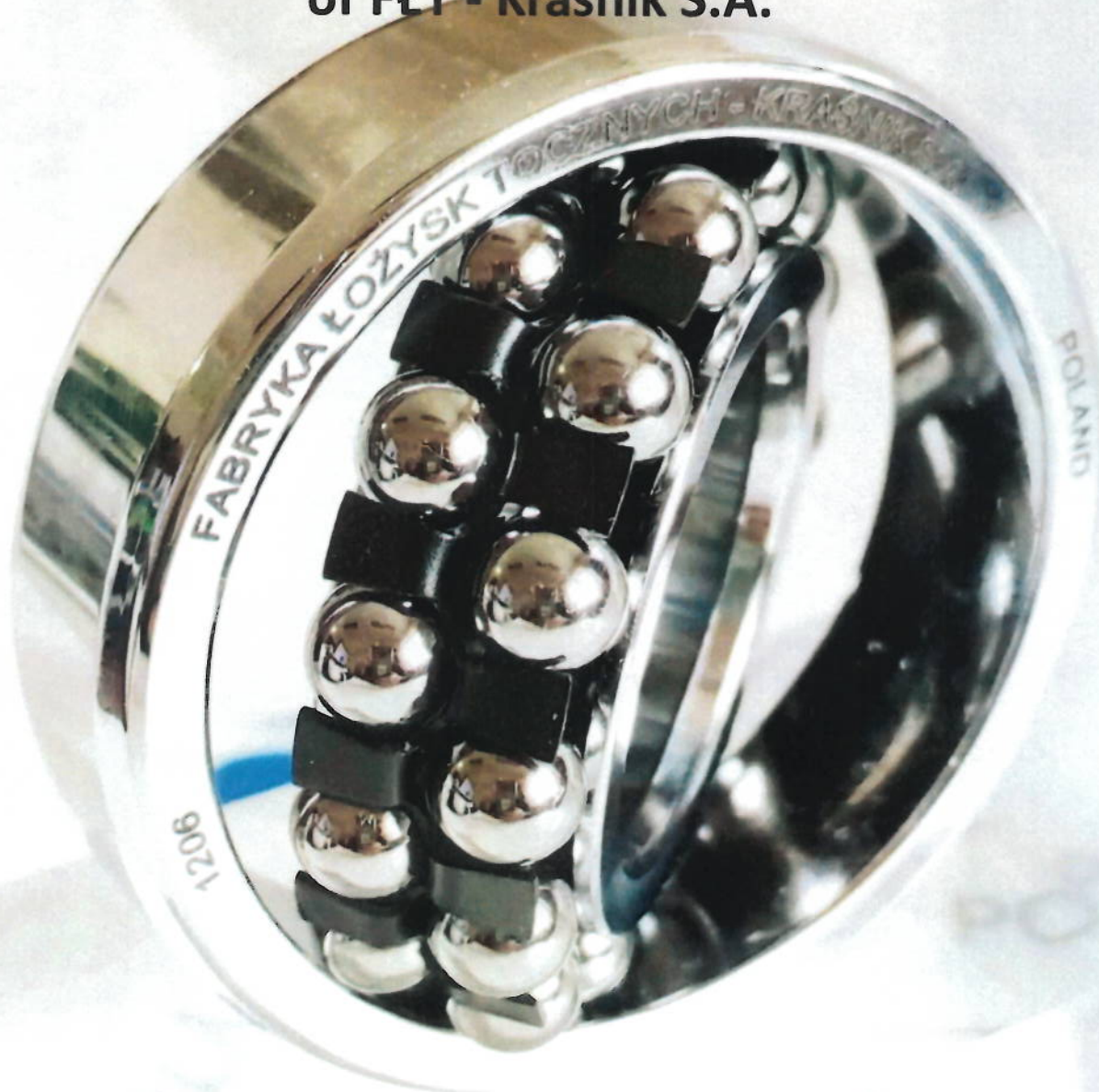


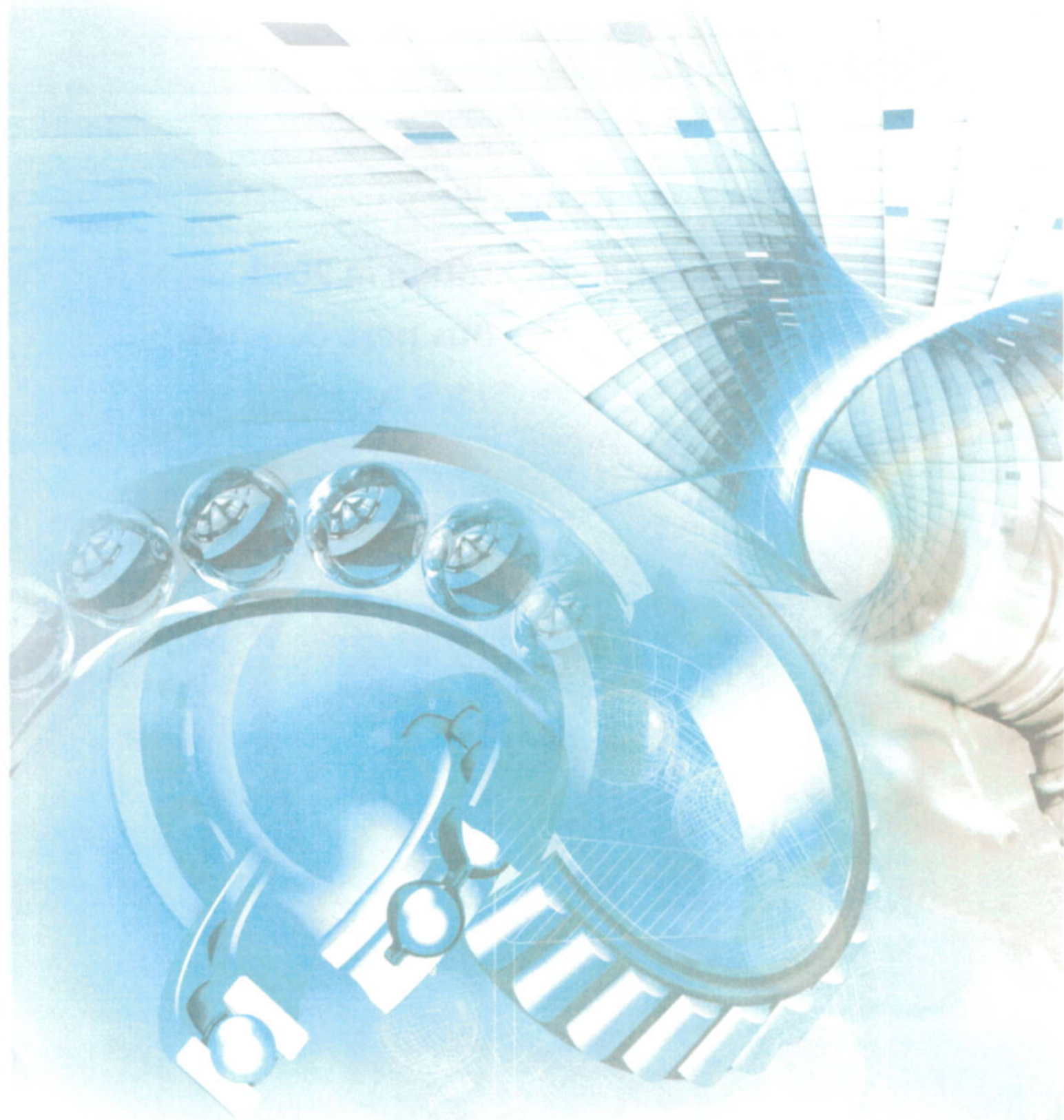
REPORT

from the implementation in 2021

the Code of Ethics and Business Conduct

of FŁT - Kraśnik S.A.





Ethics Management

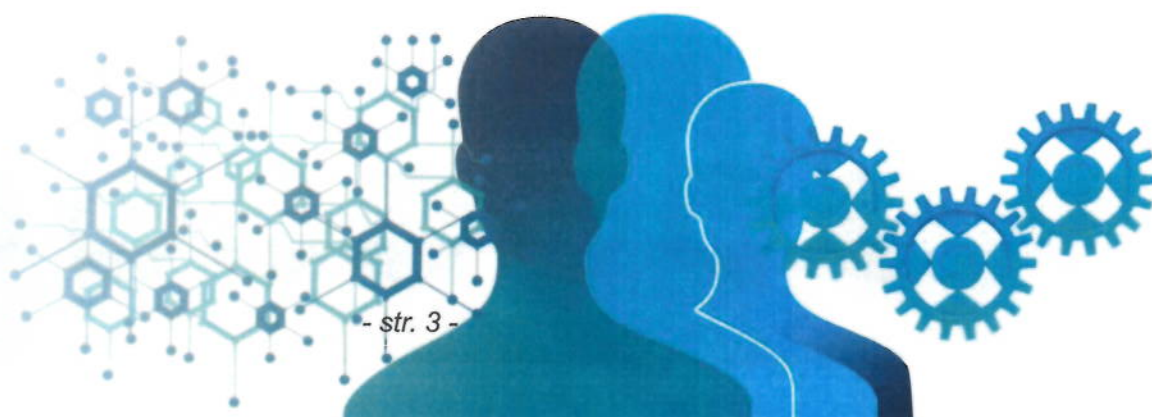
In F&T-Kraśnik S.A. the Code of Ethics is in force, which is treated by the Management Board, Directors, the management of the Company and its individual employees as one of the most important internal legal acts.

Its task is to set rules aimed at counteracting any form of unethical behavior, including corruption and bribery and all forms of discrimination.

The Code of Ethics applies to all employees of the Company, employed both under an employment contract and under a civil law contract, regardless of their position and contractors.

Adopted in F&T - Kraśnik S.A. Code of Ethics regulates the subject of:

1. Organizational governance.
2. Norms and behavior of the management staff.
3. Customers.
4. Obligations towards each other:
 - in the field of health and safety,
 - in the field of human rights.
5. Environment.
6. Fair operational rules (anti-corruption):
 - in terms of a conflict of interest,
 - in the field of external employment,
 - in the field of corruption, bribes, gifts,
 - in terms of competition,
 - in the field of intellectual property,
 - in terms of fairness in commercial transactions with business partners and suppliers (counterfeit products),
 - in the field of export control and economic sanctions,
 - in terms of identity protection.
7. Employees' obligations towards the company:
 - in the field of protection of the company's assets - financial responsibility,
 - in the field of information disclosure,
 - regarding data privacy.
8. Social responsibility.



The Code of Ethics functions in parallel with the Sustainable Development Policy of FŁT-Kraśnik S.A.

The Code of Ethics supports the implementation, management and monitoring of the Sustainable Development Policy of FŁT-Kraśnik S.A., and its aim is to: ensure compliance of the organization's activities with applicable laws, standards and internal regulations, aimed at: preventing violations of the good name and reputation of the organization, minimizing risks the occurrence of related financial losses with the activities of the organization against the law or with internal regulations, as well as reducing the risk of exposing the organization to civil, administrative or criminal liability. It also proves that respect for law and ethics in business is one of the key principles of FŁT-Kraśnik S.A. operations.

The main principles of the Sustainable Development Policy of FŁT-Kraśnik S.A. this:

Respect for the law;

Ethics and integrity in conducting business;

✓ **Transparency of the company's operations;**

✓ **Zero tolerance for illegal activities.**

✓ The task of Sustainable Development Policy of FŁT-Kraśnik S.A. is to draw the employees' attention to the issues that are important for the company. It introduces activities aimed at the correct implementation and enforcement of internal regulations.

Compliance with the Sustainable Development Policy of FŁT-Kraśnik S.A. concerns compliance with the law and the company's articles of association, the Code of Ethics, applicable regulations, policies, procedures, instructions, etc., especially those related to minimizing the risk of participation of the company's employees in any kind of corrupt practices or paid patronage.

In FŁT- Kraśnik S.A. all employees are familiarized with the anti-corruption policy and procedures. All (100%) members of the management bodies are familiar with the anti-corruption policy and procedures. Similarly, all (100%) suppliers are informed on an ongoing basis about the use of FŁT - Kraśnik S.A. the company's anti-corruption policy and regulations (contractual provisions or a link to the company's website).

The company introduces changes in a transparent and clear manner and communicates them through internal orders and letters of recommendation from the President of the Management Board and letters according to the distribution list of competent departmental directors, made available to employees on the internal Intranet network and departmental notice boards.

The Company regularly conducts social consultations with the operating in FŁT-Kraśnik S.A. union organizations.

All important changes in employee matters are also agreed with the social side, which has a positive impact on their reception by the crew.



Respect for human rights

Code of Ethics and Sustainable Development Policy of FŁT-Kraśnik S.A. aims to raise awareness of human rights throughout the company, monitor and solve problems in this area.

Employees at all levels, customers, suppliers and contractors with whom the company cooperates are required to comply with the Policy.

The policy requires the employer to respect the rights of employees expressed in the Declaration of Fundamental Principles and Labour Rights adopted by the International Labour Organization. It is committed to operating without discrimination, promoting equal opportunities and valuing diversity, as well as respecting the prohibition of child labor, forced labor, freedom of association and the right to collective bargaining. Any form of discrimination is also prohibited against customers and the public.

In 2020, at FŁT - Kraśnik S.A. no human rights violations were found.

Actions taken to protect and promote human rights include:

- ✓ cooperation with the government administration and non-governmental organizations in this area,
- ✓ implementation of social projects,
- ✓ implementation of appropriate procedures,
- ✓ rejecting all types of discrimination and creating an atmosphere of mutual respect.

Human rights are promoted at every stage of the supply chain. The obligation to respect human rights also applies to suppliers and contractors. For this purpose, appropriate supplier evaluation and selection procedures have been established.



Diversity management

Human resources of FŁT-Kraśnik S.A. consist of people of different sexes, different ages, which favours intergenerational dialogue. One of the principles of the Code of Ethics is to effectively counteract discrimination, and above all, to promote diversity and openness in the workplace. Intolerance and discrimination are a threat to its integrity, therefore the Company has implemented the provisions of the Code of Ethics relating to equal treatment on the grounds of, inter alia gender, age, disability, health condition, nationality, political beliefs, form, scope and basis of employment. The company is committed to creating an atmosphere and organizational culture that respects all forms of diversity. This also applies to the area of recruitment, access to training and promotions, remuneration, reconciling professional duties with private life, protection against mobbing and unjustified dismissal.

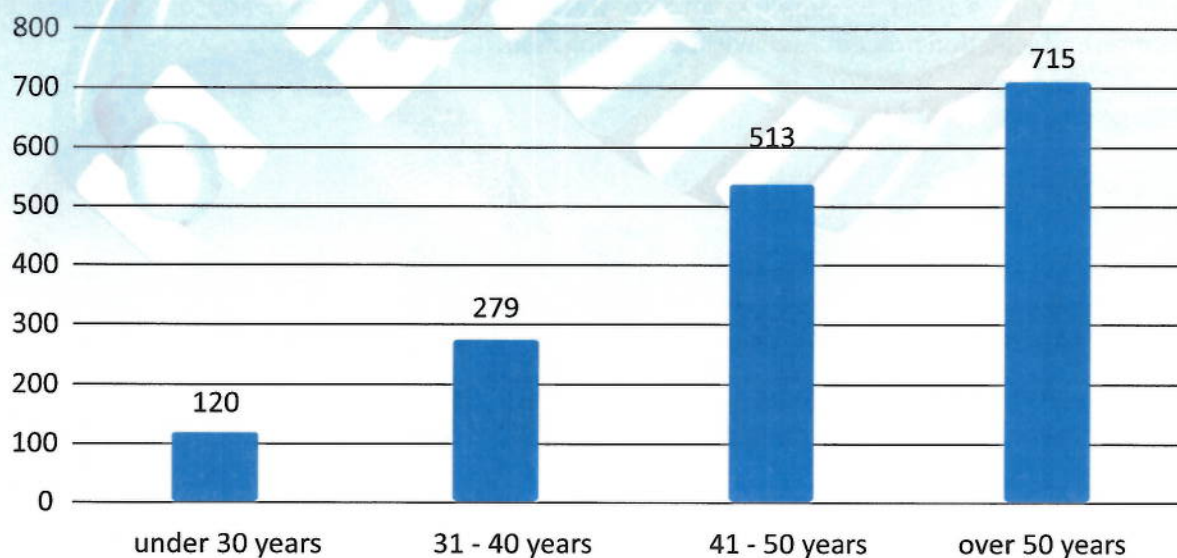
In 2021, the company financed external training for 327 employees. Fabryka Łożysk Tocznych - Kraśnik S.A. cooperates with the Kielce University of Technology in the field of Implementation Doctorates, and universities as part of postgraduate studies financed by the company. Out of 60 engineering and technical employees at the R&D Research and Development Center, 5 people pursue doctoral studies, while post-graduate studies in the fields of Labor and Social Insurance Law, Metrology in Mechanical Engineering, Purchase Management were started by a total of 12 people.

Transparent rules of internal recruitment are introduced in the Company, which give all employees of the Company equal opportunities in accessing attractive vacancies.

The Company also introduces the same bonus rules for all employees according to clearly defined criteria.

The majority of people in the company are in the 31-50 age group, the second group are people over 50, and a smaller group are people under 30. Below is the employment structure in the Company by age of employees.

Employment structure by age of employers - as of 31.12.2019



In the company, we also break down barriers related to the health condition of employees by employing people with disabilities. For efficient management, a system of educational and training tools has been introduced.

In 2020, they were not confirmed in FŁT - Kraśnik S.A. cases of discrimination.



Reporting violations

All information about the Code of Ethics and Sustainable Development Policy of FŁT-Kraśnik S.A. are available on the company's Intranet. As part of the introduction, each new employee gets acquainted with the Code of Ethics, and since 2016, ethics has been part of regular training courses for employees.

All employees have access to information and tools enabling them to report violations of the Code of Ethics or the Sustainable Development Policy of FŁT-Kraśnik S.A.

Applications can be made in person or anonymously, in writing to the address of FŁT-Kraśnik S.A. Fabryczna 6, 23 - 204 Kraśnik, by electronic means to the general address of the Company, i.e. info@flt.krasnik.pl

Only authorized employees have access to the e-mail box. They are forwarded directly to those responsible for processing them.

All reports are dealt with in accordance with confidentiality standards and can be the basis for the development of improvement and corrective actions. Each case of violation is recorded in writing along with recommendations or guidelines for further action by a given organizational unit to which the report relates.

In 2021, no reports were received regarding non-compliance with the provisions of the Code of Ethics and / or the Sustainable Development Policy of FŁT-Kraśnik S.A.

Risks monitoring.

The key risks related to corruption or bribery relate primarily to the business, legal and financial spheres.

Monitoring of compliance with the rules and controls are carried out by the Internal Control Section located in the structure of the AZ Management Board and Personnel Office, subordinate to the Administrative and Legal Director, and supervised by the President of the Management Board of the Company. Internal control is responsible for the identification and analysis of risks in the company, preventing the factors that cause them. At the same time, it examines the activities of individual organizational units based on confidential control plans.

The Internal Control Section may also conduct additional inspections at the request of the President of the Management Board. The role of the Management Board and Human Resources Office is also to take preventive measures and build employees' awareness of the risks themselves and the actions that may lead to them. Additionally, all employees and suppliers are required to familiarize themselves with the anti-corruption policy and procedures. All employees - newly employed and with many years of experience, will become familiar with the applicable anti-corruption procedures during regular training.

Compliance with the law.

In 2020, as in previous years, in F&T-Kraśnik S.A. and in subcontractors no cases of forced or child labor were found. There were also no indications of discrimination or activities that might endanger the right of association and the right to collective action. F&T-Kraśnik S.A. also did not finance the activities of political parties. In the reporting period, there were no violations of the principles of free competition or monopolistic practices. At the same time, no lawsuits were filed and no penalties were imposed by the inspectors - authorized external bodies, including those related to violation of human rights or environmental protection regulations.

In relations with employees and external entities of F&T-Kraśnik S.A. is guided by ethical principles and specific rules. In the daily work of all employees, the rules set out in the **Code of Ethics and Business Conduct of F&T-Kraśnik S.A.**, updated on September 10th, 2020, apply.

The report was prepared on January 27th 2022 by:

1. Agnieszka Cyran – Manager of the Management & HR Office 

2. Jacek Kołtun – Administrative and Legal Director

The report was approved on January 27th 2022 by:

Grzegorz Jasiński – President of the Management Board 



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POLISH BEARINGS FACTORY