

CORPORATE SOCIAL RESPONSIBILITY REPORT

2018



CONTENTS

3	INTRODUCTION
4	OUR COMPANY
5	OUR BUSINESS
10	ECONOMIC MANAGEMENT
11	SOCIAL VALUES
21	ENVIRONMENT
24	CONCLUSION





Ing. Marek Světlík

Executive Director and CEO
CSR Management Representative

INTRODUCTION

Dear Friends,

You are now opening the fifth Corporate Social Responsibility Report of Šroubárna Kyjov. The report is intended for all of you who are interested in what is happening in our company and in our relationship with our environment.

The Corporate Social Responsibility (CSR) Report summarizes our company's key activities and actions in our region in the areas of economic management, social development and environmental care. We are aware of our commitment to behave responsibly in each of these areas. Our company's focus is not only to achieve profit, but also to achieve long-term economic and social stability and to help develop the region where we operate.

We are therefore presenting to you the results of our business in 2018 in three key areas - financial, social and economic. The economic results we achieved, considering the problematic beginning of 2018, were quite satisfactory. We succeeded in meeting the set targets and in developing our business plans and future development plans, which we have also included in our Report.

Your history defines your duties and responsibilities. And as our company has a history of 69 years, our duties and responsibilities are rather large. And they do not only concern the growth of our company, but also our region, customers, business partners and the environment. We are proud to say that we have been fulfilling our obligations, even exceeding the legal requirements.

We firmly hope that our Corporate Social Responsibility Report will be a useful source of information for you, and that through our activities we will continue to implement our values and our corporate mission "Together for future generations".



MAIN PRODUCTS OF ŠROUBÁRNA KYJOV

RAIL FASTENERS

- Sleeper screws with self-tapping thread or trapezoidal thread, produced according to customer's drawings, hook screws, fish bolts



- Hexagonal nuts, lug nuts and lock nuts



CAM FORGINGS FOR CAMSHAFTS



- Forgings of valve operating camshafts and pump camshafts

COMPONENTS FOR BEARING PRODUCTION



SPECIAL COMPONENTS



OUR COMPANY



Šroubárna Kyjov has been operating in the Kyjov region since 1950. Over the past decade, the company has undergone a major restructuring and modernization of production. In 2008, TŘINECKÉ ŽELEZÁRNY, a.s. became the owner of the company and thus the company became a member of the Třinecké železářny - Moravia Steel Group. Cooperation with other companies belonging to the TŽ-MS Group gives the company the possibility of integrating the supply process. Partnerships within the value chain allow joint planning, exchange of information and experience, sharing of innovations, and optimization of material flows.

The company continues to be a major manufacturer of fasteners using hot forming technology. Our main activity is the production of sleeper screws, structural bolts, hook screws, rail fasteners and nuts. However, in recent years the company has become an important player in the automotive. Our automotive products include forgings of cams for combustion engines and also bearing rings which are not only forged but also machined on CNC machines.



Šroubárna Kyjov sold 23,991 tonnes of products last year, amounting to a total of CZK 970.5 million. The year-to-year growth was 13.8%, while 82% of products were exported, of which 68% went to countries in the European Union.

The company is certified according to ISO 9001, IATF 16946, ISO 14001 and ISO 50001 by Lloyd's Register Quality Assurance (LRQA). The products are homologated by European railway companies such as German DB AG, Spanish RENFE, Swiss SBB or British NETWORK RAIL.

The company is a modern, dynamic and successful firm with a strong position on the market. We base our prosperity and development on the trust and satisfaction of our customers. The company's strategy is focused on continuous development of products while applying socially responsible principles.



OUR BUSINESS

A socially responsible company carefully considers the social and ethical impacts of its activities, including its impact on the environment. Therefore, our business must be environmentally friendly and it must not increase the burden on the environment. Our newly purchased machinery comprises some of the most modern, ecologically designed machines which do not cause air or soil pollution. Fume exhausters and collection troughs to recover potential oil leaks are basic accessories of our machines.

We do business sustainably

We always strive to maintain long-term fair relationships with our customers and suppliers. Some of our customers and suppliers have been cooperating with us for more than 60 years.

We strive to achieve a high level of satisfaction of our customers, which is the main prerequisite for the long-term success of any company.

We regularly measure the satisfaction of our customers by means of a questionnaire survey. The results of our surveys in terms of general indicators for the whole company do not show a significantly improving trend in the current period. However, when we analyze our customer portfolio, where the number of our customers from the automotive sector has been increasing, the results are quite satisfactory. Nevertheless, we are continually improving our business processes and adopting measures that - together with gaining new experience - will contribute to increasing the percentage of satisfied customers in the future.

SATISFIED CUSTOMER = SUCCESSFUL COMPANY

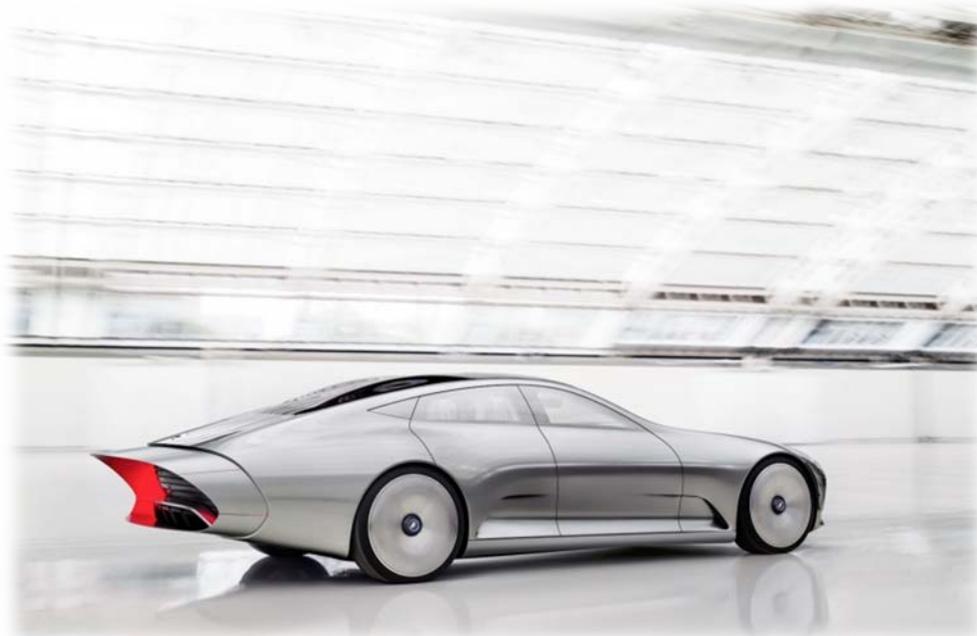
The company produced 24,668 tonnes of products in 2018, which is 3,566 tonnes more than in the previous year. The total volume of purchased production material was 27,540 tonnes. 25,005 tonnes of material were purchased from TŘINECKÉ ŽELEZÁRNY, a.s., which represents 90.8% of all purchased material.

We export 82% of our products. The dominant market for our company are EU countries, where we sold almost 68% of our exported products, including our neighbour Slovakia. This volume of export amounts to CZK 797.8 million. We sold products worth CZK 172.7 million on the domestic market. Year-to-year, the total volume of sales from our own production increased by CZK 117.6 million, despite the fact that the Czech crown significantly strengthened against the euro, which was to our detriment.

Our most important business partners in Europe are Germany, Italy, Slovakia, France, Switzerland, Belgium, Austria, and Poland. In America it is mainly the USA, in Asia it is Azerbaijan. Through our business partners, we export products to other countries of the world.



In our company, we also place great emphasis on innovation, improvement and development of internal processes. Innovation is the engine of progress. There are different ways to measure innovation success. We strive to expand our product portfolio, especially with products for the automotive industry.



The company Šroubárna Kyjov is constantly developing. We invest considerable resources not only in the renewal and modernization of our machinery, production equipment and inspection equipment, but also in related infrastructure. In doing so, we are particularly concerned with the health of our employees and with the improvement of their working environment. For example, we carried out an extensive renovation of lighting in our production halls and operation halls when we implemented the subsidy project "Reducing the Energy Intensity of Production in Šroubárna Kyjov". We installed an air curtain at the gate of the loading bay, we renovated the company's drinking water supply system, etc.

In the last year, the total investments amounted to CZK 78,386,000. One of the most important investment projects is undoubtedly the acquisition of a new forging line - Hatebur No. 1 (AMP 30S) from the Swiss company Hatebur. This forging line is capable of producing up to 50,000 cam forgings per shift. Moreover, it is equipped with state-of-the-art systems which guarantee not only high productivity, but also contribute to saving the input material.

The quality of our products is extremely important to us. Therefore, we purchased another inspection line - No. 4, which is designed to be able to inspect all types of cams produced in Šroubárna Kyjov.

We also do not forget about our machines for the production of our railway products, which not only undergo regular maintenance, but are also upgraded and developed. Examples of our efforts in this area include the purchase of the forging press BSR1 including a new pointing machine, the new hook-screw trimming machine, and the thread rolling machines - No. 1 and No. 2.

In 2018, we paid great attention to the machining of bearing rings. Throughout almost the whole a year, a team of employees from various departments worked to increase the efficiency and productivity of our bearing ring production process. Production times were shortened, multi-machine operation of CNC machines was introduced, logistics and employee motivation were improved.



Management commitment

All members of management must -

- ensure sufficient human, material and financial resources, including the possibility of using subsidy programs, to achieve the company's objectives, review their availability and adequacy, and guarantee their effective use,
- make decisions solely in accordance with legal regulations and technical standards in the areas of quality, environment, energy efficiency and accident prevention,
- suppress any forms of corruption, ensure that safe working procedures are used at all times,
- lead and motivate employees to work safely,
- motivate employees to work in accordance with work procedures and technological procedures, to actively contribute to continual improvement of the work of individuals and teams, which leads to the achievement of the company's goals and to cost reductions at all workplaces.



Our priorities are

- to ensure occupational safety and health for all our employees as well as suppliers,
- to provide high quality products and services,
- to protect the environment for future generations and to take them into consideration in everything we do,
- to communicate openly and honestly,
- to behave fairly and with respect for our employees,
- to cooperate closely with our key partners to reduce the impact of our business operations on the society and on the environment.

ECONOMIC MANAGEMENT

Šroubárna Kyjov places great emphasis on sustainable, rational management, and on compliance with strategic goals in the area of socially responsible behaviour.

We want to regularly inform our customers and stakeholders through our website, our annual reports and this Corporate Social Responsibility Report about our plans, goals, activities and results. We are constantly striving to improve the quality of our products, to keep costs down, to carefully allocate funds to projects for renovation and modernization of machinery, for technological development and for environmental protection.

From an overall economic perspective, the year 2018 was ultimately favourable for us. The first months of the year, however, were challenging for us, as the volume of our customer's orders was quite lacking, especially in our railway range, and there was also a shortage of skilled workforce, especially as regards operators of CNC machine tools. In order to meet our customers' delivery deadlines, we had to compensate for the lack of staff by overtime work, sometimes even on Saturdays and Sundays, which was not always easy to organize. The situation started to improve in the second quarter, quite significantly, so the economic results of the first half of the year were eventually better than planned.

In the second half of 2018, we were able to successfully fulfil the set tasks and to solve problems associated with the production growth. In certain periods we struggled with production performance due to limited workforce capacity, as we had to tackle the problem of the shortage of sufficiently qualified workers throughout the whole year. This fact was the main cause of increased occurrence of nonconforming products and an increased number of complaints. For some customers, we adopted a policy of 100% product inspection and sorting of products, while the capacity of our inspection equipment was insufficient. We had to increase the volume of manual sorting of products and use the services of an external company, which meant increased costs, but at the same time we were able to meet customer requirements.

Year-to-year, the largest increase of revenues was in the segment of rail fasteners, which amounted to over CZK 100 million. There was also an increasing trend in the production of products for the automotive industry, both for bearing rings and cams.



To maintain the good name of our company and our reputation as a high-quality producer on both the domestic market and on foreign markets is a key objective for us all. Employees across the whole company are involved in the innovation project and we welcome comments and suggestions to improve processes, products, services and cost reductions from all our employees and partners. These are tools which - in combination with other company management tools - help us keep our competitive advantage and influence the future of our business.

In the subsequent period, our goal remains to increase the volume of our production of cams and bearing rings, provided that at least the current production volume of rail fasteners is reached.

Acquiring new market outlets for our products and new customers is a matter of course for us. Competition is growing and companies are looking for new tools which would make them more competitively aggressive, as well as resilient to competition in the tough market environment. It is up to us to prove that we are able to succeed in the competitive environment, especially through our technological know-how, better technical background, new research findings and professional staff.

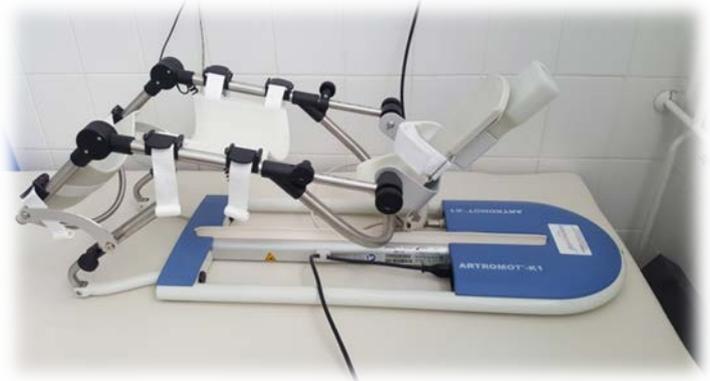
The success in our business activities is reflected in the fact that we have been supporting the Kyjov region for many years.



Šroubárna Kyjov was one of the main sponsors of the planting of greenery in Nerudova Street in Kyjov



Our donations mostly go into health services, cultural events, schools, social services and sports. Last year, we also donated finances to the physiotherapy department of the Kyjov Hospital, which was able to purchase more modern equipment.



Equipment for arms rehabilitation

Donations are provided by our company after discussing individual applications with the CEO of Třinecké železářny; we prefer applicants from our region.



We have been supporting the Extraliga Hockey Team HC Oceláři Třinec for 11 years.

SOCIAL VALUES

Šroubárna Kyjov, spol. s r. o. is a company with a long-standing tradition in metalworking. The values we believe in have been formed since 1950 when the company was founded. Further development of the company is determined by our responsible approach to our employees, our business partners, our society, our region and the people who live there.

WE FOLLOW ETHICAL PRINCIPLES AND WE COMPLY WITH THE LAW

Ethical principles and respect for the law are the basic values of our behaviour and our corporate culture. Our company exists under the law applicable in the Czech Republic. We closely follow all laws that govern our activities and relationships, we know them, we honour them and we duly comply with them.



We act and we make our decisions in accordance with the principles of corporate culture, social responsibility, employee collegiality and fair business relations, as well as in accordance with our legal rights and obligations stipulated by laws, by decisions of public authorities and by our contractual relationships. An indispensable condition for our cooperation with our business partners is that they also act in accordance with all applicable laws and ethical principles.

We follow a program which also covers the management of business and process risks in accordance with standards set by the International Organization for Standardization (ISO), in accordance with international standards for Quality Management Systems (QMS), including standard IATF 16949, in accordance with principles of Corporate Social Responsibility (CSR), and in accordance with the international standard SA8000 which encourages organizations to develop, maintain, and apply socially acceptable practices in the workplace. We are continuously using this program, we evaluate its effectiveness and we take measures to improve it.

In our visions, plans and decisions, we always take into account the interests of our business partners and employees, the impact on the regions in which we operate, and the impact on the people and the environment in these regions.

We strive to ensure that the relationships with our business partners, public authorities, our employees, trade unions and the public are well established, stable and based on mutual respect and legitimate trust in fair behaviour. We support the region in which we operate and we are committed to further improve the quality of life of its people.

Every year we issue a Corporate Social Responsibility Report which is published on our website www.sroubk.cz.

WE RESPECT OUR CORPORATE CULTURE

We are proud of our history and we build on it when we further develop our company as an organization with lasting values, traditions and customs.

The basic principles of our corporate culture are:

- Focus on the customer, outgoing approach, full customer satisfaction through products and services of the highest quality,
- Consistent fulfilment of obligations,
- Good interpersonal relationships based on cooperation and mutual respect,
- Employee satisfaction and motivation,
- Development and use of employees' knowledge, abilities, skills and experience,
- Teamwork,
- A high level of work ethic,
- Entrepreneurial spirit of a diligent administrator - technological advancement based on continuous innovation,
- continuous improvement.



WE VALUE OUR EMPLOYEES

Respect for human rights is an essential part of our company culture. We do not encourage or tolerate any form of discrimination. We respect employees' right to privacy. We condemn any form of violent or forced labour.

We condemn child labour. We only employ persons who meet the conditions set by law. We work together with schools and we participate in vocational training of students of secondary vocational schools, especially in our Tool Shop. We cooperate with these schools under contracts to provide training to students, appropriate to their age, knowledge and experience. We do not tolerate any form of illegal work, not even in the companies of our business partners. Procedures and conditions set by law have always been the minimum standard for our relationships with our employees. This also applies to the conclusion and content of employment contracts and other labour-law contracts or agreements, working hours, rest periods including breaks, overtime, bonuses, payroll deductions, or termination of employment contracts. We reward our employees duly for their work, including premiums for afternoon work, night work, work on weekends and holidays, overtime, etc. We also provide social benefits and other benefits to our employees above and beyond what is required by law.

In relation to our employees and to public authorities, we fully comply with our legal obligation to disclose information. We respect our employees' rights including the freedom of association and the right to collectively bargain. We respect the position of our company's trade union as a representative of our employees and we consider it to be our partner in social dialogue. We assess all of our employees every year.

We communicate with our employees on a continuous basis, we organize meetings and conferences with the top management and with other company executives, and we inform our employees about current issues through effective communication tools, such as central message boards, message boards at individual workplaces, information screens, an electronic information system, and an in-house newsletter.

We welcome all questions and comments from our employees, who can use special message boxes installed in our company and labelled "Suggestions and Inquiries". Every year, we carry out surveys of employee satisfaction, we evaluate our findings and we address questions and comments. We assess all of our employees every year. We do not resist complaints from our employees or from other people; we address all complaints in a responsible manner.

WE HAVE A WHISTLEBLOWING POLICY

We enable our employees and other persons to whistleblow, to raise queries and complaints. We address all whistleblowing reports, queries and complaints, we deal with them and we learn from them in order to achieve further improvement. We guarantee protection to all employees who come forward with bona fide whistleblowing reports, queries and complaints.

WE PAY CLOSE ATTENTION TO OCCUPATIONAL SAFETY AND HEALTH

Occupational safety and health of our employees is an integral part of all our activities and has the highest priority. We create the most favourable working conditions. We adhere to our accident prevention program. We make sure that every work activity is carried out using safe working practices.

We have developed a system of identifying and evaluating occupational health risks. We continuously review the system and improve it. The system also defines measures to eliminate occupational health risks.

We are committed to prevention. We constantly educate and train our employees to work safely and to protect their health. We provide our employees with personal protective equipment according to a list drawn up for every workstation. Employees at workstations with increased heat or physical strain are provided with protective drinks.



We monitor the health of our employees through a system of medical exams. We do not allow employees to perform work tasks which are inconsistent with their medical condition. If a workplace accident occurs despite our best efforts, we apply our system to provide first aid, to report or investigate injuries or other unfortunate consequences, to adopt measures to prevent its recurrence, and to compensate for damages.

WE RESPECT COMPETITION AND INTELLECTUAL PROPERTY

We are committed to free, fair and honest economic competition and we do nothing to disrupt it. We avoid conflicts of interest and situations which may cause suspicion of such conflicts, including conflict of our personal interest and our company's interest. Any conflict of interest is admissible only if it is permitted by law. We respect intellectual property rights, trade secrets and other confidential information, and we protect such rights and information to the extent defined by law, by contracts with our business partners, by informed consents of data subjects, and by business ethics.

We process personal data of our employees, as well as any other persons whose personal data has been provided to us, strictly in accordance with the law. All of our employees who come into contact with personal data, trade secrets or other confidential information in the course of their duties are bound to maintain confidentiality of such data and information.



We have implemented and we consistently comply with the General Data Protection Regulation (GDPR) which entered into force on 25 May 2018. We have set methods for risk analysis, defined approved procedures for processing personal data, we have trained employees throughout the company, and we have created a process to deal with comments, suggestions, questions and other initiatives.

WE VALUE OUR BUSINESS PARTNERS

We work with all our business partners in an honest and transparent manner, with respect and fairly. We expect the same behaviour from them. We respect the interests and needs of our business partners unless they are in contradiction with the law, they involve excessive risk or they might lead to harm. We are bound by the fact that we create values for our business partners. We apply the principle of continuous development to our products, increasing their added value and reducing their environmental burden at the same time. We implement a zero-errors policy.

We select our suppliers with due care in order to maintain the quality of our products. We conclude contracts with our suppliers regarding quality and we evaluate how they meet their obligations.

We monitor whether work procedures and technological procedures are being followed duly, and whether potential complaints from our business partners are being resolved. We evaluate the satisfaction of our business partners. We want our business partners to work with us continuously or to return to us. The success of our business partners is also our success.

We are committed to doing what we say we will do. We keep our promises. We support an ethical business culture. We perform our duties duly, fairly and honestly. If a business partner wants to conduct an audit in our company, we are ready to arrange it with them.

WE CONDEMN ALL FORMS OF CORRUPTION

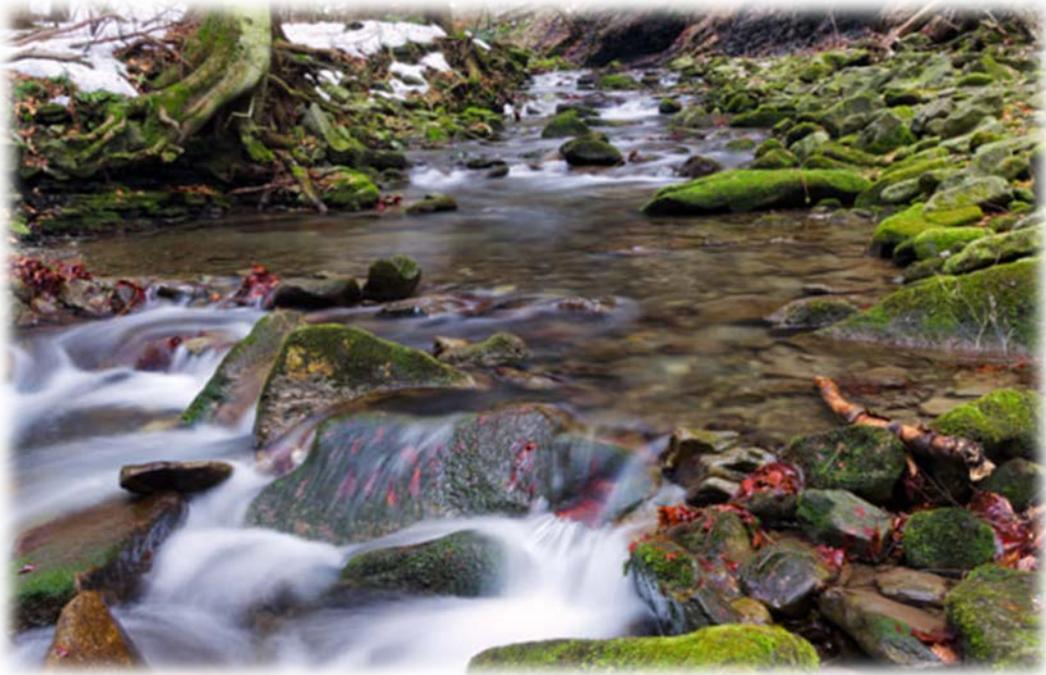
We are committed to zero tolerance to offering or accepting bribes.

We strongly encourage our employees to refrain from any corrupt conduct. Nobody who works for our company, acts in the name of our company or acts with reference to our company may solicit or accept any benefit for granting or promising any privilege, nor may they offer or provide any such benefit.

WE PROTECT THE ENVIRONMENT

Environmental protection is an essential part of our policy. Our standard is to at least meet all of the applicable legal requirements and the conditions of licenses which were granted to us by public authorities on the basis of applicable law. We are committed to continuously and systematically reducing the impact of our activities on the environment.

In order to comply with environmental protection principles, we have implemented waste management systems which prefer recycling, we have built closed water circuits and wastewater treatment plants, we have implemented energy management systems and systems to manage chemicals.



We fulfil our corporate mission "Together for future generations."

We apply the Code of Conduct in all of our activities.

This Code of Conduct is the cornerstone of all our internal regulations and related internal standards which build on the Code of Conduct and provide further details to ensure their consistent application. We are committed to following this Code of Conduct, we enforce it and we monitor that it is being complied with.

We support the region in which we operate and we are committed to further improve the quality of life of its people.

We cooperate with schools, we offer apprenticeships to vocational students, internships to secondary technical school students and university students, we consult bachelor theses and diploma theses with students, we organize guided tours of the company for students and the public.

We donate to charitable and humane causes, health care, culture, and sports.

For the fifth year in a row, we are publishing a Corporate Social Responsibility Report which is publicized and provided to our business partners.

EMPLOYMENT

The basic principles of behaviour of the company Šroubárna Kyjov, spol. s r.o., including the relationship to its employees, the principles of corporate culture and the basic principles of corporate social responsibility, are set out in the document "Code of Conduct of Šroubárna Kyjov, spol. s r.o.". All employees were properly acquainted with this document in the last year.

Šroubárna Kyjov is a socially responsible company which fulfils its corporate mission "Together for future generations." In this context, we are fully aware that satisfied and loyal employees are the way to satisfied and loyal customers. This theme is extremely important especially today, because there is a lack of sufficiently skilled and qualified workers on the labour market. The unemployment rate is very low and the turnover of employees, especially younger employees, has been increasing. Therefore, similarly to other companies in the Czech Republic, all throughout the last year we were intensively dealing with various personnel issues and we were implementing an active employment policy. To recruit new employees, we advertised in regional press and television, and we posted billboards and leaflets in the town of Kyjov and in surrounding villages. We started cooperating with an external company engaged in the recruitment of workers from Ukraine. Currently, we have negotiated the recruitment of 5 qualified employees under the government programme "Režim Ukrajina" for employing workers from Ukraine.

	year 2016	year 2017	year 2018
Number of employees of Šroubárna Kyjov	333	345	359

In total, we managed to find 80 new employees in the past year, but 49 employees terminated their employment in our company without giving a reason, during the probationary period, or they had an employment contract only for a fixed period of time, or they retired. At the end of the year, our company had 374 employees and - year-to-year - the average number of employees increased by 14 people to 359 employees. At present, due to the satisfactory volume of our customer's orders, employment has been showing an increasing trend.

The growing share of new employees in the company requires intensive everyday work with people, and this concerns all managerial positions. We consider it extremely important to properly organize the training and integration of a new employee into the work team, as it is the first step to gaining the employee's loyalty to the company. Loyal, dedicated and trustworthy employees are one of the key prerequisites for a successful company.

We are aware that such employees have a feeling of belonging to the company, they get on well with their colleagues, they work conscientiously, and their work commitment is higher. A loyal employee feels part of the company and does not harm the company's interests. However, with some employees, it is sometimes more difficult to build up this kind of relationship, and it requires long-term communication, exemplary personal behaviour, and adherence to corporate values and principles. Employees must be informed about the intentions and the strategy of the company, and executives must be willing to discuss their problems with employees and be able to listen to their comments and opinions. We must critically state that we are not always doing well. In spite of the fact that our company's approach to employees is based on openness and mutual respect.

EMPLOYEE TRAINING

On-the-job education is a continually recurring process based on the principles of personnel strategy and policy of Šroubárna Kyjov, and it relies on the company's strategic objectives of human resources development, which are part of the Business Program. Employee education increases our efficiency and competitiveness. Our employees are mostly trained by external educational companies, but also by our internal instructors.



We strive to continuously expand, maintain and renew the qualifications of our employees. We support our employee's education and increased qualification especially in the form of specialized training courses, workshops, language courses, and computer skills training courses. During the year, in addition to the regularly repeated training course, we organized 34 educational events (20 of them realized by external educational companies and the others internally).

Our educational system is set up in such a way as to ensure the required level of qualification of employees in all positions across the company. We use our own corporate funds to finance employee education and training, amounting to CZK 673,000 in the last year, and we also apply for subsidies.

INCENTIVE PROGRAMS

Employees are rewarded for their work performance not only with wages, but also with a range of other incentives, bonuses and social benefits which encourage them to work conscientiously and which compensate them for some of the effects of our specific work environment. These incentives are granted beyond what is required by law. We use them to motivate our employees as much as possible to support the goals and objectives of the entire company. In 2018, the following incentives and benefits were used in specific areas:

REMUNERATION

- bonuses - regular and exceptional bonuses
- manager's fund for quick payments of flexible premiums
- higher rates of pay for afternoon work, night work, work on weekends and holidays, overtime, and work under heavy conditions
- higher rate of pay for working on shifts in a continuous operation
- bonuses for good economic results

According to our employee satisfaction survey, one's salary is still the most important motivating factor. The year 2018 was very favourable for our employees in terms of remuneration for their work. All the requirements defined in the Collective Agreement were fulfilled, and in terms of wage growth they were even exceeded. Year-to-year wage growth reached a record high of 18.8%, and ranked first in the last 20 years.

PERSONAL DEVELOPMENT

- creating conditions for professional growth of selected groups of employees
- improving the qualification of employees
- cooperation with secondary schools and Brno University of Technology

EMPLOYEE AWARDS

- presentation ceremony for the "Employee of the Year" with a financial reward at the prestigious Třinecké železářny's corporate event "Queen of Steel"
- bonuses presented on the occasion of birthdays and retirements
- awards for the best innovators

OTHER BENEFITS

- extended holiday - 1 week more than required by law
- increased scope of leave with wage compensation in case of personal difficulties
- contribution for voluntary supplementary pension insurance
- contribution for life insurance

HEALTH SUPPORT

- we pay for initial and preventive medical examinations
- contribution for massages and other rehabilitation activities
- we organize rehabilitation stays in Luhačovice Spa for at least 50 employees every year
- we provide vitamin packages



- we provide protective drinks to all employees during extremely warm days
- contributions for company canteen
- we fund other health supporting activities (sports events, sauna)



Spa & Wellness Hotel Niva in Luhačovice is used for rehabilitation of ŠK employees

RECRUITMENT OF NEW EMPLOYEES

Advertising of vacancies:

- on the company premises (gatehouse, screens, message boards)
- in regional press and television
- leaflets and billboards in Kyjov and surrounding villages

Cooperation:

- with the public employment office
- with employment agencies
- with secondary schools and colleges



We do not employ agency employees. In mid-2019, five employees from Ukraine will join our company. The recruitment of these employees is the result of a long and administratively demanding process.

Our company cooperates with selected secondary technical schools and enables training of apprentices in the company's Tool Shop. We allow university students to use our selected documentation and resources for their bachelor theses and diploma theses, and we allow students to visit our production plant.

OCCUPATIONAL SAFETY AND HEALTH

Occupational safety and health (OSH) of our employees is an integral part of all our activities and has the highest priority. We create the most favourable working conditions. We adhere to our accident prevention program. We make sure that every work activity is carried out using safe working practices. We have developed a system of identifying and evaluating occupational health risks. We continuously review the system and improve it. The system also defines measures to eliminate occupational health risks.

We are committed to prevention. We constantly educate and train our employees to work safely and to protect their health. We provide our employees with personal protective equipment according to a list drawn up for every workstation. Employees at workstations with increased heat or physical strain are provided with protective drinks. We monitor the health of our employees through a system of medical exams. We do not allow employees to perform work tasks which are inconsistent with their medical condition.

If a workplace accident occurs despite our best efforts, we apply our system to provide first aid, to report or investigate injuries or other unfortunate consequences, to adopt measures to prevent its recurrence, and to compensate for damages. We monitor whether work procedures and technological procedures are being followed duly, and whether potential complaints from business partners are being resolved.

The status of OSH is an integral part of OSH management and evaluation. These activities are carried out in cooperation with our supplier of OSH services, which is the company Enviform from Třinec. Employees' engagement in matters of OSH is also realized through the activities of our trade union. A joint commission has been set up for the investigation and compensation of work related injuries.

In 2018, we registered a total of 8 work related injuries, which is 4 less than in the previous year.

Throughout the company's history, there has never been a case of occupational disease.

Fire protection was provided in accordance with the law throughout the whole year.



Evacuation drill

ENVIRONMENT



Šroubárna Kyjov is one of the companies which in terms of quality, environmental protection and occupational safety and health fully meet the applicable requirements of laws and regulations. We apply the principles of environmental protection in all our management processes and we motivate all of our employees. This allows us to continuously improve the quality of the environment, reduce the environmental impact of our technologies and products, reduce our energy consumption, and prevent environmental pollution.

Responsible behaviour of the company in the area of environmental protection, which consists in minimizing the negative impact of the company's activities on the environment, brings about new business opportunities.

We are active in the field of environmental protection, we participate in tender procedures of large corporations and we keep getting new customers from a group of environmentally conscious consumers. For these reasons, in 2008 we started to build an environmental management system, and subsequently in 2009 the company was certified according to ISO 14001: 2004, which is reviewed and improved every year.

We train our employees in the following areas:

- prevention of pollution in the workplace,
- minimization sorting and recycling of waste (waste containers in the company are clearly labelled to facilitate sorting and recycling of waste),
- efficient use and saving of fuels, energy and water,
- management of chemical substances and preparations,
- packaging management

Employees are trained to resolve possible emergency situations in the workplace, with the aim of minimizing environmental impacts.



Emergency drill - leakage of a hazardous chemical

In order to improve working conditions and to protect the environment, we installed new exhaust systems with filters in our main production facilities in 2018. The use of these filters significantly reduces the release of oil vapours and aerosols into the working environment.

The company implemented and completed the project "Reducing the energy intensity of production and improving energy management in Šroubárna Kyjov". Work on the project started already at the end of 2015, when the subsidy application was submitted. The company recovered a significant portion of the eligible costs from the subsidy scheme Operational Programme Enterprise and Innovations for Competitiveness (OP EIC) - Priority Axis 3 - efficient energy management, development of energy infrastructure and renewable energy sources, support for the introduction of new technologies in the area of energy management and secondary raw materials.

The project was divided into four operating units (PS):

PS 01 Cooling circuit - Consists of three parts. The first is the modernization of the cooling towers of the clean cooling circuit, the second is the modernization of the pumps of the clean cooling circuit, and the third is the replacement of the existing cooling water piping on the existing pipe bridge between Halls II and IV. The purpose of the modernization was to increase the efficiency of energy utilization and to reduce emissions from combustion sources of pollution.

PS 02 Renovation of artificial lighting in production halls - This concerns renovation (replacement) of artificial lighting in Halls I, II, III and IV. The lighting is controlled by a computer program under the AISYS energy system. Controlled lighting is based on continuous regulation of brightness of fluorescent tubes. The purpose was to modernize the lighting, to replace obsolete technologies with new highly efficient lighting systems.

PS 03 Rotary kilns - 2 rotary kilns located in Hall II. The kilns were technically upgrade (mainly replacement of the gas burner, measurement and regulation of temperature, flue gas exchanger, etc.). The purpose of the modernization of the rotary kilns was to increase the efficiency of energy utilization and to reduce emissions from combustion sources of pollution.

PS 04 Measurement and control - The subject of this part was the improvement of the existing monitoring and control system. The purpose of the modernization of the measurement and control system was to upgrade the

hardware and network components, as well as the relevant software, as was required by the newly implemented energy management system according to the standard ČSN EN ISO 50001.

With regard to the gradual implementation and completion of projects, we can evaluate the first year of operation 2018 as successful, as the current savings in primary costs of electricity and natural gas reached approximately CZK 1.5 million.

Already in 2015, the company started to prepare the implementation of the energy management system according to ISO 50001. The certification was successfully completed in May 2016. In 2017, an inspection audit was performed with a positive result. We successfully passed a recertification audit in 2018.

The clean-up of old environmental pollution from before the privatization of the company was moved to the phase of repeated extension of the implementation deadline. A new decision of the Czech Environmental Inspectorate set the deadline for the completion of decontamination by the end of 2024. In the middle of 2018, the first inspection day took place in Šroubárna Kyjov, where newly appointed representatives of the Ministry of Finance and the Ministry of the Environment of the Czech Republic were introduced. These representatives will continue to work with us and to manage the clean-up of old ecological burdens on the premises of our company. The first task is to update and re-survey the state of the pollution, and to review the original, previously approved clean-up project, which was prepared by LINEO, s.r.o., Třebíč.

At present, comments are being prepared regarding the newly written (reviewed) clean-up project, which the Ministry of Finance of the Czech Republic had previously commissioned to LINEO, s.r.o., Třebíč.



During 2018, our company did not cause any emergency situation which would result in deterioration or endangerment of the quality of groundwater or surface water .

A fundamental aspect of waste management is the minimization of its environmental impacts.

The company's internal inspections have shown that the handling of chemicals and mixtures in Šroubárna Kyjov is in compliance with the relevant legislation.

The company's top management has expressed full support for the energy management system and committed itself to allocating sufficient human, financial and material resources.

We apply the principles of environmental protection in all our management processes and we motivate all of our employees. This allows us to continuously improve the quality of the environment, reduce the environmental impact of our technologies and products, reduce our energy consumption, and prevent environmental pollution.

CONCLUSION



Ing. Januř Pindur
Executive Director
and CFO

Dear Friends,

I am convinced that the Report we have submitted to you is full of examples of what social responsibility means for Šroubárna Kyjov. Our commitment to sustainable development is reflected in the social, economic and environmental responsibility of our company, and is an integral part of our corporate culture and strategy.

I hope that this Report has given you a comprehensive understanding of our 2018 projects and activities, along a preview for the year 2019. Throughout the year 2018, we not only paid attention to the impact of our business on our surroundings, but we also strove to increase the credibility of our company in the eyes of our partners. I believe that our initiatives in the area of social responsibility have convinced you of our conscientious approach and responsibility.

In conclusion, I would like to sincerely thank all our colleagues, customers and other partners. Thanks to you we have been able to develop our company. Without you our business would not make sense. We intend to continue our long-standing tradition of social responsibility and we shall strive to improve the quality of life of the people of our region, with which Šroubárna Kyjov has been associated for 69 years.



Šroubárna Kyjov, spol. s r.o., Jiráskova 987/50, 697 01 Kyjov, Czech Republic

www.sroubk.cz

