

## Human rights policy at FŁT-Kraśnik S.A.

## **I. Introduction**

FŁT-Kraśnik S.A. is a leading manufacturer of rolling bearings in Poland, aware of the role played today by the issue of respect for human rights. As a Company that has been operating since 1948, we realize our responsibility to protect and respect all internationally recognized human rights.

At FŁT-Kraśnik S.A. we pay attention to the protection and realization of human rights wherever we operate and with respect to all entities we interact with in any way.

This Policy sets forth the key principles of activities, behaviors and regulations that are directly or indirectly related to ensuring respect for human rights within the Company and in relations with external stakeholders.

As part of our adopted Human Rights Policy, a component of sustainable development, we define our position on respect for human rights. The scope of the policy extends to suppliers and business partners. The provisions of the policy are in line with international human rights standards and legal norms. Within the framework of the implemented policy, we define the Company's expectations of employees, suppliers and business partners. We are committed to adhering to the provisions of the policy and communicating it internally and externally.

Respect for human rights at FŁT-Kraśnik S.A. is implemented on the basis of internal regulations, national legislation and international standards and guidelines, in particular:

1. The Universal Declaration of Human Rights
2. The International Labor Organization's Declaration on Fundamental Principles and Rights at Work, i.e., based on the key conventions of the International Labor Organization
3. The UN Guiding Principles for Business, i.e. the United Nations framework document "Protect, Respect and Remedy"
4. The Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
5. Standards of the International Finance Corporation (IFC)
6. The Ten Principles of the United Nations Global Compact

This policy is consistent with the Company's implemented: Sustainable Development Policy, Code of Ethics and Business Conduct, Corporate Social Responsibility Policy of FŁT-Kraśnik S.A. S.A., and Security Policy for Personal Data Processing in FŁT-Kraśnik S.A.

At FŁT-Kraśnik S.A. we oppose any unethical actions against those providing labor, both within the Company and throughout the value chain.

## **II. Caring for the human rights of employees at FŁT-Kraśnik S.A.**

### **1. Creating a tolerant and open working environment**

1. FŁT-Kraśnik S.A. is committed to promoting values, principles and norms that build an atmosphere of acceptance and deepen understanding of diversity. Through its actions, FŁT-Kraśnik S.A. creates conditions for an open and tolerant work environment.
2. While protecting all rights relating to personal dignity, we also respect, protect and promote family and parental values (right to family life). We are guided by the principle of protecting the dignity of labor, including in matters related to fair wages, the right to rest and access to training.

3. FŁT-Kraśnik S.A. promotes an inclusive work environment that provides equal opportunities for all employees, particularly regardless of age, gender, marital status, parenthood, ethnic, national or social origin, sexual orientation, religious beliefs, disability or union or political affiliation.
4. FŁT-Kraśnik S.A. recognizes the right of employees to be able to speak freely on all matters affecting them, as well as the right to privacy - without interfering in private matters.
5. FŁT-Kraśnik S.A. applies the principles of reintegration to ensure easy adaptation for an employee returning to work after childbirth leave. We are involved in:
  - Maintain the relationship with the employee during the leave.
  - Re-entry of an employee into the workplace after a leave of absence.
  - Reduce turnover of employees returning to work after a leave of absence.

## **2. Health and safety of employees**

1. Caring for the health and safety of employees is an overriding value at FŁT-Kraśnik S.A., an important part of the business, and an expression of concern for basic human rights.
2. FŁT-Kraśnik S.A. provides all employees with a safe and hygienic work environment, while making the necessary efforts to ensure that workplaces are free of health and life hazards and are organized in such a way as to protect against accidents and serious injury.
3. FŁT-Kraśnik S.A. implements these activities on three levels - through the formation of a safety culture, the development of personal safety, and by taking a number of measures and initiatives to prevent accidents, industrial accidents, fires and other unwanted incidents.
4. Protecting the right to decent working conditions that meet health and safety requirements is a concrete action and a manifestation of concern for the health of all who are on the Company's premises.
5. Taking care of the health and safety of employees, FŁT-Kraśnik S.A. uses instructions and procedures that comply with the requirements of ISO 45001. This system is planned to be implemented in the Company in the near future.
6. Each organizational unit of the Company has a Social Labor Inspector who has the right to intervene when risks or violations are identified. Occupational health and safety matters are also resolved by the Occupational Health and Safety Committee, which includes representatives of the employer, the Company Social Labor Inspector, an occupational physician and representatives of trade unions.

## **3. Workers' freedom of association and cooperation with the social side**

1. The Management Board at FŁT-Kraśnik S.A. accepts dialogue with employees as the norm, including in the context of protecting human rights, and fully respects activities that protect the rights of workers, in particular, such as organizing speeches, associations, or the ability to form and join trade unions in FŁT-Kraśnik S.A.
2. FŁT-Kraśnik S.A. respects the rights of workers to form and join trade unions or labor organizations and to bargain collectively without fear of reprisal.
3. FŁT-Kraśnik S.A. recognizes trade unions as representatives of Employees in matters of their collective rights and interests, within the limits set by applicable laws, and is committed to respecting the principles of freedom of activity and equality of trade unions and the protection of trade union rights.

4. FŁT-Kraśnik S.A. is committed to conducting social dialogue, basing it on the independence of the parties, acting in accordance with the law, and trust, which translates into building constructive and sustainable business and labor solutions.
5. FŁT-Kraśnik S.A. guarantees freedom of association and collective bargaining. This guarantee translates into the right to join any union organization.
6. FŁT-Kraśnik S.A. employees are affiliated with four trade unions. In carrying out their tasks, trade unions have the right to report violations in the area of human rights protection.

#### **4. Equality in the recruitment process and equality in employment**

1. FŁT-Kraśnik S.A. ensures that equal opportunities are maintained in the recruitment and employment process, in particular with regard to the establishment and termination of the employment relationship, terms and conditions of employment, promotion, access to training, improving professional qualifications.
2. Hiring and remuneration rules are formed based on the highest standards, which are designed to ensure appropriate and decent working conditions, including equal pay for equal work.
3. The FŁT-Kraśnik S.A. wage policy is guided by the principle of equal pay for equal work, we apply the gender pay equity index.
4. We analyze the employment turnover rate in an effort to keep its value low.
5. Managers of organizational units in the Company shall record and account for the working time of employees in accordance with applicable law, while respecting the right to rest and due vacation.

#### **5. Prevention of forced labor and child labor**

1. FŁT-Kraśnik S.A. combats all manifestations of modern forms of slavery, forced labor, or torture.
2. FŁT-Kraśnik S.A. does not condone forced labor, human trafficking or any form of modern slavery, and workers have the right to enter into and terminate employment relationships according to their free and free will.
3. FŁT-Kraśnik S.A. does not accept the retention of employees' identity documents, including work permits, and the collection of any deposits as a condition of employment.
4. FŁT-Kraśnik S.A. categorically opposes the employment of children, i.e., persons who are under the legal age for employment under generally applicable law, and provides effective procedures to prevent the employment of children.

#### **6. Prevention of discrimination, bullying and any other irregularities in the workplace**

1. Treating all employees with due respect, FŁT-Kraśnik S.A. does not accept behavior aimed at violating human dignity, in particular bullying, discrimination and any form of harassment.
2. FŁT-Kraśnik S.A. makes every effort to ensure that there is no violence, intimidation, harassment, exclusion, brutal treatment, any of the forms of coercion and exploitation and threats as a method of control or discipline in the workplace.
3. FŁT-Kraśnik S.A. does not accept any form of violation of personal dignity and gender equality, including: discrimination, harassment, bullying and other actions that violate the rules of social intercourse.

### **III. Protecting human rights in the supply chain, as well as in relations with stakeholders**

1. FŁT-Kraśnik S.A. commits to emphasizing the importance of human rights and promoting these rights wherever it operates, expecting all cooperating entities to respect them.
2. Respect for human rights by the entities with which FŁT-Kraśnik S.A. cooperates is an important factor taken into account when establishing mutual relations.
3. FŁT-Kraśnik S.A. does not take actions that lead to business benefits with disregard for or violations of human rights.
4. Cooperation with companies that use forced labor, slave labor, underage labor, companies that fail to ensure safety conditions in the workplace, and companies that fail to respond to other unethical activities are excluded.
5. As part of its commitment to respecting human rights in supply chains, FŁT-Kraśnik S.A. expects suppliers to act in accordance with the highest standards of business ethics and in compliance with laws and applicable international standards.
6. These efforts are reflected in the documents implemented in the Company: FŁT-Kraśnik S.A. Code of Ethics and Business Conduct, FŁT-Kraśnik S.A. Corporate Social Responsibility Policy and FŁT-Kraśnik S.A. Personal Data Processing Security Policy. They are aimed at developing and improving responsible business practices among our Suppliers, as well as acting in accordance with the values of FŁT-Kraśnik S.A., being one of the pillars of responsible business and sustainable development in purchasing processes.
7. FŁT-Kraśnik S.A. seeks to raise awareness among Suppliers of the importance of caring for human rights in their own operations, while reserving the authority to conduct verifications of compliance.
8. With regard to local communities, in the areas of influence of FŁT-Kraśnik S.A.'s assets, it is important to respect the human rights of local communities and indigenous peoples, i.e. respecting the International Labor Organization's Convention 169 on Indigenous and Tribal Peoples in Independent Countries.
9. FŁT-Kraśnik S.A. takes measures to balance the impact of business activities on the local community, respecting the distinct rights of local peoples, with special attention to their cultures, lifestyles, institutions, ties to the homeland and development.
10. FŁT-Kraśnik S.A. conducts dialogue with local communities, establishes cooperation agreements where necessary.
11. FŁT-Kraśnik S.A. promotes conflict resolution through negotiation, and manages physical security activities, i.e., in the course of its activities, it does not join in actions of excessive use of force by state bodies, in accordance with current international laws and norms, in particular the European Parliament Resolution on the Right to Peaceful Protest and the Proportionate Use of Force.

### **IV. Reporting and handling of violations and irregularities**

1. FŁT-Kraśnik S.A. has implemented and uses effective mechanisms for reporting violations and irregularities.
2. The whistleblowing rules are based on the ability to report anonymously on irregularities that have led or may lead to human rights violations.
3. FŁT-Kraśnik S.A. ensures anonymity and security for those who report or disclose information about violations, while committing to an effective and reliable remediation process and implementation of remedial measures.

4. In the near future, FŁT – Kraśnik S.A. intends to implement an application to enable electronic reporting of violations.
5. FŁT-Kraśnik S.A. does not tolerate threats, intimidation, retaliation or attacks against human rights defenders and concerned stakeholders in connection with FŁT-Kraśnik S.A.'s operations.
6. With the applied solutions, FŁT-Kraśnik S.A. also has the ability to mitigate the consequences of a breach and effectively prevent similar occurrences in the future.
7. The reporting and analysis methods used, allow systemic identification of any adverse actions, as well as coordination of corrective actions
8. The adopted solutions include FŁT-Kraśnik S.A. employees, external stakeholders, i.e. all persons who directly or indirectly cooperate with FŁT-Kraśnik S.A., and apply to the external environment.

#### **V. Commitments of FŁT-Kraśnik S.A. and monitoring of ongoing operations**

1. In order to identify possible negative impacts on human rights, prevent them, mitigate their effects and account for actions taken to prevent their occurrence, FŁT-Kraśnik S.A. is committed to conducting a due diligence process to respect human rights in its operations and business relationships, including the planning and implementation of new investments.
2. FŁT-Kraśnik S.A. recognizes the protection of human rights as a strategically important issue. With a view to ensuring the full protection of all human rights, continuous monitoring and analysis of the value chain is being conducted to update this Policy.
3. FŁT-Kraśnik S.A. monitors the effectiveness of the measures it has taken, based on quantitative and qualitative indicators, as well as reviewing internal policies and procedures that have - or may have - an impact on human rights.
4. The analysis of internal documents and procedures is continuous, due to changing threats to human rights, the evolution of the Company's operations and the context in which it operates.
5. FŁT-Kraśnik S.A. implements various training programs for employees to build awareness and sensitivity to human rights, and designs and implements further measures to strengthen the solutions adopted and applied in this regard.

#### **VI. Final Provisions**

1. All employees of the Company have been acquainted with the adopted Human Rights Policy of FŁT-Kraśnik S.A.
2. This Human Rights Policy, adopted by the Management Board of FŁT-Kraśnik S.A., is publicly available and known to employees and others working for the Company.
3. FŁT-Kraśnik S.A. declares its support for the activities arising from this Policy and the provision of adequate resources and means to implement and maintain the activities set forth herein.

PRESIDENT OF THE  
MANAGEMENT BOARD

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Weiren Zhao