PGG’s recommendations for socially responsible energy transition and company approach
PGG as a value chain generator

**Value chain determines the social and economic development of the region**

### Development of organisation's competencies

**Technological Advance**
- Cooperation with advanced equipment suppliers
- Cooperation with scientific and research units

**Attractive Jobs**
- Stable employment
- High salaries

**Value for the Economy and for the Society**
- Stable payment of central and local taxes
- Investment for Shareholders

- **EUR 220 million** per annum for the purchase of machines and equipment
- **over 3 thousand** contractors
- **payments 50%** higher than the average in Silesia
- **200 thousand** jobs for the region

- **EUR 542 million** of payments to the central budget for 9 months of 2018
- **EUR 33 million** of payments to the local government budget for 9 months of 2018

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3rd Meeting of the Platform for Coal Regions in Transition; 5-6 November 2018; Brussels

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Value chain potential in numbers

**EUR 2.6 BN**

of turnover

- **12.3 thousand sq. km** of area
- **4.5 million** people
- **1.7 million** working people

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**200 THOUSAND**

jobs

Employment at PGG and its surroundings:

- **42 thousand** people working at PGG, including 76% at the age of up to 45 years
- **3.1 thousand** companies, that PGG cooperates with every year
The conditions of responsible transformation

- Value chain protection
- Recreating equivalent jobs and shifting permanent competencies
- Focus on mature and specialised branches
- Providing appropriate process financing
An example of post-mining area development
One of the locations

5 production floors - 1.3 ha of area
Resources: assets

- 8 production floors in 3 locations - 2.15 ha of surface area
- 18 cranes 5 - 20 t
- 60 welding posts
- CNC thermal cutters
- Chromium-nickel alloy hardfacing devices
- Robots for metal plate bevelling
- Water cutters
- Airless shot-blasting machines
- Turning lathes, boring machines, milling machines (including CNC machines)
- Modern paint shops
- Research and working posts
Resources: specialists

- **153 welders**
  (95% with the highest UE qualifications)

- International Welding Engineers (IWE)

- International Welding Technologists (IWT)

- Quality control staff

- Constructors and technologists

- Highly qualified workers in the field of machining, programming and CNC machine operation, anti-corrosion protection
Broadening the competencies - construction and technological facilities

- Construction and Technology Department
- Chief Welder Department
- Quality Control Department
Welding posts
Computerized Numerical Control machines (CNC)
Construction of process lines - plans

- Automated process line for Submerged Arc Welding (SAW)
- Automated post for the production of elements by use of the LASER + MAG method
Data showing the facility's development

<table>
<thead>
<tr>
<th>[persons]</th>
<th>2016</th>
<th>Plan for 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>307</td>
<td>600</td>
</tr>
<tr>
<td>Welding staff</td>
<td>104</td>
<td>170</td>
</tr>
<tr>
<td>Welding supervision staff</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Quality control staff</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>Constructors and technologists</td>
<td>6</td>
<td>18</td>
</tr>
<tr>
<td>Turners, machinist millers, CNC machine operators, fitters</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Value of production and services
  - million EUR

- 2016: 15.3
- 2017: 17.1
- 2018 Plan: 30.0
- 2019 Plan: 54.1
Diversification

Developed competencies

- Design
- Construction and research
- Delivery
- Service

Possibility to use competencies

- Construction of a new production floor
- Activities supporting other sectors:
  - automotive
  - construction
  - railway
  - other technological
One of the biggest welding facilities in Central Europe
- development plans

Stage I
- Machinery expansion
- Competence development

Stage II
- 2020-2023
- Diversification of operations
- Possibilities of searching for new markets

2018-2019
Recommendations

→ **VALUE CHAIN PROTECTION**

→ **RESPONSIBLE TRANSFER OF COMPETENCIES**
  TO A SUSTAINABLE BUSINESS

→ **PROCESS IMPLEMENTATION WITH THE ENGAGEMENT**
  OF MINING COMPANIES

→ **PROVIDING THE APPROPRIATE LEVEL OF FINANCING**

→ **PLANNING THE APPROPRIATE TIMELINE**
Valuation of the costs of replacing jobs in mining - expert opinion

MAIN ASSUMPTION:

• focus on mature and technologically specialised branches
  - e.g. automotive, comprehensive construction

IMPLEMENTATION CONDITIONS:

• interested investors
• specific investment projects
• financial support
• market absorbency

TRANSFORMATION COSTS

EUR 44 BN
Thank you for your attention

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