural resources and energy,
- engaging in pro-environmental activities.

JDR has a series of additional management systems that improve the companies' operations. In pursuit of continuous performance improvement, we set and periodically review environmental objectives. To achieve our environmental objectives, we make sure that we have sufficient resources for those targets to be met. We ensure that our employees are environmentally aware and we provide them with the relevant environmental training. We make sure that the policy is available and communicated to all employees and those working on our behalf to guarantee that responsibilities regarding the environment are clearly understood.

GRI 102-9
GRI 103-2
GRI 103-3

Environmental audits of suppliers

We work only with suppliers who comply with our supplier requirements. All our suppliers are subject to regular audits to ensure the quality of their services and materials is maintained at the same high level we required at the start of our working relationships.

The basic supplier evaluation parameters at TFKable include:

- **Complying with the ISO 14001 environmental management system.**
  Suppliers have to update their certificate information every six months. 49,3% of TFKable suppliers is ISO 14001 certified.

- **REACH Environmental declarations.**
  EU regulation regarding Registration, Evaluation, Authorisation and Restriction of Chemicals. It is the regulation adopted to protect the human health and environment from risks posed by chemicals. In line with the REACH regulation TFKable requires its suppliers to provide information on the properties of supplied chemicals as well as the risks associated with human health and the environment. This information enables effective risk management and the minimisation of the negative impact of these substances.

- **RoHS (EU Restriction of Hazardous Substances directive).**
  Its purpose is to reduce the volume of hazardous substances from electrical and electronic waste permeating into the environment. We require that our suppliers present information regarding the concentration of these substances in their raw materials and minerals.

GRI 308-1

100%
of new suppliers audited

In 2018, TFKable began cooperation with
8 new suppliers
We audited and screened all of them using our environmental criteria.

Partnership for the environment

GRI 102-13

As a part of cooperation with Europacable and the European Bank for Reconstruction and Development, we are committed to following the environmental guidelines they developed and as a result we have acted to minimise the impact our operations have on the environment. We have also initiated our cooperation with the Foundation for Sustainable Energy in order to become more involved in the sustainable energy sector.

Europacable Industrial Charter

As a signatory of the Europacable Charter, TFK.Group follows it provisions, some of which include adopting business ethics and social responsibility rules. These are related to commitment regarding corporate social responsibility and voluntary commitment to supporting and executing 10 principles of the commonly accepted UN Global Compact agreement. Another key element is complying with environmental safety rules. In particular, countering the negative effects of climate change in accordance with the EU directives that regulate environmental conduct and an active approach to environmental safety in the area of employed materials, supply chain and the entire product life cycle.

European Bank for Reconstruction and Development

At TFKable, given that we want to minimise our impact on the environment, we partnered with the European Bank for Reconstruction and Development (EBRD). Thanks to EBRD's financing, we will invest in innovative products and related R&D activities. We will also be able to take a wider range of preventive actions related to our environmental impact – on an ongoing and long-term basis. Each year, we report environmental data and inform about our initiatives taken to minimise the environmental impact of our manufacturing operations to the EBRD in our *Annual Environmental & Social Report.*

Foundation for Sustainable Energy

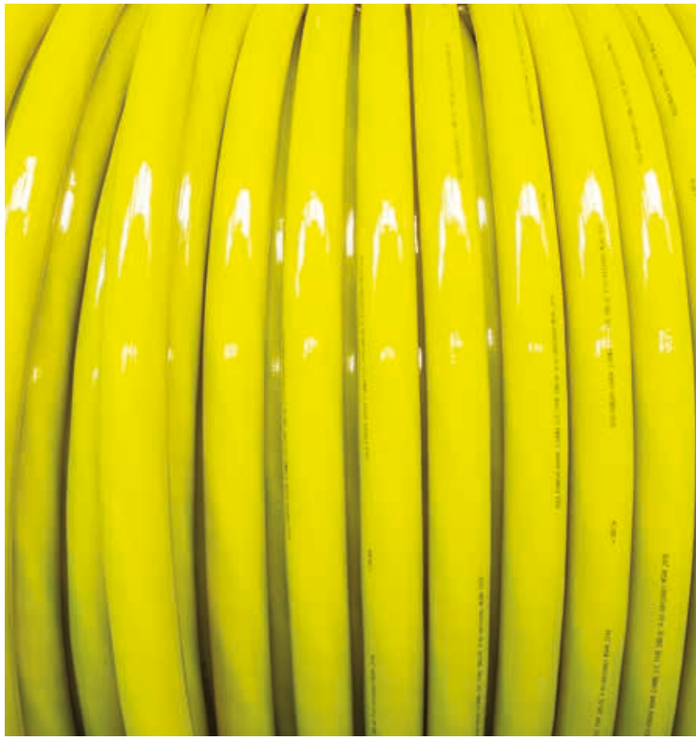
As TFKable, we produce and distribute offshore solutions for the energy sector, we cooperate with the Foundation for Sustainable Energy. The Foundation is an independent think tank and technical partner which aids the government in legislative processes that define the legal framework for the Polish energy industry.

NOF

JDR is a member of NOF, a business development organisation that aids in creating valuable connections between businesses in the global energy sector. Working on behalf of its members and partner network it creates a bridge between companies and the best and most innovative supply chain businesses in the UK.

Offshore Wind Industry Council (OWIC)

OWIC is a senior Government and industry forum, which was established to drive the development of the world-leading offshore wind sector in the UK. The OWIC is responsible for overseeing implementation of the Offshore Wind Industrial Strategy and is the sponsoring body of the Offshore Wind Programme Board – a joint government/industry body responsible for driving cost reduction in offshore wind.



6.2. Our impact, activities and results

We are aware that our production and technological processes, as well as the products and services we offer to our clients have an impact on the environment.

Our philosophy is to grow our business with respect for natural resources. We achieve this goal through developing new technologies and cooperating closely with our clients. We believe that environmentally friendly solutions and services are becoming a necessity, especially in regard to offshore wind energy.

James Young
Chief Technology Officer,
JDR Cable Systems

For the purpose of this report, we selected the key environmental issues that TFK.Group has an impact on and which we aim to improve upon in a way beneficial to the environment. Each day we strive to diminish the influence of these factors on the environment. As an example all departments within JDR review each aspect of their activities to develop a complete understanding of their environmental impact. Based on this analysis we determine and implement control methods ensuring that the potential for negative environmental impact on land, water and atmosphere is prevented. As our knowledge expands and available technologies become more effective, our efforts will become visible in all of the following areas.

Energy consumption and emissions

Climate change is one of the main threats associated with energy consumption and GHG (greenhouse gases) emissions. We strive to minimise our carbon footprint and energy usage by searching for possibilities to consume less energy and by focusing on obtaining energy from renewable sources.

Water management

We aim to continuously improve the quality of our water management. We are aware that fresh water is a scarce resource and this is why, in the manufacturing process, we apply closed water circuits to maximise the percentage of water collected by the organisation for further reuse.

Waste management

As waste can cause air and water pollution, we continue to focus on its reduction across our entire business cycle and operations, especially in the production process. We manage resources in a rational and economical manner, and thus limiting the emission of hazardous pollutants into the atmosphere.

Our products and services

We aim to achieve sustainable growth and permanent market advantage. Our strategy is focused on developing and providing high quality products with due consideration given to the environmental impact of our activities. The solutions we apply combine benefits with the least environmental impact possible.

Energy consumption and emissions

GRI 201-2
GRI 305-5

- The largest part of non-renewable energy resources at TFKable is natural gas – **38,553.3 MWh**
- Consumption of own or acquired energy at TFKable amounted to **475,857.8 GJ,** including thermal energy (steam, cooling energy) – **75,095.0 GJ,** and electrical energy – **400,762.8 GJ**
- Total energy consumption of the organisation at TFKable in 2018 - **46,300.2 MWh**
- TFKable uses energy from non-renewable resources such as natural gas and fuel oil.
- Direct greenhouse gas emissions related to heat generation in 2018 at TFKable – **4,960.8 tCO_2e.**
- In order to limit greenhouse gas emissions, we changed the fuel from natural gas to fuel oil at the Bydgoszcz production plant. As a result, the volume of greenhouse gas emissions decreased by **218,441 tCO_2e.**

As we are aware of the climate change crisis, in 2018 we implemented several solutions to reduce energy consumption and CO_2 emission. We changed parts of our lighting to LED, replaced internal transport vehicles and improved heat retention on doors. In the following years we will continue strengthening our commitment to increase the efficiency and reliability of products with the aim of reducing the dissipation of energy and power.

GRI 302-1

Image 13. TFKable: Energy consumption from non-renewable sources

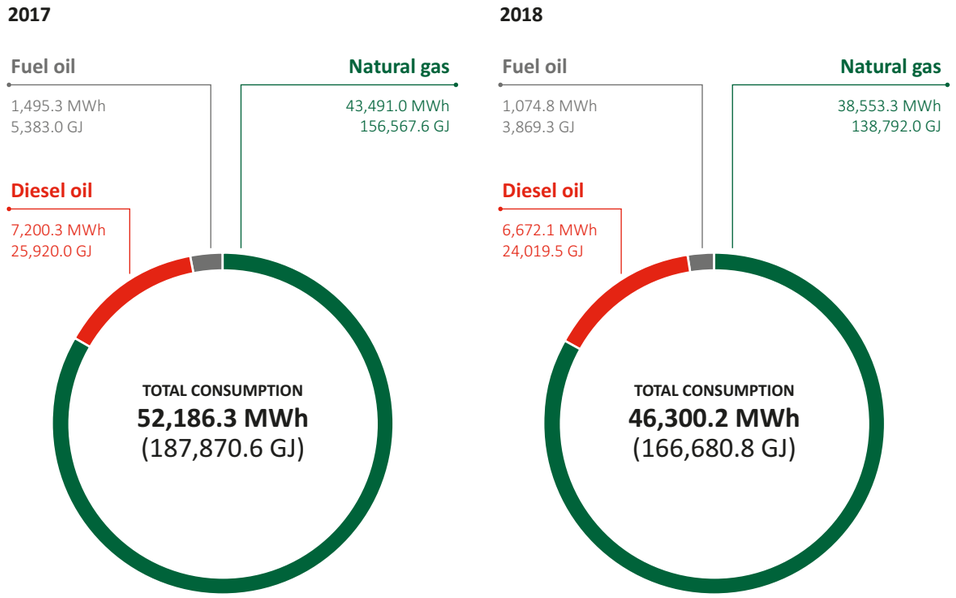


Table 11. Total electric and thermal consumption – (own or acquired)

Total electric and thermal consumption (own or acquired)	TFKable				JDR
	(MWh) 2017	(MWh) 2018	(GJ) 2017	(GJ) 2018	(MWh)
Electric energy	112,081.0	111,323.0	403,491.6	400,762.8	2,047.2
Thermal energy (incl. steam, cooling energy)	19,692.5	20,859.7	70,893.0	75,095.0	260.9
Total power consumption	**131,773.5**	**132,182.7**	**474,384.6**	**475,857.8**	**2,308.1**

The differences in energy consumption between TFKable and JDR plants result from the scope of operations and production profiles in particular locations. TFKable plants are equipped with various types of energy saving solutions, which enable production of cable components, semi-finished products and finished products with a total of approximately 3500 diverse technologically advanced cable and wire constructions. As products are manufactured using raw materials, the scale of operations and the amount of equipment used at TFKable is quite large. Operations at JDR plants cover mainly the final stage of cable production, namely assembly of component parts, using the semi-finished products and result in much lower consumption requirements.

TFKable: Energy intensity

GRI 302-3

178,482.9 MWh
Dividend – total energy consumption* (GJ, MWh)

÷

180,052.0 tonnes
Divisor, Gross tonne of raw material processing (including waste)

=

0.99 MWh/tonnes
Energy efficiency indicator

*The total energy consumption includes electrical energy, natural gas, purchased grid heat, fuel oil and diesel oil.

Decreasing the energy consumption indicator (from 1.05 MWh/tonne in 2017) is a result of actions such as: modernisation of the compressor station in Bydgoszcz, Poland as well as exchanging lighting type to LEDs in some productions halls in the Kraków-Wielicka Plant, Poland

GRI 302-4

Reduction of energy consumption

In the previous years we implemented a series of solutions that enable us to manage TFKable plants in a more sustainable and responsible way. We implemented an ERCO.Net media management system which analyses and manages the use of power utilities (electrical and thermal energy or natural gas). We modernised our facilities and production plants and improved their thermal insulation. Following the modernisation of the compressor stations at our production plants, we can now recover up to 80% of waste energy. This energy is currently used for heating hot service water, offices and part of production halls. We replaced energy-consuming lighting covers in production halls with energy-saving ones and exchanged mercury light sources with LEDs. As a result, we obtained over **500 white certificates.**

TFKable 2018 activities:

For the entire TFKable:
Gradual replacement of internal transport vehicles:
- purchase of 23 lift trucks (including 5 electric ones),
- withdrawal of 33 old vehicles.

Myślenice production plant:
- installation of new tight doors in the TKM hall,
- replacement of TKM hall lighting with LED lighting (continuous process),
- assembly and replacement of door shutting mechanisms in various buildings,
- connecting the gas network to the factory boiler room, exchanging the burner from oil to gas as the basic supply.

Kraków-Bieżanów and Kraków-Wielicka production plants:
- repair of fans in the ventilation cooler room to reduce noise,
- replacement of 5 production hall entry gates,
- changing lighting to LEDs in the halls at Kraków-Wielicka production plant. This resulted in 55 MWh of savings. The analysis compared the energy consumed by the circuit before modernisation and after. The amount of electric energy saved was calculated as the product power saved and operating time in 2018 in MWh,
- use of recovered heat to heat up water intended to create process steam.

Bydgoszcz production plant:
- launching the central compressor control system (increasing in compressor usage efficiency),
- purchase of a new diesel tank,
- in 2017 modernisation of the compressor station. It involved replacement of a cold regeneration air dryer with a hot regeneration one, together with exchanging one of the 250 kW compressors with a 160 kW compressor. In 2018 energy savings resulting from the modernisation amounted to 1,644,600 kWh.

GRI 305-1

Table 12. TFKable Direct greenhouse gas emissions

Direct emissions	Greenhouse gas emission [tCO_2e] 2017	Greenhouse gas emission [tCO_2e] 2018	Greenhouse gases included in calculations description
Emission related to electrical energy generation	0	0	n/a
Emissions resulting from heat generation	5,454.1	4,792.6	CO_2
Emission from cooling processes and steam generation	0	0	n/a
Emission from physical and chemical processing	0	0	n/a
Hydrofluorocarbon (HFC) emissions	75.4	168.3	HFC 32, HFC 125, HFC 134a
Emissions resulting from transportation of materials, products, and waste	0	0	n/a
Total direct emissions	5,529.6	4,960.8	
Biogenic CO_2 emission in metric tons of CO_2 equivalent	0	0	n/a
Other	0	0	
Total	**5,529.6**	**4,960.8**	

JDR Energy indirect (Scope 2) GHG emissions

GRI 305-2

CO_2 644,953 tCO_2e
Calculation based on UK Conversion Factors, which are:
- 2017 Conversion factor 0.34885 expire date – 31.07.18
- 2018 Conversion factor 0.28088 expire date – 31.07.19

CH4 1,308 tCO_2e
Calculation based on UK Conversion Factors, which are:
- 2017 Conversion factor 0.00062 expire date – 31.07.18
- 2018 Conversion factor 0.00066 expire date – 31.07.19

N_2O 3,710 tCO_2e
Calculation based on UK Conversion Factors, which are:
- 2017 Conversion factor 0.00209 expire date – 31.07.18
- 2018 Conversion factor 0.00153 expire date – 31.07.19

GRI 305-7

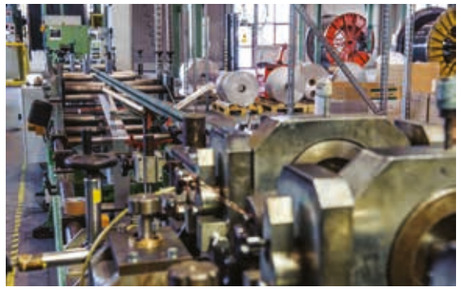
Table 13. TFKable: Emissions of NOx, SOx, and other significant compounds emitted to the air

Emission of NOx, SOx, and other significant compounds emitted to the air	Weight of significant air emissions (tonnes)	
	2017	2018
NOx	5.04	4.52
SOx	0.41	0.50
Persistent organic pollutant (POP)	0	0
Volatile organic compounds (VOC)	35.17	25.78
Hazardous Air Pollutant (HAP)	0	0
Particulate matters (PM)	1.41	1.33
Other standard categories of air emissions	17.83	16.62

Water management

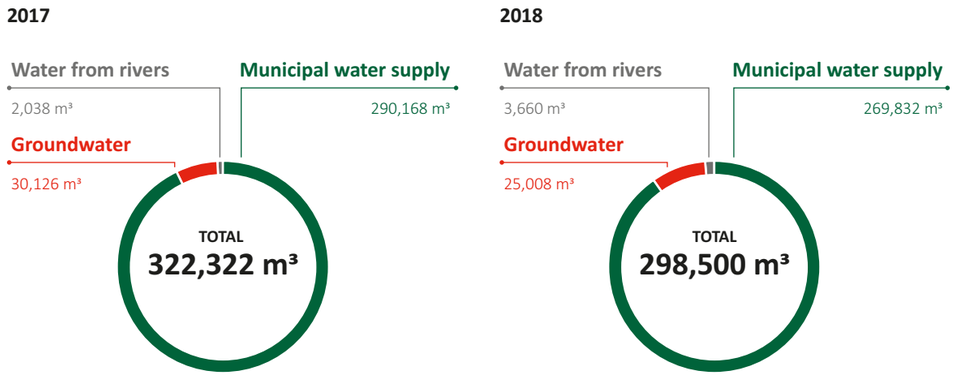
GRI 303-1
GRI 303-2
GRI 306-1

At TFKable, we focus strongly on managing our water resources in an effective way. That is why we developed technologies such as water recovery and recycling, as these allow us to use water in the production process up to several dozen times. We extract water from three different sources:
- the municipal grid,
- our own groundwater intakes,
- directly from surface waters, i.e. rivers.
- The total volume of water collected from all three sources in 2018 was **298,500 m^3.**
- Our most important water source is the municipal grid. The company collected **269,832 m^3** of water this way in 2018.
- Most of the wastewater we generate is carried off to municipal sewage treatment companies.
- In 2018, a total of **22,637 m^3** of treated wastewater was carried off to surface water (rivers).



GRI 303-3

Image 14. TFKable Total water intake per source

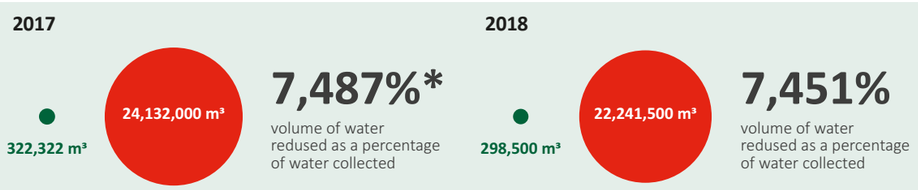


Water from lakes	**0 m³**
Sea water	**0 m³**
Water from wetlands	**0 m³**
Rainwater collected directly and stored by the organisation	**0 m³**
Stormwater from other organisations	**0 m³**

Water from lakes	**0 m³**
Sea water	**0 m³**
Water from wetlands	**0 m³**
Rainwater collected directly and stored by the organisation	**0 m³**
Stormwater from other organisations	**0 m³**

GRI 303-4

Image 15. The percentage and total water volume subject to recycling and reuse in TFKable



*The percentage of water reused is the ratio of water volume pumped in closed cooling systems to the volume of water collected by the organisation.

Wastewater produced at a given plant is carried off by the sewer systems to municipal treatment stations or is treated at the plant, e.g. in Bydgoszcz, the production plant is equipped with a mechanical-biological-chemical waste treatment facility. Apart from sanitary wastewater, it treats process water generated during production.

Wastewater treatment occurs in two stages. First, in the pre-treatment installation fitted with a compressed air mixing system, followed by the plant treatment installation. Our process water pre-treatment technology limits pollution to a degree which allows for further reduction in the biological treatment process. The capacity of the waste treatment installation is 120 m³/day, i.e. 43,800 m³ per year.

GRI 306-1

Table 14. TFKable, Bydgoszcz Plant: Total waste water volume by quality and destination

Water discharge destination	Volume [m³]	
	2017	2018
To groundwater	0	0
To surface water (including lakes and rivers)	24,366	22,637
To municipal utilities	51	0
Total wastewater	0	0

Wastewater treatment method	Volume [m³]	
	2017	2018
By the organisation	24,417	22,637
By the waste treatment plant	0	0
Total treated	24,417	22,637

Waste management

- In 2018 we processed most of our waste at TFKable by recycling it. This method was applied to **18,808.4 Mg** of waste;
- the total volume of waste in 2018 amounted to **20,370.4 Mg of non-hazardous waste and 485.7 Mg** of hazardous waste.

We aim to achieve a rational and environmentally safe waste management system. Therefore we work to decrease water discharge and waste production. To reach this goal our production plants employ the following waste processing methods:

- recycling,
- recovery, including energy recovery (not applied to hazardous waste),
- incineration or use as fuel,
- short term on-site storage.

GRI 306-2

Table 15. Total weight of waste per type and disposal method in TFKable

Total weight of non-hazardous and hazardous waste by disposal method	non-hazardous waste		hazardous waste	
	TFKable 2017 [Mg]	TFKable 2018 [Mg]	TFKable 2017 [Mg]	TFKable 2018 [Mg]
Reuse	0	0	0	0
Recycling	18,393.5	18,497.5	194.3	310.9
Composting	0	0	0	0
Recovery (including energy recovery)	795.9	761.2	0	0
Incineration (or use as fuel)	153.8	156.0	165.1	161.8
Deep well injection	0	0	0	0
Storage on waste dumps	0	0	0	0
On-site storage	988.7	955.7	69.4	13.0
Other	0	0	0	0
Total	**20,331.9**	**20,370.4**	**428.9**	**485.7**

GRI 306-2

Image 16. Total weight of waste in JDR

a. Total weight of hazardous waste

* Part full tins, contaminated material (Tins/brushes)

** Empty bottles, rags, part full bottles

b. Total weight of non-hazardous waste

All non-hazardous waste apart from general waste has been recycled. The following waste types are not included above due to non-material amount of it:

- Plastic Tubes 3 kg
- Non Hazardous Industrial 23 kg
- Green Waste 1 kg
- Ropes 3.5 kg

Circular economy at Bukowno Recycling Plant in Poland

Cables are omnipresent across the entire globe. They are applied in countless environments wherever people are present. This makes cable waste, not only an industry challenge, but a global challenge. As an industry leader we decided to take environmentally conscious steps to counter this negative impact. In 2007, we opened the Cable Waste Recycling Plant in Bukowno, Poland.

Our plant is an innovative facility which uses the circular economy principle. Waste created during the manufacturing cycle is reused as a secondary raw material. As most cable components are too valuable to waste, we begin the preparations for the recycling process as early as the design stage and continue through the entire production cycle. This method allows us to reduce waste by recycling 90% of the waste we produce.

The installations at Bukowno allow for processing cable production waste that was created at our plants and used cables from refurbishment or construction works of TFK.Group facilities. The waste is collected in a selective manner and undergoes a mechanical recycling process. As a result we are able to obtain high quality, (up to 99.5% purity), raw materials intended for further use.

1. The installations at Bukowno allow for processing cable production waste created at our plants and used cables from refurbishment or construction works of TFK.Group facilities. The waste undergoes a mechanical recycling process the result of which is non-ferrous metal pellets and plastic and rubber regranulates.
2. Copper pellets are further processed at Bukowno using a vertical continuous furnace for casting copper wire.
3. The final product is a copper wire, which is further used as a full value material for cable production at our plants.

Table 16. Recycling at Bukowno

Year	Scrap materials (Tonne/year)	Metal recovered (Tonne/year)	Non metal recovered (Tonne/year)	Total recovered (Tonne/year)	Material Recycled
2012	4,734	2,760	1,775	4,535	96%
2013	4,564	2,695	1,710	4,405	97%
2014	6,847	3,953	2,630	6,583	96%
2015	4,773	3,036	1,614	4,650	97%
2016	6,052	3,907	1,980	5,887	97%
2017	5,464	3,578	1,776	5,354	98%
2018	5,280	3,352	1,783	5,135	97%
Total	**63,512**	**38,428**	**23,219**	**61,647**	**97%**

Materials recycled in 2018

- Non-ferrous metals – 3,303.601 Mg – which was processed into 242.826 Mg of copper rod transferred to future manufacturing
- Ferrous metals – 48 Mg
- Plastic and rubber pellets – 1,783.244 Mg

Wooden packaging recycled in 2018

- 2,835.06 Mg of wooden packaging (drums, pallets) handed over to wood recycling companies

GRI 301-2
GRI 301-3

Our products and services

Our products are designed, manufactured and installed with careful consideration for the environment and utilisation of natural resources. We treat it as a way to be more efficient with raw materials and make the most of each stage of production process. We place great emphasis on assuring that requirements of faultless and safe system operation are met, while also taking into account the environmental aspects. We have been implementing environmentally friendly technologies.

GRI 301-1

Table 17. Raw materials / materials used by weight and volume in TFKable

Raw materials/materials used by weight (t, m^3)	Total consumption	
	2017	2018
Natural gas (m^3)	4,349,100.0	3,855,336.0
Fuel oil (m^3)	123.7	104.3
Diesel oil (m^3)	637.8	456.49
Other (t)	194,953.9	190,027.4

Pro-environmental activities in the field of product in 2018 – innovative solutions:

- **Introducing plastic tape into multi-core cable constructions and limiting particle emissions during multi-core cable production.**
  Using plastic tape as a separator allowed for significant decrease in the use of talcum, which resulted in reduction of unorganised particle emissions into the atmosphere.

- **Withdrawal of paper insulation cables and replacement with plastic cables - replacing product with lead coating with plastics, where lead was substituted for polyamide.**
  Result:
  - Withdrawal from using lead – a substance included in the Candidate List of Substances of Very High Concern of the European Chemical Agency,
  - Elimination of emissions of harmful lead during the manufacturing process at Kraków-Wielicka production plant,
  - Reduction of the amount of manufactured cable waste, containing lead coating and lead dross that form during production (waste classified as hazardous).

- **Introducing single-phase mixes.**
  We introduced a technology of manufacturing rubber mixes in a single phase and the mix preparation time was cut in half due to joining the two mixing phases to form one process.

  The following benefits were obtained due to single-phase mixes:
  - decrease in energy costs – resulting from shorter operating time of the mixer compared to the same capacity with a double-phase production;
  - decrease in rubber mix waste by 50%,
  - decrease in fuel use and fuel emissions as a result of reducing operations of forklifts delivering raw material for manufacturing of rubber mixes.

- **Withdrawal of ETU from polychloroprene mixes.**
  Ethylenethiourea (ETU) is an accelerator that has been widely used for many years in polichloroprene mixes to create quick-setting, heat resistant compounds that are easy to process. The material was classified as toxic in production and was added onto the Candidate List of substances of very high concern (SVHC).

  With the harmfulness of this raw material in mind, the rubber mixes laboratory at TFKable developed new recipes for mixes that do not contain this harmful compound. We implement the new material mixes into our production process order to eliminate ETU.

TFK.Group activities in the offshore sector

JDR's long-standing cooperation with the renewable energy industry and their position as a global pioneer in the development of inter-array power cables for offshore wind projects has situated TFK.Group as the largest global manufacturer of cables for onshore and offshore sectors after merger with JDR. With this new ownership JDR will be able to move into the international market for alternative and sustainable energy.

Together, as TFK.Group, we have been involved in 60 projects in the oil and gas and renewable energy sectors and delivered over 7,000 km of sealed cables to offshore wind farms. In the past five years, 98% of our products were delivered on time for the offshore sector. We did not receive a single complaint regarding our sealed cables installed on sea structures.

We cooperate with organisations that advocate the launch of offshore wind farms in the country, we also have a greater purpose in mind. We want to meet the European Climate Policy's goal of reducing greenhouse gas emissions by 40% by 2030 (compared to the level from 1990) and ensuring at least 27% of renewable energy in the EU.

Offshore wind energy is an excellent example of sustainable economic development. It increases the energy security of a country by using a domestic and renewable energy resource - wind. It also contributes to economic growth linked to the use of domestic products and services. Offshore wind energy provides access to affordable energy without causing environmental pollution during exploration.

Glossary

CSR. Corporate Social Responsibility – this is a concept according to which companies at the stage of strategy building consider social interests, environmental protection and relations with various stakeholder groups.

Declaration of performance – the document required for selling a construction product covered by a harmonised standard or the European Technical Assessment issued for it. The purpose of placing the declaration on a product is to provide the user with information about the function of the product and its conformity. This way, the manufacturer assumes responsibility for the product's conformity with the declared performance.

EH V. Extra High Voltage – any voltage above 150 kV - in accordance with the IEC standard.

HSE – the goal of implementing HSE (Health, Safety and Environment) systems is to reduce the impact of the company's activities on the environment, to save natural resources and to strive to ensure that the company's business activities are conducted in a way that protects the health and ensures the safety of employees and the community.

MV. Medium Voltage – any voltage from 6 kV up to 30 kV - in accordance with the IEC standard

HV. High Voltage – any voltage above 30 kV up to 150 kV - in accordance with the IEC standard

ISO. International Organization for Standardization – ISO is an independent, non-governmental international organization with a membership of 161 national standards bodies. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges.

Offshore industry – this is an economic activity carried out in the territorial sea of a given country or in its economic zone. Most often it refers to the extraction of oil and gas, in some cases also the extraction of fossil raw materials and the production of wind renewable energy.

OHSAS 18001 – Occupational Health and Safety Assessment Series, (officially BS OHSAS 18001) is an internationally applied British Standard for occupational health and safety management systems. The most common international equivalent of the Polish standard PN 18001 (Health and Safety Management System). It exists to help all kinds of organizations put in place demonstrably sound occupational health and safety performance. It is a widely recognized and popular occupational health and safety management system.

Onshore industry – this is an economic activity carried out in the land of a given countries.

Smart grids – an electricity network based on digital technology that is used to supply electricity to consumers via two-way digital communication. This system allows for monitoring, analysis, control and communication within the supply chain to help improve efficiency, reduce energy consumption and cost, and maximize the transparency and reliability of the energy supply chain.

Stakeholders – A person, group or organizations that have interest or concern in a company. Stakeholders can affect or be affected by the organization's activities, objectives and policies.

Supply chain – a network between a company and its suppliers to produce and distribute a specific product to the final buyer. This network includes different activities, people, entities, information, and resources.

SMART urban infrastructure – use of sensing technologies that are placed in infrastructure and the equipment it interacts with. Special sensors are connected to a communication backbone which allows real-time data acquisition and analysis.

Value chain – a business model that describes the full range of activities needed to create a product or service. For companies that produce goods, a value chain comprises the steps that involve bringing a product from conception to distribution, and everything in between—such as procuring raw materials, manufacturing functions, and marketing activities.

White certificates – documents certifying that a certain reduction of energy consumption has been attained.

XLPE – cables with PVC / cross-linked polyethylene insulation. In the of TFKable Group, it is used for medium and high voltage cables.

About the report

About the report

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Report creation process

This is our second Corporate Social Responsibility report but first to include GRI data for JDR. In our previous report (regarding 2017) we have described the whole TFK.Group, but GRI data were presented only for TFKable. With that experience this year we have decided to extend the scope of reporting. This report contains data for 2018 and the reporting cycle of TFK.Group is annual.

As stated before (see chapter 3.4 Our stakeholders) in order to maintain reporting continuity in the current year, we verified that all the issued identified as material in 2017 are still valid for 2018 and therefore we refer to them yet again in the current report.

The general information presented in the report refers to the TFK.Group. If not – each time we indicate if that part describes either TFKable or JDR.

We continue to use the Global Reporting Initiative Guidelines (GRI), which are an international standard for reporting non-financial data and sustainable development for companies. This report has been prepared in accordance with the guidelines of GRI Standards (level ‚core'), published in 2016, in the version updated in 2018. The report has not been subjected to external verification.

Questions, remarks and suggestions related to this year's report should be sent to Magdalena Kardela, the Marketing Director at TFKable, at magdalena.kardela@tfkable.com

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